



# CITY OF PEORIA ARIZONA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

[WWW.PEORIAAZ.GOV](http://WWW.PEORIAAZ.GOV)

# *Comprehensive Annual Financial Report*

For Fiscal Year Ended  
June 30, 2010

**City of Peoria, Arizona**



**City Council:**

**Bob Barrett, Mayor**  
**Ron Aames, Vice Mayor**  
**Cathy Carlat**  
**Joan Evans**  
**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, 2010*

TABLE OF CONTENTS

	<u>Page</u>
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal	v-xv
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
 <b>Required Supplementary Information</b>	 86

CITY OF PEORIA, ARIZONA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
*For the Year Ended June 30, 2010*

	<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
General Obligation (GO) Bond Capital Projects Fund	91
Non-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
Special Assessment Debt Service Fund	106
Community Facilities District (CFD) Bonds Capital Projects Fund	107
Municipal Development Authority (MDA) Bonds Capital Projects Fund	108
<b>Enterprise Funds</b>	
Schedule of Operations – Budget and Actual	
Water Utility Fund	110
Wastewater Utility Fund	111
Solid Waste Utility Fund	112
Stadium Fund	113
Public Housing Fund	114
<b>Internal Service Funds</b>	
Combining Statement of Net Assets	116
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	117
Combining Statement of Cash Flows	118
Schedules of Operations – Budget and Actual	
Motor Pool Fund	119
Self-Insurance Fund	120
Facilities Maintenance Fund	121
Information Technology Fund	122
<b>Fiduciary Funds</b>	
Combining Statement of Fiduciary Net Assets	124
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	125

CITY OF PEORIA, ARIZONA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Year Ended June 30, 2010

		<u>Page</u>
<b>D. OTHER SUPPLEMENTARY INFORMATION</b>		
Federal Financial Data Schedule		128
Debt Service Schedules		
Schedule of Changes in Debt – Governmental Activities		134
Schedule of Changes in Debt – Business-type Activities		135
Schedule of Debt Service Requirements to Maturity		136
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, 2010

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, 2010. The report was prepared by the Financial Services Division of the Finance Department.

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

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

## **THE FINANCIAL REPORTING ENTITY**

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

The City encompasses approximately 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 160,254. 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 322 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, armadas, an urban lake, skate park 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 2011. 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 2010 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 section of the city web site – [www.peoriaaz.gov/sustainability](http://www.peoriaaz.gov/sustainability).
- The City has won several awards for its sustainability efforts as well as recognizing budget savings and demonstrating good stewardship of resources.

### **Budget & Management**

- Received the Certificate of Excellence from the International City/County Management Association (ICMA) for the Performance Management Program. This is the highest level of award.
- Received the 17<sup>th</sup> consecutive Distinguished Budget Award from the Government Finance Officers Association for the fiscal year 2010 budget documents.
- Led a strategic approach in the budget preparation process where all departments were required to cost out and prioritize all service activities.

### **Communications**

- Peoria's government Channel 11 completed 10 business profile videos. These videos are part of a continuing effort to improve relationships with the city's business partners and assist them in surviving in this tight economic climate.
- Launched social media accounts on Twitter, Facebook and YouTube.
- Redesigned the Focus resident newsletter.
- Created email contact page on the City's website to allow one-stop email contact to a variety of city departments, divisions and services. Resulted in over 2,000 emails from residents to various city recipients.
- Added new technologies to website allowing interactive maps to locate Council Districts and all city parks and other facilities.

### **Planning & Community Development**

- The City received a "Preserve America" designation from the U.S. National Advisory Council on Historic Preservation.

- City Council adopted “General Plan 2010”, the Growing Smarter mandated 10-year update. The plan was ratified by voters on August 24, 2010.
- Completed the Peoria Sports Complex Urban Design Plan and the Old Town Revitalization Plan.
- The Neighborhood Pride program coordinated 658 volunteers completing various home and landscape improvement projects on 56 homes.
- Completed the engineering due diligence for the State Land at Lake Pleasant Parkway and Loop 303. This will open this area to become an economic development hub for Peoria.

#### Community Services

- Organized the first annual Earth Day celebration which included a river/trail clean-up, planting in Rio Vista Park and educational sessions for attendees. This event was honored as the Outstanding Community/Neighborhood Special Event by the Arizona Parks and Recreation Association.
- Grand opening of WestWing neighborhood Park and the Skunk Creek Trail connection from the trail system to Rio Vista Park. Student artwork along the trail underneath Thunderbird Road Bridge was also dedicated.
- Expanded Library Fest event to include arts, entertainment, antiques and local authors. The event held at Sunrise Mountain Library drew 3,000 attendees.
- Friday Night Teen Dodge-ball was selected as the Outstanding Sports Program of the year by the Arizona Parks and Recreation Association.
- Sixth consecutive Spring Training year with over 200,000 fans in attendance at the Peoria Sports Complex.
- The Luke West Valley Recreation Committee won a prestigious Arizona Talent in Event Concepts (AzTEC) award for Outstanding Partnership of the Year. The West Valley Recreation Committee consists of west valley cities including Avondale, El Mirage, Glendale, Goodyear, Litchfield Park, Luke Air Force Base, Maricopa County Parks, Peoria, Surprise and Tolleson.
- Constructed on-site nursery for turf and plant materials at Rio Vista Park.

#### City Clerk

- Developed and implemented a citywide electronic agenda management system for submitting and approving Council agenda items.
- Completed a conversion of the electronic document management system used throughout the city.
- Created searchable database for campaign finance documents on the City website.
- Designed and implemented a comprehensive internal professional development program.

#### Engineering

- Completed Phase I of the \$11 million Municipal Court expansion project and the \$3.8 million Municipal Complex central plant upgrade project.
- Completed the Pilot Wind Energy Project at Lake Pleasant funded with an Energy Efficiency and Conservation Block Grant, as well as local funds.
- Completed several projects around local schools to increase the access and safety of students, parents and faculty to these sites.
- Contracted for excavation material to construct Rose Garden Lane Basin at no cost to the City, saving \$2.1 million in local funding.
- Received several awards for the construction of Happy Valley Road between 75<sup>th</sup> Avenue and Lake Pleasant Parkway, including the American Road and Transportation Builders of America 2010 Globe Award for Environmental Construction, the Arizona Chapter of the American Public Works Association Street Project of the Year 2010, and the Association of General Contractors Build Arizona 2010 award.
- Constructed the \$1.05 million Traffic Management Center. This center allows staff to actively manage traffic within the city, share traveler information with other jurisdictions and the public, and detect issues in the field related to the traffic signal system.
- Completed the hybrid fiber to wireless project consisting of software, fiber and wireless equipment to allow an additional 31 traffic signals to be monitored and controlled from the Traffic Management Center.

#### Finance

- Issued \$29.1 million in General Obligation bonds to fund various street, storm drainage, municipal facilities, and parks and trails projects.
- Issued \$15.7 million in Revenue Refunding bonds to generate \$1.2 million in savings for the City's utility operations.
- Received another incremental bond rating upgrade for the City's General Obligation Bonds from Moody's (Aa2 to Aa1) and Fitch (AA to AA+) rating agencies as well as incremental rating upgrades for the City's Revenue Bonds from Moody's (A2 to Aa3) and Fitch (AA- to AA).
- Implemented Accounts Payable ACH payments to vendors.
- The Revenue Division developed and implemented new administrative procedure designed to detect and prevent identity theft. The new procedures comply with the requirements of the Federal Trade Commission's "Ref Flags Rules"
- 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. Now all water meters in the City are read electronically. This significantly reduces the staff time necessary to read meters.

#### Fire

- The Fire Department completed a multi year project to become an Accredited Agency from the Commission on Fire Accreditation International (CFAI).
- Began the implementation of a new Records Management Systems (RMS) to provide an integrated data system for fire operations, prevention, emergency medical services, support services, training and administration.
- Fire Prevention conducted 150 community services events with over 69,700 attendees, spoke to over 13,000 students at 163 school events and trained 200 5<sup>th</sup> and 6<sup>th</sup> graders and hundred of adults in CPR.
- Two new fire engines were purchased in fiscal year 2010 to be put into service in fiscal year 2011.
- The training division implemented NEFSIS, a new teleconferencing system that allows crews to participate in meetings and training from each fire station, rather than having to go to a training site.

#### Information Technology

- Implementation of Microsoft Exchange 2007 e-mail server giving the City greater capabilities in electronic correspondence.
- As of June 30, 2010, approximately 60 file servers have been converted from traditional hardware-based systems to virtual machines, allowing approximately eight servers to share each single hardware platform. This allows much greater utilization of expensive hardware while conserving the environment through lower power consumption and reduced carbon emissions.
- Began testing for the city-wide implementation of Microsoft Windows 7 operating system.

#### Police

- Implemented Geographical Policing by breaking the City into six areas, each commanded by a Lieutenant.
- Implemented two neighborhood policing projects to address specific areas of the City.
- The Property and Evidence unit destroyed 5,000 pounds of weapons and drugs and disposed of 20,000 impounded items.
- The Youth and Support Services Section conducted a Youth Citizen's Police Academy for 180 participants.
- The Department was awarded 15 grants for a total of \$681,503.
- Nearly half of the Department's employees participated in workshops and meetings to develop the functional and technical requirements for the upcoming estimated \$3 million project to replace the Computer Aided Dispatch (CAD) and Records Management System (RMS) software programs.

#### Public Works

- Energy use was reduced by 12% at the City Hall Complex, resulting in over \$100,000 in savings.
- The City received energy rebates totaling \$162,000 for the installation of energy efficient cooling systems and peak demand reduction.

- The City received a grant for the conversion of site lighting associated with office buildings, parks, parking lots, and Park-and-Ride lots to Light Emitting Diode (LED) lighting.
- Installed a pilot solar voltaic system which provides over 30% of the electrical power for the Beardsley Water Reclamation Facility administrative building.

#### Public Works Utilities

- Won the Charles Nichols Award for Environmental Excellence from the Arizona Chapter of the American Public Works Association for Peoria's role in implementing curbside recycling, supporting sustainable building, and fostering a solar-power project to offset a portion of the power used by the Beardsley Water Reclamation Facility administrative building.
- Conducted four Household Hazardous Waste Drop-Off Events and collected over 115,000 pounds of hazardous waste that was diverted from the landfill.
- Peoria purchased Arizona's first hybrid solid waste vehicle. The Hydraulic Launch Automated Side Loader Solid Water Vehicle runs on biodiesel E-85 and achieves a 16% fuel savings over traditional solid waste vehicles.
- Partnered with Arizona grocers to recycle plastic bags at over 12 city locations as well as local grocery stores.
- The Butler Water Reclamation Facility was named Large Wastewater Plant of the Year by AZWater for outstanding work in the past year to optimize the process, labor, and costs of the facility. Optimizations resulted in \$90,000 in energy savings.
- Received nine safety awards from AZWater.
- Completed the upgrade of the City's Supervisory Control and Data Acquisition (SCADA) network. The upgrade enhanced radio communications for over 50 utility sites throughout the city, enhancing the capability to efficiently manage the City's water and wastewater systems.

#### 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 24-Month Business Plan adopted in February 2009:

- 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.

Significant progress has been made on these goals during fiscal year 2010. The City has strategically placed itself in a better position to take advantage of opportunities as the economy recovers and development increases. The Council will readdress the 24 month business plan in February 2011.

### **LOCAL ECONOMIC CONDITION AND OUTLOOK**

Peoria continues to face many important growth issues, and its leadership is committed to implementing an economic development strategy that will best meet the needs of our community. This commitment has helped to make 2010 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 at the city's own two-team stadium. The teams have four years remaining on a twenty-year joint use contract to share the facilities with an option of extending their contracts for an additional ten years. This agreement contributes significantly to the economic impact of the Spring Training Cactus League of Maricopa County and to the city. The area surrounding the Sports Complex is an entertainment district that is a primary focus of economic development. The city recently adopted a master plan for an urban redesign of the district that will allow for greater density and improve the use of certain underutilized parcels. A capital improvement budget has been allocated to this effort and will be applied in fiscal year 2011 to create an identity for the district as well as develop the first phase of street treatments to improve connectivity and create a sense of place.

In fiscal year 2010 the City has continued to experience a downturn in the overall economy in terms of new development. However, space absorption has been on the rise. Peoria has a lower percentage of vacant space available than it did two years ago at the start of the downturn. In the coming year, new developments are expected to be dominated by economic development efforts in two areas: Health care and higher education. The city's health care initiative has resulted in progressive efforts as hospital systems plan their next strategic move. Furthermore, the city's aggressive pursuit of university expansions of private not-for-profit universities has netted a handful of strong candidates to enter the market over the next three years.

Additionally, the city's adoption of the Old Town Peoria Revitalization Plan in November 2009 has created the foundation for a series of redevelopment projects in Old Town. The most prominent is the transformation of Peoria Place into a residential university campus. The city entered into an exclusive negotiating agreement with Ottawa University to explore the possibility. Another project of importance is the Commercial Rehabilitation Program that the city is planning for the commercial developments in Old

Town. The purpose of the program is to enable the city to attract a university to Peoria Place as well as give a much needed facelift to the area to attract future commercial development.

Other initiatives that the Economic Development Implementation Strategy focuses on include the creation of investment zones, a targeted marketing plan, improved business assistance programs, and a bioscience incubator. All of these incentives are already underway and the city expects to make a great deal of progress on their implementation in the coming year.

Another item of note is the city's aggressive pursuit of private investment to move development projects forward. An investment conference targeting bankers, REITS, investors, developers, and site consultants has been scheduled for November 2010. It is the first of its kind in Maricopa County and a premier opportunity for the city to showcase itself, its implementation plan, and its economic development initiatives to provide investment and development opportunities for those looking for viable projects to invest in.

### **Economic Outlook**

The regional economy continued to lag behind other areas of the country during fiscal year 2010 with ongoing job losses and a large supply of vacant homes. Job growth has been in decline with only moderate job gains in the healthcare, professional and business services, leisure and hospitality services, and natural resources and mining sectors. Overall employment growth in Arizona declined at a rate of 0.3% for the year. In June 2010, the unemployment rate in the metropolitan Phoenix region was 8.8%, which remains below the state (9.6%) and national (9.5%) unemployment rates. Locally, Peoria's commercial construction has continued at a slow pace with some in-fill activity taking place in previously developed neighborhoods. New housing construction in Peoria remains consistent with 2009 levels as the oversupply of vacant homes continues to be absorbed back into the real estate market. 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 35.7% of General Fund revenues in fiscal year 2010. 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 47.7% of sales tax collection was derived through retail sales in fiscal year 2010. 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, but auto sales have slowed significantly during the economic downturn. 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 Road and Lake Pleasant Parkway 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 which is having an impact on sales tax revenues, especially in the sale of automobiles. Fiscal year 2010 sales taxes decreased 4.6% from the prior fiscal year. Fiscal year 2011 sales tax revenues are anticipated to increase less than 1%. The very modest increase reflects a slightly improving outlook for consumer spending and modest population growth.

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 \$8.3 million in revenue in fiscal year 2010, down from \$8.8 million in fiscal year 2009. As with other sales tax revenues, a very small increase is expected in fiscal year 2011 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 9.2% in these revenues in fiscal year 2011, 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 2010. Of this, \$.19, or about 13% 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 \$3.5 million in revenue for the General Fund in fiscal year 2010.

After a reduction in the total tax rate of \$.11 in fiscal year 2007 (\$.01 primary and \$.10 secondary), a movement of five cents from the primary property tax rate to the secondary property tax rate for fiscal year 2008 and an additional five cent reduction to the primary rate in fiscal year 2009, the overall tax rate of \$1.44 remains unchanged for fiscal year 2010 and fiscal year 2011. With a 5% reduction in assessed value for fiscal year 2010 and an expected additional 10% decline in assessed value for fiscal year 2011, primary property tax revenue projections for fiscal year 2011 are \$2.9 million. Given the lag in assessor rolls and with statutory formulas, the primary valuation has likely stabilized, but is likely to grow slowly in the near future.

Labor Force: Peoria has a well-educated and technically skilled 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 in introducing new businesses to the City. In addition, the City has created a new Economic Development Department that is a one-stop shop for all development, featuring aggressive business retention efforts, comprehensive engineering and site development, and building safety and inspection.

## **FINANCIAL CONTROLS**

### **Internal Controls**

The management of the City of Peoria is responsible for establishing and maintaining a system of internal controls. 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 2010 was \$723.2 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.

## **Financial Policies**

The City has an important responsibility to its citizens to carefully account for public funds, to manage its finances wisely, and to plan for the adequate funding of services desired by the public, including the provision and maintenance of public facilities. The City needs to ensure that it is capable of adequately funding and providing those government services desired by the community. Ultimately, the City's reputation and success depends on the public's awareness and acceptability of the management and delivery of these services.

The City operates under a comprehensive set of financial policies adopted by Council. The *Principals of Sound Financial Management* establish guidelines for the City's overall fiscal planning and management. These principles are intended to foster and support the continued financial strength and stability of the City of Peoria as reflected in its financial goals. The City's financial goals are broad, fairly timeless statements of the financial position the City seeks to attain:

- To deliver quality services in an affordable, efficient and cost-effective basis providing full value for each tax dollar.
- To maintain an adequate financial base to sustain a sufficient level of municipal services, thereby preserving the quality of life in the City of Peoria.
- To have the ability to withstand local and regional economic fluctuations, to adjust to changes in the service requirements of our community, and to respond to changes in Federal and State priorities and funding as they affect the City's residents.
- To maintain a high bond credit rating to ensure the City's access to the bond markets and to provide assurance to the City's taxpayers that the City government is well managed and financially sound.

These policies establish minimum and recommended fund balance/net asset reserves, as well as establishing policies on the use of one-time revenues (to be used for on-time expenditures), fiscal planning and budgeting, expenditure control, capital improvement program, cash management, debt management, and economic development.

## **Strategic Planning**

The City annually updates a five-year long-range forecast, incorporating both projected revenues and expenditures for the City's major operating funds. The five-year revenue forecast only includes revenues that are anticipated to be sustainable over the five-year period. Expenditure projections include anticipated operating impacts of the adopted capital improvement program.

Additionally, the City maintains a 10 year Capital Improvement Program which the City Manager submits annually for review by the City Council, pursuant to the timeline established in the budget preparation schedule. The program is updated annually and includes the cost of construction and operating expenditures. No capital improvement projects will be authorized or awarded until the funding sources have been established to finance the project. When current revenues or resources are available for Capital Improvement Projects, consideration will be given first to those capital assets with the shortest useful life, and for assets whose nature make them comparatively more difficult to finance with bonds or lease financing.

## **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, 2010, 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, 2010, 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, 2010 found no instances of material weakness in the internal control. However, there was a significant deficiency 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, 2009. This is the 25th 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 black ink, appearing to read "Brent D. Mattingly", with a long horizontal flourish extending to the right.

Brent D. 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, 2009

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 stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

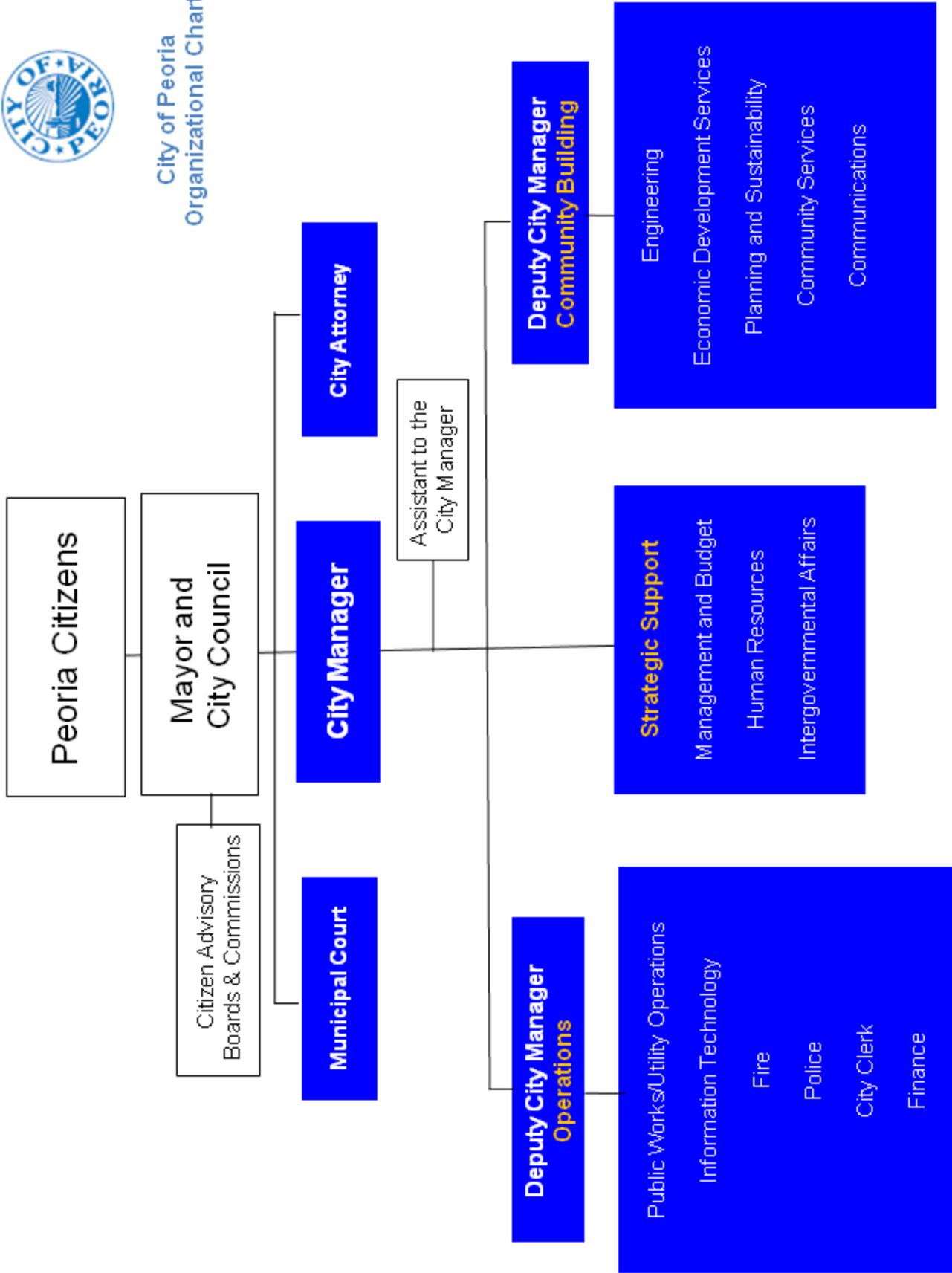
President

A handwritten signature in black ink that reads "Jeffrey R. Enos".

Executive Director



City of Peoria  
Organizational Chart



# City of Peoria Principal Officials of the City Fiscal Year 2010

**Bob Barrett**  
Mayor

**Ron Aames**  
Vice-Mayor

**Joan Evans**  
Councilmember

**Carlo Leone**  
Councilmember



**Cathy Carlat**  
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*

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

**Andrew Granger**  
*Engineering Director*

**Scott Whyte**  
*Economic Development Services Director*

**Larry Ratcliff**  
*Chief of Police*

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

**Glen Van Nimwegen**  
*Planning & Community Development  
Director*

**Jeff Tyne**  
*Management & Budget Director*

## Mayor and City Council



Mayor Bob Barrett



Vicki Hunt  
*Acacia District*



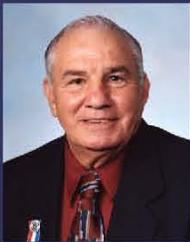
Cathy Carlat  
*Mesquite District*



Dave Pearson  
*Ironwood District*



Ron Aames  
*Palo Verde District*



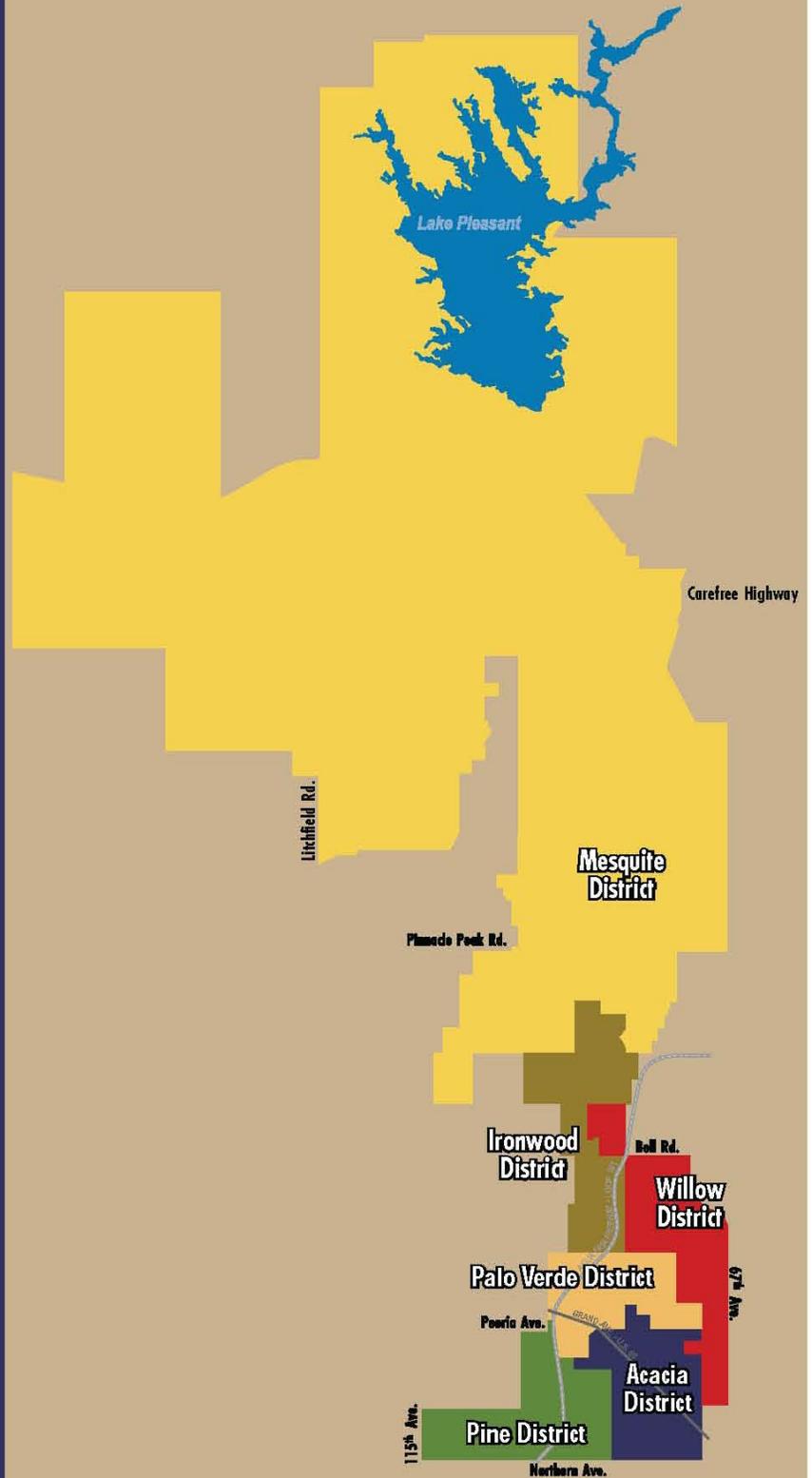
Carlo Leone  
*Pine District*



Joan Evans  
*Willow District*

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

## City Council Districts





## Bob Barrett

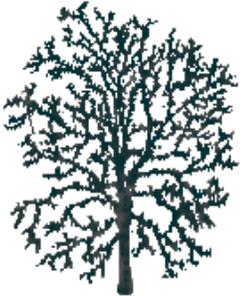
Mayor Barrett was first elected to the City Council representing the Ironwood District in 2001 and was reelected to a second term in 2004. A resident of Peoria since 1993, Mayor Barrett served in the US Army and was awarded the Bronze Star in Vietnam in 1971. Mayor Barrett graduated with honors from 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.

## Ron Aames

### Vice Mayor

### Palo Verde District



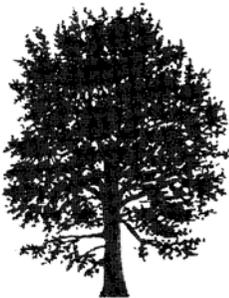
Councilor Ron Aames joined the Peoria City Council on January 2, 2007 as the representative of the Palo Verde District. He was elected to a four year term in November 2006. His goal is to champion the needs and wishes of his fellow citizens in the Palo Verde District and Peoria. Ron and wife Jacqueline, 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.

## Joan Evans

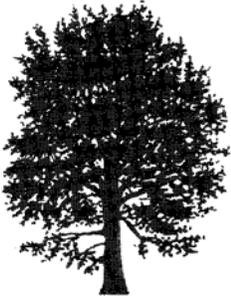
### Councilmember

### 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 55 years, with the last 13 years being spent in Peoria. Now in her 42nd 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.



**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).





## 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, 2010, 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, 2010, 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, 2010, 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, 2010, 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, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 17 and schedule of funding progress on page 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. 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 financial statements. The Other Supplementary Information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Heinfeld, Meech & Co., P.C.*

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

October 15, 2010

## 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, 2010. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any material deviations from the financial plan (the approved annual budget), and (5) identify individual fund issues or concerns.

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

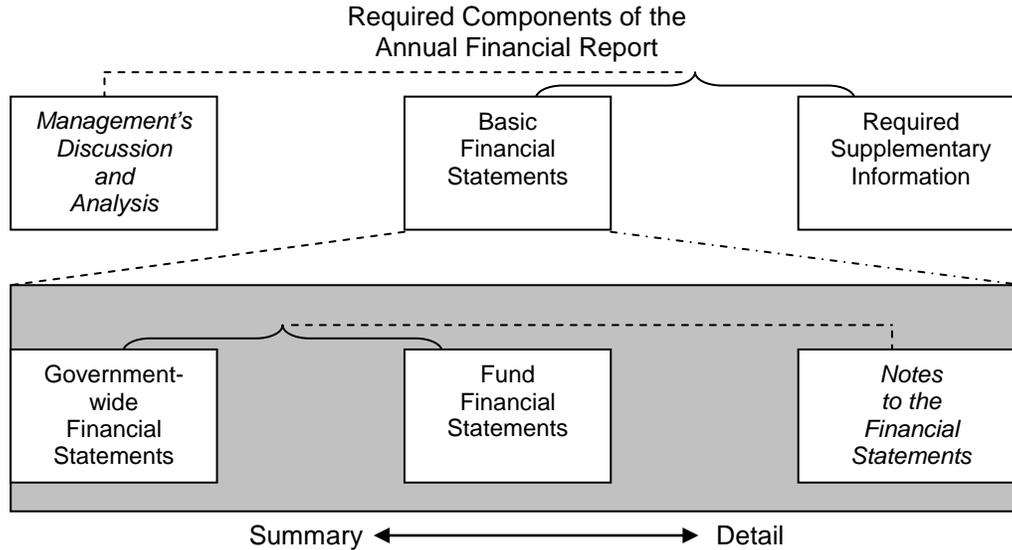
### Financial Highlights

- ◆ The City's total net assets increased \$101.5 million (7.0%) in fiscal year 2010, an increase of \$58.5 million (6.1%) in governmental activities and an increase of \$43.0 million (8.6%) in business-type activities.
- ◆ Total net assets of the City are \$1,554.9 million, of which \$245.7 million is unrestricted (up \$1.5 million, 0.6%, from last year's \$244.2 million unrestricted net assets).
- ◆ The governmental activities program revenues increased by approximately \$2.4 million (2.9%) over the previous year. This was primarily due to an increase in the value of donated capital assets and a decrease in grants/entitlements. Charges for services decreased by \$2.6 million (12.9%), grants/entitlements, including Federal grants, decreased by \$12.8 million (37.2%), while donations of capital assets increased by \$17.8 million (60.1%).
- ◆ The business-type activities program revenues increased by approximately \$41.7 million (58.0%) from the previous year. Charges for services increased by \$3.0 million (5.0%) and donations of capital assets increased by \$38.7 million (317.2%).
- ◆ At June 30, 2010, total fund balance of the governmental funds was \$286.2 million, down \$33.2 million (10.4%) from the previous year. Of this, \$61.8 million (down 6.4%) was unreserved/undesignated (available for spending at the government's discretion).
- ◆ General Fund inflows (on a budgetary basis) were less than budgeted inflows by \$5.3 million for fiscal year 2010. Budgetary basis outflows of the General Fund were only 78.6% (\$32.9 million in savings) of the final budgeted outflows.
- ◆ At June 30, 2010, unreserved/undesignated fund balance for the General Fund was \$19.8 million, or 18.7% of General Fund expenditures for fiscal year 2010.
- ◆ During fiscal year 2010, the City issued \$29.2 million in General Obligation (GO) Bonds, \$15.8 million in Water and Wastewater Revenue Refunding Bonds, and \$20.4 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 59-63).

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Half-Cent Sales Tax Fund, Highway User Revenue Fund, Development Fee Fund, Transportation Sales Tax Fund, GO Bond Debt Service Fund, GO Bond Capital Projects Fund, and Non-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 116-118). The internal service funds of the City include the Motor Pool, Self-Insurance, Facilities Maintenance, and Information Technology Funds.

**Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of others. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support programs of the City. The fiduciary fund statements (pages 44-45 and 124-125) 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 47-85) 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 on page 86.

## 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, 2010, 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, 2010, compared to the prior year.

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2010	2009	2010	2009	2010	2009	
Current and other assets	\$ 354.9	\$ 400.3	\$ 83.7	\$ 83.6	\$ 438.6	\$ 483.9	(9.4)%
Capital assets	1,088.2	982.5	628.7	571.8	1,716.9	1,554.3	10.5
Total assets	<u>1,443.1</u>	<u>1,382.8</u>	<u>712.4</u>	<u>655.4</u>	<u>2,155.5</u>	<u>2,038.2</u>	5.8
Other liabilities	40.4	47.0	7.8	11.4	48.2	58.4	(17.5)
Long-term liabilities outstanding	390.6	382.2	161.8	144.2	552.4	526.4	4.9
Total liabilities	<u>431.0</u>	<u>429.2</u>	<u>169.6</u>	<u>155.6</u>	<u>600.6</u>	<u>584.8</u>	2.7
Net assets:							
Invested in capital assets, net of related debt	782.2	690.7	469.9	429.8	1,252.1	1,120.5	11.7
Restricted	37.6	55.2	19.5	33.5	57.1	88.7	(35.6)
Unrestricted	192.3	207.7	53.4	36.5	245.7	244.2	0.6
Total net assets	<u>\$ 1,012.1</u>	<u>\$ 953.6</u>	<u>\$ 542.8</u>	<u>\$ 499.8</u>	<u>\$ 1,554.9</u>	<u>\$ 1,453.4</u>	7.0

The net assets of the City increased \$101.5 million (7.0%) in fiscal year 2010. Net assets of governmental activities increased \$58.5 million (6.1%), while the business-type activities increased \$43.0 million (8.6%).

Net Assets consists of three components. The largest portion of net assets (\$1,252.1 million or 80.5%) 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 \$131.6 million in fiscal year 2010 due to \$79 million in capital asset expenditures, \$97 million in donated assets, the disposal of a \$12 million dollar wastewater capital asset, with the balance due to changes in related debt.

The second portion of the City's net assets (\$57.1 million or 3.7%) represents resources that are subject to external restrictions on how they may be used. The decrease of \$31.7 million is due to a decrease of \$12.8 million in restricted for revenue bond retirement in the business-type activities as the restriction for this reserve was removed from the bond covenants when the refunding bonds were issued in fiscal year 2010; \$20.1 million decrease in net assets restricted for capital projects in the governmental and business-type activities as those funds were expended for capital assets; an increase of \$.1 million in net assets restricted for grant purposes in the governmental activities; and an increase of \$1.2 million in net assets restricted for development fees in the governmental activities.

The third portion consists of Unrestricted Net Assets of \$245.7 million (15.8%). These net assets may be used to meet the City's ongoing obligations to citizens and creditors. This category increased \$1.5 million (0.6%) in fiscal year 2010. 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 \$15.4 million, while unrestricted net assets of business-type activities increased \$16.9 million.

### 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	
	2010	2009	2010	2009	2010	2009		
<b>REVENUES:</b>								
Program revenues:								
Fees, fines & charges for services	\$ 17.5	\$ 20.1	\$ 62.5	\$ 59.5	\$ 80.0	\$ 79.6	0.5%	
Federal grants	4.0	3.0	.2	.2	4.2	3.2	31.3	
Capital contributions	47.4	29.6	50.9	12.2	98.3	41.8	135.2	
Other grants and entitlements	17.6	31.4	-	-	17.6	31.4	(43.9)	
General revenues:								
Property taxes	30.1	31.8	-	-	30.1	31.8	(5.3)	
Sales and use taxes	56.3	59.0	-	-	56.3	59.0	(4.6)	
Franchise taxes	4.0	4.0	-	-	4.0	4.0	-	
State shared sales tax	10.1	11.0	-	-	10.1	11.0	(8.2)	
Urban revenue sharing	17.5	20.4	-	-	17.5	20.4	(14.2)	
Auto-in-lieu taxes	4.6	5.0	-	-	4.6	5.0	(8.0)	
Investment earnings	2.2	7.9	0.4	2.0	2.6	9.9	(73.7)	
Gain on sale of capital assets	0.1	-	-	-	0.1	-	-	
Forgiveness of debt	-	-	1.4	-	1.4	-	-	
Miscellaneous	5.9	3.6	-	-	5.9	3.6	63.9	
Total revenues	<u>217.3</u>	<u>226.8</u>	<u>115.4</u>	<u>73.9</u>	<u>332.7</u>	<u>300.7</u>	10.6	
<b>EXPENSES:</b>								
Program activities:								
Governmental activities:								
General government	24.6	23.2	-	-	24.6	23.2	6.0%	
Culture and recreation	21.2	23.2	-	-	21.2	23.2	(8.6)	
Police	35.1	37.1	-	-	35.1	37.1	(5.4)	
Fire	21.0	21.6	-	-	21.0	21.6	(2.8)	
Development services	6.5	6.4	-	-	6.5	6.4	1.6	
Highways and streets	22.4	24.0	-	-	22.4	24.0	(6.7)	
Public works	9.6	7.7	-	-	9.6	7.7	24.7	
Human services	2.2	2.4	-	-	2.2	2.4	(8.3)	
Interest expense on debt	12.6	12.6	-	-	12.6	12.6	-	
Unallocated depreciation	.6	.6	-	-	.6	.6	-	
Business-type activities:								
Water utility	-	-	29.7	32.2	29.7	32.2	(7.8)	
Wastewater utility	-	-	30.2	31.0	30.2	31.0	(2.6)	
Solid Waste utility	-	-	10.0	10.6	10.0	10.6	(5.7)	
Stadium	-	-	5.1	5.3	5.1	5.3	(3.8)	
Housing	-	-	.4	.3	.4	.3	33.3	
Total expenses	<u>155.8</u>	<u>158.8</u>	<u>75.4</u>	<u>79.4</u>	<u>231.2</u>	<u>238.2</u>	(2.9)	
Excess (deficit) before transfers	<u>61.5</u>	<u>68.0</u>	<u>40.0</u>	<u>(5.5)</u>	<u>101.5</u>	<u>62.5</u>	62.4	
Transfers	<u>(3.0)</u>	<u>(3.0)</u>	<u>3.0</u>	<u>3.0</u>	<u>-</u>	<u>-</u>	-	
Increase (decrease) in net assets	<u>\$ 58.5</u>	<u>\$ 65.0</u>	<u>\$ 43.0</u>	<u>\$ (2.5)</u>	<u>\$ 101.5</u>	<u>\$ 62.5</u>	62.4	

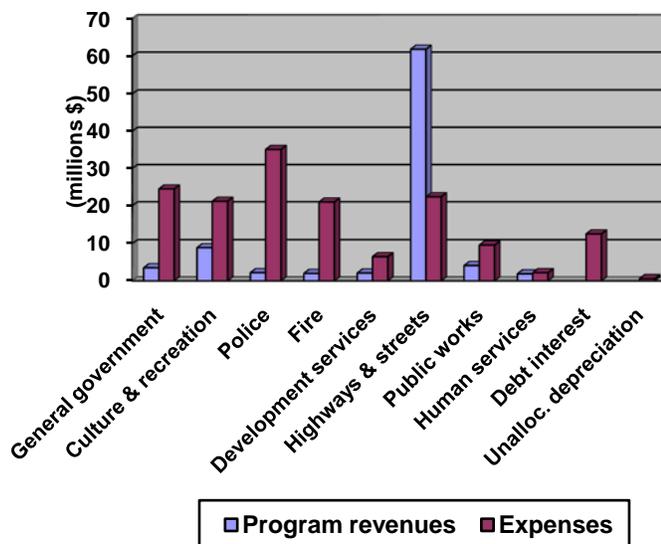
For fiscal year 2010, total governmental activities revenues decreased \$9.5 million (4.2%), and total business-type activities revenues increased \$41.5 million (56.2%). Expenses decreased \$3.0 million (1.9%) and \$4.0 million (5.0%) for the governmental activities and business-type activities, respectively. General government expenses increased by \$1.4 million (6.0%), culture and recreation expenses decreased by \$2.0 million (8.6%), police expenses decreased by \$2.0 million (5.4%), highways and streets expenses decreased by \$1.6 million (6.7%), while public works expenses increased by \$1.9 million (24.7%). Water Utility expenses decreased \$2.5 million (7.8%) while Wastewater utility expenses decreased by \$.8 million (2.6%), and solid waste utility expenses decreased by \$.6 million (5.7%). For further explanation of these expense changes, refer to the financial analysis of the City's funds later in this document.

The general revenues of governmental activities decreased \$11.9 million (8.3%) from the previous year. The primary drivers were property taxes, levied for debt service (or secondary property taxes), sales and use taxes, urban revenue sharing, and investment earnings. Secondary property tax revenues decreased by \$1.9 million (6.9%) in fiscal year 2010 as assessed values decreased. Sales and use taxes decreased \$2.7 million (4.6%) as sales tax on construction dropped \$2.5. Some other areas of sales tax appeared to stabilize after a \$9.5 million decrease in total sales taxes from fiscal year 2008 to fiscal year 2009. Urban revenue sharing continued to decline with a \$2.9 million (14.2%) decrease as this revenue source lags in responding to economic factors. Additionally governmental activities interest earnings decreased \$5.7 million (72.1%) due to continuing low interest rates.

Program revenues of governmental activities increased \$2.4 million (2.9%) mainly as a result of the following changes: Charges for services decreased by \$2.6 million (12.9%), grants/entitlements decreased by \$12.8 million (37.2%), while donations of capital assets increased by \$17.8 million (60.1%). Charges for services were affected by decreased AM/PM program revenue of \$.9 million (30.8%) in culture and recreation, decreased fines and forfeitures of \$.8 million (28.6%) in general government, and decreased seizure revenue of \$.5 million (79.4%) in police. The program revenues of business-type activities increased \$41.7 million (58.0%). Of that, capital contributions increased by \$38.7 million (317.2%) primarily due to donations of water and wastewater capital assets. Business-like service charge revenues also increased by \$3.0 million (5.0%) as water, wastewater and solid waste user fee revenues increased over fiscal year 2009 revenues. The revenue increases are due to increased customer base and usage as there were no rate changes in fiscal year 2010.

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

### Governmental Activities Program Revenues & Expenses

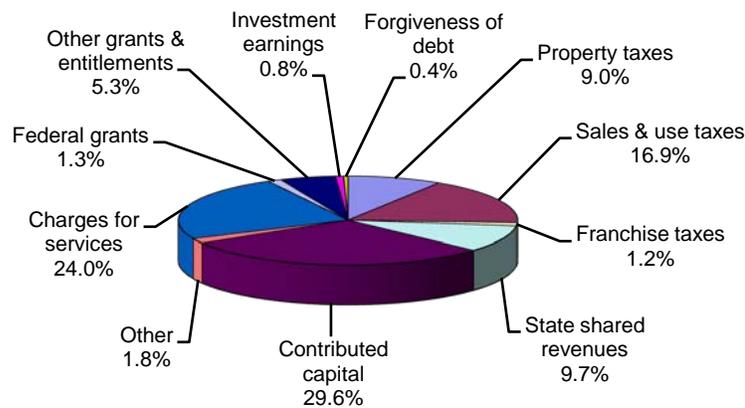


functions. Expenses not covered by direct program revenues are covered by general revenues of the City, primarily taxes and state shared revenues. In the governmental activities, the program revenues of \$86.5 million are 55.5% of the governmental activities expenses for fiscal year 2010, up from 53.0% in fiscal year 2009. In the business-type activities, program revenues of \$113.6 million are 150.7% of the business-type expenses for fiscal year 2010. This compares to \$71.9 million and 90.6% in fiscal year 2009.

Governmental activities account for 65.3% of the total revenues of the City and 67.4% of the total expenses in fiscal year 2010. These percentages were 75.4% and 66.7% respectively in fiscal year 2009.

As seen in the following graph, one of the largest financing sources for the City in fiscal year 2010 is contributed capital (29.6%) which is mostly contributed infrastructure (non-spendable) of streets, intersections, water lines, and wastewater lines. Next is charges for services (24.0%), primarily because this is the major funding source of the business-type activities (54.2% of business-type revenues in fiscal year 2010). The major funding sources of the governmental activities are property, franchise and sales/use taxes (27.1% of total revenues, 41.6% of governmental revenues) and state shared revenues (9.7% of total revenues, 14.8% of governmental revenues).

### Government-Wide Revenue Sources Fiscal Year 2010



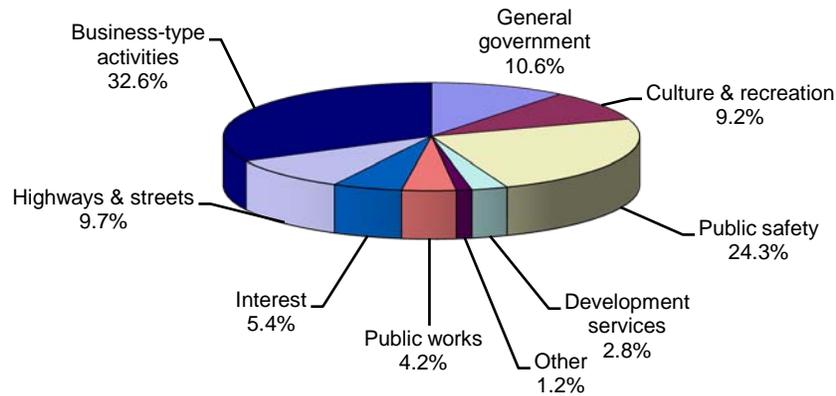
Property taxes decreased 5.3% from fiscal year 2009. The city's primary assessed valuation increased 12.4%, while the secondary assessed valuation decreased 5.0%. Since the secondary tax is 88.1% of the total tax levy, decrease in property taxes resulted from the decrease in the secondary assessed valuation. The tax rates did not change in fiscal year 2010 compared to the previous year.

Total government-wide expenses (not including transfers out) of the City decreased \$7.0 million (2.9%) in fiscal year 2010. Expenses of the governmental activities decreased \$3.0 million (1.9%). This includes increases of \$1.9 million (24.7%) for public works, and \$1.4 million (6.0%) for general government. These increases were offset by decreases of \$2.6 million (4.4%) for public safety (police and fire), \$2.0 million (8.6%) for culture and recreation, and \$1.6 million (6.7%) for highways and streets. General government expenses increased with an additional \$2.5 million in depreciation in fiscal year 2010, while public works increased due to a \$1.8 million claims settlement in the CFD Bonds Capital Projects Fund. Decreases in expenses of the remaining activities were due to cost-cutting measures, including voluntary severance packages to reduce the number of employees, green initiatives, water and energy-saving measures, and reductions in contractual services. Expenses in Business-type activities decreased \$4.0 million (5.0%) due to the same cost-cutting measures that affected governmental activities.

As shown in the following Government-Wide Functional Expenses graph, business-type activities account for 32.6% of the functional expenses of the City for fiscal year 2010, while governmental activities account for 67.4% of the functional expenses. For the governmental activities, the largest users of resources are public safety (24.3% of total expense, 36.0% of governmental expenses), general government (10.6% of

total expenses, 15.8% of governmental expenses), highways and streets (9.7% of total expenses, 14.4% of governmental expenses), and culture and recreation (9.2% of total expenses, 13.6% of governmental expenses).

### Government-Wide Functional Expenses Fiscal Year 2010



### 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

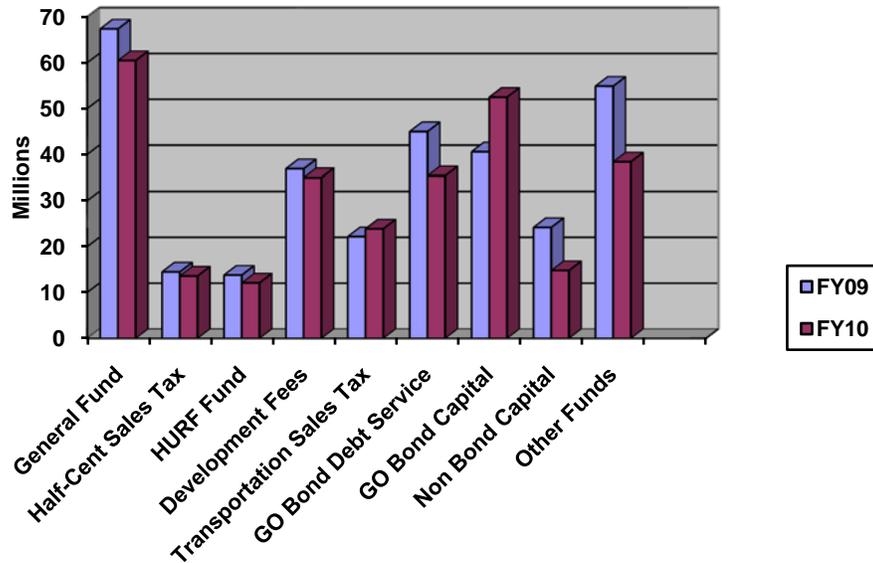
The focus of the governmental fund financial statements (pages 22-29) is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discretely presented on these financial statements, while the non-major funds are combined into a single 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 \$286.2, a decrease of \$33.2 million, or 10.4%, from the previous year. Of this, \$148.2 million (down \$17.2 million (10.4%) from the previous year) is classified as "Reserved" because it is not appropriable for expenditure or is legally segregated for a specific future use. The decrease in reserved fund balance is primarily caused by the GO Bond Debt Service Fund and the Non-Bond Capital Projects Fund offset by an increase in the GO Bond Capital Projects Fund. The GO Bond Debt Service Fund reserved fund balance decreased by \$9.6 million as \$7.2 million was used to pay off the series 1993 Refunding Bonds, the series 1998A bonds, and the series 1998B bonds. The Non-Bond Capital Projects Fund decreased by \$9.4 million in fiscal 2010 as county shared sales taxes of \$10.2 million received in fiscal year 2009 were spent in fiscal year 2010. The GO Bond Capital Projects Fund increased \$11.9 million with the receipt of funds from the series 2010 GO bonds sale of \$29.2 million, offset by capital expenditures of \$19.3 million.

An additional \$76.2 million of the governmental fund balance (down \$11.8 million (13.4%) from the previous year) has been designated or committed for specific purposes by council policy or administrative action. These designations include encumbrances (\$12.6 million), economic stabilization reserves (\$40.4 million), debt service reserves (\$1.0 million), and current capital projects and equipment replacement reserves (\$22.2 million). The designations are further described in Note 11 to the financial statements (pages 69-70).

The remaining \$61.8 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 decrease of 6.4% during fiscal year 2010 is primarily due to decreased general fund revenues, particularly urban revenue sharing (down 14.3%), charges for services (down 11.8%), fines and forfeitures (down 23.7%), and investment earnings (down 69.2%).

### Governmental Funds - Fund Balance



The General Fund is the chief operating fund of the City and accounts for many of the major functions of the government, including public safety, parks and recreation, community development and general administrative services. The General Fund revenues decreased \$8.8 million (9.2%) over the previous year. Urban revenue sharing decreased \$2.9 million (14.3%) and Fines & Forfeitures decreased by \$8 million (23.7%). Charges for service decreased \$1.3 million (11.8%) due to decreased development related fees. The City’s sales tax revenues in the General Fund decreased \$1.5 million (4.6%) and state shared sales tax revenues decreased \$0.9 million (7.8%) due to the economic downturn. Total General Fund expenditures decreased \$4.0 million (3.6%). Personnel costs decreased \$4.1 million while other costs (contractual services and commodities) decreased \$2.2 million with the cost saving measures. However, capital outlay increased by \$2.4 million due to the replacement of the city complex heating & cooling system (\$2.8 million). The unreserved/undesignated fund balance of the General Fund was 18.7% of expenditures at June 30, 2010, compared to 22.2% at June 30, 2009.

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 \$1.1 million (7.6%) 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 \$.6 million (22.2%) due to a \$630,000 decrease in principal payments with the reduction of development agreements with Wal-Mart and DMB Circle. Total fund balance of the Half-Cent Sales Tax Fund decreased by \$.8 million (5.8%) in fiscal year 2010.

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 \$.7 million (5.8%) due to decreased investment earnings (\$.2 million or 78.1%) and decreased highway user revenues (\$.4 million or 5.3%). 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 \$32,000 or 1.0%) as sales taxes in other funds. Expenditures increased by \$.8 million (5.4%) in fiscal year 2010. Principal payments increased by \$2.7 million to retire the 1996 HURF Revenue Bonds, while other costs (contractual and commodities) decreased. Fund balance decreased \$1.7 million (12.5%) in fiscal year 2010.

Another major governmental fund of the City is the Development Fee Fund, which collects governmental impact fees for parks and recreational facilities, public safety, streets and intersections and general government. Revenues in the Development Fee Fund increased \$87,000 (1.3%) with slow development activity in the City, while expenditures decreased \$9.8 million (53.8%) in fiscal year 2010 due to decreased capital outlay with the completion of the Sunrise Mountain Branch Library. Fund balance decreased \$1.8 million (4.9%) in fiscal year 2010. 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 \$.9 million (9.3%) while expenditures decreased \$.4 million (12.0%). The decreased revenues are due to decreased sales tax revenue and investment earnings. The fund balance increased \$1.7 million (7.8%) in fiscal year 2010.

The GO Bond Debt Service Fund accounts for the payment of general obligation bonds and the related interest. Revenues in this fund decreased \$1.2 million (4.6%) due to decreased secondary property taxes and investment earnings. The secondary assessed value of the City decreased 5.0% in fiscal year 2010 while the secondary tax rate was unchanged. Expenditures increased by \$17.0 million (102.0%) due to the additional principal payments on general obligation bonds issued in fiscal year 2009. The series 2009 bonds debt service was structured with large payments in fiscal year 2010 and 2011 to lower the fund balance in this fund. Fund balance decreased \$9.6 million (21.4%) in fiscal year 2010.

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 \$2.2 million (281.0%) due to a reimbursement from the State of Arizona Department of Transportation for the 91<sup>st</sup> Ave and Olive Intersection Widening project, while expenditures decreased by \$8.1 million (28.6%) due to lower capital outlays. Fund balance increased \$11.9 million (29.3%) with the sale of \$29.2 million in new bonds.

The Non Bond Capital Projects Fund accounts for reimbursements and financing from outside sources for the funding of capital projects. Revenues in the fund decreased \$13.9 million (81.7%) due to decreased county shared sales tax reimbursements. Expenditures increased by \$6.4 million (104.0%) due to increased capital outlay on various street projects including Cotton Crossing. Fund balance decreased \$9.4 million (38.8%) in fiscal year 2010.

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 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 increased \$42.8 million (8.6%) in fiscal year 2010. Net assets invested in capital assets, net of related debt increased \$40.1 million (9.3%) with the addition of utility infrastructure. Restricted net assets decreased \$14.1 million (42.0%), primarily due to the removal of the bond covenant that restricted funds for bond retirement. The unreserved net assets increased \$16.7 million (48.1%), primarily due to a decrease in operating expenses brought about by cost cutting measures instituted in response to the changing economy. The Water Utility Fund experienced an increase in total net assets of \$26.6 million (11.2%). The Wastewater Utility Fund increased total net assets by \$14.4 million (6.7%), the Solid Waste Fund increased \$1.9 million (10.1%), the Stadium Fund decreased \$34,203 (0.1%) and the Public Housing Fund total net assets decreased \$80,848 (3.3%). The

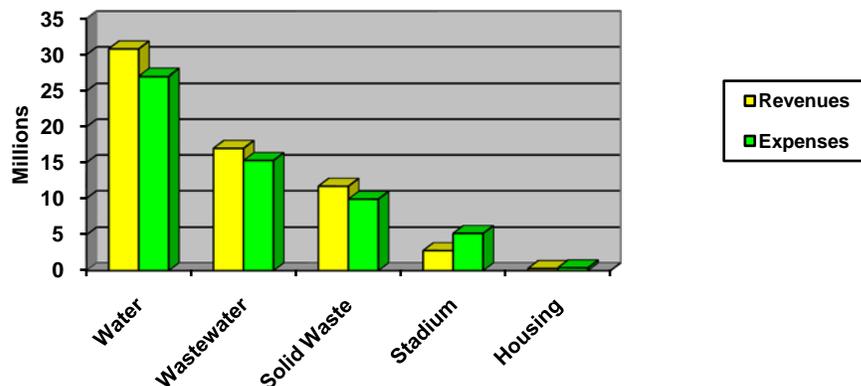
Water Utility unrestricted net assets increased \$4.5 million (21.4%), and the Wastewater Utility unrestricted net assets increased \$8.9 million (202.0%), while the restricted net assets of the Solid Waste Fund decreased \$2.6 million..

Operating revenues of the enterprise funds increased \$2.9 million (4.9%) in fiscal year 2010. Charges for service increased \$0.5 million (1.7%) in the Water Utility Fund, \$0.9 million (6.2%) in the Wastewater Utility Fund, and \$.5 million in the Solid Waste Fund with increased usage and customer base. Operating expenses of the enterprise funds decreased \$17.3 million (23.0%) in fiscal year 2010. The Water Utility had decreased operating expenses of \$3.6 million (11.9%) as salaries and wages were down from fiscal year 2009 by \$1.4 million (22.4%), while contractual services, materials and supplies were down by \$2.9 million (15.9%). In the Wastewater Utility Fund, operating expenses decreased \$12.8 million (45.6%) due to a one time claims settlement of \$7.9 million for the termination of a wastewater treatment processing agreement in fiscal year 2009 and a decrease of \$4.9 million (47.2%) in contractual services, materials and supplies due to cost savings programs. In the Solid Waste Fund, contractual services/commodities expenses decreased by \$0.7 million (10.7%), while in the Stadium Fund, contractual services/commodities expenses decreased by \$0.3 million (8.2%).

Operating income for the Water Utility Fund increased by \$4.3 million from a negative \$.5 million in fiscal year 2009, with the increased revenues and decreased expenditures discussed above. Operating income for the Wastewater Utility increased by \$14.5 million from a negative \$12.8 million in fiscal year 2009 without the one-time fiscal year 2009 insurance claims and with the fiscal year 2010 decreases in contractual services, materials and supplies previously mentioned. The Solid Waste Utility Fund operating income increased \$1.3 million (285.4%). The Stadium Fund and the Public Housing Fund had operating losses in fiscal year 2010 of \$2.4 million and \$82,020, 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 increased contractual services, materials and supplies.

The following graph shows the operating revenues and expenses for the enterprise funds for fiscal year 2010.

### Fiscal year 2010 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, 100-108, 110-114, and 119-122.

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

No amendments increasing the City's total adopted budget of \$535 million occurred during fiscal year 2010. 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 \$111.1 million, on a budgetary basis, fell below budgeted inflows of \$116.4 million by \$5.3 million (4.5%) while budgetary basis outflows (expenditures and other uses) of \$121.0 million were only 78.6% of final budgeted outflows. The shortfall of General Fund inflows under budgeted amounts is primarily due to lower than budgeted charges for services, fines and forfeitures, and transfers from other funds. 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 \$161.4 million was amended by \$7.5 million to the final expenditure and other uses budget of \$153.9 million. Notable General Fund transfers were as follows:

- Contingency appropriation of \$6.4 million was transferred from the General Fund to the Self-Insurance Fund to provide expenditure authority for the City's health insurance plan, which became self-funded as of January 1, 2010.
- Contingency appropriation of \$.9 million was transferred from the General Fund to the GO Bond Capital Projects Fund to advance the design phase of a truck route in the northwest portion of the City from fiscal 2011 to fiscal 2010.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

As of June 30, 2010, the City had \$1.25 billion invested in various capital assets, net of accumulated depreciation and related debt, up 11.7% from the previous year. The capital assets of the City (net of depreciation, but not capital debt) are \$1.7 billion. This is a net increase of \$162.6 million from June 30, 2009. Of the increase, \$105.7 million resulted from governmental activities and \$56.9 million resulted from business-type activities.

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

- ✓ The City spent an additional \$2.7 million on the drainage facilities along Deer Valley Road from 85<sup>th</sup> Avenue to 91<sup>st</sup> Avenue. A series of channels and ditches along the north side of Deer Valley Road are recommended to collect sheet flow from the north and convey it into one of three culverts that would cross under Deer Valley Road. Since it has been determined that the system along the south side of Deer Valley Road is underutilized, these improvements will maximize the existing system by inserting culverts.
- ✓ 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 2010, the city spent an additional \$12 million.

- ✓ Construction of a three miles of 24-inch waterline on Beardsley Avenue from Lake Pleasant Road to 87<sup>th</sup> Avenue and on 91<sup>st</sup> Avenue from Union Hills Drive to Beardsley Avenue was continued in fiscal year 2010. The water service in this area is dependent on a centralized surface water treatment plant. This waterline will provide an interconnect between the Lake Pleasant Road transmission line and the future zone 2/3 transmission line. In fiscal year 2010, the city spent \$4.3 million on this project.
- ✓ The City spent \$1.8 million in fiscal year 2010 to purchase land for improvements along Northern Avenue. This project will include an eight-lane, limited access “regionally significant” aerial roadway, bridge structures, median barriers, access ramp roadways, new traffic signals and landscaping. This new parkway along Northern Avenue will improve east-west mobility across the Valley. The connectivity with the three state routes of US60, Loop 101 and Loop 303 are vital to regional traffic connectivity. The City’s participation in this project is expected to cost \$10.9 in total to be completed in FY2019.
- ✓ The City spent an additional \$6.0 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, 2010, and 2009. 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 Activities		Business-type Activities		Total Primary Government		Percent Change
	2010	2009	2010	2009	2010	2009	
Buildings and building improvements	\$ 118.3	\$ 114.5	\$ 25.5	\$ 26.4	\$ 143.8	\$ 140.9	2.0%
Furniture	.9	1.1	.1	.1	1.0	1.2	(16.7)
Equipment	20.8	26.0	1.4	1.5	22.2	27.5	(19.3)
Vehicles	9.5	9.8	5.6	5.5	15.1	15.3	(1.3)
Storm drainage system	48.5	42.7	-	-	48.5	42.7	13.6
Street system	346.8	259.5	-	-	346.8	259.5	33.6
Park system	20.0	20.8	-	-	20.0	20.8	(3.9)
Water system	-	-	228.4	205.4	228.4	205.4	11.2
Water rights	-	-	12.1	6.0	12.1	6.0	101.7
Wastewater system	-	-	292.1	281.8	292.1	281.8	3.7
Land	328.7	326.3	17.0	17.0	345.7	343.3	0.7
Work in progress	194.7	181.8	46.5	28.1	241.2	209.9	14.9
<b>Total</b>	<b>\$ 1,088.2</b>	<b>\$ 982.5</b>	<b>\$ 628.7</b>	<b>\$ 571.8</b>	<b>\$ 1,716.9</b>	<b>\$ 1,554.3</b>	<b>10.5</b>

The City has adopted a ten year capital improvement plan budgeted at \$522 million, including \$139.3 million in fiscal year 2011. Anticipated funding for this plan is through a combination of impact fees (10.0%), general obligation bonds (36.7%), municipal development authority bonds (3.2%), operating revenues (22.2%), City (6.3%) and County (6.0%) transportation sales taxes and other outside funding sources (15.5%). The estimated operating budget impact of the capital improvement program over the next five fiscal years is expected to be \$9.5 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 deferred bond premiums, net of deferred loss on bond refunding, was \$504.1 million at June 30, 2010. Of this total, \$351.2 million was in governmental activities and \$152.9 million was in business-type activities. The City’s outstanding non-current debt increased \$31.9 million in fiscal year 2010. Water Infrastructure Finance Authority Revenue Bonds were issued in the amount of \$20.4 million for various water and wastewater projects, and Revenue Refunding Bonds were issued in the amount of

\$15.8 million. In addition, General Obligation Bonds in the amount of \$29.2 million were issued for drainage, street, park and recreation and other miscellaneous improvements.

Of the total outstanding bonds of \$456.8 million, \$185.0 million is general obligation bonds backed by the full faith and credit of the City. An additional \$8.0 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 \$60.9 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, 2010, is \$108.2 million in the 6% category and \$199.6 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, 2010, and 2009. Further detail on the City's outstanding debt may be found in Note 14 on pages 72-77.

**Outstanding Debt**  
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2010	2009	2010	2009	2010	2009	
General obligation debt	\$ 185.0	\$ 183.1	\$ -	\$ -	\$ 185.0	\$ 183.1	1.0%
Municipal Development Authority debt	55.9	61.0	0.9	1.2	56.8	62.2	(8.7)
Highway User Revenue bonds	-	3.0	-	-	-	3.0	(100.0)
Special assessment debt	8.0	10.4	-	-	8.0	10.4	(23.1)
Water/Sewer Revenue bonds	-	-	146.2	135.3	146.2	135.3	8.1
Community Facilities District bonds	60.9	63.1	-	-	60.9	63.1	(3.5)
Long-term loan payable	-	-	6.9	1.1	6.9	1.1	527.3
Contracts payable	71.6	56.8	7.3	4.4	78.9	61.2	28.9
Compensated absences	6.4	5.9	.7	.6	7.1	6.5	9.2
<b>Total</b>	<b>\$ 387.8</b>	<b>\$ 383.3</b>	<b>\$ 162.0</b>	<b>\$ 142.6</b>	<b>\$ 549.8</b>	<b>\$ 525.9</b>	<b>4.4</b>

The City currently maintains the following ratings on its general obligation debt: "AA+" from Standard & Poor's, "Aa1" from Moody's and "AA+" from Fitch. For the water and sewer revenue bonds, the ratings are "AA" from Standard & Poor's, "Aa3" from Moody's and "AA" from Fitch.

**ECONOMIC FACTORS**

The unemployment rate in the metropolitan Phoenix region for June 2010 was 8.8%, which remains below both the state (9.6%) 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 0.3% for the state. Moderate job gains in the healthcare, professional and business services, leisure and hospitality services, and natural resources and mining have helped offset losses in other sectors. Within Peoria, the local economy has experienced decreases in commercial activity with some limited construction activity to infill the neighborhoods and planned communities that have developed over the past few years. Residential activity, although much lower than historical trends, has remained steady in fiscal year 2010 with the 2009 rates.

The adopted fiscal year 2011 budget is \$455 million, a decrease of 15% from the fiscal year 2010 budget as the City anticipates continuing declines in revenues due to the economic slowdown. The operating budget totals \$315.7 million, which is a decrease of 5.9% from 2010. The capital projects portion of the budget, \$139.3 million (a 30% decrease), is divided in the following manner: \$5.2 million for drainage projects, \$12.0 for operational facilities, \$35.4 million for parks, trails and open space, \$4.7 million for public safety projects, \$62.1 million for streets and traffic control projects, \$5.1 million for economic development projects, \$7.9 million for wastewater projects, and \$6.9 million for water projects. The General Fund budget is \$106.5 million, down 7.4% from the previous general fund budget. 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 42.4 (full-time equivalent) staff positions in the fiscal year 2011 budget. In addition, the restructuring of some City departments continued. Following are the approved budgeted 2011 position increases (decreases) (including moves due to the departmental reorganization): City Manager's Office 5.0 (reorganization for Mayor & Council), Community Services (13.5), Economic Development Services (1.5), Finance (3.0), Fire (3.0), Human resources (1.0), Information Technology (4.4), Mayor & Council (6.0), Municipal Court (1.0), Planning and Community Development (0.5), Police (3.0), and Public Works (10.5).

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 \$34.6 million in the General Fund and \$5.8 million in the Half-Cent Sales Tax Fund at June 30, 2010. The City also maintains a working capital policy reserve in the Utility Funds. At June 30, 2010, those reserves were \$15.4 million in the Water Utility, \$8.6 million in the Wastewater Utility, and \$2.4 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 2011 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, 2010**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 99,326,257	\$ 30,045,623	\$ 129,371,880
Cash with fiscal agents	4,161,380	-	4,161,380
Investments	134,010,425	40,051,809	174,062,234
Accounts receivable, net	9,688,709	7,688,254	17,376,963
Interest receivable	919,447	177,453	1,096,900
Internal balances	(1,602,554)	1,602,554	-
Due from other governments	8,317,292	-	8,317,292
Prepaid items	116,305	78,401	194,706
Supply inventories	328,761	280,387	609,148
Deferred bond issuance costs, net	3,233,076	570,026	3,803,102
Restricted cash and cash equivalents	38,573,802	2,538,505	41,112,307
Restricted cash with fiscal agents	-	480,319	480,319
Restricted investments	46,122,191	-	46,122,191
Other assets	3,564,000	227,994	3,791,994
Special assessments receivable	8,141,515	-	8,141,515
Capital assets:			
Non-depreciable	523,395,351	63,556,462	586,951,813
Depreciable (net)	564,785,732	565,088,002	1,129,873,734
Total assets	<u>1,443,081,689</u>	<u>712,385,789</u>	<u>2,155,467,478</u>
<b>LIABILITIES</b>			
Accounts payable	14,158,064	2,386,790	16,544,854
Accrued payroll	2,566,990	298,403	2,865,393
Interest payable	6,176,720	2,053,911	8,230,631
Due to other governments	2,048,767	205,551	2,254,318
Claims payable	2,805,000	1,500,000	4,305,000
Customer deposits	3,317	1,265,404	1,268,721
Unearned revenue	9,512,119	15,450	9,527,569
Arbitrage liability	198,695	-	198,695
Other liabilities	2,896,084	60,727	2,956,811
Non-current liabilities:			
Due within one year:			
Current portion of compensated absences	4,239,710	479,980	4,719,690
Current portion of contracts payable	8,096,143	370,293	8,466,436
Current portion of bonds & notes payable	27,039,694	8,119,132	35,158,826
Due in more than one year:			
Noncurrent portion of compensated absences	2,148,030	170,910	2,318,940
Noncurrent portion of contracts payable	63,488,655	6,966,869	70,455,524
Noncurrent portion of bonds & notes payable	282,795,965	145,704,314	428,500,279
Plus: Deferred bond premium	3,648,056	552,191	4,200,247
Less: Deferred loss on bond refunding	(873,633)	(514,689)	(1,388,322)
Total liabilities	<u>430,948,376</u>	<u>169,635,236</u>	<u>600,583,612</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	782,205,232	469,854,140	1,252,059,372
Restricted for:			
Capital projects	462,761	18,978,691	19,441,452
Development fees	35,047,460	-	35,047,460
Grant purposes	2,138,865	495,658	2,634,523
Unrestricted	192,278,995	53,422,064	245,701,059
Total net assets	<u>\$ 1,012,133,313</u>	<u>\$ 542,750,553</u>	<u>\$ 1,554,883,866</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

<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	\$ 24,518,718	\$ 2,955,225	\$ 166,203	\$ 391,226
Culture and recreation	21,167,750	7,133,645	467,480	1,271,351
Police	35,140,959	813,032	1,096,444	318,921
Fire	20,977,164	1,457,280	72,073	470,248
Development services	6,539,886	1,231,534	846,225	-
Highways and streets	22,414,044	445,074	7,852,103	53,526,889
Public works	9,642,355	3,310,544	803,478	-
Human services	2,188,730	143,130	1,792,030	-
Interest on long-term debt	12,571,503	-	-	-
Unallocated depreciation	574,550	-	-	-
Total governmental activities	<u>155,735,659</u>	<u>17,489,464</u>	<u>13,096,036</u>	<u>55,978,635</u>
Business-type activities:				
Water Utility	29,715,038	30,789,786	-	26,734,391
Wastewater Utility	30,212,381	16,994,511	-	24,044,252
Solid Waste Utility	9,985,889	11,764,271	-	120,700
Stadium	5,186,732	2,800,976	-	-
Housing programs	368,007	108,277	177,710	-
Total business-type activities	<u>75,468,047</u>	<u>62,457,821</u>	<u>177,710</u>	<u>50,899,343</u>
Total primary government	<u>\$ 231,203,706</u>	<u>\$ 79,947,285</u>	<u>\$ 13,273,746</u>	<u>\$ 106,877,978</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

Forgiveness of debt

Miscellaneous

Transfers in (out)

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

The accompanying notes are an integral part of the financial statements

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (21,006,064)	\$ -	\$ (21,006,064)
(12,295,274)	-	(12,295,274)
(32,912,562)	-	(32,912,562)
(18,977,563)	-	(18,977,563)
(4,462,127)	-	(4,462,127)
39,410,022	-	39,410,022
(5,528,333)	-	(5,528,333)
(253,570)	-	(253,570)
(12,571,503)	-	(12,571,503)
(574,550)	-	(574,550)
<u>(69,171,524)</u>	<u>-</u>	<u>(69,171,524)</u>
-	27,809,139	27,809,139
-	10,826,382	10,826,382
-	1,899,082	1,899,082
-	(2,385,756)	(2,385,756)
-	(82,020)	(82,020)
<u>-</u>	<u>38,066,827</u>	<u>38,066,827</u>
<u>\$ (69,171,524)</u>	<u>\$ 38,066,827</u>	<u>\$ (31,104,697)</u>
\$ 3,833,445	\$ -	\$ 3,833,445
26,225,535	-	26,225,535
56,276,937	-	56,276,937
3,955,416	-	3,955,416
10,137,682	-	10,137,682
17,469,936	-	17,469,936
4,634,263	-	4,634,263
2,199,984	444,698	2,644,682
102,409	-	102,409
-	1,379,738	1,379,738
5,885,847	-	5,885,847
(3,029,412)	3,029,412	-
<u>127,692,042</u>	<u>4,853,848</u>	<u>132,545,890</u>
<u>58,520,518</u>	<u>42,920,675</u>	<u>101,441,193</u>
<u>953,612,795</u>	<u>499,829,878</u>	<u>1,453,442,673</u>
<u>\$ 1,012,133,313</u>	<u>\$ 542,750,553</u>	<u>\$ 1,554,883,866</u>

**CITY OF PEORIA, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<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	\$ 25,335,843	\$ 5,282,960	\$ 5,067,477	\$ 14,900,470
Cash with fiscal agents		-	-	-
Investments	33,899,640	7,163,848	6,871,646	20,205,473
Accounts receivable, net	3,962,260	1,208,801	257,917	-
Interest receivable	159,713	42,832	31,466	96,734
Due from other funds	38,982	-	-	-
Due from other governments	2,660,472	-	728,392	-
Prepaid items	116,255	-	-	-
Supply inventories	125,423	-	62,656	-
Restricted cash and cash equivalents	2,978,256	-	-	-
Restricted investments	-	-	-	-
Special assessments receivable	-	-	-	-
Total assets	<u>\$ 69,276,844</u>	<u>\$ 13,698,441</u>	<u>\$ 13,019,554</u>	<u>\$ 35,202,677</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,871,949	\$ 81,798	\$ 781,653	\$ 155,217
Accrued payroll	2,224,445	-	81,780	-
Due to other funds	-	-	-	-
Due to other governments	2,048,754	-	-	-
Customer deposits	3,317	-	-	-
Deferred revenue	794,934	-	-	-
Arbitrage liability	-	-	-	-
Other liabilities	1,853,349	-	63,946	-
Total liabilities	<u>\$ 8,796,748</u>	<u>\$ 81,798</u>	<u>\$ 927,379</u>	<u>\$ 155,217</u>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Debt service	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-
Development fees	-	-	-	34,326,641
Grant purposes	-	-	-	-
Supply inventories	125,423	-	62,656	-
Prepaid items	116,255	-	-	-
<b>Unreserved, designated (see note 11):</b>				
General fund	40,486,810	-	-	-
Capital projects funds	-	-	-	-
Special revenue funds	-	6,836,298	428,704	720,819
<b>Unreserved, undesignated, reported in:</b>				
General fund	19,751,608	-	-	-
Special revenue funds	-	6,780,345	11,600,815	-
Total fund balance	<u>60,480,096</u>	<u>13,616,643</u>	<u>12,092,175</u>	<u>35,047,460</u>
Total liabilities and fund balance	<u>\$ 69,276,844</u>	<u>\$ 13,698,441</u>	<u>\$ 13,019,554</u>	<u>\$ 35,202,677</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>GO Bond Capital Projects Fund</b>	<b>Non-Bond Capital Projects Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 9,885,283	\$ 14,662,230	\$ -	\$ 8,330,335	\$ 2,595,907	\$ 86,060,505
-	-	-	-	4,161,380	4,161,380
13,404,733	19,882,412	-	11,296,178	3,297,750	116,021,680
727,020	869,590	-	2,435,122	226,913	9,687,623
62,430	61,189	192,698	72,458	123,626	843,146
-	-	-	-	-	38,982
-	541,094	4,000	3,024,017	1,359,317	8,317,292
-	-	-	-	50	116,305
-	-	-	-	-	188,079
-	-	21,956,707	-	13,638,839	38,573,802
-	-	31,939,882	-	14,182,309	46,122,191
-	-	-	-	8,141,515	8,141,515
<u>\$ 24,079,466</u>	<u>\$ 36,016,515</u>	<u>\$ 54,093,287</u>	<u>\$ 25,158,110</u>	<u>\$ 47,727,606</u>	<u>\$ 318,272,500</u>
\$ 163,082	\$ -	\$ 996,587	\$ 6,110,099	\$ 826,530	\$ 10,986,915
-	-	-	-	49,583	2,355,808
-	-	-	-	38,982	38,982
-	-	-	-	13	2,048,767
-	-	-	-	-	3,317
-	664,373	-	3,681,742	8,397,486	13,538,535
-	-	198,695	-	-	198,695
-	-	414,905	525,083	38,801	2,896,084
<u>\$ 163,082</u>	<u>\$ 664,373</u>	<u>\$ 1,610,187</u>	<u>\$ 10,316,924</u>	<u>\$ 9,351,395</u>	<u>\$ 32,067,103</u>
\$ -	\$ 35,352,142	\$ -	\$ -	\$ 12,863,329	\$ 48,215,471
-	-	48,303,804	302,316	15,564,002	64,170,122
-	-	-	-	-	34,326,641
-	-	-	-	1,199,918	1,199,918
-	-	-	-	-	188,079
-	-	-	-	50	116,305
-	-	-	-	-	40,486,810
-	-	4,179,296	14,538,870	3,485,533	22,203,699
1,023,232	-	-	-	4,519,358	13,528,411
-	-	-	-	-	19,751,608
22,893,152	-	-	-	744,021	42,018,333
<u>23,916,384</u>	<u>35,352,142</u>	<u>52,483,100</u>	<u>14,841,186</u>	<u>38,376,211</u>	<u>286,205,397</u>
<u>\$ 24,079,466</u>	<u>\$ 36,016,515</u>	<u>\$ 54,093,287</u>	<u>\$ 25,158,110</u>	<u>\$ 47,727,606</u>	<u>\$ 318,272,500</u>



**CITY OF PEORIA, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010**

Fund balances - total governmental funds balance sheet		\$ 286,205,397
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	\$ 1,259,954,510	
Less accumulated depreciation	<u>(198,235,388)</u>	1,061,719,122
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Deferred bond issuance costs	3,233,076	
Deferred loss on bond refunding	<u>873,633</u>	4,106,709
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	309,835,659	
Governmental contracts payable	71,584,798	
Compensated absences	<u>5,804,400</u>	(387,224,857)
Certain long-term debt is offset by an intangible asset (goodwill) for government-wide reporting		3,564,000
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		3,231,705
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		(3,648,056)
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		794,711
Interest payable on long-term debt is not reported in the governmental funds.		(6,176,720)
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>49,561,302</u>
Net assets of governmental activities - statement of net assets		<u><u>\$ 1,012,133,313</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, 2010**

	<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	\$ 30,966,260	\$ 13,851,803	\$ 3,139,823	\$ -
Property taxes	3,501,762	-	446,207	-
Franchise taxes	3,955,416	-	-	-
Intergovernmental:				
State shared sales taxes	10,137,682	-	-	-
Urban revenue sharing	17,469,936	-	-	-
Auto in-lieu taxes	4,634,263	-	-	-
Highway user revenue	-	-	7,852,103	-
Local transportation aid	-	-	-	-
From federal government	9,077	-	-	-
Other	345,650	-	-	-
Charges for services	10,035,654	-	150,074	6,393,226
Licenses and permits	1,599,957	-	-	-
Fines and forfeitures	2,525,753	-	-	-
Rents	421,289	-	-	-
Investment earnings	437,181	108,867	77,895	228,636
Special assessments	-	-	-	-
Miscellaneous	628,571	-	972	-
Total revenues	<u>86,668,451</u>	<u>13,960,670</u>	<u>11,667,074</u>	<u>6,621,862</u>
<b>EXPENDITURES:</b>				
Current:				
General government	15,771,595	369,399	-	68,523
Culture and recreation	18,700,613	-	-	345,727
Police	33,534,460	-	-	11,357
Fire	19,671,691	-	-	-
Development services	5,682,494	-	-	-
Highways and streets	-	-	11,637,909	5,591
Public works	5,588,847	-	-	-
Human services	-	-	-	-
Debt service:				
Principal payments	9,510	1,394,224	3,005,000	3,448,811
Interest and other charges	-	13,505	85,919	-
Capital outlay	6,783,122	320,788	377,752	4,500,949
Total expenditures	<u>105,742,332</u>	<u>2,097,916</u>	<u>15,106,580</u>	<u>8,380,958</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,073,881)</u>	<u>11,862,754</u>	<u>(3,439,506)</u>	<u>(1,759,096)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Capital-related debt issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers in	13,582,296	-	2,079,707	-
Transfers out	(1,405,648)	(12,700,840)	(374,166)	(50,721)
Total other financing sources and uses	<u>12,176,648</u>	<u>(12,700,840)</u>	<u>1,705,541</u>	<u>(50,721)</u>
Net change in fund balances	<u>(6,897,233)</u>	<u>(838,086)</u>	<u>(1,733,965)</u>	<u>(1,809,817)</u>
Fund balances - beginning	67,377,329	14,454,729	13,826,140	36,857,277
Fund balances - ending	<u>\$ 60,480,096</u>	<u>\$ 13,616,643</u>	<u>\$ 12,092,175</u>	<u>\$ 35,047,460</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>GO Bond Capital Projects Fund</u>	<u>Non-Bond Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 8,319,051	\$ -	\$ -	\$ -	\$ -	\$ 56,276,937
-	23,776,030	-	-	2,827,289	30,551,288
-	-	-	-	-	3,955,416
-	-	-	-	-	10,137,682
-	-	-	-	-	17,469,936
-	-	-	-	-	4,634,263
-	-	-	-	-	7,852,103
-	-	-	-	375,639	375,639
-	-	-	-	4,034,853	4,043,930
-	-	-	-	762,718	1,108,368
-	-	-	-	1,558,764	18,137,718
-	-	-	-	-	1,599,957
-	-	-	-	229,351	2,755,104
-	-	-	-	-	421,289
172,046	143,675	445,349	207,836	171,332	1,992,817
-	-	-	-	2,214,167	2,214,167
-	100,000	2,485,000	2,893,463	2,377,564	8,485,570
<u>8,491,097</u>	<u>24,019,705</u>	<u>2,930,349</u>	<u>3,101,299</u>	<u>14,551,677</u>	<u>172,012,184</u>
-	1,600	-	-	119,042	16,330,159
-	-	-	-	429,294	19,475,634
-	-	-	-	585,648	34,131,465
-	-	-	-	73,755	19,745,446
-	-	-	-	847,100	6,529,594
463,395	-	780,692	48,913	134,148	13,070,648
-	-	-	-	2,366,547	7,955,394
-	-	-	-	2,145,702	2,145,702
-	27,270,000	-	-	9,572,547	44,700,092
-	6,374,677	142,001	-	6,550,140	13,166,242
<u>2,329,094</u>	<u>-</u>	<u>19,278,403</u>	<u>12,459,227</u>	<u>14,219,846</u>	<u>60,269,181</u>
<u>2,792,489</u>	<u>33,646,277</u>	<u>20,201,096</u>	<u>12,508,140</u>	<u>37,043,769</u>	<u>237,519,557</u>
<u>5,698,608</u>	<u>(9,626,572)</u>	<u>(17,270,747)</u>	<u>(9,406,841)</u>	<u>(22,492,092)</u>	<u>(65,507,373)</u>
-	-	29,170,000	-	-	29,170,000
-	-	495,890	-	-	495,890
-	-	-	-	7,905,883	23,567,886
(3,966,914)	-	(487,380)	-	(1,977,397)	(20,963,066)
<u>(3,966,914)</u>	<u>-</u>	<u>29,178,510</u>	<u>-</u>	<u>5,928,486</u>	<u>32,270,710</u>
<u>1,731,694</u>	<u>(9,626,572)</u>	<u>11,907,763</u>	<u>(9,406,841)</u>	<u>(16,563,606)</u>	<u>(33,236,663)</u>
22,184,690	44,978,714	40,575,337	24,248,027	54,939,817	319,442,060
<u>\$ 23,916,384</u>	<u>\$ 35,352,142</u>	<u>\$ 52,483,100</u>	<u>\$ 14,841,186</u>	<u>\$ 38,376,211</u>	<u>\$ 286,205,397</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, 2010**

Net change in fund balances - total governmental funds	\$ (33,236,663)
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.	(468,410)
Certain revenues are deferred in the governmental funds because they do not provide current financial resources, but are considered revenue on the statement of activities.	(1,320,308)
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.	(1,689,357)
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.	798,672
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 (\$60,269,181), plus other capital (\$167,208) exceeds depreciation (\$25,185,630) in the current period.	35,250,759
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. Also gains/losses on sales of capital assets are not shown in the governmental funds, but are revenues or expenses on the statement of activities.	(77,480)
Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.	47,438,448
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.	(29,170,000)
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.	44,700,092
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.	(699,823)
The donation of governmental capital assets from Proprietary Funds is not shown in the governmental fund statements but is a transfer in in the statement of activities	(425,156)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(2,580,256)
Change in net assets of governmental activities- statement of activities	\$ 58,520,518

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, 2010**

	<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, 2009	\$ 54,558,210	\$ 54,558,210	\$ 54,558,210	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	31,440,961	31,440,961	31,058,800	(382,161)
Property taxes	3,401,924	3,401,924	3,391,304	(10,620)
Franchise taxes	4,288,035	4,288,035	3,988,791	(299,244)
Intergovernmental:				
State shared sales taxes	10,620,496	10,620,496	10,165,978	(454,518)
Urban revenue sharing	17,847,367	17,847,367	17,835,714	(11,653)
Auto in-lieu taxes	4,828,800	4,828,800	4,676,040	(152,760)
From federal government	-	-	5,739	5,739
Other	234,180	234,180	376,768	142,588
Charges for services	22,217,318	22,217,318	21,141,730	(1,075,588)
Licenses and permits	1,916,751	1,916,751	1,599,957	(316,794)
Fines and forfeitures	3,658,198	3,658,198	2,525,753	(1,132,445)
Rents	419,515	419,515	440,187	20,672
Investment earnings	735,000	735,000	549,278	(185,722)
Miscellaneous	588,500	588,500	628,571	40,071
Transfers from other funds	14,228,844	14,228,844	12,765,630	(1,463,214)
Total inflows	<u>116,425,889</u>	<u>116,425,889</u>	<u>111,150,240</u>	<u>(5,275,649)</u>
Amounts available for appropriation	<u>170,984,099</u>	<u>170,984,099</u>	<u>165,708,450</u>	<u>(5,275,649)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government:				
Mayor and council	1,192,065	1,142,065	1,151,088	9,023
City manager	3,330,120	3,560,656	3,515,874	(44,782)
Human resources	2,478,616	2,478,616	2,347,545	(131,071)
Attorney	3,003,500	3,024,136	3,011,194	(12,942)
City clerk	1,148,103	1,148,103	1,051,529	(96,574)
Court	2,292,519	2,292,519	1,755,033	(537,486)
Economic development	2,095,638	1,323,258	933,312	(389,946)
Finance	10,612,267	10,513,267	10,688,765	175,498
Non-departmental	2,192,361	2,683,270	1,923,083	(760,187)
Culture and recreation	19,914,645	19,946,637	19,214,352	(732,285)
Police	35,984,511	35,432,165	34,458,212	(973,953)
Fire	20,227,471	20,196,877	20,212,107	15,230
Development services	5,997,781	6,354,765	5,838,602	(516,163)
Public works	5,094,597	5,830,920	5,742,346	(88,574)
Capital outlay	19,305,155	19,336,364	7,890,027	(11,446,337)
Contingencies	25,038,742	17,154,677	-	(17,154,677)
Transfers to other funds	1,489,353	1,489,353	1,286,566	(202,787)
Total charges to appropriations	<u>161,397,444</u>	<u>153,907,648</u>	<u>121,019,635</u>	<u>(32,888,013)</u>
Budgetary fund balance, June 30, 2010	<u>\$ 9,586,655</u>	<u>\$ 17,076,451</u>	<u>\$ 44,688,815</u>	<u>\$ 27,612,364</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, 2010**

**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	\$ 165,708,450
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	(54,558,210)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(12,765,630)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules	(11,078,841)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(637,318)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 86,668,451</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 121,019,635
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	142,470
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(2,938,694)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(115,672)
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(11,078,841)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(1,286,566)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 105,742,332</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON STATEMENT  
HALF-CENT SALES TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<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, 2009	\$ 13,318,439	\$ 13,318,439	\$ 13,318,439	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	14,054,745	14,054,745	13,886,949	(167,796)
Investment earnings	229,000	229,000	153,798	(75,202)
Total inflows	<u>14,283,745</u>	<u>14,283,745</u>	<u>14,040,747</u>	<u>(242,998)</u>
Amounts available for appropriation	<u>27,602,184</u>	<u>27,602,184</u>	<u>27,359,186</u>	<u>(242,998)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government- non-departmental	344,600	351,501	313,843	(37,658)
Debt service:				
Principal payments	2,360,140	2,360,140	1,321,517	(1,038,623)
Interest and other charges	7,442	7,442	13,489	6,047
Capital outlay	4,113,289	4,077,935	700,574	(3,377,361)
Contingencies	2,193,861	2,191,961	-	(2,191,961)
Transfers to other funds	13,596,173	13,596,173	12,384,287	(1,211,886)
Total charges to appropriations	<u>22,615,505</u>	<u>22,585,152</u>	<u>14,733,710</u>	<u>(7,851,442)</u>
Budgetary fund balance, June 30, 2010	<u>\$ 4,986,679</u>	<u>\$ 5,017,032</u>	<u>\$ 12,625,476</u>	<u>\$ 7,608,444</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	\$ 27,359,186
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	(13,318,439)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(80,077)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 13,960,670</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 14,733,710
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	65,046
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(316,553)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(12,384,287)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,097,916</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, 2010**

	<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, 2010	\$ 12,614,604	\$ 12,614,604	\$ 12,614,604	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	3,232,164	3,232,164	3,144,002	(88,162)
Property taxes	450,214	450,214	461,125	10,911
Intergovernmental:				
Highway user revenue	8,348,575	8,348,575	7,877,297	(471,278)
Charges for services	375,000	375,000	439,638	64,638
Investment earnings	275,000	275,000	113,917	(161,083)
Miscellaneous	-	-	972	972
Transfers from other funds	2,529,920	2,529,920	2,526,899	(3,021)
Total inflows	<u>15,210,873</u>	<u>15,210,873</u>	<u>14,563,850</u>	<u>(647,023)</u>
Amounts available for appropriation	<u>27,825,477</u>	<u>27,825,477</u>	<u>27,178,454</u>	<u>(647,023)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Highways and streets	9,395,038	9,488,352	8,748,788	(739,564)
Debt service:				
Principal payments	3,005,000	3,005,000	3,005,000	-
Interest and other charges	163,695	163,695	85,919	(77,776)
Capital outlay	4,569,872	4,445,278	3,165,871	(1,279,407)
Contingencies	977,671	603,696	-	(603,696)
Transfers to other funds	781,528	781,528	768,281	(13,247)
Total charges to appropriations	<u>18,892,804</u>	<u>18,487,549</u>	<u>15,773,859</u>	<u>(2,713,690)</u>
Budgetary fund balance, June 30, 2010	<u>\$ 8,932,673</u>	<u>\$ 9,337,928</u>	<u>\$ 11,404,595</u>	<u>\$ 2,066,667</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	\$ 27,178,454
<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	(12,614,604)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(2,526,899)
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	(74,877)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 11,667,074</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 15,773,859
<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	(14,632)
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	410,634
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	(768,281)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 15,106,580</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, 2010**

	<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, 2009	\$ 28,073,840	\$ 28,073,840	\$ 28,073,840	\$ -
<b>RESOURCES (INFLOWS):</b>				
Impact/expansion fees	9,313,139	9,313,139	6,393,226	(2,919,913)
Investment earnings	543,000	543,000	355,061	(187,939)
Total inflows	<u>9,856,139</u>	<u>9,856,139</u>	<u>6,748,287</u>	<u>(3,107,852)</u>
Amounts available for appropriation	<u>37,929,979</u>	<u>37,929,979</u>	<u>34,822,127</u>	<u>(3,107,852)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government-non departmental	111,983	22,457	21,642	(815)
Culture and recreation	297,347	567,566	289,363	(278,203)
Police	20,912	12,203	11,357	(846)
Fire	407	407	1,752	1,345
Highways and streets	90,799	30,029	5,591	(24,438)
Debt service:				
Principal payments	2,544,337	4,074,830	3,448,811	(626,019)
Capital outlay	18,976,739	14,666,484	6,140,652	(8,525,832)
Contingencies	1,787,558	4,759,842	-	(4,759,842)
Total charges to appropriations	<u>23,830,082</u>	<u>24,133,818</u>	<u>9,919,168</u>	<u>(14,214,650)</u>
Budgetary fund balance, June 30, 2010	<u>\$ 14,099,897</u>	<u>\$ 13,796,161</u>	<u>\$ 24,902,959</u>	<u>\$ 11,106,798</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	\$ 34,822,127
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(28,073,840)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(126,425)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,621,862</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 9,919,168
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(1,487,489)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(50,721)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 8,380,958</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, 2010**

	<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, 2009	\$ 16,663,309	\$ 16,663,309	\$ 16,663,309	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	8,473,001	8,473,001	8,338,077	(134,924)
Investment earnings	300,000	300,000	218,189	(81,811)
Total inflows	<u>8,773,001</u>	<u>8,773,001</u>	<u>8,556,266</u>	<u>(216,735)</u>
Amounts available for appropriation	<u>25,436,310</u>	<u>25,436,310</u>	<u>25,219,575</u>	<u>(216,735)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Highways and streets	372,294	351,601	463,395	111,794
Capital outlay	8,201,598	8,548,876	2,812,485	(5,736,391)
Contingencies	2,252,897	2,686,821	-	(2,686,821)
Transfers to other funds	5,020,688	5,020,688	3,966,914	(1,053,774)
Total charges to appropriations	<u>15,847,477</u>	<u>16,607,986</u>	<u>7,242,794</u>	<u>(9,365,192)</u>
Budgetary fund balance, June 30, 2010	<u>\$ 9,588,833</u>	<u>\$ 8,828,324</u>	<u>\$ 17,976,781</u>	<u>\$ 9,148,457</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 25,219,575
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(16,663,309)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(65,169)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 8,491,097</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,242,794
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(483,391)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(3,966,914)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,792,489</u>

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2010**

	<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	\$ 14,835,030	\$ 7,171,527	\$ 6,556,636	\$ 1,011,626
Restricted cash with fiscal agents	217,720	55,127	-	159,877
Investments	20,039,699	9,743,358	8,903,552	1,365,200
Accounts receivable, net	4,521,892	1,849,479	1,300,524	13,462
Interest receivable	95,593	34,678	42,834	4,348
Prepaid items	78,344	-	-	-
Supplies inventory	232,332	-	43,342	-
Total current assets	<u>40,020,610</u>	<u>18,854,169</u>	<u>16,846,888</u>	<u>2,554,513</u>
Non-current assets:				
Restricted assets:				
Cash equivalents	592,864	1,945,641	-	-
Capital assets:				
Buildings and improvements	1,642,283	7,659,795	10,799	25,781,679
Distribution and collection systems	280,490,121	339,802,861	-	-
Water Rights	12,889,809	-	-	-
Equipment	1,123,741	888,673	28,430	568,811
Vehicles	1,818,013	873,230	9,093,778	483,585
Furniture	186,058	29,004	-	-
Less accumulated depreciation and amortization	(54,986,238)	(49,190,034)	(4,267,716)	(11,289,895)
Land and improvements	6,028,186	3,878,001	-	6,703,349
Construction in progress	37,057,711	9,478,865	-	-
Capital assets, net	<u>286,249,684</u>	<u>313,420,395</u>	<u>4,865,291</u>	<u>22,247,529</u>
Unamortized bonds costs	268,600	300,098	-	1,328
Other assets	175,010	52,984	-	-
Total non-current assets	<u>287,286,158</u>	<u>315,719,118</u>	<u>4,865,291</u>	<u>22,248,857</u>
Total assets	<u>327,306,768</u>	<u>334,573,287</u>	<u>21,712,179</u>	<u>24,803,370</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,314,728	740,412	196,136	117,045
Accrued payroll	119,428	66,011	69,020	43,944
Accrued interest payable	554,459	1,492,027	-	7,425
Due to other governments	204,605	-	-	946
Other current liabilities	55,540	-	-	5,187
Claims payable	-	1,500,000	-	-
Current portion of compensated absences	226,860	85,910	107,870	59,340
Current portion of bonds, contracts & loans payable	3,210,237	5,121,426	5,310	152,452
Total current liabilities	<u>5,685,857</u>	<u>9,005,786</u>	<u>378,336</u>	<u>386,339</u>
Non-current liabilities:				
Deposits payable	1,253,465	-	-	-
Unearned revenue	-	-	-	15,450
Compensated absences	77,360	25,650	45,040	22,860
Long-term portion of bonds, contracts & loans payable	57,003,423	95,233,020	268,836	165,904
Plus: Deferred bond premium	486,162	33,879	-	32,150
Less: Deferred loss on bond refunding	(466,257)	(28,638)	-	(19,794)
Total non-current liabilities	<u>58,354,153</u>	<u>95,263,911</u>	<u>313,876</u>	<u>216,570</u>
Total liabilities	<u>64,040,010</u>	<u>104,269,697</u>	<u>692,212</u>	<u>602,909</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	227,368,795	214,114,490	4,591,145	21,918,145
Restricted:				
Capital projects	10,549,879	2,903,591	4,298,861	1,226,360
Grant purpose	-	-	-	-
Unrestricted	25,348,084	13,285,509	12,129,961	1,055,956
Total net assets	<u>\$ 263,266,758</u>	<u>\$ 230,303,590</u>	<u>\$ 21,019,967</u>	<u>\$ 24,200,461</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
\$ 470,804	\$ 30,045,623	\$ 13,265,752
47,595	480,319	-
-	40,051,809	17,988,745
2,897	7,688,254	1,086
-	177,453	76,301
57	78,401	-
4,713	280,387	140,682
<u>526,066</u>	<u>78,802,246</u>	<u>31,472,566</u>
-	2,538,505	-
3,276,922	38,371,478	148,102
-	620,292,982	-
-	12,889,809	-
23,247	2,632,902	26,392,540
-	12,268,606	22,567,034
9,613	224,675	30,745
(1,858,567)	(121,592,450)	(25,709,972)
410,350	17,019,886	-
-	46,536,576	3,033,512
<u>1,861,565</u>	<u>628,644,464</u>	<u>26,461,961</u>
-	570,026	-
-	227,994	-
<u>1,861,565</u>	<u>631,980,989</u>	<u>26,461,961</u>
<u>2,387,631</u>	<u>710,783,235</u>	<u>57,934,527</u>
18,469	2,386,790	3,171,149
-	298,403	211,182
-	2,053,911	-
-	205,551	-
-	60,727	-
-	1,500,000	2,805,000
-	479,980	367,440
-	8,489,425	-
<u>18,469</u>	<u>15,474,787</u>	<u>6,554,771</u>
11,939	1,265,404	-
-	15,450	-
-	170,910	215,900
-	152,671,183	-
-	552,191	-
-	(514,689)	-
<u>11,939</u>	<u>154,160,449</u>	<u>215,900</u>
<u>30,408</u>	<u>169,635,236</u>	<u>6,770,671</u>
1,861,565	469,854,140	26,461,961
-	18,978,691	-
495,658	495,658	-
-	51,819,510	24,701,895
<u>\$ 2,357,223</u>	<u>\$ 541,147,999</u>	<u>\$ 51,163,856</u>
	1,602,554	
	<u>\$ 542,750,553</u>	

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<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	\$ 30,444,381	\$ 16,273,004	\$ 11,727,243	\$ 1,228,211
Rents	-	-	-	1,571,860
From federal government	-	-	-	-
Miscellaneous	338,476	717,733	250	480
Total operating revenues	<u>30,782,857</u>	<u>16,990,737</u>	<u>11,727,493</u>	<u>2,800,551</u>
<b>OPERATING EXPENSES</b>				
Salaries, wages and employee benefits	4,822,885	2,123,763	3,235,375	1,537,164
Contractual services, materials and supplies	15,600,134	5,521,126	5,738,386	2,889,862
Insurance claims and expenses	-	-	-	-
Depreciation and amortization	6,581,970	7,652,874	1,007,360	750,908
Total operating expenses	<u>27,004,989</u>	<u>15,297,763</u>	<u>9,981,121</u>	<u>5,177,934</u>
Operating income (loss)	3,777,868	1,692,974	1,746,372	(2,377,383)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	250,436	63,658	118,537	10,895
Interest expense	(2,716,621)	(2,975,422)	(60,342)	(11,262)
Gain(loss) on sale of capital assets	6,929	(11,943,946)	36,778	425
Total non-operating revenues (expenses)	<u>(2,459,256)</u>	<u>(14,855,710)</u>	<u>94,973</u>	<u>58</u>
Income (loss) before contributions and transfers	1,318,612	(13,162,736)	1,841,345	(2,377,325)
Capital contributions	27,159,547	24,044,252	120,700	-
Forgiveness of debt	747,400	632,338	-	-
Transfers in	535,242	3,461,077	27,268	2,641,582
Transfers out	(3,184,713)	(519,801)	(57,939)	(298,460)
Change in net assets	<u>26,576,088</u>	<u>14,455,130</u>	<u>1,931,374</u>	<u>(34,203)</u>
Total net assets - beginning	236,690,670	215,848,460	19,088,593	24,234,664
Total net assets - ending	<u>\$ 263,266,758</u>	<u>\$ 230,303,590</u>	<u>\$ 21,019,967</u>	<u>\$ 24,200,461</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
\$ -	\$ 59,672,839	\$ 29,846,133
88,553	1,660,413	-
177,710	177,710	-
19,724	1,076,663	648,153
<u>285,987</u>	<u>62,587,625</u>	<u>30,494,286</u>
-	11,719,187	8,177,892
282,161	30,031,669	10,554,901
-	-	9,259,213
85,846	16,078,958	8,975,819
<u>368,007</u>	<u>57,829,814</u>	<u>36,967,825</u>
(82,020)	4,757,811	(6,473,539)
1,172	444,698	207,167
-	(5,763,647)	-
-	(11,899,814)	34,161
<u>1,172</u>	<u>(17,218,763)</u>	<u>241,328</u>
(80,848)	(12,460,952)	(6,232,211)
-	51,324,499	-
-	1,379,738	-
-	6,665,169	3,046,343
-	(4,060,913)	(8,255,419)
<u>(80,848)</u>	<u>42,847,541</u>	<u>(11,441,287)</u>
2,438,071	498,300,458	62,605,143
<u>\$ 2,357,223</u>	<u>\$ 541,147,999</u>	<u>\$ 51,163,856</u>

73,134

\$ 42,920,675

**CITY OF PEORIA, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<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	\$ 30,090,199	\$ 16,924,100	\$ 11,736,093	\$ 2,821,660
Payments to suppliers	(14,880,799)	(5,660,026)	(2,747,608)	(2,488,602)
Payments to employees	(4,845,692)	(2,118,817)	(3,246,250)	(1,518,415)
Self-insurance costs	-	(3,000,000)	-	-
Payments to internal service funds	(1,477,220)	(717,669)	(2,962,928)	(460,037)
Net cash provided (used) by operating activities	<u>8,886,488</u>	<u>5,427,588</u>	<u>2,779,307</u>	<u>(1,645,394)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	535,242	3,461,077	27,268	2,641,582
Transfers out	(3,184,713)	(519,801)	(57,939)	(298,460)
Net cash provided (used) by non-capital financing activities	<u>(2,649,471)</u>	<u>2,941,276</u>	<u>(30,671)</u>	<u>2,343,122</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Net acquisition and construction of capital assets	(19,662,609)	(14,159,947)	(1,372,577)	(3,386)
Capital contributions	1,156,508	604,513	120,700	-
Proceeds from sale of bonds	25,270,984	10,917,821	-	-
Proceeds (reduction) from contracts payable	7,456,882	2,992,188	-	-
Forgiveness of debt	747,400	632,338	-	-
Principal payments on capital debt	(20,303,960)	(6,032,722)	(1,066,225)	(135,943)
Interest paid on capital debt	(3,118,781)	(2,957,673)	(81,156)	(18,336)
Net cash provided (used) by capital and related financing activities	<u>(8,453,576)</u>	<u>(8,003,482)</u>	<u>(2,399,258)</u>	<u>(157,665)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(27,894,273)	(13,570,843)	(12,381,270)	(1,893,606)
Proceeds from sale of investments	30,918,971	15,174,172	12,722,154	1,658,696
Interest received on investments	339,910	135,475	149,036	15,684
Net cash provided (used) by investing activities	<u>3,364,608</u>	<u>1,738,804</u>	<u>489,920</u>	<u>(219,226)</u>
Net increase (decrease) in cash and cash equivalents	1,148,049	2,104,186	839,298	320,837
Cash and cash equivalents at beginning of year	14,497,565	7,068,109	5,717,338	850,666
Cash and cash equivalents at end of year	<u>\$ 15,645,614</u>	<u>\$ 9,172,295</u>	<u>\$ 6,556,636</u>	<u>\$ 1,171,503</u>
Classified as:				
Cash and cash equivalents	\$ 14,835,030	\$ 7,171,527	\$ 6,556,636	\$ 1,011,626
Restricted cash with fiscal agents	217,720	55,127	-	159,877
Non-current restricted cash and cash equivalents	592,864	1,945,641	-	-
Totals	<u>\$ 15,645,614</u>	<u>\$ 9,172,295</u>	<u>\$ 6,556,636</u>	<u>\$ 1,171,503</u>

The accompanying notes are an integral part of the financial statements

Public Housing Fund	Total	Governmental Activities - Internal Service Funds
\$ 326,354	\$ 61,898,406	\$ 30,493,200
(286,820)	(26,063,855)	(7,039,047)
-	(11,729,174)	(8,156,128)
-	(3,000,000)	(7,954,213)
-	(5,617,854)	-
<u>39,534</u>	<u>15,487,523</u>	<u>7,343,812</u>
-	6,665,169	3,046,343
-	(4,060,913)	(8,255,419)
<u>-</u>	<u>2,604,256</u>	<u>(5,209,076)</u>
-	(35,198,519)	(3,930,100)
-	1,881,721	-
-	36,188,805	-
-	10,449,070	-
-	1,379,738	-
-	(27,538,850)	-
-	(6,175,946)	-
<u>-</u>	<u>(19,013,981)</u>	<u>(3,930,100)</u>
-	(55,739,992)	(25,053,864)
-	60,473,993	27,320,024
1,172	641,277	268,054
<u>1,172</u>	<u>5,375,278</u>	<u>2,534,214</u>
40,706	4,453,076	738,850
477,693	28,611,371	12,526,902
<u>\$ 518,399</u>	<u>\$ 33,064,447</u>	<u>\$ 13,265,752</u>
\$ 470,804	\$ 30,045,623	\$ 13,265,752
47,595	480,319	-
-	2,538,505	-
<u>\$ 518,399</u>	<u>\$ 33,064,447</u>	<u>\$ 13,265,752</u>

**CITY OF PEORIA, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<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)	\$ 3,777,868	\$ 1,692,974	\$ 1,746,372	\$ (2,377,383)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	6,581,970	7,652,874	1,007,360	750,908
(Increase) decrease in assets:				
Accounts receivable	(749,136)	(66,637)	8,600	5,659
Due from other governments	-	-	-	-
Prepaid items	418	126,996	-	-
Supplies inventory	2,874	-	22,790	-
Other assets	(123,496)	(49,153)	-	-
Increase (decrease) in liabilities:				
Accounts payable	(411,660)	(892,465)	5,060	(59,443)
Accrued payroll	(31,517)	14,746	(6,845)	8,809
Due to other governments	(39,768)	-	-	659
Other liabilities	(186,253)	(41,947)	-	7
Deposits payable	56,478	-	-	-
Claims payable	-	(3,000,000)	-	-
Deferred revenue	-	-	-	15,450
Compensated absences	8,710	(9,800)	(4,030)	9,940
Total adjustments	<u>5,108,620</u>	<u>3,734,614</u>	<u>1,032,935</u>	<u>731,989</u>
Net cash provided (used) by operating activities	<u>\$ 8,886,488</u>	<u>\$ 5,427,588</u>	<u>\$ 2,779,307</u>	<u>\$ (1,645,394)</u>
Non-cash investing, capital and financing activities:				
Capital assets acquired through contributions from developers	\$ 26,003,039	\$ 23,439,739	\$ -	\$ -
Decrease in fair market value of investments	(81,748)	(56,844)	(29,984)	(4,215)
Total non-cash investing, capital and financing activities	<u>\$ 25,921,291</u>	<u>\$ 23,382,895</u>	<u>\$ (29,984)</u>	<u>\$ (4,215)</u>

The accompanying notes are an integral part of the financial statements

<u>Public Housing Fund</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ (82,020)	\$ 4,757,811	\$ (6,473,539)
85,846	16,078,958	8,975,819
12,131	(789,383)	(1,086)
27,221	27,221	-
299	127,713	842,291
(562)	25,102	(30,555)
-	(172,649)	-
2,965	(1,355,543)	2,704,118
-	(14,807)	(27,476)
(7,361)	(46,470)	-
-	(228,193)	-
1,015	57,493	-
-	(3,000,000)	1,305,000
-	15,450	-
-	4,820	49,240
<u>121,554</u>	<u>10,729,712</u>	<u>13,817,351</u>
<u>\$ 39,534</u>	<u>\$ 15,487,523</u>	<u>\$ 7,343,812</u>
\$ -	\$ 49,442,778	\$ -
-	(172,791)	(57,977)
<u>\$ -</u>	<u>\$ 49,269,987</u>	<u>\$ (57,977)</u>

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2010**

	<b>Firemen's Pension Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 76,801	\$ 185,151
Investments (pooled), at fair value	104,144	251,068
Interest receivable	523	-
Total assets	181,468	436,219
<b>LIABILITIES</b>		
Accounts payable	-	170
Other liabilities	-	436,049
Total liabilities	-	436,219
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	\$ 181,468	

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, 2010**

	<b>Firemen's Pension Fund</b>
<b>ADDITIONS</b>	
Contributions:	
State insurance premium tax rebate	\$ 674
Total contributions	674
Investment earnings:	
Interest and investment income	\$ 1,406
Total investment earnings	1,406
Less investment expenses:	
Investment management fees	74
Net investment earnings	1,332
Total additions	2,006
<b>DEDUCTIONS</b>	
Retirement payments	25,500
Total deductions	25,500
Change in net assets	(23,494)
Net assets - beginning of the year	204,962
Net assets - end of the year	\$ 181,468

The accompanying notes are an integral part of the financial statements

# Notes to the Financial Statements

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

<b>Note</b>		<b>Page</b>
<b>1</b>	<b>Summary of Significant Accounting Policies</b>	<b>47</b>
<b>2</b>	<b>Reconciliation of Governmental Fund Financial Statements to Government-wide Statements</b>	<b>59</b>
<b>3</b>	<b>Budget Basis of Accounting</b>	<b>63</b>
<b>4</b>	<b>Deposits and Investments</b>	<b>63</b>
<b>5</b>	<b>Property Taxes</b>	<b>66</b>
<b>6</b>	<b>Due from Other Governments</b>	<b>67</b>
<b>7</b>	<b>Accounts Receivable and Allowance for Doubtful Accounts</b>	<b>67</b>
<b>8</b>	<b>Interfund Transactions, Receivable and Payable Balances</b>	<b>68</b>
<b>9</b>	<b>Segment Information for Enterprise Funds</b>	<b>69</b>
<b>10</b>	<b>Deficits in Fund Equity/Excess of Expenditures Over Appropriations</b>	<b>69</b>
<b>11</b>	<b>Fund Balance/Net Assets Reservations and Designations</b>	<b>69</b>
<b>12</b>	<b>Capital Assets</b>	<b>70</b>
<b>13</b>	<b>Community Facilities District Debt</b>	<b>72</b>
<b>14</b>	<b>Long-Term Debt</b>	<b>72</b>
<b>15</b>	<b>Advance Refundings</b>	<b>77</b>
<b>16</b>	<b>Pledged Revenues</b>	<b>78</b>
<b>17</b>	<b>Retirement and Pension Plans</b>	<b>78</b>
<b>18</b>	<b>Operating Leases</b>	<b>82</b>
<b>19</b>	<b>Deferred Compensation Plan</b>	<b>82</b>
<b>20</b>	<b>Commitments and Contingencies</b>	<b>83</b>
<b>21</b>	<b>Other Matters</b>	<b>84</b>

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

The following is a summary of other significant accounting policies:

**A. Financial Reporting Entity**

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

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

**Individual Component Units - Blended**

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

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

**Vistancia Community Facilities District**

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**B. Basic Financial Statements**

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

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements. The “doubling up” effect of internal service fund activity has been removed from the government-wide statements with the expenses shown in the various functions and segments on the Statement of Activities. 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 and

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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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 also 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, 2010

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**C. Basis of Presentation**

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

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

**Governmental Funds**

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

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

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

Debt Service Funds account for the resources accumulated and the servicing of long-term debt not being financed by proprietary funds. One debt service fund is presented as a major fund in the basic financial statements. The 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.

Capital Projects Funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds. The capital projects funds presented as major funds in the basic financial statements are as follows: The GO Bond Capital Projects Fund accounts for the bond proceeds from general obligation bonds and the expenditure of those monies and the Non-Bond Capital Projects Fund accounts for the proceeds from developers and other sources dedicated to capital construction projects.

**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, 2010

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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. Also, beginning in fiscal year 2010, the City became self-insured for workers compensation claims and health insurance claims. The City carries excess insurance coverage and uses third party administrators to monitor the workers compensation and health claims programs. The costs of all these programs 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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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agencies for which the City operates as an administrator. These are Neighborhood Pride, PLAY Peoria, and Peoria Citizens Corp Council. The fifth fund accounts for monies held on behalf of Westside Fire Training IGA, a consortium of area fire departments that pool monies for training activities, for which the City acts as the administrator.

**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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**E. Budgets and Budgetary Accounting**

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

- According to the laws of the State of Arizona, all operating budgets must be approved by their governing board on or before the second Monday in August to allow sufficient time for legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August.
- In April, the proposed budget for the following fiscal year is presented by the City Manager to the City Council. The budget includes proposed expenditures and the means of financing them. Public meetings are held to obtain citizen comment.
- Prior to June 30, the City Council legally enacts the budget, through the passage of an ordinance. The ordinance sets the limit for expenditures for the year, 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 2010.
- 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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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**F. Expenditure Limitation**

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

The State Constitution also gives local jurisdictions several methods of seeking approval from their citizens to override the state expenditure limitation. One of these is local approval of a permanent base adjustment. In March 2003, the voters of Peoria approved a \$15 million permanent adjustment of the expenditure base. This permanent base adjustment was effective beginning in fiscal year 2005-2006. The City of Peoria's state calculated expenditure limitation for fiscal year 2009-2010, including the permanent base adjustment, was \$723,170,421.

**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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal.

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

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

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

#### 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

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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modified approach to any networks or subsystems of infrastructure assets. No long-term assets or depreciation are shown in the governmental fund financial statements.

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

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

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed. For the year ended June 30, 2010, 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 \$5,705,616.

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	50
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 2057. These rights, costing \$12,889,809, are being amortized over the 50 year life of the agreement on a straight-line basis starting in fiscal year 2008. Fiscal year 2010 amortization was \$651,480 (including a correction of the useful life) and the net book value at June 30, 2010 was \$12,116,421. Also see Note 14 for debt service on this purchase.

**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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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as reimbursement transactions and the revenue and expenditures/expenses reduced in the allocating fund. Transfers between funds are included in the results of both governmental and proprietary funds (as other sources/uses in governmental funds and as non-operating revenues/expenses in proprietary funds).

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

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

**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 OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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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 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. Additionally, beginning in fiscal year 2010, the City became self-insured for workers' compensation and health insurance claims. The City uses third party administrators to monitor these claims programs. As with any risk retention program, the City is contingently liable with respect to claims beyond those actuarially projected.

The claims liability of \$2,805,000 reported in the Self-Insurance Fund at June 30, 2010 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 claims liability consists of \$1,725,000 for liability/property claims, \$510,000 for workers compensation claims and \$570,000 for health insurance claims.

The City is self-insured for property and public liability up to \$1,000,000 and for damage to City vehicles valued up to \$50,000. Vehicles with a value in excess of \$50,000 have a \$25,000 deductible. Excess coverage insurance policies purchased through commercial insurance carriers cover individual claims in excess of these amounts up to \$40,000,000.

For workers compensation insurance, the City is self-insured up to \$750,000 per claim on public safety employees and \$600,000 for all other employees up to an aggregate stop loss of \$2,584,729 for fiscal year 2010.

The City is self-insured for employee health claims up to \$100,000 per claim, \$2,000,000 lifetime maximum. Commercial insurance is in place for claims in excess of those limits as well as aggregate insurance for claims in excess of 125% of the City's total actuarially projected claims.

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, 2010, 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 2009 and 2010 were:

Years Ended, June 30	Beginning of Fiscal Year Liability	Changes in Estimates	Current Year Claims	Claim Payments	Balance at Fiscal Year-end
2009	\$3,100,000	\$ (1,600,000)	\$587,490	\$ (587,490)	\$1,500,000
2010	1,500,000	1,305,000	9,295,313	\$ (9,295,313)	2,805,000

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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. 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), 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>Eliminations (3)</b>	<b>Statement of Net Assets Totals</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 86,060,505	-	13,265,752	-	99,326,257
Cash with fiscal agents	4,161,380	-	-	-	4,161,380
Investments	116,021,680	-	17,988,745	-	134,010,425
Accounts receivable, net	9,687,623	-	1,086	-	9,688,709
Interest receivable	843,146	-	76,301	-	919,447
Internal balances	-	-	(1,602,554)	-	(1,602,554)
Due from other funds	38,982	-	-	(38,982)	-
Due from other governments	8,317,292	-	-	-	8,317,292
Prepaid items	116,305	-	-	-	116,305
Supply inventories	188,079	-	140,682	-	328,761
Deferred bond issuance costs, net	-	3,233,076	-	-	3,233,076
Other assets	-	3,564,000	-	-	3,564,000
Restricted cash/cash equivalents	38,573,802	-	-	-	38,573,802
Restricted investments	46,122,191	-	-	-	46,122,191
Special assessment receivables	8,141,515	-	-	-	8,141,515
Capital assets	-	1,061,719,122	26,461,961	-	1,088,181,083
Total assets	<u>\$ 318,272,500</u>	<u>1,068,516,198</u>	<u>56,331,973</u>	<u>(38,982)</u>	<u>1,443,081,689</u>
<b>Liabilities</b>					
Accounts payable	\$ 10,986,915	-	3,171,149	-	14,158,064
Accrued payroll	2,355,808	-	211,182	-	2,566,990
Interest payable	-	6,176,720	-	-	6,176,720
Due to other funds	38,982	-	-	(38,982)	-
Due to other governments	2,048,767	-	-	-	2,048,767
Claims/deposits payable	3,317	-	2,805,000	-	2,808,317
Deferred revenue	13,538,535	(4,026,416)	-	-	9,512,119
Arbitrage liability	198,695	-	-	-	198,695
Other liabilities	2,896,084	-	-	-	2,896,084
Unamortized bond premium	-	3,648,056	-	-	3,648,056
Compensated absences-current	-	3,872,270	367,440	-	4,239,710
Current bonds/contracts payable	-	35,135,837	-	-	35,135,837

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Internal Service Funds (2)	Eliminations (3)	Statement of Net Assets Totals
Long-term liabilities (net of deferred loss)	-	347,343,117	215,900	-	347,559,017
Total liabilities	\$ 32,067,103	392,149,584	6,770,671	(38,982)	430,948,376
<b>Fund Balance/Net Assets</b>					
Total fund balance/net assets	\$ 286,205,799	676,366,614	49,561,302	-	1,012,133,313
Total liabilities and fund balance/net assets	\$ 318,272,500	1,068,516,198	56,331,973	(38,982)	1,443,081,689

- (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	\$ 1,259,954,510
Accumulated depreciation	(198,235,388)
	<u>\$ 1,061,719,122</u>

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

	Interest payable	\$ (6,176,720)
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Bond issuance costs are expensed when incurred in governmental funds, but are deferred and amortized over the life of the bonds in the statement of net assets.

	Deferred bond issuance costs	\$ 3,233,076
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Bond premiums are recognized at the time of issuance in the governmental funds, but are deferred and amortized over the life of the bonds on the statement of net assets

		\$ (3,648,056)
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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	\$ (71,584,798)
Bonds payable	(309,835,659)
Compensated absences	(5,804,400)
Subtotal	<u>(387,224,857)</u>
Less: current compensated absences	(3,872,270)
current portion of bonds/contracts	(35,135,837)
	<u>\$ (348,216,750)</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.

		\$ 873,633
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Certain long-term debt obligations that are booked for the government-wide statements are offset by goodwill.

		<u>\$ 3,564,000</u>
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Deferred revenue for the long-term special assessment receivables shown on the governmental fund statements is not deferred on the statement of net assets. Also, certain 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	\$ 3,231,705
Deferred property tax revenue	794,711
	<u>\$ 4,026,416</u>

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

ISF Net Assets	<u>\$ 49,561,302</u>
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- (3) Certain interfund transactions between governmental activities are eliminated in the consolidation of those activities for the statement of net assets.

Interfund receivables	\$ 38,982
Interfund payables	(38,982)
	<u>\$ -</u>

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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	\$ 56,276,937	-	-	-	-	-	56,276,937
Property taxes	30,551,288	(492,308)	-	-	-	-	30,058,980
Franchise taxes	3,955,416	-	-	-	-	-	3,955,416
Intergovernmental:							
State shared sales taxes	10,137,682	-	-	-	-	-	10,137,682
Urban revenue sharing	17,469,936	-	-	-	-	-	17,469,936
Auto-in-lieu taxes	4,634,263	-	-	-	-	-	4,634,263
Highway user revenue	7,852,103	-	-	-	-	-	7,852,103
Local transportation aid	375,639	-	-	-	-	-	375,639
From federal government	4,043,930	-	-	-	-	-	4,043,930
Other governmental	1,108,368	-	-	-	-	-	1,108,368
Charges for services	18,137,718	-	-	-	-	2,306,769	20,444,487
Licenses and permits	1,599,957	-	-	1,599,957	-	-	1,599,957
Fines and forfeitures	2,755,104	-	-	-	-	-	2,755,104
Rents	421,289	-	-	-	-	-	421,289
Investment earnings	1,992,817	-	-	207,167	-	-	2,199,984
Special assessments	2,214,167	(1,689,357)	-	-	-	-	524,810
Miscellaneous	8,485,570	-	(301)	-	-	(2,599,422)	5,885,847
Other sources:							
Gain on sale of capital assets	-	-	102,409	-	-	-	102,409
Capital contributions	-	-	47,438,448	-	-	-	47,438,448
Capital-related debt issued	29,170,000	-	-	-	(29,170,000)	-	-
Premium on bonds issued	495,890	-	-	-	(495,890)	-	-
Transfers in	23,567,886	-	3,448,812	3,046,342	30,837,757	(59,776,626)	1,124,171
Total revenues and other sources	225,245,960	(2,181,665)	50,989,368	3,253,509	1,171,867	(60,069,279)	218,409,760
<b>Expenditures/Expenses</b>							
Current:							
General government	16,330,159	942,630	7,668,687	(361,844)	-	(60,914)	24,518,718
Culture and recreation	19,475,634	(37,300)	2,210,170	(249,015)	-	(231,739)	21,167,750
Police	34,131,465	54,160	1,636,629	(681,295)	-	-	35,140,959
Fire	19,745,446	158,810	1,631,824	(558,916)	-	-	20,977,164
Development services	6,529,594	39,040	36,734	(65,482)	-	-	6,539,886
Highways and streets	13,070,648	33,220	9,799,577	(489,401)	-	-	22,414,044
Public works	7,955,394	114,410	1,580,977	(8,426)	-	-	9,642,355
Human services	2,145,702	(8,560)	58,862	(7,274)	-	-	2,188,730
Debt service:							
Principal payments	44,700,092	-	-	-	(44,700,092)	-	-
Interest and other charges	13,166,242	(798,672)	-	-	203,933	-	12,571,503
Capital outlay	60,269,181	-	(60,269,181)	-	-	-	-
Unallocated depreciation	-	-	574,550	-	-	-	574,550
Total expenditures/expenses	237,519,557	497,738	(35,071,171)	(2,421,653)	(44,496,159)	(292,653)	155,735,659
<b>Other financing uses/changes in net assets</b>							
Transfers out	20,963,066	-	3,873,968	8,255,418	30,837,757	(59,776,626)	4,153,583
Total expenditures/expenses & other financing uses	258,482,623	497,738	(31,197,203)	5,833,765	(13,658,402)	(60,069,279)	159,889,242
Net change for the year	\$ (33,236,663)	(2,679,403)	82,186,571	(2,580,256)	14,830,269	-	58,520,518

(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 \$ (468,410)

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 \$ 559,143  
 Amortization of loss on refunding (155,220)  
 Amortization of bond premium 394,749  
\$ 798,672

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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. \$ (492,308)

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. \$ (1,689,357)  
 Current year principal payments received

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. \$ (828,000)

(2) When capital assets that are to be used in the governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of the financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year. \$ 60,269,181  
 Capital outlay  
 Other capital 167,208  
 Depreciation expense (25,185,630)  
\$ 35,250,759

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. \$ (301)  
 Cost of capital assets disposed of:

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. \$ 47,438,448  
 Capital contributions

Gains and losses on sales of fixed assets are not shown on the governmental fund statements, but are included in the statement of activities. \$ 102,409  
 Gains (179,588)  
 Losses \$ (77,179)

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. \$ (3,873,968)  
 Transfers out 3,448,812  
 Transfers in \$ (425,156)

(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. \$ 3,253,509  
 Revenue and other sources (5,833,765)  
 Expenditures and other uses \$ (2,580,256)  
 Change in net assets

(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. \$ 44,700,092  
 Principal payments made

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. \$ (29,170,000)  
 Bonds issued

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. \$ 142,001  
 Issuance costs for new debt (345,934)  
 Amortization of bond issuance costs (495,890)  
 Bond premium

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(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.

\$ (699,823)

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.

	\$ 292,653
Interfund charges for services revenue	\$ 292,653
Interfund service charges	<u>\$ -</u>

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

	\$ 59,776,626
Transfers out	(59,776,626)
Transfers in	<u>\$ -</u>

**3. BUDGET BASIS OF ACCOUNTING**

The City prepares the annual budget on a modified cash basis, which differs from GAAP, as discussed in Note 1.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, 2010, the carrying amount of the City's deposits was \$47,215,652 and the bank balance was \$46,811,752. The entire bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name or in the Municipal Development Authority, Inc.'s trust name. The difference between the City's carrying amount and the bank balance of \$403,900 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

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

than three years. At June 30, 2010, 84.8% 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, 2010 was 204 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, 2010, the City's investments include \$18.0 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 CDs are further collateralized to 110% with pledged securities held by an independent custodian approved by the City. City policy requires that securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement. The market values of securities underlying repurchase agreements were at or above the required level during the fiscal year.

Investment Type	Moody's Rating	S&P Rating	% of Investments
Federal Farm Credit Bank - Agency Note	Aaa	AAA	5.5
Federal Farm Credit Bank - Callable Agency Note	Aaa	AAA	2.9
Federal Home Loan Bank - Agency Note	Aaa	AAA	21.7
Federal Home Loan Bank - Callable Agency Note	Aaa	AAA	3.2
Federal Home Loan Bank - Callable Agency Step Up Note	Aaa	AAA	2.9
Federal Home Loan Mortgage Corp - Agency Note	Aaa	AAA	9.5
Federal Home Loan Mortgage Corp - Callable Agency Note	Aaa	AAA	6.0
Federal Home Loan Mortgage Corp - Discount Note	Aaa	AAA	2.0
Federal National Mortgage Assoc-Agency Note	Aaa	AAA	4.7

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, 2010, 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, 2010, the City's investments include 56.4% invested in U.S. Agency Coupon securities, 2.0% in U.S. Agency Discount Notes, 15.3% in U.S. Treasury Notes, 5.2% in Commercial Paper, and 21.1% 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, 2010, the City's investments included the following:

	Investment Maturities in Years				Fair Value
	Less than 1	1-2	2-3	Over 3	
<u>Unrestricted Investments:</u>					
City of Peoria bonds	\$ 297,321	-	-	-	\$ 297,321
U.S. Treasury notes and strips	45,271,126	5,031,500	-	-	50,302,626
Agency coupon securities	115,559,511	15,747,670	17,776,489	-	149,083,670
Commercial paper	18,000,000	-	-	-	18,000,000
					217,683,617

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Unrestricted Investments (cont):

	<u>Investment Maturities in Years</u>				<u>Fair Value</u>
	<u>Less than 1</u>	<u>1-2</u>	<u>2-3</u>	<u>Over 3</u>	
State of Arizona local government investment pool	1,870,624	-	-	-	1,870,624
Mutual fund-money market	34,846,909	-	-	-	34,846,909
Total unrestricted investments	120,302,226	111,319,395	22,779,489	-	254,401,150
Less: amount included in cash and cash equivalents					81,381,499
Plus: amount included in restricted investments					1,397,795
Unrestricted investments, net					<u>\$ 174,417,446</u>
Total investments per statement of net assets					\$ 174,062,234
Plus: Investments in fiduciary funds					<u>355,212</u>
Net unrestricted investments					<u>\$ 174,417,446</u>

Restricted Investments:

Agency coupon securities	36,196,287	11,314,400	-	-	\$ 47,510,687
Agency discount notes	6,998,406	-	-	-	6,998,406
Mutual fund-money market	33,887,327	-	-	-	33,887,327
U.S. Treasury notes and strips	-	3,021,600	-	-	3,021,600
Total Restricted Investments	77,082,020	14,336,000	-	-	\$ 91,418,020
Less: amount included in cash with fiscal agents					3,860,707
Less: amount included in restricted cash with fiscal agents					432,724
Less: amount included in restricted cash and cash equivalents					38,573,802
Less amount included in unrestricted investments					1,397,795
Less: amount included in unrestricted cash and cash equivalents					1,030,801
Net restricted investments					<u>\$ 46,122,191</u>

Restricted cash, cash equivalents, and cash with fiscal agents at June 30, 2010, consisted of the following:

Restricted investments included in restricted cash and cash equivalents	\$ 38,573,802
Water/wastewater infrastructure loans not yet drawn	2,538,505
Restricted investments included in cash with fiscal agents	432,724
Restricted cash with fiscal agents	47,595
Total cash and cash equivalents per statement of net assets	<u>\$ 41,592,626</u>

Cash with Fiscal Agents at June 30, 2010, consisted of the following:

Restricted investments included in cash with fiscal agents	\$ 3,860,707
Cash with fiscal agents	300,673
Total cash with fiscal agents	<u>\$ 4,161,380</u>

Unrestricted Cash and cash equivalents at June 30, 2010, consisted of the following:

Investments included in cash and cash equivalents	\$ 81,381,499
Carrying amount of city deposits	47,215,652
Amounts due from restricted cash	1,030,801
Cash on hand	5,880
Total cash and cash equivalents	129,633,832
Less: Cash and cash equivalents of Fiduciary funds	261,952
Total cash and cash equivalents per statement of net assets	<u>\$ 129,371,880</u>

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Investment income comprises the following for the year ended June 30, 2010:

Net interest and dividends	\$ 3,426,987
Net decrease in the fair value of investments	<u>(780,973)</u>
Total net investment income	2,646,014
Less: net investment income of Fiduciary funds	<u>1,332</u>
Total net investment income per statement of activities	<u>\$ 2,644,682</u>

The net decrease in the fair value of investments during fiscal year 2009-2010 was approximately \$780,973. 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, 2010, was approximately \$413,757.

**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 2010 are \$1,685,427,804 and \$1,895,163,851 respectively.

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

The City Council adopts the annual tax levy each year on or before the third Monday in August. The basis of this levy is the full cash value as determined by the Maricopa County Assessor. For locally assessed property, the value is determined as of January 1 of the preceding year, known as the valuation year. For utilities and other centrally valued properties, the full cash value is determined as of January 1 of the tax year. The City has an enforceable claim on the property when the property tax is levied. Levies are due and payable in two installments, on October 1 and March 1, and become delinquent on November 1 and May 1, respectively. Delinquent amounts bear interest at the rate of 16 percent. A lien is placed on the property at the time the tax bill is sold. Maricopa County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions for sale of delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent. The purchaser is given a Certificate of Purchase issued by the County Treasurer. Five years from the date of sale, the holder of a Certificate of Purchase that has not been redeemed may demand a County Treasurer's Deed from the County Treasurer.

Property taxes are recognized as revenue in the government-wide financial statements when an enforceable legal claim has arisen. Therefore, the City recognizes revenue and a receivable, less any allowance for doubtful accounts deemed appropriate, for the entire tax levy in the year it is levied. For the

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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governmental fund financial statements, property tax revenues not collected within 60 days of year end are deferred. Unsecured taxes on personal property, which are assessed on a monthly basis using different procedures than those mentioned above, are recognized as revenue on a cash basis for both the governmental fund statements and the government-wide statements.

**6. DUE FROM OTHER GOVERNMENTS**

The following amounts are due from other governments at June 30, 2010:

<b>Governmental activities:</b>	
General Fund:	
Due from Federal for:	
COBRA Subsidy – ARRA	\$ 8,269
Due from Maricopa County for:	
Property tax	82,105
Due from State of Arizona for:	
State shared sales tax	866,869
State revenue sharing	1,120,489
Auto lieu tax	436,608
Miscellaneous other	75,871
Due from Peoria Unified School District	70,261
Subtotal	<u>2,660,472</u>
Highway User Revenue Fund:	
Due from State of Arizona (Highway user revenue)	723,659
Due from Maricopa County – Property tax (SLIDS)	4,733
Subtotal	<u>728,392</u>
GO Bond Debt Service Fund:	
Due from Maricopa County (Property tax)	541,094
Subtotal	<u>541,094</u>
GO Bond Capital Projects:	
Due from State of Arizona	4,000
Subtotal	<u>4,000</u>
Non-Bond Capital Projects:	
Due from State of Arizona – Department of Transportation	3,024,017
Subtotal	<u>3,024,017</u>
Non-major Governmental Fund:	
Due from US Department of Housing & Urban Development	157,804
Due from US Department of Transportation	49,671
Due from US Department of Interior	690,463
Due from US Department of Energy	113,015
Due from other Federal agencies	121,494
Due from Maricopa County:	
Home Grant	9,161
Property tax	40,942
Other	43,691
Due from State of Arizona	
Various Grants	133,076
Subtotal	<u>1,359,317</u>
Total governmental activities	<u>\$ 8,317,292</u>

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

Accounts receivable are recorded in the various funds and displayed in the financial statements net of an allowance for uncollectible accounts as follows at June 30, 2010.

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Fund</u>	<u>Receivables</u>	<u>Allowance</u>	<u>Net</u>
Governmental funds:			
General Fund	\$ 4,003,895	41,635	3,962,260
Half-Cent Sales Tax Fund	1,208,801	-	1,208,801
Highway User Revenue Fund	261,924	4,007	257,917
Transportation Sales Tax Fund	727,020	-	727,020
GO Bond Debt Service Fund	1,177,554	307,964	869,590
Non-Bond Capital Projects Fund	2,435,122	-	2,435,122
Other Governmental Funds	280,150	53,237	226,913
Total governmental funds	<u>\$ 10,094,466</u>	<u>406,843</u>	<u>9,687,623</u>
Enterprise funds:			
Water Utility Fund	\$ 7,071,774	2,549,882	4,521,892
Wastewater Utility Fund	2,279,939	430,460	1,849,479
Solid Waste Utility Fund	1,603,215	302,691	1,300,524
Stadium Fund	13,462	-	13,462
Public Housing Fund	2,897	-	2,897
Total enterprise funds	<u>10,971,287</u>	<u>3,283,033</u>	<u>7,688,254</u>
Internal Service Funds	<u>1,086</u>	<u>-</u>	<u>1,086</u>
Grand totals	<u>\$ 21,066,839</u>	<u>3,689,876</u>	<u>17,376,963</u>

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

Net interfund receivables and payables between governmental activities and business-type activities of \$1,602,554 are included in the government-wide financial statements at June 30, 2010. 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. At June 30, 2010, there is a cash loan of \$38,982 from the General Fund to the Public Transit Fund.

The net transfers of \$3,029,412 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, 2010:

<u>Fund</u>	<u>Transfers out</u>	<u>Transfers in</u>
Governmental funds:		
General Fund	\$ 1,405,648	13,582,296
Half-Cent Sales Tax Fund	12,700,840	-
Highway User Revenue Fund	374,166	2,079,707
Development Fee Fund	50,721	-
Transportation Sales Tax Fund	3,966,914	-
GO Bond Capital Projects Fund	487,380	-
Non-Major Governmental Funds	1,977,397	7,905,883
Total governmental funds	<u>20,963,066</u>	<u>23,567,886</u>
Enterprise funds:		
Water Utility Fund	3,184,713	535,242
Wastewater Utility Fund	519,801	3,461,077
Solid Waste Utility Fund	57,939	27,268
Stadium Fund	298,460	2,641,582
Total enterprise funds	<u>4,060,913</u>	<u>6,665,169</u>
Internal Service funds	<u>8,255,419</u>	<u>3,046,343</u>
Grand totals	<u>\$ 33,279,398</u>	<u>33,279,398</u>

The interfund transfers generally fall within one of the following categories: 1) debt service payments made from a debt service fund but funded from an operating fund; 2) subsidy transfers; 3) transfers to fund internal service equipment replacement funds; or 4) capital assets purchased or constructed in one fund, but capitalized in another. There were no significant transfers during fiscal year 2010 that were either non-

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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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 143-145.

**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, 2010, the following funds were in a deficit position:

Non-major Funds:

Public Transit Fund	\$	15,046
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The City intends to remedy this situation in the next fiscal year.

For the year ended June 30, 2010, 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, 2010:

General Fund:

Designated for economic stabilization reserve	\$	34,600,000
Designated for encumbrances		1,198,227
Designated for economic development		387,027
Designated for municipal office complex reserve		4,301,556
		<u>40,486,810</u>

Half-Cent Sales Tax Fund:

Designated for economic stabilization reserve	\$	5,800,000
Designated for encumbrances		36,298
Designated for debt service retirement		1,000,000
		<u>6,836,298</u>

Highway User Revenue Fund:

Designated for encumbrances	\$	<u>428,704</u>
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Development Fee Fund:

Designated for encumbrances	\$	<u>720,819</u>
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Transportation Sales Tax Fund:

Designated for encumbrances	\$	<u>1,023,232</u>
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GO Bond Capital Projects Fund:

Designated for encumbrances	\$	<u>4,179,296</u>
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CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Non-Bond Capital Projects Fund:	
Designated for capital projects	\$ 13,970,294
Designated for encumbrances	<u>568,576</u>
	14,538,870
Non-major Funds:	
Housing Fund:	
Designated for encumbrances	\$ <u>197,788</u>
Other Grants Fund:	
Designated for encumbrances	741,109
Designated for arts capital	<u>3,580,461</u>
sub-total	<u>4,321,570</u>
MDA Bonds Capital Projects Fund:	
Designated for encumbrances	<u>3,485,533</u>
Non-major funds total	<u>8,004,891</u>
Total governmental funds	<u>\$ 76,218,920</u>
Water Utility Fund:	
Designated for working capital policy reserve	\$ 15,400,000
Designated for system replacement reserve	6,431,390
Designated for capital equipment replacement	<u>844,959</u>
	22,676,349
Wastewater Utility Fund:	
Designated for working capital policy reserve	8,600,000
Designated for system replacement reserve	7,182,628
Designated for capital equipment replacement	<u>668,830</u>
	16,451,458
Solid Waste Utility Fund:	
Designated for working capital policy reserve	2,400,000
Designated for capital equipment replacement	<u>3,499,709</u>
	5,899,709
Stadium Fund:	
Designated for capital equipment replacement	<u>660,680</u>
Total proprietary funds	<u>\$ 32,074,178</u>
Internal Service Funds:	
Designated for capital equipment replacement	14,500,804
Designated for Workers' Compensation Self-Insurance Reserve	2,000,000
Designated for Health Self-Insurance Reserve	<u>2,500,000</u>
	<u>\$ 19,000,804</u>

**12. CAPITAL ASSETS**

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2010, follows:

	<u>Balances</u> <u>June 30, 2009</u>	<u>Additions/</u> <u>Transfers in</u>	<u>Disposals/</u> <u>Transfers out</u>	<u>Balances</u> <u>June 30, 2010</u>
<b>Governmental activities:</b>				
Non-depreciable assets:				
Work in Progress – Parks	\$ 29,268,960	3,860,459	(337,513)	32,791,906
Work in Progress – Buildings	13,399,265	10,543,167	(7,227,042)	16,715,390
Work in Progress - Equipment	76,752	217,797	(28,000)	266,549
Work in Progress – Furniture	31,036	-	-	31,036
Work in Progress – Storm drains	21,958,943	7,917,786	(7,100,582)	22,776,147
Work in Progress – Streets	112,415,059	33,098,147	(29,476,970)	116,036,236
Work in Progress – Technology	2,506,520	469,593	-	2,976,113
Work in Progress – Vehicles	-	1,599	-	1,599
Work in Progress – CFD	2,161,589	1,407,376	(425,156)	3,143,809
Land	<u>326,278,627</u>	<u>2,386,185</u>	<u>(8,246)</u>	<u>328,656,566</u>
Total non-depreciable assets	<u>508,096,751</u>	<u>59,902,109</u>	<u>(44,603,509)</u>	<u>523,395,351</u>

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<b>Balances June 30, 2009</b>	<b>Additions/ Transfers in</b>	<b>Disposals/ Transfers out</b>	<b>Balances June 30, 2010</b>
<b>Depreciable assets:</b>				
Buildings & Improvements	140,352,516	7,258,701	(133,658)	147,477,559
Furniture	1,989,677	33,957	-	2,023,634
Equipment	60,794,125	2,328,827	(24,178,251)	38,944,701
Vehicles	22,279,367	2,314,739	(2,020,899)	22,573,207
Storm drain system	57,405,904	7,115,582	-	64,521,486
Street system	388,471,469	96,746,663	-	485,218,132
Park system	27,879,432	92,941	-	27,972,373
Total depreciable assets at historical cost	<u>699,172,490</u>	<u>115,891,410</u>	<u>(26,332,808)</u>	<u>788,731,092</u>
Less accumulated depreciation for:				
Buildings & Improvements	(25,803,339)	(3,450,160)	24,855	(29,228,644)
Furniture	(930,527)	(156,452)	-	(1,086,979)
Equipment	(34,828,055)	(7,468,172)	24,166,766	(18,129,461)
Vehicles	(12,439,361)	(2,501,221)	1,824,618	(13,115,964)
Storm drain system	(14,700,087)	(1,278,234)	-	(15,978,321)
Street system	(128,966,405)	(9,484,192)	-	(138,450,597)
Park system	(7,108,195)	(847,199)	-	(7,955,394)
Total accum. depreciation assets, net	<u>(224,775,969)</u>	<u>(25,185,630)</u>	<u>26,016,239</u>	<u>(223,945,360)</u>
Governmental activities capital assets, net	<u>\$ 982,493,272</u>	<u>150,607,889</u>	<u>(44,920,078)</u>	<u>1,088,181,083</u>

**Business-type activities:**

<b>Non-depreciable assets:</b>				
Work in Progress - Water	\$ 26,662,468	12,640,501	(2,245,258)	37,057,711
Work in Progress - Wastewater	1,394,434	10,757,636	(2,673,205)	9,478,865
Work in Progress - Stadium	17,369	-	(17,369)	-
Land	17,017,386	2,500	-	17,019,886
Total non-depreciable assets	<u>45,091,657</u>	<u>23,400,637</u>	<u>(4,935,832)</u>	<u>63,556,462</u>
<b>Depreciable assets:</b>				
Buildings & improvements	38,371,478	-	-	38,371,478
Furniture	224,675	-	-	224,675
Equipment	3,884,091	95,461	(1,346,650)	2,632,902
Vehicles	11,839,669	1,474,269	(1,045,331)	12,268,606
Water Rights	6,095,443	6,794,366	-	12,889,809
Water system	252,017,815	28,472,306	-	280,490,121
Wastewater system	331,278,757	29,463,310	(20,939,206)	339,802,861
Total depreciable assets at historical cost	<u>643,711,928</u>	<u>66,299,711</u>	<u>(23,331,187)</u>	<u>686,680,452</u>
Less accumulated depreciation for:				
Buildings & improvements	(11,942,820)	(959,244)	-	(12,902,064)
Furniture	(92,161)	(31,900)	-	(124,061)
Equipment	(2,312,698)	(277,681)	1,337,694	(1,252,685)
Vehicles	(6,343,988)	(1,306,736)	978,975	(6,671,749)
Water Rights	(121,909)	(651,480)	-	(773,389)
Water system	(46,664,986)	(5,452,066)	-	(52,117,052)
Wastewater system	(49,499,423)	(7,243,513)	8,991,486	(47,751,450)
Total accum. depreciation	<u>(116,977,985)</u>	<u>(15,922,620)</u>	<u>11,308,155</u>	<u>(121,592,450)</u>
Total depreciable assets, net	<u>526,733,943</u>	<u>50,377,091</u>	<u>(12,023,032)</u>	<u>565,088,002</u>
Business-type activities capital assets, net	<u>\$ 571,825,600</u>	<u>73,777,728</u>	<u>(16,958,864)</u>	<u>628,644,464</u>

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

General government	\$ 7,835,895
Culture and recreation	2,201,617
Police	1,569,374
Fire	1,631,824
Development services	36,734
Highways and streets	9,799,577
Public works	1,477,197
Human services	58,862
Unallocated	<u>574,550</u>
Total depreciation expense	<u>\$ 25,185,630</u>

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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**13. COMMUNITY FACILITIES DISTRICT DEBT**

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

On October 15, 2002 the City Council formed the Vistancia Community Facilities District (VCFD) pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes. VCFD was subsequently authorized, by the voters of the district on November 12, 2002, to issue up to \$100,000,000 in general obligation bonds to construct public infrastructure within VCFD. VCFD issued \$21,250,000 in 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, 2010, 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, 2010 was \$108,144,831 and \$199,637,770 for the 6 percent and 20 percent debt limits, respectively. Also see Table XXIII in the Statistical Section.

**B. Revenue bonds**

**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.

**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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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**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, 2010, 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. There were no delinquent special assessment receivables at June 30, 2010. 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, 2010. 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, \$60,380,132 in utility revenue bonds has been issued against the 1996 authorization, leaving \$15,169,868 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 \$9,384,315 in 2010; and water infrastructure debt of \$13,965,546 in 2008, \$8,575,248 in 2009, and \$13,775,827 in 2010 have been issued against the 2000 authorization, leaving \$135,589,201 unissued. In May 2005, the voters authorized \$196,000,000 in general obligation bonds as follows: \$52,000,000 for public safety and municipal operations, \$109,000,000 for streets, bridges and traffic control projects, and \$35,000,000 for parks, recreation and library projects. Also in May 2005 the voters authorized \$160,000,000 in revenue 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, \$38,511,231 in 2009, and \$9,497,031 in 2010 were issued against the 2005 authorization leaving \$123,904,322 unissued. Water infrastructure debt of \$24,631,066 in 2007, \$28,775,995 in 2008, \$10,372,993 in 2009 and \$4,045,230 in 2010 in general obligation bonds for drainage projects were issued against the 2005 water, wastewater and storm drainage authorization leaving \$92,174,716 unissued at June 30, 2010.

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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. In June 2010, general obligation bonds in the amount of \$5,238,190 were issued for transportation and drainage projects, and \$1,005,234 for public safety and municipal operations projects against the 2008 authorization leaving \$371,756,576 unissued as of June 30, 2010.

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. As of June 30, 2010, \$23,605,000 remains available of this authorization. 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, 2010.

**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, 2010. The City has an arbitrage liability of \$198,695 at June 30, 2010.

Bonds and loans payable at June 30, 2010 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>							
04/02/03	Series A (2003)	Various improvements	7/1/04-22	4.04	9.5	\$27,570,000	\$16,785,000
03/01/07	Series A (2007)	Various improvements	7/1/07-26	4.27	20	94,380,000	70,235,000
03/01/07	Series B (2007)	Refunding portions of Series 1995, 1996, 2000	7/1/07-20	4.00	14	18,365,000	15,310,000
02/19/09	Series 2009	Various improvements	7/1/09-28	3.86	7.4	68,440,000	53,460,000
06/24/10	Series 2010	Various improvements	7/1/10-30	4.03	10.5	29,170,000	29,170,000
Total General Obligation Bonds						237,925,000	184,960,000
<b>Municipal Development Authority Bonds</b>							
06/12/03	Series 2003	Refunding 1993 MDA & MSCA Series B	7/1/04-13	2.7	5.1	22,255,141	6,948,338
03/09/06	Series 2006	Revenue Bonds MDA Series 2006 – Community Theater	7/1/06-25	4.2	10.9	6,675,000	5,590,000
03/12/08	Series 2008	Revenue Bonds MDA Series 2008 - Transportation	7/1/08-26	4.6	10.5	47,000,000	43,405,000
						75,930,141	55,943,338
<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	1,105,000
12/30/92	ID# 8802	Bell Road ID-Street improvements	1/1/95-13	7.20	13.3	5,610,000	1,510,000
09/17/97	ID# 9601	83rd Ave ID-Water, wastewater & street improvements	1/1/99-12	5.30	8.7	2,285,000	260,000
08/13/97	ID# 9603	Arrowhead Fountains ID-Water, wastewater & street improvements	1/1/99-12	5.20	8.7	3,800,000	455,000
08/28/01	ID# 9303	75th Ave & Paradise Ln ID-Street & bridge improvements	1/1/03-11	6.00	5.7	2,270,000	297,321
04/01/07	ID# 0601	99 <sup>th</sup> Ave & Northern ID-Street improvements	7/1/07-22	4.25	15	4,950,000	4,415,000
Total Improvement District Bonds						23,930,000	8,042,321
<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	17,325,000
04/27/05	Series 2005	Vistancia Community Facilities District infrastructure	7/15/07-24	5.47	13.2	23,550,000	21,375,000
12/28/06	Series 2006	Vistancia Community Facilities District Infrastructure	7/15/09-26	4.26	20	22,760,000	22,190,000
Total Community Facilities District Bonds						67,560,000	60,890,000
Total bonds payable recorded in governmental activities							309,835,659
Less current portion							(27,039,694)
Long-term portion of bonds payable recorded in governmental activities							\$282,795,965

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**Municipal Development Authority Bonds**

06/12/03	Series 2003	Refunding 1993 MDA & MSCA Series B	7/1/04-13	2.74	5.1	\$ 2,759,859	\$ 861,662
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**Revenue Bonds**

08/24/95	WIFA Series 1995	Wastewater treatment facilities	7/1/96-15	3.15	11.5	11,405,081	4,190,267
08/06/97	WIFA Series 1997	Beardsley wastewater treatment plant & assoc. improvements	7/1/98-17	2.95	11.5	14,330,000	6,753,789
07/07/00	WIFA Series 2000 (ph 1)	Greenway water treatment plant construction	7/1/02-20	3.94	11.8	20,150,000	13,415,229
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	9,994,904
07/26/02	WIFA Series 2000 (ph 3)	Water system improvements	7/1/03-22	3.94	11.8	1,964,789	1,441,353
12/07/06	WIFA Series 2006 CW 1	Butler Water Treatment Plant	7/1/07-26	3.06	20	27,183,342	26,029,064
02/15/08	WIFA Series 2006 CW 2	Butler Water Treatment Plant	1/1/08-27	3.06	20	42,741,541	41,087,615
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
07/17/09	WIFA Series CW0182009	Northern Ave Repairs	7/1/10-29	3.48	20	1,577,978	727,612
07/17/09	WIFA Series DW0382009	Various improvements	7/1/10-29	3.48	20	8,484,204	8,484,204
07/17/09	WIFA Series CW0412009	Beardsley upgrades & Northern Ave repairs	7/1/10-29	3.48	20	4,021,623	4,021,623
07/17/09	WIFA Series CW0172009	Beardsley reclamation facility	7/1/10-29	3.48	20	4,545,000	4,545,000
11/20/09	WIFA Series DW1272009	Pinnacle Peak Road improvements	7/1/10-29	3.23	20	1,780,000	1,032,600
05/27/10	WWW Series 2010	Refunding Series 1998A & Series 2000 Revenue Bonds	7/1/11-20	3.21	6.2	15,780,000	15,780,000
Total Revenue Bonds						177,038,806	146,078,508

**Loans Payable**

02/28/08	Gila River Indian Comm.	Water rights	2/28/08-22	8.25	15	\$ 7,456,882	\$ 6,883,276
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Total bonds and loans payable recorded in business-type activities	153,823,446
Less current portion	(8,119,132)
Long-term portion of bonds and loans payable recorded in business-type activities	145,704,314
Total long-term portion of bonds and loans payable	\$428,500,279
<b>Reconciliation to total bonded debt principal:</b>	
Total long-term portion of bonds and loans payable	\$428,500,279
Add:	
Current portion of bonds and loans payable	35,158,826
Total bonded debt principal as of June 30, 2010	\$463,659,105

**Contracts Payable**

Other debt at June 30, 2010 consists of the following:

Agreement Date	Type	Nature of Improvements	Expiration Date	Interest Rate	Interest Cap	Original Amount	Principal Balance Outstanding
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	\$ 2,531,760
02/20/92	Planned area retail project	Offsite improvements-Bell Rd-ID 8802 – Bell 77	01/20/11	Prime	9.0	2,947,454	507,702
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	881,126
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
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	-	-	45,251,014	25,084,598
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	1,294,181
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	1,343,777
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	234,405
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	12,339,654
10/19/04	Residential development	Street & infrastructure improvements; Right of way land; Trail land; Fire station land – Rock Springs	-	-	-	3,901,317	3,618,504
10/24/04	Capital lease	Pay Printers & Copiers	07/15/11	-	-	47,550	396
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	1,637,423
2/11/05	Master-planned community	Offsite improvements; Right of way land; Trail land; Open space land – Tierra del Rio	2/11/15	-	-	10,587,249	10,223,099
07/19/05	Planned area retail project	Offsite improvements – 91 <sup>st</sup> Ave & Bell Rd – BCC Development (Infiniti)	1/1/10	-	-	600,000	472,118
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	6,321,205

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Agreement Date	Type	Nature of Improvements	Expiration Date	Interest Rate	Interest Cap	Original Amount	Principal Balance Outstanding
04/19/07	Residential development	Street & infrastructure improvements; Right of way land – Colina del Sur	-	-	-	72,613	72,613
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							71,584,798
Less estimated current portion							(8,096,143)
Long-term portion of contracts payable in governmental activities							<u>63,488,655</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	2,761,841
02/17/04	Residential development	Wastewater infrastructure improvements –Sonoran Mtn Ranch	02/17/14	-	-	2,376,931	359,471
03/16/04	Residential development	Water rights-947 acre feet water allocation – Camino A Lago	08/31/14	-	-	426,208	340,255
02/11/05	Master-planned community	Offsite improvements; Right of way land; Trail land; Open space land – Tierra del Rio	02/11/15	-	-	3,427,985	3,249,027
Total contracts payable recorded in business-type activities							7,337,162
Less estimated current portion							(370,293)
Long-term portion of contracts payable							<u>6,966,869</u>
Total long-term contracts payable as of June 30, 2010							<u>\$ 70,455,524</u>

The following is a summary of changes in non-current liabilities reported in the government-wide financial statements for the year ended June 30, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 183,060,000	29,170,000	27,270,000	184,960,000	17,380,000
MDA Bonds	60,985,393	-	5,042,055	55,943,338	5,497,373
Highway user revenue bonds	3,005,000	-	3,005,000	-	-
Special assessment bonds	10,402,812	-	2,360,491	8,042,321	1,887,321
CFD bonds	63,060,000	-	2,170,000	60,890,000	2,275,000
Total bonds payable	320,513,205	29,170,000	39,847,546	309,835,659	27,039,694
Contracts payable	56,858,711	19,578,633	4,852,546	71,584,798	8,096,143
Compensated absences	5,870,090	5,791,491	5,273,841	6,387,740	4,239,710
Deferred bond premium	3,546,915	495,890	394,749	3,648,056	-
Deferred loss on refunding	(1,028,853)	-	(155,220)	(873,633)	-
Governmental activities totals	<u>\$ 385,760,068</u>	<u>55,036,014</u>	<u>50,213,462</u>	<u>390,582,620</u>	<u>39,375,547</u>
<b>Business-type activities:</b>					
Bonds payable:					
MDA bonds	\$ 1,229,607	-	367,945	861,662	412,628
Revenue bonds	135,346,302	36,188,805	25,456,599	146,078,508	7,132,898
Total bonds payable	136,575,909	36,188,805	25,824,544	146,940,170	7,545,526
Loans payable	1,064,632	7,456,882	1,638,238	6,883,276	573,606
Contracts payable	4,421,042	2,992,187	76,067	7,337,162	370,293
Compensated absences	646,070	549,380	544,560	650,890	479,980
Deferred bond premium	116,022	469,051	32,882	552,191	-
Deferred loss on refunding	(54,237)	(477,960)	(17,508)	(514,689)	-
Business-type activities totals	<u>\$ 142,769,438</u>	<u>47,178,345</u>	<u>28,098,783</u>	<u>161,849,000</u>	<u>8,969,405</u>

The following is a summary of bond and note debt service requirements, including interest requirements, to maturity for long-term debt at June 30, 2010:

Fiscal Year	General Obligation Bonds	Municipal Development Authority Bonds	Special Assessment Bonds	Revenue Bonds	Community Facilities District Bonds	Long Term Loans	Total
2011	\$23,832,640	8,359,319	2,319,623	11,494,364	5,497,392	1,141,476	52,644,814
2012	17,866,790	5,832,469	1,811,720	12,373,866	5,493,336	1,094,154	44,472,335
2013	14,766,680	5,850,269	1,362,820	12,951,223	5,490,974	1,046,832	41,468,798
2014	14,759,671	5,833,944	474,600	11,941,683	5,484,633	999,509	39,494,040
2015	14,764,311	4,417,381	475,788	12,925,129	5,476,311	952,186	39,011,106
2016	14,784,971	4,409,306	476,338	12,910,678	5,475,713	904,865	38,961,871
2017	14,383,831	4,402,831	476,250	13,225,922	5,468,074	857,541	38,814,449
2018	13,812,581	4,402,681	480,525	13,208,182	5,462,674	810,219	38,176,862

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Fiscal Year	General Obligation Bonds	Municipal Development Authority Bonds	Special Assessment Bonds	Revenue Bonds	Community Facilities District Bonds	Long Term Loans	Total
2019	13,801,465	4,388,981	478,950	12,271,536	5,455,359	762,897	37,159,188
2020	13,766,873	4,378,931	481,738	10,881,045	5,445,671	715,574	35,669,832
2021	13,787,965	4,383,141	483,675	10,902,118	5,443,926	668,251	35,669,076
2022	12,604,316	4,382,486	484,763	7,978,012	5,432,718	620,929	31,503,224
2023	12,588,978	4,386,453	-	6,933,765	5,425,388	-	29,334,584
2024	10,859,884	4,374,193	-	6,789,605	5,427,431	-	27,451,113
2025	10,846,538	4,370,288	-	6,786,426	5,419,936	-	27,423,188
2026	10,835,086	4,349,237	-	6,783,145	5,437,175	-	27,404,643
2027	10,847,006	-	-	6,779,759	5,430,802	-	23,057,567
2028	5,101,850	-	-	4,819,532	-	-	9,921,382
2029	5,096,262	-	-	1,791,270	-	-	6,887,532
2030	1,844,812	-	-	1,136,434	-	-	2,981,246
2031	1,840,500	-	-	-	-	-	1,840,500
Less Interest	(67,833,010)	(21,716,910)	(1,764,469)	(38,805,186)	(31,877,513)	(3,691,157)	(165,688,245)
	<u>\$184,960,000</u>	<u>56,805,000</u>	<u>8,042,321</u>	<u>146,078,508</u>	<u>60,890,000</u>	<u>6,883,276</u>	<u>463,659,105</u>

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

The following table discloses the bond debt service requirements as of June 30, 2010, segregating principal and interest, for the next five years and in five-year increments thereafter.

Fiscal year	Principal	Interest	Total
2011	\$ 35,158,825	17,485,989	52,644,814
2012	27,304,729	17,167,606	44,472,335
2013	25,321,356	16,147,442	41,468,798
2014	25,356,094	14,137,946	39,494,040
2015	24,839,224	14,171,882	39,011,106
2016-2020	133,884,337	54,897,865	188,782,202
2021-2025	124,372,734	27,008,451	151,381,185
2026-2030	65,621,806	4,630,564	70,252,370
2031-2035	1,800,000	40,500	1,840,500
Totals	<u>\$ 463,659,105</u>	<u>165,688,245</u>	<u>629,347,350</u>

The City had no outstanding variable rate bonds at June 30, 2010. The City had \$3,920,588 in variable rate outstanding contracts payable at June 30, 2010. 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, 2010.

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)

1998A	Water/Sewer Revenue Bonds	\$ 10,195,000
2000	Water/Sewer Revenue Bonds	\$ 6,165,000
		<u>\$ 16,360,000</u>

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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**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 \$15,780,000 in Revenue Refunding Bonds issued in 2010 and \$161,258,806 in Water Infrastructure Financing Authority Bonds issued in 1995-2010. 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, 2010, \$146,940,170 in bonds remain outstanding to be repaid by future water and wastewater revenues. For the fiscal year ended June 30, 2010, the net revenues available for service of this debt were \$21,636,498. The debt principal and interest paid on this debt in fiscal year 2010 was \$12,087,669 (55.9% 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, 2010, \$12,538,338 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, 2010, the net revenues available to service this debt were \$95,507,133. The debt principal and interest paid on this debt in fiscal year 2010 was \$3,852,695 (4.0% 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, 2010, \$43,405,000 of the bonds remained outstanding to be repaid by future revenues. For the fiscal year ended June 30, 2010, the net revenues available to service this debt were \$100,145,535. The debt principal and interest paid on this debt in fiscal year 2010 was \$3,840,188 (3.8% 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).

The City has pledged certain revenues for the repayment of Special Assessment Bonds. The bonds were issued to purchase or construct infrastructure within the various special assessment districts. Pledged revenues for these bonds include the fund balance of the Special Assessment Debt Service Fund, plus the collections of assessments against property owners in the districts. At June 30, 2010 \$8,042,321 in bonds are outstanding to be repaid by these revenues. For the fiscal year ended June 30, 2010, the net revenues available to service this debt were \$3,402,864. The debt principal and interest paid on this debt in fiscal year 2010 was \$2,919,697 (85.8% of available pledged revenues). For further information on long-term debt, refer to Note 14. For additional information on pledged revenues for Special Assessment bonds, refer to Table XXVI (page 178).

**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 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.

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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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 pension 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 9.40 percent (9.00 percent for retirement and 0.4 percent for long-term disability) of their salaries to the System during fiscal year 2009-2010 and the City was required to match it (8.34 percent for retirement, .66 percent for health insurance premium, and 0.4 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>Fiscal Year Ended</b>	<b>Retirement Fund</b>	<b>Health Benefit Supplement Fund</b>	<b>Long-Term Disability Fund</b>
2008	\$ 4,153,934	\$ 541,968	\$ 258,104
2009	4,410,683	531,674	275,934
2010	4,297,045	340,054	206,093

**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 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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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Accordingly, the disclosures that follow reflect the EORP as if it were an agent multiple-employer plan. According to GASB Statement 43, the health insurance subsidy paid by the Plan represents other post employment benefits. The Plan does not administer a separate healthcare plan as defined under IRC 401h or an equivalent arrangement. In addition, the Plan is not statutorily authorized to maintain a separate account for the health insurance subsidy assets and benefit payments. Therefore, in accordance with GASB Statement 43, the healthcare subsidy is reported by the Plan as an agency fund. All assets of the plan are available to pay both pension and health insurance subsidy. The pension benefits and health insurance subsidy are funded through employer contributions based on an annual actuarial valuation. Contributions are separately accounted for by employer but are not segregated by contribution type.

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 2009-2010 was 26.25 percent. The health insurance premium portion of the contribution rate was actuarially set at 1.89 percent of covered payroll. The City's employees contributed \$10,597, \$10,314, and \$10,093, for the fiscal years ended June 30, 2010, 2009, and 2008, respectively.

**c. Actuarial Methods and Assumptions**

The required contribution was determined as part of the June 30, 2009, 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, and (c) payroll growth of 5.0 percent per year.

The actuarial value of EORP assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a seven-year period. EORP's assets in excess of actuarial accrued liabilities are amortized as level percents of payroll over an open period of 20 years, while unfunded actuarial liabilities are amortized as level percents of payroll over a closed period of 27 years.

**Public Safety Personnel Retirement System:**

**a. Plan Description**

The City contributes to the Public Safety Personnel Retirement System (PSPRS), an cost sharing, 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

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

actuarially determined rate. Police personnel contributed \$1,028,123 and fire personnel \$798,923 during fiscal year 2009-2010. The City rate for fiscal year 2010 was 15.16 percent for police personnel and 14.66 percent for fire members. The health insurance premium portion of the contribution rate was actuarially set at .85 percent of covered payroll for police and .90 percent for fire for fiscal year 2010. Benefit and contribution provisions are established by state law and may be amended only by the State of Arizona Legislature (A.R.S. Section 38-843).

**c. Actuarial Methods and Assumptions**

The required contribution was determined as part of the June 30, 2009, 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 5.5 percent to 8.5 percent per year, depending on age, attributable to seniority/merit, and (c) payroll growth of 5.5 percent per year.

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 seven-year period. PSPRS's assets in excess of actuarial accrued liabilities are amortized as level percents of payroll over an open period of 20 years, while unfunded actuarial liabilities are amortized as level percents of payroll over a closed period of 27 years.

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

The City's pension/OPEB costs for the agent plans for the year ended June 30, 2010, follows:

	PSPRS - Police		PSPRS - Fire		EORP	
	Pension	Health Insurance	Pension	Health Insurance	Pension	Health Insurance
Annual pension/OPEB cost	\$1,931,288	\$114,717	\$1,441,309	\$94,272	\$36,973	\$2,869
Contributions made	1,931,288	114,717	1,441,309	94,272	36,973	2,869

**Three Year Trend Information for Agent Plans:**

Annual pension cost information for the current and two preceding years follows for each of the agent plans.

<u>Fiscal Year Ended</u>	<u>Annual Pension/OPEB Cost</u>	<u>Percentage of Annual Costs Contributed</u>	<u>Net Pension/OPEB Obligation</u>
<b><u>PSPRP - Police - Pension</u></b>			
2008	\$1,301,725	100%	\$ 0
2009	2,136,029	100	0
2010	1,931,288	100	0
<b><u>PSPRP - Police – Health Insurance</u></b>			
2008	\$ 98,196	100%	\$ 0
2009	143,303	100	0
2010	114,717	100	0
<b><u>PSPRP - Fire - Pension</u></b>			
2008	\$ 897,222	100%	\$ 0
2009	1,529,542	100	0
2010	1,441,309	100	0
<b><u>PSPRP - Fire – Health Insurance</u></b>			
2008	\$ 72,975	100%	\$ 0
2009	101,969	100	0
2010	94,272	100	0

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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**EORP – Pension**

2008	\$ 27,537	100%	\$ 0
2009	36,427	100	0
2010	36,973	100	0

**EORP – Health Insurance**

2008	\$ 1,510	100%	\$ 0
2009	4,397	100	0
2010	2,869	100	0

**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, 2010 were \$84,274.

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

Year Ending June 30,	Amount
2011	\$ 82,077
2012	59,166
2013	47,098
2014	13,560
2015	13,560
Total	\$ 215,461

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 2010 were \$341,591.

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

Year Ending June 30,	Amount
2011	\$ 268,409
2012	273,180
2013	289,922
2014	306,735
2015	284,327

**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

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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of the City and are not subject to claims of the City's general creditors. Also, the City exercises no administrative control nor makes investment decisions. 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 \$1,000,000 of any occurrence and then has additional coverage up to \$40.0 million.

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

The following table presents the City's commitments as of June 30, 2010:

<u>Fund/Description</u>	<u>Remaining Construction Commitment</u>
General Fund:	
Municipal facilities construction/remodeling	\$ 809,656
Streets/Traffic infrastructure	520
Parks and recreation facilities	215,442
Water Wells and reservoirs	<u>38,729</u>
	1,064,347
Half-Cent Sales Tax Fund:	
Municipal facilities construction/remodeling	36,298
Highway User Revenue Fund:	
Streets/Traffic infrastructure	291,007
Development Fee Fund:	
Parks and recreation facilities	230,747
Municipal facilities construction/remodeling	271,217
Streets/Traffic infrastructure	<u>218,856</u>
	720,820
Transportation Sales Tax Fund:	
Streets/Traffic infrastructure	1,023,232
GO Bond Capital Projects Fund:	
Parks and recreation facilities	302,154
Drainage infrastructure	49,261
Streets/Traffic infrastructure	2,884,838
Municipal facilities construction/remodeling	<u>943,043</u>
	4,179,296
Non-Bond Capital Projects Fund:	
Streets/Traffic infrastructure	568,576
Non-Major Governmental Funds:	
Other Grants – water wells and reservoirs	377,979
Other Grants – wastewater facilities	125,850
MDA Bonds Capital Projects - Streets/Traffic infrastructure	<u>3,611,837</u>
	4,115,666

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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Water Utility Fund:	
Water facilities	172,301
Water lines	333,475
Wells and reservoirs	<u>453,599</u>
	959,375
Wastewater Utility Fund:	
Wastewater facilities and infrastructure	<u>498,403</u>
Total construction commitments	<u>\$ 13,457,020</u>

At June 30, 2010, there is a claims liability of \$1,500,000 in the Wastewater Utility for the future payments due on a settlement involving the City discontinuing use of a regional wastewater reclamation facility. The final payment of this settlement is due in fiscal year 2011.

**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. 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 were to be made quarterly and would equal fifty percent of one percent of sales tax revenues from the project. Reimbursements would cease when the reimbursement amount was paid in full, or on November 30, 2010, whichever was sooner. However, since no development has occurred on the property, this agreement will terminate on November 30, 2010, with no future liabilities.

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, 2010, 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 \$9,400,000. 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, 2010, no building activities have

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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commenced and the credits could not be reliably estimated. The agreement is in force for 25 years from the signing of the agreement.

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, 2010, 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, 2010, the total reimbursement is capped at \$7,270,000. Of that \$224,355 is related to future infrastructure dedications and has not yet been recorded as a liability. A repayment, currently estimated at \$2,885,139, 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. Developer satisfied the timely completion of the required public infrastructure on March 31, 2010. In addition, an amendment to the development agreement was approved by Council on July 6, 2010 which advanced the date for reimbursement to August 2, 2010 in return for a 10% reduction in total reimbursement costs. The city paid a total of \$5,719,781 on August 2, 2010. The project may be eligible for future impact fee credits related to the dedication of the ROW for Cotton Crossing.

CITY OF PEORIA, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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**Required Supplementary Information (unaudited):**

The funded status of the plans as of the most recent valuation date, June 30, 2009, and the prior two years follow. 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 (Lastest Available Actuarial Information)**

<u>Valuation Date</u> <u>June 30,</u>	<u>Actuarial Value of Plan Assets</u>	<u>Projected Unit Credit 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>
<b><u>Police – Retirement</u></b>						
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
2009	35,948,135	49,249,481	73.0	13,301,346	13,600,726	97.8
<b><u>Police – Health Insurance Subsidy</u></b>						
2007	\$0	\$1,170,734	0.0%	\$1,170,734	\$11,417,698	10.25%
2008	0	1,032,969	0.0	1,032,969	13,106,869	7.88
2009	0	1,075,889	0.0	1,075,889	13,600,726	7.91
<b><u>Fire – Retirement</u></b>						
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
2009	29,565,148	34,863,651	84.8	5,298,503	10,476,786	50.6
<b><u>Fire – Health Insurance Subsidy</u></b>						
2007	\$0	\$831,346	0.0%	831,074	\$8,627,756	9.63%
2008	0	845,345	0.0	845,345	9,456,091	8.94
2009	0	951,241	0.0	951,241	10,476,786	9.08

# Combining Fund Financial Statements and Budgetary Schedules

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

	Page
<b>Major Governmental Funds Other than General Fund &amp; Special Revenue Funds</b>	
Budgetary Comparison Schedules	
General Obligation Bonds Debt Service Fund	90
General Obligation (GO) Bond Capital Projects Fund	91
Non-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
Special Assessment Debt Service Fund	106
Community Facilities District (CFD) Bonds Capital Projects Fund	107
Municipal Development Authority (MDA) Bonds Capital Projects Fund	108
<b>Enterprise Funds</b>	
Schedule of Operations – Budget and Actual	
Water Utility Fund	110
Wastewater Utility Fund	111
Solid Waste Utility Fund	112
Stadium Fund	113
Public Housing Fund	114
<b>Internal Service Funds</b>	
Combining Statements	
Combining Statement of Net Assets	116
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	117
Combining Statement of Cash Flows	118
Schedule of Operations – Budget and Actual	
Motor Pool Fund	119
Self-Insurance Fund	120
Facilities Maintenance Fund	121
Information Technology Fund	122
<b>Fiduciary Funds</b>	
Combining Statement of Fiduciary Net Assets	124
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	125



# **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.

## **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.

### **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, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Over</b>
	<b>Original</b>	<b>Final</b>	<b>(budgetary basis)</b>	<b>(Under)</b>
Budgetary fund balance, July 1, 2009	\$ 39,349,496	\$ 39,349,496	\$ 39,349,496	\$ -
<b>RESOURCES (INFLOWS):</b>				
Property taxes	23,719,548	23,719,548	23,370,633	(348,915)
Investment earnings	500,000	500,000	200,349	(299,651)
Miscellaneous	-	-	100,000	100,000
Total inflows	<u>24,219,548</u>	<u>24,219,548</u>	<u>23,670,982</u>	<u>(548,566)</u>
Amounts available for appropriation	<u>63,569,044</u>	<u>63,569,044</u>	<u>63,020,478</u>	<u>(548,566)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services	-	-	1,600	1,600
Debt service:				
Principal payments	27,270,000	27,270,000	27,270,000	-
Interest and other charges	<u>6,515,166</u>	<u>6,515,166</u>	<u>6,375,268</u>	<u>(139,898)</u>
Total charges to appropriations	<u>33,785,166</u>	<u>33,785,166</u>	<u>33,646,868</u>	<u>(138,298)</u>
Budgetary fund balance, June 30, 2010	<u>\$ 29,783,878</u>	<u>\$ 29,783,878</u>	<u>\$ 29,373,610</u>	<u>\$ (410,268)</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	\$ 63,020,478
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	(39,349,496)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	348,723
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 24,019,705</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 33,646,868
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(591)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 33,646,277</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION (GO) BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<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, 2009	\$ 44,465,968	\$ 44,465,968	\$ 44,465,968	\$ -
<b>RESOURCES (INFLOWS):</b>				
Capital-related debt issued	33,073,938	33,073,938	29,170,000	(3,903,938)
Premium on bonds issued	-	-	495,890	495,890
Investment earnings	400,000	400,000	874,488	474,488
Miscellaneous	-	-	2,485,000	2,485,000
Total inflows	<u>33,473,938</u>	<u>33,473,938</u>	<u>33,025,378</u>	<u>(448,560)</u>
Amounts available for appropriation	<u>77,939,906</u>	<u>77,939,906</u>	<u>77,491,346</u>	<u>(448,560)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Highways and streets	761,546	472,653	1,142,223	669,570
Interest and fiscal charges	-	-	124,001	124,001
Capital outlay	57,264,375	52,691,423	22,832,346	(29,859,077)
Contingencies	-	5,927,504	-	(5,927,504)
Total charges to appropriations	<u>58,025,921</u>	<u>59,091,580</u>	<u>24,098,570</u>	<u>(34,993,010)</u>
Budgetary fund balance, June 30, 2010	<u>\$ 19,913,985</u>	<u>\$ 18,848,326</u>	<u>\$ 53,392,776</u>	<u>\$ 34,544,450</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	\$ 77,491,346
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	(44,465,968)
Capital-related debt issued is a budgetary resource, but is not a revenue for financial reporting purposes	(29,170,000)
Bond Premiums are a budgetary resource, but are not a revenue for financial reporting purposes	(495,890)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(429,139)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,930,349</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 24,098,570
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(3,410,094)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(487,380)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 20,201,096</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
NON-BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<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, 2009	\$ 14,267,281	\$ 14,267,281	\$ 14,267,281	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental revenue:				
From federal government	-	-	-	-
County shared sales tax	4,000,000	4,000,000	3,024,017	(975,983)
Other governmental revenue	8,000,000	-	-	-
Investment earnings	200,000	-	249,584	249,584
Proceeds	-	-	(3,024,017)	(3,024,017)
Miscellaneous	6,972,072	-	(1,258,326)	(1,258,326)
Total inflows	<u>19,172,072</u>	<u>4,000,000</u>	<u>(1,008,742)</u>	<u>(5,008,742)</u>
Amounts available for appropriation	<u>33,439,353</u>	<u>18,267,281</u>	<u>13,258,539</u>	<u>(5,008,742)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services:				
Highways and streets	209,394	48,913	48,913	-
Capital outlay	13,472,636	18,860,480	6,415,449	(12,445,031)
Contingencies	10,134,114	4,341,462	-	(4,341,462)
Total charges to appropriations	<u>23,816,144</u>	<u>23,250,855</u>	<u>6,464,362</u>	<u>(16,786,493)</u>
Budgetary fund balance, June 30, 2010	<u>\$ 9,623,209</u>	<u>\$ (4,983,574)</u>	<u>\$ 6,794,177</u>	<u>\$ 11,777,751</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	\$ 13,258,539
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	(14,267,281)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	4,110,041
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,101,299</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,464,362
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	6,043,778
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 12,508,140</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.

### **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.

### **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.



**CITY OF PEORIA**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2010**

	<b>Special Revenue Funds</b>			
	<b>Public Transit Fund</b>	<b>Section 8 Housing Fund</b>	<b>Other Grants Fund</b>	<b>Storm Drainage Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 156,620	\$ 1,966,684	\$ 249,577
Cash with fiscal agents	-	300,673	-	-
Investments	-	-	2,656,097	339,223
Accounts receivable, net	4,485	51,986	30,000	88,138
Interest receivable	414	-	11,778	1,082
Due from other governments	49,671	11,618	1,257,086	-
Prepaid items	-	50	-	-
Restricted cash and cash equivalents	-	-	-	-
Restricted investments	-	-	-	-
Special assessments receivable	-	-	-	-
Total assets	<u>\$ 54,570</u>	<u>\$ 520,947</u>	<u>\$ 5,921,645</u>	<u>\$ 678,020</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,646	\$ 16,615	\$ 380,948	\$ 11,637
Accrued payroll	27,488	-	15,681	6,414
Due to other funds	38,982	-	-	-
Due to other governments	-	-	13	-
Deferred revenue	-	847	210,064	-
Other liabilities	500	-	-	-
Total liabilities	<u>\$ 69,616</u>	<u>\$ 17,462</u>	<u>\$ 606,706</u>	<u>\$ 18,051</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-
Grant Purposes	-	305,647	894,271	-
Prepaid items	-	50	-	-
Unreserved, designated (note 11)				
Capital projects funds	-	-	-	-
Special revenue funds	-	197,788	4,321,570	-
Unreserved, undesignated, reported in:				
Special revenue funds	(15,046)	-	99,098	659,969
Total fund balance	<u>(15,046)</u>	<u>503,485</u>	<u>5,314,939</u>	<u>659,969</u>
Total liabilities and fund balance	<u>\$ 54,570</u>	<u>\$ 520,947</u>	<u>\$ 5,921,645</u>	<u>\$ 678,020</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	Special Assessment Bonds	CFD Bonds	MDA Bonds	Non-Major Governmental Funds
\$ -	\$ 2,673	\$ 220,353	\$ -	\$ -	\$ 2,595,907
3,860,707	-	-	-	-	4,161,380
-	3,625	298,805	-	-	3,297,750
-	52,304	-	-	-	226,913
-	4,824	2,311	94,494	8,723	123,626
-	40,942	-	-	-	1,359,317
-	-	-	-	-	50
327	6,449,219	-	4,689,272	2,500,021	13,638,839
-	2,010,600	-	10,960,251	1,211,458	14,182,309
-	-	8,141,515	-	-	8,141,515
<u>\$ 3,861,034</u>	<u>\$ 8,564,187</u>	<u>\$ 8,662,984</u>	<u>\$ 15,744,017</u>	<u>\$ 3,720,202</u>	<u>\$ 47,727,606</u>
\$ -	\$ -	\$ -	\$ 180,015	\$ 234,669	\$ 826,530
-	-	-	-	-	49,583
-	-	-	-	-	38,982
-	-	-	-	-	13
-	45,060	8,141,515	-	-	8,397,486
-	-	38,301	-	-	38,801
<u>\$ -</u>	<u>\$ 45,060</u>	<u>\$ 8,179,816</u>	<u>\$ 180,015</u>	<u>\$ 234,669</u>	<u>\$ 9,351,395</u>
\$ 3,861,034	\$ 8,519,127	\$ 483,168	\$ -	\$ -	\$ 12,863,329
-	-	-	15,564,002	-	15,564,002
-	-	-	-	-	1,199,918
-	-	-	-	-	50
-	-	-	-	3,485,533	3,485,533
-	-	-	-	-	4,519,358
-	-	-	-	-	744,021
<u>3,861,034</u>	<u>8,519,127</u>	<u>483,168</u>	<u>15,564,002</u>	<u>3,485,533</u>	<u>38,376,211</u>
<u>\$ 3,861,034</u>	<u>\$ 8,564,187</u>	<u>\$ 8,662,984</u>	<u>\$ 15,744,017</u>	<u>\$ 3,720,202</u>	<u>\$ 47,727,606</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, 2010**

	<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:				
Local transportation aid	375,639	-	-	-
From federal government	152,526	886,823	2,995,504	-
Other	215,878	97,324	449,516	-
Charges for service	45,806	-	729,574	783,384
Fines and forfeitures	-	-	229,351	-
Investment earnings	-	420	36,654	3,934
Special assessments	-	-	-	-
Miscellaneous	19,798	161,164	76,649	-
Total revenues	<u>809,647</u>	<u>1,145,731</u>	<u>4,517,248</u>	<u>787,318</u>
<b>EXPENDITURES:</b>				
Current operating:				
General government	-	-	108,880	-
Culture and recreation	-	-	429,294	-
Police	-	-	585,648	-
Fire	-	-	73,755	-
Development services	-	-	847,100	-
Highways and streets	-	-	-	-
Public works	-	-	66,433	500,114
Human services	1,222,344	923,358	-	-
Debt service:				
Principal payments	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	234,246	-
Total expenditures	<u>1,222,344</u>	<u>923,358</u>	<u>2,345,356</u>	<u>500,114</u>
Excess (deficiency) of revenues over expenditures	<u>(412,697)</u>	<u>222,373</u>	<u>2,171,892</u>	<u>287,204</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	133,390	-	150,201	7,341
Transfers out	<u>(102,855)</u>	<u>-</u>	<u>(1,365,190)</u>	<u>-</u>
Total other financing sources and uses	<u>30,535</u>	<u>-</u>	<u>(1,214,989)</u>	<u>7,341</u>
Net change in fund balances	<u>(382,162)</u>	<u>222,373</u>	<u>956,903</u>	<u>294,545</u>
Fund balances - beginning	367,116	281,112	4,358,036	365,424
Fund balances - ending	<u>\$ (15,046)</u>	<u>\$ 503,485</u>	<u>\$ 5,314,939</u>	<u>\$ 659,969</u>

The accompanying notes are an integral part of the financial statements

Debt Service Funds			Capital Projects Funds		Total Non-Major Governmental Funds
Municipal Development Authority Bonds	CFD Bonds	Special Assessment Bonds	CFD Bonds	MDA Bonds	
\$ -	\$ 2,827,289	\$ -	\$ -	\$ -	\$ 2,827,289
-	-	-	-	-	375,639
-	-	-	-	-	4,034,853
-	-	-	-	-	762,718
-	-	-	-	-	1,558,764
-	-	-	-	-	229,351
609	24,589	5,028	81,766	18,332	171,332
-	-	2,214,167	-	-	2,214,167
-	2,119,953	-	-	-	2,377,564
<u>609</u>	<u>4,971,831</u>	<u>2,219,195</u>	<u>81,766</u>	<u>18,332</u>	<u>14,551,677</u>
610	9,534	18	-	-	119,042
-	-	-	-	-	429,294
-	-	-	-	-	585,648
-	-	-	-	-	73,755
-	-	-	-	-	847,100
-	-	-	-	134,148	134,148
-	-	-	1,800,000	-	2,366,547
-	-	-	-	-	2,145,702
5,042,055	2,170,000	2,360,492	-	-	9,572,547
2,657,029	3,329,455	563,656	-	-	6,550,140
-	-	-	1,407,376	12,578,224	14,219,846
<u>7,699,694</u>	<u>5,508,989</u>	<u>2,924,166</u>	<u>3,207,376</u>	<u>12,712,372</u>	<u>37,043,769</u>
<u>(7,699,085)</u>	<u>(537,158)</u>	<u>(704,971)</u>	<u>(3,125,610)</u>	<u>(12,694,040)</u>	<u>(22,492,092)</u>
6,989,965	225,986	399,000	-	-	7,905,883
-	-	(275,630)	(233,722)	-	(1,977,397)
<u>6,989,965</u>	<u>225,986</u>	<u>123,370</u>	<u>(233,722)</u>	<u>-</u>	<u>5,928,486</u>
<u>(709,120)</u>	<u>(311,172)</u>	<u>(581,601)</u>	<u>(3,359,332)</u>	<u>(12,694,040)</u>	<u>(16,563,606)</u>
4,570,154	8,830,299	1,064,769	18,923,334	16,179,573	54,939,817
<u>\$ 3,861,034</u>	<u>\$ 8,519,127</u>	<u>\$ 483,168</u>	<u>\$ 15,564,002</u>	<u>\$ 3,485,533</u>	<u>\$ 38,376,211</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
PUBLIC TRANSIT FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<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, 2009	\$ 279,422	\$ 279,422	\$ 279,422	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
Local transportation aid	678,570	678,570	375,639	(302,931)
From federal government	189,000	189,000	151,816	(37,184)
Other	187,306	187,306	215,878	28,572
Charges for services	50,800	50,800	44,382	(6,418)
Investment earnings	3,600	3,600	2,152	(1,448)
Miscellaneous	-	-	19,798	19,798
Transfers from other funds	313,890	313,890	133,390	(180,500)
Total inflows	<u>1,423,166</u>	<u>1,423,166</u>	<u>943,055</u>	<u>(480,111)</u>
Amounts available for appropriation	<u>1,702,588</u>	<u>1,702,588</u>	<u>1,222,477</u>	<u>(480,111)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Human services	1,437,142	1,420,860	1,216,064	(204,796)
Transfers out	199,500	199,500	102,855	(96,645)
Total charges to appropriations	<u>1,636,642</u>	<u>1,620,360</u>	<u>1,318,919</u>	<u>(301,441)</u>
Budgetary fund balance, June 30, 2010	<u>\$ 65,946</u>	<u>\$ 82,228</u>	<u>\$ (96,442)</u>	<u>\$ (178,670)</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	\$ 1,222,477
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(279,422)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(18)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(133,390)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 809,647</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,318,919
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	6,145
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	135
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(102,855)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,222,344</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
SECTION 8 HOUSING FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<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, 2009	\$ 238,204	\$ 238,204	\$ 238,204	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
From federal government	1,473,414	1,473,414	878,428	(594,986)
Other	-	-	145,135	145,135
Investment earnings	500	500	420	(80)
Miscellaneous	-	-	161,164	161,164
Total inflows	<u>1,473,914</u>	<u>1,473,914</u>	<u>1,185,147</u>	<u>(288,767)</u>
Amounts available for appropriation	<u>1,712,118</u>	<u>1,712,118</u>	<u>1,423,351</u>	<u>(288,767)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Human services	1,666,508	1,666,508	1,112,273	(554,235)
Total charges to appropriations	<u>1,666,508</u>	<u>1,666,508</u>	<u>1,112,273</u>	<u>(554,235)</u>
Budgetary fund balance, June 30, 2010	<u>\$ 45,610</u>	<u>\$ 45,610</u>	<u>\$ 311,078</u>	<u>\$ 265,468</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	\$ 1,423,351
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	(238,204)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(39,416)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,145,731</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,112,273
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(188,915)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 923,358</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
OTHER GRANTS FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<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, 2009	\$ 4,384,570	\$ 4,384,570	\$ 4,384,570	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
From federal government	1,693,275	1,693,275	3,231,308	1,538,033
Other	11,899,424	11,899,424	1,038,693	(10,860,731)
Charges for services	872,575	872,575	700,400	(172,175)
Fines and forfeitures	320,000	320,000	229,351	(90,649)
Investment earnings	96,700	96,700	40,522	(56,178)
Miscellaneous	12,500	12,500	76,649	64,149
Transfers from other funds	10,000	10,000	10,000	-
Total inflows	<u>14,904,474</u>	<u>14,904,474</u>	<u>5,326,923</u>	<u>(9,577,551)</u>
Amounts available for appropriation	<u>19,289,044</u>	<u>19,289,044</u>	<u>9,711,493</u>	<u>(9,577,551)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
General government:				
Mayor and council	-	4,000	2,531	(1,469)
Attorney	51,807	97,875	556,966	459,091
City Manager	65,000	65,000	31,832	(33,168)
Court	41,854	65,015	13,909	(51,106)
Non-departmental	17,000	17,000	1,536	(15,464)
Culture and recreation	712,186	587,620	430,206	(157,414)
Police	531,674	1,064,608	520,742	(543,866)
Fire	62,990	181,776	71,089	(110,687)
Development services	1,493,916	1,518,916	848,063	(670,853)
Public works	-	3,766,500	62,990	(3,703,510)
Capital outlay	1,708,617	3,829,707	1,393,492	(2,436,215)
Contingencies	9,759,568	2,828,977	-	(2,828,977)
Transfers out	243,678	243,678	-	(243,678)
Total charges to appropriations	<u>14,688,290</u>	<u>14,270,672</u>	<u>3,933,356</u>	<u>(10,337,316)</u>
Budgetary fund balance, June 30, 2010	<u>\$ 4,600,754</u>	<u>\$ 5,018,372</u>	<u>\$ 5,778,137</u>	<u>\$ 759,765</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 9,711,493
<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	(4,384,570)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(799,675)
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>\$ 4,517,248</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,933,356
<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	1,912
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(224,722)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(1,365,190)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 2,345,356</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
STORM DRAINAGE FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<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, 2009	\$ 282,897	\$ 282,897	\$ 282,897	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
Charges for services	786,500	786,500	779,041	(7,459)
Investment earnings	9,400	9,400	3,356	(6,044)
Transfers from other funds	7,341	7,341	7,341	-
Total inflows	<u>803,241</u>	<u>803,241</u>	<u>789,738</u>	<u>(13,503)</u>
Amounts available for appropriation	<u>1,086,138</u>	<u>1,086,138</u>	<u>1,072,635</u>	<u>(13,503)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Public works	607,239	505,457	493,614	(11,843)
Total charges to appropriations	<u>607,239</u>	<u>505,457</u>	<u>493,614</u>	<u>(11,843)</u>
Budgetary fund balance, June 30, 2010	<u>\$ 478,899</u>	<u>\$ 580,681</u>	<u>\$ 579,021</u>	<u>\$ (1,660)</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	\$ 1,072,635
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(282,897)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	4,921
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(7,341)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 787,318</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 493,614
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	81
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	6,419
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 500,114</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<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, 2009	\$ 3,833,187	\$ 3,833,187	\$ 3,833,187	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	-	-	609	609
Transfers from other funds	7,993,473	7,993,473	6,989,965	(1,003,508)
Total inflows	<u>7,993,473</u>	<u>7,993,473</u>	<u>6,990,574</u>	<u>(1,002,899)</u>
Amounts available for appropriation	<u>11,826,660</u>	<u>11,826,660</u>	<u>10,823,761</u>	<u>(1,002,899)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services	-	-	610	610
Debt service:				
Principal payments	5,042,055	5,042,055	5,042,055	-
Interest and other charges	2,654,928	2,660,828	2,659,189	(1,639)
Total charges to appropriations	<u>7,696,983</u>	<u>7,702,883</u>	<u>7,701,854</u>	<u>(1,029)</u>
Budgetary fund balance, June 30, 2010	<u>\$ 4,129,677</u>	<u>\$ 4,123,777</u>	<u>\$ 3,121,907</u>	<u>\$ (1,001,870)</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 10,823,761
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(3,833,187)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(6,989,965)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 609</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,701,854
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>\$ 7,699,694</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (budgetary basis)</b>	<b>Variance with Final Budget Over (Under)</b>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2009	\$ 8,725,576	\$ 8,725,576	\$ 8,725,576	\$ -
<b>RESOURCES (INFLOWS):</b>				
Property Taxes	2,830,851	2,830,851	2,837,655	6,804
Investment earnings	52,000	52,000	37,948	(14,052)
Miscellaneous	2,616,605	2,616,605	2,119,953	(496,652)
Total inflows	<u>5,499,456</u>	<u>5,499,456</u>	<u>4,995,556</u>	<u>(503,900)</u>
Amounts available for appropriation	<u>14,225,032</u>	<u>14,225,032</u>	<u>13,721,132</u>	<u>(503,900)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services	-	-	9,534	9,534
Debt service:				
Principal payments	2,170,000	2,170,000	2,170,000	-
Interest and other charges	3,329,456	3,329,456	3,329,455	(1)
Contingencies	12,256,903	12,256,903	-	(12,256,903)
Total charges to appropriations	<u>17,756,359</u>	<u>17,756,359</u>	<u>5,508,989</u>	<u>9,533</u>
Budgetary fund balance, June 30, 2010	<u>\$ (3,531,327)</u>	<u>\$ (3,531,327)</u>	<u>\$ 8,212,143</u>	<u>\$ (513,433)</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	\$ 13,721,132
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(8,725,576)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(23,725)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 4,971,831</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,508,989
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 5,508,989</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL ASSESSMENT DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<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, 2009	\$ 1,247,171	\$ 1,247,171	\$ 1,247,171	\$ -
<b>RESOURCES (INFLOWS):</b>				
Special assessments	2,435,844	2,435,844	2,230,026	(205,818)
Investment earnings	33,850	33,850	8,592	(25,258)
Transfers from other funds	398,150	398,150	399,000	850
Total inflows	<u>2,867,844</u>	<u>2,867,844</u>	<u>2,637,618</u>	<u>(230,226)</u>
Amounts available for appropriation	<u>4,115,015</u>	<u>4,115,015</u>	<u>3,884,789</u>	<u>(230,226)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services	-	-	18	18
Debt service:				
Principal payments	1,855,492	2,435,492	2,360,492	(75,000)
Interest and other charges	581,952	590,211	563,656	(26,555)
Transfers out	-	-	275,630	275,630
Total charges to appropriations	<u>2,437,444</u>	<u>3,025,703</u>	<u>3,199,796</u>	<u>174,093</u>
Budgetary fund balance, June 30, 2010	<u>\$ 1,677,571</u>	<u>\$ 1,089,312</u>	<u>\$ 684,993</u>	<u>\$ (404,319)</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	\$ 3,884,789
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	(1,247,171)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(399,000)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(19,423)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,219,195</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,199,796
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(275,630)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,924,166</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<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, 2009	\$ 18,771,766	\$ 18,771,766	\$ 18,771,766	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	<u>150,000</u>	<u>150,000</u>	<u>94,257</u>	<u>(55,743)</u>
Total inflows	<u>150,000</u>	<u>150,000</u>	<u>94,257</u>	<u>(55,743)</u>
Amounts available for appropriation	<u>18,921,766</u>	<u>18,921,766</u>	<u>18,866,023</u>	<u>(55,743)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Public works	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>-</u>
Capital outlay	<u>16,983,371</u>	<u>16,983,371</u>	<u>1,235,097</u>	<u>(15,748,274)</u>
Total charges to appropriations	<u>18,783,371</u>	<u>18,783,371</u>	<u>3,035,097</u>	<u>(15,748,274)</u>
Budgetary fund balance, June 30, 2010	<u>\$ 138,395</u>	<u>\$ 138,395</u>	<u>\$ 15,830,926</u>	<u>\$ 15,692,531</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	\$ 18,866,023
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	(18,771,766)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(12,491)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 81,766</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,035,097
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	180,015
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(7,736)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 3,207,376</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<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, 2009	\$ 31,894,657	\$ 31,894,657	\$ 31,894,657	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	<u>200,000</u>	<u>200,000</u>	<u>93,308</u>	<u>(106,692)</u>
Total inflows	<u>200,000</u>	<u>200,000</u>	<u>93,308</u>	<u>(106,692)</u>
Amounts available for appropriation	<u>32,094,657</u>	<u>32,094,657</u>	<u>31,987,965</u>	<u>(106,692)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Highways and Streets	-	132,148	134,148	2,000
Capital outlay	21,691,089	21,641,000	14,118,982	(7,522,018)
Contingencies	-	-	-	-
Total charges to appropriations	<u>21,691,089</u>	<u>21,773,148</u>	<u>14,253,130</u>	<u>(7,520,018)</u>
Budgetary fund balance, June 30, 2010	<u>\$ 10,403,568</u>	<u>\$ 10,321,509</u>	<u>\$ 17,734,835</u>	<u>\$ 7,413,326</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 31,987,965
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	(31,894,657)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(74,976)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 18,332</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 14,253,130
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(1,540,758)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 12,712,372</u>

# **ENTERPRISE FUNDS**

## **Schedule of Operations – Budget and Actual**

### **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, 2010**

	<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	\$ 33,135,110	\$ 33,135,110	\$ 28,639,238	\$ (4,495,872)
Miscellaneous	358,000	358,000	338,476	(19,524)
Total operating revenues	<u>33,493,110</u>	<u>33,493,110</u>	<u>28,977,714</u>	<u>(4,515,396)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	5,622,088	5,391,931	4,845,692	(546,239)
Contractual services, materials and supplies	17,187,930	17,514,795	16,155,849	(1,358,946)
Capital outlay	21,353,455	22,079,658	12,617,135	(9,462,523)
Contingencies	8,816,215	5,255,766	-	(5,255,766)
Total operating expenses	<u>52,979,688</u>	<u>50,242,150</u>	<u>33,618,676</u>	<u>(16,623,474)</u>
Operating income (loss)	<u>(19,486,578)</u>	<u>(16,749,040)</u>	<u>(4,640,962)</u>	<u>12,108,078</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	1,136,900	1,136,900	339,910	(796,990)
Proceeds from bonds or contracts payable	10,158,388	10,158,388	10,264,204	105,816
Interest expense	(2,293,314)	(2,293,314)	(3,102,841)	(809,527)
Debt principal payments	(4,504,775)	(4,264,595)	(3,424,403)	840,192
Total nonoperating revenues (expenses)	<u>4,497,199</u>	<u>4,737,379</u>	<u>4,076,870</u>	<u>(660,509)</u>
Income (loss) before contributions and transfers	<u>(14,989,379)</u>	<u>(12,011,661)</u>	<u>(564,092)</u>	<u>11,447,569</u>
Capital contributions	1,630,000	1,630,000	1,156,508	(473,492)
Transfers in	165,705	165,705	165,705	-
Transfers (out)	(2,624,526)	(2,624,526)	(2,624,994)	(468)
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (15,818,200)</u>	<u>\$ (12,840,482)</u>	<u>\$ (1,866,873)</u>	<u>\$ 10,973,609</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.	1,856,649
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(140,980)
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, netted with debt forgiveness which is an other source for GAAP purposes, but not for budget purposes.	(9,516,804)
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.	140,980
The City budgets compensated absences on the cash basis, rather than the accrual basis.	22,807
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	1,029,287
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	12,397,481
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	26,003,039
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.	3,424,403
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(6,581,970)
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.	(8,678)
The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	6,929
Certain transfers in/(out) are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(190,182)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 26,576,088</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>(budgetary basis)</u>	<u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 18,674,575	\$ 18,674,575	\$ 18,007,184	\$ (667,391)
Miscellaneous	-	-	717,733	717,733
Total operating revenues	<u>18,674,575</u>	<u>18,674,575</u>	<u>18,724,917</u>	<u>50,342</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	2,154,546	2,250,542	2,118,817	(131,725)
Contractual services, materials and supplies	8,760,902	8,888,873	8,091,838	(797,035)
Insurance claims and expenses	4,000,000	4,000,000	3,000,000	(1,000,000)
Capital outlay	15,768,651	17,008,917	9,714,940	(7,293,977)
Contingencies	76,186	1,306,630	-	(1,306,630)
Total operating expenses	<u>30,760,285</u>	<u>33,454,962</u>	<u>22,925,595</u>	<u>(10,529,367)</u>
Operating income (loss)	<u>(12,085,710)</u>	<u>(14,780,387)</u>	<u>(4,200,678)</u>	<u>10,579,709</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	370,000	370,000	135,475	(234,525)
Proceeds from bonds or contracts payable	9,937,559	9,937,559	10,917,821	980,262
Interest expense	(2,882,200)	(3,036,268)	(2,950,205)	86,063
Debt principal payments	(4,264,417)	(4,365,677)	(4,507,901)	(142,224)
Total nonoperating revenues (expenses)	<u>3,160,942</u>	<u>2,905,614</u>	<u>3,595,190</u>	<u>689,576</u>
Income (loss) before contributions and transfers	<u>(8,924,768)</u>	<u>(11,874,773)</u>	<u>(605,488)</u>	<u>11,269,285</u>
Capital contributions	600,000	600,000	460,210	(139,790)
Transfers in	2,530,180	2,530,180	2,530,779	599
Transfers out	(138,084)	(138,084)	(138,400)	(316)
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (5,932,672)</u>	<u>\$ (8,882,677)</u>	<u>\$ 2,247,101</u>	<u>\$ 11,129,778</u>

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

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	(5,180)
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, netted with debt forgiveness which is an other source for GAAP purposes, but not for budget purposes.	(10,285,483)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(1,800,817)
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.	1,800,817
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(4,946)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	3,824,969
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	9,677,419
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	23,584,042
Debt principal payments are an expense for budgetary purposes, but are a reduction of long-term obligations, and therefore not an expense, for GAAP purposes.	4,507,901
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(7,652,874)
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.	(42,770)
The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	(11,943,946)
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	548,897
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 14,455,130</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, 2010**

	<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	\$ 12,600,340	\$ 12,600,340	\$ 12,448,681	\$ (151,659)
Miscellaneous	1,800	1,800	250	(1,550)
Total operating revenues	<u>12,602,140</u>	<u>12,602,140</u>	<u>12,448,931</u>	<u>(153,209)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	3,331,450	3,331,450	3,246,250	(85,200)
Contractual services, materials and supplies	7,066,775	7,066,775	6,423,374	(643,401)
Capital outlay	1,749,589	1,749,589	1,474,269	(275,320)
Contingencies	1,739,119	824,955	-	(824,955)
Total operating expenses	<u>13,886,933</u>	<u>12,972,769</u>	<u>11,143,893</u>	<u>(1,828,876)</u>
Operating income (loss)	<u>(1,284,793)</u>	<u>(370,629)</u>	<u>1,305,038</u>	<u>1,675,667</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	375,000	375,000	149,036	(225,964)
Interest expense	(39,913)	(39,913)	(81,156)	(41,243)
Debt principal payments	(177,095)	(1,091,259)	(1,066,225)	25,034
Total nonoperating revenues (expenses)	<u>157,992</u>	<u>(756,172)</u>	<u>(998,345)</u>	<u>(242,173)</u>
Income (loss) before contributions and transfers	<u>(1,126,801)</u>	<u>(1,126,801)</u>	<u>306,693</u>	<u>1,433,494</u>
Capital contributions	200,000	200,000	120,700	(79,300)
Transfers in	27,268	27,268	27,268	-
Transfers (out)	(15,808)	(15,808)	(15,797)	11
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (915,341)</u>	<u>\$ (915,341)</u>	<u>\$ 438,864</u>	<u>\$ 1,354,205</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.	(39,099)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(712,838)
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.	712,838
The City budgets compensated absences on the cash basis, rather than the accrual basis.	10,875
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(7,036)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	1,474,269
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.	1,066,225
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(1,007,360)
The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	36,778
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(42,142)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 1,931,374</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,528,483	\$ 1,528,483	\$ 1,302,047	\$ (226,436)
Rents	1,446,420	1,446,420	1,571,860	125,440
Miscellaneous	-	-	480	480
Total operating revenues	<u>2,974,903</u>	<u>2,974,903</u>	<u>2,874,387</u>	<u>(100,516)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	1,448,291	1,534,197	1,518,415	(15,782)
Contractual services, materials and supplies	3,049,511	3,083,924	3,016,816	(67,108)
Capital outlay	70,132	70,132	14,211	(55,921)
Contingencies	695,000	660,587	-	(660,587)
Total operating expenses	<u>5,262,934</u>	<u>5,348,840</u>	<u>4,549,442</u>	<u>(799,398)</u>
Operating loss	<u>(2,288,031)</u>	<u>(2,373,937)</u>	<u>(1,675,055)</u>	<u>698,882</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	29,000	29,000	15,684	(13,316)
Interest expense	(18,348)	(18,348)	(18,336)	12
Debt principal payments	(135,943)	(135,943)	(135,943)	-
Total nonoperating revenues (expenses)	<u>(125,291)</u>	<u>(125,291)</u>	<u>(138,595)</u>	<u>(13,304)</u>
Income (loss) before transfers	<u>(2,413,322)</u>	<u>(2,499,228)</u>	<u>(1,813,650)</u>	<u>685,578</u>
Transfers in	2,641,907	2,641,907	2,641,582	(325)
Transfers (out)	(298,669)	(298,669)	(298,460)	209
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (70,084)</u>	<u>\$ (155,990)</u>	<u>\$ 529,472</u>	<u>\$ (685,462)</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.	(10,448)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(68,177)
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.	68,177
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(18,749)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	62,175
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	14,211
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.	135,943
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(750,908)
Bond issuance costs are expensed in the year of issuance for budgetary purposes, but are amortized to interest expense over the life of the bonds for GAAP purposes.	3,676
The loss on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	425
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (34,203)</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, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (budgetary basis)</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>OPERATING REVENUES:</b>				
Rent	\$ 280,000	\$ 280,000	\$ 128,920	\$ (151,080)
From federal government	-	-	177,710	177,710
Miscellaneous	-	-	19,724	19,724
Total operating revenues	<u>280,000</u>	<u>280,000</u>	<u>326,354</u>	<u>46,354</u>
<b>OPERATING EXPENSES:</b>				
Contractual services, materials and supplies	<u>327,871</u>	-	<u>286,820</u>	<u>286,820</u>
Total operating expenses	<u>327,871</u>	<u>-</u>	<u>286,820</u>	<u>286,820</u>
Operating income (loss)	<u>(47,871)</u>	<u>280,000</u>	<u>39,534</u>	<u>(240,466)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	<u>2,000</u>	<u>2,000</u>	<u>1,172</u>	<u>(828)</u>
Total nonoperating revenues (expenses)	<u>2,000</u>	<u>2,000</u>	<u>1,172</u>	<u>(828)</u>
Income (loss) before transfers	<u>(45,871)</u>	<u>282,000</u>	<u>40,706</u>	<u>(241,294)</u>
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (45,871)</u>	<u>\$ 282,000</u>	<u>\$ 40,706</u>	<u>\$ (241,294)</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.	(40,367)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	4,659
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(85,846)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (80,848)</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, 2010**

	<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	\$ 4,516,233	\$ 5,686,978	\$ 676,175	\$ 2,386,366	\$ 13,265,752
Investments	6,124,143	7,711,708	916,913	3,235,981	17,988,745
Accounts receivable, net	-	-	-	1,086	1,086
Interest receivable	32,538	27,864	2,972	12,927	76,301
Supplies inventory	140,682	-	-	-	140,682
Total current assets	<u>10,813,596</u>	<u>13,426,550</u>	<u>1,596,060</u>	<u>5,636,360</u>	<u>31,472,566</u>
Non-current assets:					
Capital assets:					
Buildings and improvements	-	-	-	148,102	148,102
Equipment	1,015,581	-	-	25,376,959	26,392,540
Vehicles	22,567,034	-	-	-	22,567,034
Furniture	-	-	-	30,745	30,745
Less accumulated depreciation	(13,843,920)	-	-	(11,866,052)	(25,709,972)
Construction in progress	1,599	-	-	3,031,913	3,033,512
Total capital assets, net	<u>9,740,294</u>	<u>-</u>	<u>-</u>	<u>16,721,667</u>	<u>26,461,961</u>
Total assets	<u>20,553,890</u>	<u>13,426,550</u>	<u>1,596,060</u>	<u>22,358,027</u>	<u>57,934,527</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	169,716	1,943,836	130,959	926,638	3,171,149
Accrued payroll	18,479	3,261	60,775	128,667	211,182
Claims payable	-	2,805,000	-	-	2,805,000
Current portion of compensated absences	38,900	4,400	126,370	197,770	367,440
Total current liabilities	<u>227,095</u>	<u>4,756,497</u>	<u>318,104</u>	<u>1,253,075</u>	<u>6,554,771</u>
Non-current liabilities:					
Compensated absences	26,850	1,890	106,420	80,740	215,900
Total long-term liabilities	<u>26,850</u>	<u>1,890</u>	<u>106,420</u>	<u>80,740</u>	<u>215,900</u>
Total liabilities	<u>253,945</u>	<u>4,758,387</u>	<u>424,524</u>	<u>1,333,815</u>	<u>6,770,671</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	9,740,294	-	-	16,721,667	26,461,961
Unrestricted	10,559,651	8,668,163	1,171,536	4,302,545	24,701,895
Total net assets	<u>\$ 20,299,945</u>	<u>\$ 8,668,163</u>	<u>\$ 1,171,536</u>	<u>\$ 21,024,212</u>	<u>\$ 51,163,856</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, 2010**

	<u>Motor Pool Fund</u>	<u>Self- Insurance Fund</u>	<u>Facilities Maintenance Fund</u>	<u>Information Technology Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 6,245,278	\$ 8,977,646	\$ 5,746,400	\$ 8,876,809	\$ 29,846,133
Miscellaneous	3,216	623,181	2,705	19,051	648,153
Total operating revenues	<u>6,248,494</u>	<u>9,600,827</u>	<u>5,749,105</u>	<u>8,895,860</u>	<u>30,494,286</u>
<b>OPERATING EXPENSES</b>					
Salaries, wages and employee benefits	799,970	143,575	2,548,426	4,685,921	8,177,892
Contractual services, materials and supplies	3,380,375	475,945	2,792,052	3,906,529	10,554,901
Insurance claims and expenses	-	9,259,213	-	-	9,259,213
Depreciation and amortization	<u>2,617,069</u>	<u>-</u>	<u>-</u>	<u>6,358,750</u>	<u>8,975,819</u>
Total operating expenses	<u>6,797,414</u>	<u>9,878,733</u>	<u>5,340,478</u>	<u>14,951,200</u>	<u>36,967,825</u>
Operating income (loss)	(548,920)	(277,906)	408,627	(6,055,340)	(6,473,539)
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment income	84,871	79,695	9,424	33,177	207,167
Gain on sale of capital assets	34,161	-	-	-	34,161
Total non-operating revenues	<u>119,032</u>	<u>79,695</u>	<u>9,424</u>	<u>33,177</u>	<u>241,328</u>
Income (loss) before transfers	(429,888)	(198,211)	418,051	(6,022,163)	(6,232,211)
Transfers in	793,335	-	-	2,253,008	3,046,343
Transfers out	<u>(4,174,472)</u>	<u>-</u>	<u>(26,376)</u>	<u>(4,054,571)</u>	<u>(8,255,419)</u>
Change in net assets	(3,811,025)	(198,211)	391,675	(7,823,726)	(11,441,287)
Total net assets - beginning	<u>24,110,970</u>	<u>8,866,374</u>	<u>779,861</u>	<u>28,847,938</u>	<u>62,605,143</u>
Total net assets - ending	<u>\$ 20,299,945</u>	<u>\$ 8,668,163</u>	<u>\$ 1,171,536</u>	<u>\$ 21,024,212</u>	<u>\$ 51,163,856</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, 2010**

	<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	\$ 6,248,494	\$ 9,600,827	\$ 5,749,105	\$ 8,894,774	\$ 30,493,200
Payments to suppliers	(2,601,433)	1,442,162	(2,744,327)	(3,135,449)	(7,039,047)
Payments to employees	(798,658)	(142,321)	(2,564,701)	(4,650,448)	(8,156,128)
Self-insurance costs	-	(7,954,213)	-	-	(7,954,213)
Net cash provided (used) by operating activities	<u>2,848,403</u>	<u>2,946,455</u>	<u>440,077</u>	<u>1,108,877</u>	<u>7,343,812</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers in	793,335	-	-	2,253,008	3,046,343
Transfers out	(4,174,472)	-	(26,376)	(4,054,571)	(8,255,419)
Net cash provided (used) by non-capital financing activities	<u>(3,381,137)</u>	<u>-</u>	<u>(26,376)</u>	<u>(1,801,563)</u>	<u>(5,209,076)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Net acquisition and construction of capital assets	(2,089,832)	-	-	(1,840,268)	(3,930,100)
Net cash flows used by capital and related financing activities	<u>(2,089,832)</u>	<u>-</u>	<u>-</u>	<u>(1,840,268)</u>	<u>(3,930,100)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	(8,521,227)	(10,730,434)	(1,286,681)	(4,515,522)	(25,053,864)
Proceeds from sale of investments	10,520,273	9,417,484	1,092,399	6,289,868	27,320,024
Interest received on investments	115,864	96,080	9,836	46,274	268,054
Net cash provided (used) by investing activities	<u>2,114,910</u>	<u>(1,216,870)</u>	<u>(184,446)</u>	<u>1,820,620</u>	<u>2,534,214</u>
Net increase (decrease) in cash and cash equivalents	(507,656)	1,729,585	229,255	(712,334)	738,850
Cash and cash equivalents at beginning of year	5,023,889	3,957,393	446,920	3,098,700	12,526,902
Cash and cash equivalents at end of year	<u>\$ 4,516,233</u>	<u>\$ 5,686,978</u>	<u>\$ 676,175</u>	<u>\$ 2,386,366</u>	<u>\$ 13,265,752</u>
Classified as:					
Current assets	\$ 4,516,233	\$ 5,686,978	\$ 676,175	\$ 2,386,366	\$ 13,265,752
Totals	<u>\$ 4,516,233</u>	<u>\$ 5,686,978</u>	<u>\$ 676,175</u>	<u>\$ 2,386,366</u>	<u>\$ 13,265,752</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ (548,920)	\$ (277,906)	\$ 408,627	\$ (6,055,340)	\$ (6,473,539)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,617,069	-	-	6,358,750	8,975,819
(Increase) decrease in assets:					
Accounts receivable	-	-	-	(1,086)	(1,086)
Prepaid items	842,291	-	-	-	842,291
Supplies inventory	(30,555)	-	-	-	(30,555)
Increase (decrease) in liabilities:					
Accounts payable	(32,794)	1,918,107	47,725	771,080	2,704,118
Accrued payroll	(10,888)	(276)	(21,315)	5,003	(27,476)
Claims payable	-	1,305,000	-	-	1,305,000
Compensated absences	12,200	1,530	5,040	30,470	49,240
Total adjustments	<u>3,397,323</u>	<u>3,224,361</u>	<u>31,450</u>	<u>7,164,217</u>	<u>13,817,351</u>
Net cash provided (used) by operating activities	<u>\$ 2,848,403</u>	<u>\$ 2,946,455</u>	<u>\$ 440,077</u>	<u>\$ 1,108,877</u>	<u>\$ 7,343,812</u>
Non-cash investing, capital and financing activities:					
Decrease in fair market value of investments	\$ (28,197)	\$ (17,131)	\$ (905)	\$ (11,744)	\$ (57,977)
Total non-cash investing, capital and financing activities	<u>\$ (28,197)</u>	<u>\$ (17,131)</u>	<u>\$ (905)</u>	<u>\$ (11,744)</u>	<u>\$ (57,977)</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(budgetary basis)</u>	<u>Over</u>
				<u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 8,119,871	\$ 8,119,871	\$ 6,270,092	\$ (1,849,779)
Miscellaneous	-	-	3,216	3,216
Total operating revenues	<u>8,119,871</u>	<u>8,119,871</u>	<u>6,273,308</u>	<u>(1,846,563)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	961,653	935,418	798,658	(136,760)
Contractual services, materials and supplies	4,067,681	4,067,681	2,621,240	(1,446,441)
Capital outlay	2,163,824	2,364,280	1,722,472	(641,808)
Contingencies	443,750	443,750	-	(443,750)
Total operating expenses	<u>7,636,908</u>	<u>7,811,129</u>	<u>5,142,370</u>	<u>(2,668,759)</u>
Operating income (loss)	<u>482,963</u>	<u>308,742</u>	<u>1,130,938</u>	<u>822,196</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	322,900	322,900	115,864	(207,036)
Total nonoperating revenues (expenses)	<u>322,900</u>	<u>322,900</u>	<u>115,864</u>	<u>(207,036)</u>
Income (loss) before transfers	<u>805,863</u>	<u>631,642</u>	<u>1,246,802</u>	<u>615,160</u>
Transfers in	310,775	310,775	181,130	(129,645)
Transfers (out)	(4,102,285)	(4,102,285)	(4,102,213)	72
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (2,985,647)</u>	<u>\$ (3,159,868)</u>	<u>\$ (2,674,281)</u>	<u>\$ 485,587</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.	(30,993)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(24,814)
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.	24,814
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(1,312)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(778,942)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	1,717,465
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(2,617,069)
The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	34,161
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	539,946
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (3,811,025)</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, 2010**

	<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	\$ 2,295,179	\$ 2,295,179	\$ 8,978,439	\$ 6,683,260
Miscellaneous	-	-	623,181	623,181
Total operating revenues	<u>2,295,179</u>	<u>2,295,179</u>	<u>9,601,620</u>	<u>7,306,441</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	127,409	142,409	142,321	(88)
Contractual services, materials and supplies	399,446	2,082,590	(1,441,369)	(3,523,959)
Insurance claims and expenses	2,035,111	7,739,063	7,954,213	215,150
Contingencies	2,000,000	1,011,480	-	(1,011,480)
Total operating expenses	<u>4,561,966</u>	<u>10,975,542</u>	<u>6,655,165</u>	<u>(4,320,377)</u>
Operating loss	<u>(2,266,787)</u>	<u>(8,680,363)</u>	<u>2,946,455</u>	<u>11,626,818</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	-	157,000	96,080	(60,920)
Total nonoperating revenues	<u>-</u>	<u>157,000</u>	<u>96,080</u>	<u>(60,920)</u>
Income (loss) before transfers	<u>(2,266,787)</u>	<u>(8,523,363)</u>	<u>3,042,535</u>	<u>11,565,898</u>
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (2,266,787)</u>	<u>\$ (8,523,363)</u>	<u>\$ 3,042,535</u>	<u>\$ 11,565,898</u>

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

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	(16,385)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(793)
The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	793
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(1,254)
The City budgets insurance claims on the cash basis, rather than the accrual basis.	(1,305,000)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (198,211)</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, 2010**

	<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	\$ 6,036,920	\$ 6,036,920	\$ 5,770,378	\$ (266,542)
Miscellaneous	-	-	2,705	2,705
Total operating revenues	<u>6,036,920</u>	<u>6,036,920</u>	<u>5,773,083</u>	<u>(263,837)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	3,084,467	2,635,549	2,564,701	(70,848)
Contractual services, materials and supplies	3,296,925	3,192,713	2,744,327	(448,386)
Capital outlay	-	36,000	23,978	(12,022)
Total operating expenses	<u>6,381,392</u>	<u>5,864,262</u>	<u>5,333,006</u>	<u>(531,256)</u>
Operating income (loss)	<u>(344,472)</u>	<u>172,658</u>	<u>440,077</u>	<u>267,419</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	17,000	17,000	9,836	(7,164)
Total nonoperating revenues	<u>17,000</u>	<u>17,000</u>	<u>9,836</u>	<u>(7,164)</u>
Income (loss) before transfers	<u>(327,472)</u>	<u>189,658</u>	<u>449,913</u>	<u>260,255</u>
Deficit revenues over expenses - budgetary basis	<u>\$ (327,472)</u>	<u>\$ 189,658</u>	<u>\$ 449,913</u>	<u>\$ 260,255</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.	(412)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(23,978)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	16,275
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(47,725)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	23,978
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(26,376)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 391,675</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, 2010**

	<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	\$ 8,943,648	\$ 8,943,648	\$ 8,917,323	\$ (26,325)
Miscellaneous	-	-	19,051	19,051
Total operating revenues	<u>8,943,648</u>	<u>8,943,648</u>	<u>8,936,374</u>	<u>(7,274)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	4,528,327	4,603,755	4,650,448	46,693
Contractual services, materials and supplies	4,687,220	4,669,185	3,096,535	(1,572,650)
Capital outlay	1,750,053	1,784,053	973,304	(810,749)
Contingencies	500,000	500,000		
Total operating expenses	<u>11,465,600</u>	<u>11,556,993</u>	<u>8,720,287</u>	<u>(2,336,706)</u>
Operating loss	<u>(2,521,952)</u>	<u>(2,613,345)</u>	<u>216,087</u>	<u>2,329,432</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	164,000	164,000	46,274	(117,726)
Total nonoperating revenues	<u>164,000</u>	<u>164,000</u>	<u>46,274</u>	<u>(117,726)</u>
Income before transfers	<u>(2,357,952)</u>	<u>(2,449,345)</u>	<u>262,361</u>	<u>2,211,706</u>
Transfers in	1,352,839	1,352,839	1,299,820	(53,019)
Transfers (out)	(4,000,000)	(4,000,000)	(4,000,000)	-
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (5,005,113)</u>	<u>\$ (5,096,506)</u>	<u>\$ (2,437,819)</u>	<u>\$ 2,158,687</u>

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

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	(12,011)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(35,473)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(41,600)
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.	41,600
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(771,080)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	892,790
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(6,358,750)
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	898,617
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (7,823,726)</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, 2010**

	<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	\$ 163,398	\$ 6,500	\$ 3,351	\$ 2,337	\$ 9,565	\$ 185,151
Investments (pooled), at fair value	221,572	8,813	4,543	3,170	12,970	251,068
Total assets	<u>384,970</u>	<u>15,313</u>	<u>7,894</u>	<u>5,507</u>	<u>22,535</u>	<u>436,219</u>
<b>LIABILITIES</b>						
Accounts payable	-	-	105	-	65	170
Other liabilities	384,970	15,313	7,789	5,507	22,470	436,049
Total liabilities	<u>384,970</u>	<u>15,313</u>	<u>7,894</u>	<u>5,507</u>	<u>22,535</u>	<u>436,219</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b>Terramar Infrastructure Fund</b>				
Assets:				
Cash and cash equivalents	\$ 147,108	\$ 237,862	\$ 221,572	\$ 163,398
Investments	237,862	221,572	237,862	221,572
Total Assets	<u>384,970</u>	<u>459,434</u>	<u>459,434</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	21,819	60,836	76,155	6,500
Investments	35,280	8,813	35,280	8,813
Total Assets	<u>57,099</u>	<u>69,649</u>	<u>111,435</u>	<u>15,313</u>
Liabilities:				
Accounts payable	3,777	56,399	60,176	-
Other liabilities	53,322	25,939	63,948	15,313
Total Liabilities	<u>57,099</u>	<u>82,338</u>	<u>124,124</u>	<u>15,313</u>
<b>PLAY Peoria NFP Fund</b>				
Assets:				
Cash and cash equivalents	3,840	30,628	31,117	3,351
Investments	6,209	9,151	10,817	4,543
Total Assets	<u>10,049</u>	<u>39,779</u>	<u>41,934</u>	<u>7,894</u>
Liabilities:				
Accounts payable	97	5,535	5,527	105
Other liabilities	9,952	19,862	22,025	7,789
Total Liabilities	<u>10,049</u>	<u>25,397</u>	<u>27,552</u>	<u>7,894</u>
<b>Peoria Citizens Corp Council NFP Fund</b>				
Assets:				
Cash and cash equivalents	2,084	3,422	3,169	2,337
Investments	3,370	3,170	3,370	3,170
Total Assets	<u>5,454</u>	<u>6,592</u>	<u>6,539</u>	<u>5,507</u>
Liabilities:				
Accounts payable	-	-	-	-
Other liabilities	5,454	53	-	5,507
Total Liabilities	<u>5,454</u>	<u>53</u>	<u>-</u>	<u>5,507</u>
<b>Westside Fire Training IGA Fund</b>				
Assets:				
Cash and cash equivalents	8,358	33,265	32,058	9,565
Investments	13,515	12,970	13,515	12,970
Total Assets	<u>21,873</u>	<u>46,235</u>	<u>45,573</u>	<u>22,535</u>
Liabilities:				
Accounts payable	-	19,153	19,088	65
Other liabilities	21,873	19,400	18,803	22,470
Total Liabilities	<u>21,873</u>	<u>38,553</u>	<u>37,891</u>	<u>22,535</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	183,209	366,013	364,071	185,151
Investments	296,236	255,676	300,844	251,068
Total Assets	<u>479,445</u>	<u>621,689</u>	<u>664,915</u>	<u>436,219</u>
Liabilities:				
Accounts payable	3,874	81,087	84,791	170
Other liabilities	475,571	65,254	104,776	436,049
Total Liabilities	<u>479,445</u>	<u>146,341</u>	<u>189,567</u>	<u>436,219</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	128
Debt Service Schedules	
Schedule of Changes in Debt – Governmental Activities	134
Schedule of Changes in Debt – Business-type Activities	135
Schedule of Debt Service Requirements to Maturity	136
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, 2010

**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	Public Housing 14.850A & 14.872	TOTAL PROJECTS
<b>ASSETS:</b>			
<b>Current Assets:</b>			
111	Cash-unrestricted	507,307	507,307
114	Cash-tenant security deposits	11,939	11,939
100	<b>Total Cash</b>	<b>519,246</b>	<b>519,246</b>
121	Accounts receivable - PHA projects	-	-
122-020	Accounts receivable - HUD other projects - Capital fund	2,083	2,083
122-030	Accounts receivable - HUD other projects - Other	2,170	2,170
122	<b>Accounts Receivable - HUD Other Projects</b>	<b>4,253</b>	<b>4,253</b>
126	Accounts receivable - tenants	726	726
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>4,979</b>	<b>4,979</b>
142	Prepaid expenses and other assets	57	57
143	Inventories	4,713	4,713
150	<b>Total Current Assets</b>	<b>528,995</b>	<b>528,995</b>
<b>Non-current Assets:</b>			
161	Land	410,350	410,350
162	Buildings	3,276,922	3,276,922
164	Furniture, equipment and machinery - administration	32,860	32,860
166	Accumulated depreciation	(1,858,567)	(1,858,567)
160	<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>1,861,565</b>	<b>1,861,565</b>
180	<b>Total Non-current Assets</b>	<b>1,861,565</b>	<b>1,861,565</b>
190	<b>Total Assets</b>	<b>2,390,560</b>	<b>2,390,560</b>
<b>LIABILITIES AND EQUITY:</b>			
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
311	Bank Overdraft	-	-
312	Accounts payable <= 90 days	13,284	13,284
321	Accrued wage/payroll taxes payable	4,022	4,022
322	Accrued compensated absences - current portion	245	245
331-030	Accounts payable - HUD PHA Programs - Other	799	799
332	Accounts payable - HUD PHA Projects	-	-
341	Tenant security deposits	11,939	11,939
342-020	Deferred revenue - Capital fund	847	847
342	<b>Deferred Revenue</b>	<b>847</b>	<b>847</b>
310	<b>Total Current Liabilities</b>	<b>31,136</b>	<b>31,136</b>
<b>Non-current Liabilities:</b>			
354	Accrued compensated absences - non-current	2,202	2,202
350	<b>Total Non-current Liabilities</b>	<b>2,202</b>	<b>2,202</b>
300	<b>Total Liabilities</b>	<b>33,338</b>	<b>33,338</b>
<b>EQUITY:</b>			
508.1	Invested in capital assets, net of related debt	1,861,565	1,861,565
511.1	Restricted net assets	-	-
512.1	Unrestricted net assets	495,657	495,657
513	<b>Total Equity/Net Assets</b>	<b>2,357,222</b>	<b>2,357,222</b>
600	<b>Total Liabilities and Equity/Net Assets</b>	<b>2,390,560</b>	<b>2,390,560</b>

CITY OF PEORIA, ARIZONA  
SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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	Housing Choice Vouchers 14.871	Capital Fund Stimulus Grant 14.885	Community Development Block Grant 14.218	Community Development Block Stimulus Grant 14.253	TOTAL PROGRAMS
<b>ASSETS:</b>						
<b>Current Assets:</b>						
111	Cash-unrestricted	463,756	-	-	-	463,756
114	Cash-tenant security deposits	-	-	-	-	-
100	<b>Total Cash</b>	<b>463,756</b>	-	-	-	<b>463,756</b>
121	Accounts receivable - PHA projects	36,450	-	-	-	36,450
122-020	Accounts receivable - HUD other projects - Capital fund	-	-	-	-	-
122-030	Accounts receivable - HUD other projects - Other	799	-	133,410	21,938	156,147
122	<b>Accounts Receivable - HUD Other Projects</b>	<b>799</b>	-	<b>133,410</b>	<b>21,938</b>	<b>156,147</b>
126	Accounts receivable - tenants	15,109	-	-	-	15,109
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>52,358</b>	-	<b>133,410</b>	<b>21,938</b>	<b>207,706</b>
142	Prepaid expenses and other assets	50	-	-	-	50
143	Inventories	-	-	-	-	-
150	<b>Total Current Assets</b>	<b>516,164</b>	-	<b>133,410</b>	<b>21,938</b>	<b>671,512</b>
<b>Non-current Assets:</b>						
161	Land	-	-	-	-	-
162	Buildings	-	-	-	-	-
164	Furniture, equipment and machinery - administration	-	-	-	-	-
166	Accumulated depreciation	-	-	-	-	-
160	<b>Total Capital Assets, Net of Accumulated Depreciation</b>	-	-	-	-	-
180	<b>Total Non-current Assets</b>	-	-	-	-	-
190	<b>Total Assets</b>	<b>516,164</b>	-	<b>133,410</b>	<b>21,938</b>	<b>671,512</b>
<b>LIABILITIES AND EQUITY:</b>						
<b>LIABILITIES:</b>						
<b>Current Liabilities:</b>						
311	Bank Overdraft	-	-	78,868	21,888	100,756
312	Accounts payable <= 90 days	6,946	-	50,787	50	57,783
321	Accrued wage/payroll taxes payable	4,110	-	1,585	-	5,695
322	Accrued compensated absences - current portion	162	-	-	-	162
331-030	Accounts payable - HUD PHA Programs - Other	-	-	-	-	-
332	Accounts payable - HUD PHA Projects	-	-	2,170	-	2,170
341	Tenant security deposits	-	-	-	-	-
342-020	Deferred revenue - Capital fund	-	-	-	-	-
342	<b>Deferred Revenue</b>	-	-	-	-	-
310	<b>Total Current Liabilities</b>	<b>11,218</b>	-	<b>133,410</b>	<b>21,938</b>	<b>166,566</b>
<b>Non-current Liabilities:</b>						
354	Accrued compensated absences - non-current	1,461	-	-	-	1,461
350	<b>Total Non-current Liabilities</b>	<b>1,461</b>	-	-	-	<b>1,461</b>
300	<b>Total Liabilities</b>	<b>12,679</b>	-	<b>133,410</b>	<b>21,938</b>	<b>168,027</b>
<b>EQUITY:</b>						
508.1	Invested in capital assets, net of related debt	-	-	-	-	-
511.1	Restricted net assets	49,363	-	-	-	49,363
512.1	Unrestricted net assets	454,122	-	-	-	454,122
513	<b>Total Equity/Net Assets</b>	<b>503,485</b>	-	-	-	<b>503,485</b>
600	<b>Total Liabilities and Equity/Net Assets</b>	<b>516,164</b>	-	<b>133,410</b>	<b>21,938</b>	<b>671,512</b>

CITY OF PEORIA, ARIZONA  
 SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

INCOME STATEMENT		Public Housing Capital 14.872	Public Housing Operating 14.850A	TOTAL PROJECTS
<b>REVENUE:</b>				
70300	Net tenant rental revenue	88,553	-	88,553
70400	Tenant revenue - other	6,297	-	6,297
70500	<b>Total Tenant Revenue</b>	<b>94,850</b>	<b>-</b>	<b>94,850</b>
70600-010	Housing assistance payments	-	-	-
70600-020	Ongoing administrative fees earned	-	-	-
70600	HUD PHA operating grants	177,710	78,783	256,493
70800	Other government grants	-	-	-
71100-020	Administrative fee	-	-	-
71100	Investment income - unrestricted	1,172	-	1,172
71400	Fraud recovery	-	-	-
71500	Other revenue	13,426	-	13,426
7000	<b>Total Revenue</b>	<b>287,158</b>	<b>78,783</b>	<b>365,941</b>
<b>EXPENSES:</b>				
91100	Administrative salaries	36,348	-	36,348
91200	Auditing fees	1,712	-	1,712
91300	Management fee	33,406	-	33,406
91310	Bookkeeping fee	5,602	-	5,602
91500	Employee benefit contributions - administrative	6,104	-	6,104
91600	Office expenses	59,547	1,419	60,966
91700	Legal expense	275	-	275
91800	Travel	-	-	-
91900	Other	-	-	-
91000	<b>Total Operating - Administrative</b>	<b>142,994</b>	<b>1,419</b>	<b>144,413</b>
93100	Water	13,423	-	13,423
93200	Electricity	5,403	-	5,403
93300	Gas	4,359	-	4,359
93600	Sewer	4,718	-	4,718
93000	<b>Total Utilities</b>	<b>27,903</b>	<b>-</b>	<b>27,903</b>
94100	Ordinary maintenance and operations - labor	32,418	-	32,418
94200	Ordinary maintenance and operations - materials and other	26,088	7,658	33,746
94300-010	Ordinary maintenance and operations - garbage & trash removal contracts	5,085	-	5,085
94300-020	Ordinary maintenance and operations - heating & cooling contracts	-	375	375
94300-050	Ordinary maintenance and operations - landscape & grounds contracts	-	16,020	16,020
94300-060	Ordinary maintenance and operations - unit turnaround contracts	-	47,417	47,417
94300-070	Ordinary maintenance and operations - electrical contracts	-	-	-
94300-080	Ordinary maintenance and operations - plumbing contracts	-	-	-
94300-110	Ordinary maintenance and operations - routine maintenance contracts	-	290	290
94300-120	Ordinary maintenance and operations - misc contracts	23,260	-	23,260
94300	<b>Total Ordinary Maintenance and Operations Contracts</b>	<b>28,345</b>	<b>64,102</b>	<b>92,447</b>
94500	Employee benefit contribution - ordinary maintenance	10,593	-	10,593
94000	<b>Total Maintenance</b>	<b>97,444</b>	<b>71,760</b>	<b>169,204</b>
95200	Protective services - other contract costs	1,264	-	1,264
95000	<b>Total Protective Services</b>	<b>1,264</b>	<b>-</b>	<b>1,264</b>
96130	Workmen's Compensation	903	-	903
96140	All other insurance	609	-	609
96100	<b>Total Insurance Premiums</b>	<b>1,512</b>	<b>-</b>	<b>1,512</b>
96200	Other general expenses	-	5,604	5,604
96300	Payments in lieu of taxes	6,065	-	6,065
96400	Bad debt - tenant rents	4,979	-	4,979
96600	Bad debt - other	-	-	-
96000	<b>Total Other General Expenses</b>	<b>11,044</b>	<b>5,604</b>	<b>16,648</b>
96900	<b>Total Operating Expenses</b>	<b>282,161</b>	<b>78,783</b>	<b>360,944</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>4,997</b>	<b>-</b>	<b>4,997</b>
97300-050	All other	-	-	-
97300	<b>Housing Assistance Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>
97400	Depreciation expense	85,846	-	85,846
90000	<b>Total Expenses</b>	<b>368,007</b>	<b>78,783</b>	<b>446,790</b>
1000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<b>(80,849)</b>	<b>-</b>	<b>(80,849)</b>

CITY OF PEORIA, ARIZONA  
SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

INCOME STATEMENT		Housing	Capital Fund	Community	Community	TOTAL
		Choice	Stimulus	Development	Development	
		Vouchers	Grant	Block Grant	Block	PROGRAMS
		14.871	14.885	14.218	Stimulus Grant 14.253	
<b>REVENUE:</b>						
70300	Net tenant rental revenue	-	-	-	-	-
70400	Tenant revenue - other	-	-	-	-	-
70500	<b>Total Tenant Revenue</b>	-	-	-	-	-
70600-010	Housing assistance payments	606,768	-	-	-	606,768
70600-020	Ongoing administrative fees earned	50,475	-	-	-	50,475
70600	HUD PHA operating grants	-	117,833	-	-	117,833
70800	Other government grants	-	-	735,589	110,636	846,225
71100-020	Administrative fee	420	-	-	-	420
71100	Investment income - unrestricted	<b>420</b>	-	-	-	<b>420</b>
71400	Fraud recovery	10,668	-	-	-	10,668
71500	Other revenue	247,820	-	-	-	247,820
7000	<b>Total Revenue</b>	<b>916,151</b>	<b>117,833</b>	<b>735,589</b>	<b>110,636</b>	<b>1,880,209</b>
<b>EXPENSES:</b>						
91100	Administrative salaries	45,841	-	18,473	12,320	76,634
91200	Auditing fees	788	-	-	-	788
91300	Management fee	-	-	-	-	-
91310	Bookkeeping fee	20,812	-	-	-	20,812
91500	Employee benefit contributions - administrative	9,000	-	-	-	9,000
91600	Office expenses	31,728	-	-	-	31,728
91700	Legal expense	-	-	-	-	-
91800	Travel	-	-	1,609	-	1,609
91900	Other	-	-	25,534	592	26,126
91000	<b>Total Operating - Administrative</b>	<b>108,169</b>	-	<b>45,616</b>	<b>12,912</b>	<b>166,697</b>
93100	Water	112	-	-	4,279	4,391
93200	Electricity	1,604	-	-	22,486	24,090
93300	Gas	221	-	-	-	221
93600	Sewer	31	-	-	-	31
93000	<b>Total Utilities</b>	<b>1,968</b>	-	-	<b>26,765</b>	<b>28,733</b>
94100	Ordinary maintenance and operations - labor	9,799	-	58,141	-	67,940
94200	Ordinary maintenance and operations - materials and other	833	9,584	1,580	-	11,997
94300-010	Ordinary maintenance and operations - garbage & trash removal contracts	-	-	-	-	-
94300-020	Ordinary maintenance and operations - heating & cooling contracts	-	42,708	35,045	-	77,753
94300-050	Ordinary maintenance and operations - landscape & grounds contracts	-	-	-	-	-
94300-060	Ordinary maintenance and operations - unit turnaround contracts	-	36,455	-	-	36,455
94300-070	Ordinary maintenance and operations - electrical contracts	-	-	1,152	-	1,152
94300-080	Ordinary maintenance and operations - plumbing contracts	-	-	15,537	-	15,537
94300-110	Ordinary maintenance and operations - routine maintenance contracts	-	27,539	-	-	27,539
94300-120	Ordinary maintenance and operations - misc contracts	2,591	-	579,205	70,959	652,755
94300	<b>Total Ordinary Maintenance and Operations Contracts</b>	<b>2,591</b>	<b>106,702</b>	<b>630,939</b>	<b>70,959</b>	<b>811,191</b>
94500	Employee benefit contribution - ordinary maintenance	2,810	-	-	-	2,810
94000	<b>Total Maintenance</b>	<b>16,033</b>	<b>116,286</b>	<b>690,660</b>	<b>70,959</b>	<b>893,938</b>
95200	Protective services - other contract costs	1,026	-	-	-	1,026
95000	<b>Total Protective Services</b>	<b>1,026</b>	-	-	-	<b>1,026</b>
96130	Workmen's Compensation	790	-	-	-	790
96140	All other insurance	281	-	-	-	281
96100	<b>Total Insurance Premiums</b>	<b>1,071</b>	-	-	-	<b>1,071</b>
96200	Other general expenses	11,492	1,547	188	-	13,227
96300	Payments in lieu of taxes	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	-
96600	Bad debt - other	718	-	-	-	718
96000	<b>Total Other General Expenses</b>	<b>12,210</b>	<b>1,547</b>	<b>188</b>	-	<b>13,945</b>
96900	<b>Total Operating Expenses</b>	<b>140,477</b>	<b>117,833</b>	<b>736,464</b>	<b>110,636</b>	<b>1,105,410</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>775,674</b>	-	<b>(875)</b>	-	<b>774,799</b>
97300-050	All other	553,300	-	-	-	553,300
97300	<b>Housing Assistance Payments</b>	<b>553,300</b>	-	-	-	<b>553,300</b>
97400	Depreciation expense	-	-	-	-	-
90000	<b>Total Expenses</b>	<b>693,777</b>	<b>117,833</b>	<b>736,464</b>	<b>110,636</b>	<b>1,658,710</b>
1000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<b>775,674</b>	-	<b>(875)</b>	-	<b>774,799</b>

CITY OF PEORIA, ARIZONA  
 SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

INCOME STATEMENT (continued)		Public Housing Capital 14.872	Public Housing Operating 14.850A	TOTAL PROJECTS
<b>OTHER INFORMATION:</b>				
11030	Beginning equity	2,438,071	-	2,438,071
11170-001	Administrative Fee Equity - Beginning Balance	-	-	-
11170-010	Administrative Fee Revenue	-	-	-
11170-040	Investment Income	-	-	-
11170-050	Other Revenue	-	-	-
11170-060	Total Admin Fee Revenues	-	-	-
11170-080	Total Operating Expenses	-	-	-
11170-110	Total Expenses	-	-	-
11170-002	Net Administrative Fee	-	-	-
11170-003	<b>Administrative Fee Equity - Ending Balance</b>	-	-	-
11180-001	Housing Assistance Payments Equity - Beginning Balance	-	-	-
11180-010	Housing Assistance Payment Revenues	-	-	-
11180-030	Total HAP Revenues	-	-	-
11180-080	Housing Assistance Payments	-	-	-
11180-090	Other Expenses	-	-	-
11180-100	Total Housing Assistance Payments Expenses	-	-	-
11180-002	Net Housing Assistance Payments	-	-	-
11180-003	Housing Assistance Payments Equity - Ending Balance	-	-	-
11180	<b>Housing Assistance Payments Equity</b>	-	-	-
11190-210	Total ACC HCV Units	-	-	-
11190	<b>Unit Months Available</b>	840	-	840
11210	<b>Unit Months Leased</b>	745	-	745
11270	<b>Excess Cash</b>	469,576	-	469,576

(concluded)

CITY OF PEORIA, ARIZONA  
 SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

INCOME STATEMENT (continued)		Housing Choice Vouchers 14.871	Capital Fund Stimulus Grant 14.885	Community Development Block Grant 14.218	Community Development Block Stimulus Grant 14.253	TOTAL PROGRAMS
<b>OTHER INFORMATION:</b>						
11030	Beginning equity	281,111	-	875	-	281,986
11170-001	Administrative Fee Equity - Beginning Balance	281,111	-	-	-	281,111
11170-010	Administrative Fee Revenue	50,475	-	-	-	50,475
11170-040	Investment Income	420	-	-	-	420
11170-050	Other Revenue	273,261	-	-	-	273,261
11170-060	Total Admin Fee Revenues	324,156	-	-	-	324,156
11170-080	Total Operating Expenses	140,477	-	-	-	140,477
11170-110	Total Expenses	140,477	-	-	-	140,477
11170-002	Net Administrative Fee	183,679	-	-	-	183,679
11170-003	<b>Administrative Fee Equity - Ending Balance</b>	<b>464,790</b>	-	-	-	<b>464,790</b>
11180-001	Housing Assistance Payments Equity - Beginning Balance	-	-	-	-	-
11180-010	Housing Assistance Payment Revenues	606,768	-	-	-	606,768
11180-030	Total HAP Revenues	606,768	-	-	-	606,768
11180-080	Housing Assistance Payments	553,300	-	-	-	553,300
11180-090	Other Expenses	14,773	-	-	-	-
11180-100	Total Housing Assistance Payments Expenses	568,073	-	-	-	568,073
11180-002	Net Housing Assistance Payments	38,695	-	-	-	38,695
11180-003	Housing Assistance Payments Equity - Ending Balance	38,695	-	-	-	38,695
11180	<b>Housing Assistance Payments Equity</b>	<b>38,695</b>	-	-	-	<b>38,695</b>
11190-210	Total ACC HCV Units	984	-	-	-	984
11190	<b>Unit Months Available</b>	<b>984</b>	-	-	-	<b>984</b>
11210	<b>Unit Months Leased</b>	<b>793</b>	-	-	-	<b>793</b>
11270	<b>Excess Cash</b>	-	-	-	-	-

(concluded)

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF CHANGES IN DEBT  
GOVERNMENTAL ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Exhibit 1

	<u>Balances at June 30, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balances at June 30, 2010</u>
Compensated absences	\$ 5,870,090	5,791,491	5,273,841	6,387,740
Contracts payable	56,858,711	19,578,633	4,852,546	71,584,798
Total	<u>62,728,801</u>	<u>25,370,124</u>	<u>10,126,387</u>	<u>77,972,538</u>
General obligation bonds:				
Refunding bonds - series 1993	1,865,000	-	1,865,000	-
Series 1998A	3,710,000	-	3,710,000	-
Refunding bonds - series 1998B	1,590,000	-	1,590,000	-
Series 2003	17,745,000	-	960,000	16,785,000
Series 2007	73,005,000	-	2,770,000	70,235,000
Series 2007 Ref	16,705,000	-	1,395,000	15,310,000
Series 2009A	68,440,000	-	14,980,000	53,460,000
Series 2010		29,170,000		29,170,000
Total	<u>183,060,000</u>	<u>29,170,000</u>	<u>27,270,000</u>	<u>184,960,000</u>
Municipal Development Authority:				
Refunding bonds - series 2003	9,915,393	-	2,967,055	6,948,338
Series 2006	5,830,000	-	240,000	5,590,000
Series 2008	45,240,000	-	1,835,000	43,405,000
Total	<u>60,985,393</u>	<u>-</u>	<u>5,042,055</u>	<u>55,943,338</u>
Highway user revenue:				
Series 1996	3,005,000	-	3,005,000	-
Total	<u>3,005,000</u>	<u>-</u>	<u>3,005,000</u>	<u>-</u>
Special assessment:				
Sunny Boy ID #9002	205,000	-	205,000	-
North Valley ID #8801	1,650,000	-	545,000	1,105,000
Bell Road ID #8802	1,940,000	-	430,000	1,510,000
83rd Ave ID #9601	530,000	-	270,000	260,000
Arrowhead Fountains ID #9603	810,000	-	355,000	455,000
75th Ave & Paradise Ln ID #9303	577,812	-	280,491	297,321
99 Ave & Northern Ave ID #0601	4,690,000	-	275,000	4,415,000
Total	<u>10,402,812</u>	<u>-</u>	<u>2,360,491</u>	<u>8,042,321</u>
Community Facilities District:				
Vistancia CFD Series 2002	18,175,000	-	850,000	17,325,000
Vistancia CFD Series 2005	22,125,000	-	750,000	21,375,000
Vistancia CFD Series 2006	22,760,000	-	570,000	22,190,000
Total	<u>63,060,000</u>	<u>-</u>	<u>2,170,000</u>	<u>60,890,000</u>
Total bonds payable	<u>320,513,205</u>	<u>29,170,000</u>	<u>39,847,546</u>	<u>309,835,659</u>
Total governmental debt	<u>\$ 383,242,006</u>	<u>54,540,124</u>	<u>49,973,933</u>	<u>387,808,197</u>

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF CHANGES IN DEBT**  
**BUSINESS-TYPE ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Exhibit 2

	Balance at June 30, 2009	Issued	Retired	Balances at June 30, 2010
Compensated absences	\$ 646,070	549,380	544,560	\$ 650,890
Less current portion	517,780			479,980
Long-term portion of compensated absences	<u>\$ 128,290</u>			<u>\$ 170,910</u>
Contracts payable	<u>\$ 4,421,042</u>	<u>\$ 2,992,187</u>	<u>\$ 76,067</u>	<u>\$ 7,337,162</u>
Long-term loans payable:				
Suntrust	1,064,632	-	1,064,632	-
Gila River Indian Water Rights	-	\$ 7,456,882	\$ 573,606	6,883,276
Total	<u>1,064,632</u>	<u>7,456,882</u>	<u>1,638,238</u>	<u>6,883,276</u>
1995 Wastewater Management Authority	4,815,884	-	625,617	4,190,267
1997 Water Infrastructure Finance Authority	7,492,909	-	739,120	6,753,789
1998A Water and Sewer Revenue	11,085,000	-	11,085,000	-
2000 Water and Sewer Revenue	6,915,000	-	6,915,000	-
2000 Water Infrastructure Finance Authority, Phase 1	14,375,229	-	960,000	13,415,229
2000 Water Infrastructure Finance Authority, Phase 2	10,637,078	-	642,174	9,994,904
2000 Water Infrastructure Finance Authority, Phase 3	1,525,071	-	83,718	1,441,353
2003 Municipal Development Authority Refunding	1,229,607	-	367,945	861,662
2006 Water Infrastructure Finance Authority, DW	-	-	-	-
2006 Water Infrastructure Finance Authority, CW Phase 1	27,183,342	-	1,154,278	26,029,064
2006 Water Infrastructure Finance Authority, CW Phase 2	42,741,541	-	1,653,926	41,087,615
2006 Water Infrastructure Finance Authority, CW Phase 3	8,575,248	-	-	8,575,248
2009 Water Infrastructure Finance Authority, Northern Ave		1,577,978	850,366	727,612
2009 Water Infrastructure Finance Authority, DW Various		8,484,204	-	8,484,204
2009 Water Infrastructure Finance Authority, CW Various		4,021,623	-	4,021,623
2009 Water Infrastructure Finance Authority, CW Beardsley		4,545,000	-	4,545,000
2009 Water Infrastructure Finance Authority, Pinn. Peak		1,780,000	747,400	1,032,600
2010 Water and Wastewater Revenue Refunding Bonds		15,780,000	-	15,780,000
Total bonds	<u>136,575,909</u>	<u>36,188,805</u>	<u>25,824,544</u>	<u>146,940,170</u>
Total business-type bonds & contracts payable	<u>142,061,583</u>	<u>46,637,874</u>	<u>27,538,849</u>	<u>161,160,608</u>
Less current portion of bonds, contracts & loans payable	<u>8,191,098</u>			<u>8,489,425</u>
Long-term portion of bonds, contracts & loans payable	<u>\$ 133,870,485</u>			<u>\$ 152,671,183</u>

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2010**

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
2011	995,000	797,376	1,792,376	16,385,000	5,655,264	22,040,264	17,380,000	6,452,640	23,832,640
2012	2,035,000	878,947	2,913,947	9,300,000	5,652,843	14,952,843	11,335,000	6,531,790	17,866,790
2013	1,070,000	584,009	1,654,009	7,515,000	5,597,671	13,112,671	8,585,000	6,181,680	14,766,680
2014	1,115,000	545,074	1,660,074	7,780,000	5,319,597	13,099,597	8,895,000	5,864,671	14,759,671
2015	350,000	151,802	501,802	8,880,000	5,382,509	14,262,509	9,230,000	5,534,311	14,764,311
2016	-	-	-	9,595,000	5,189,971	14,784,971	9,595,000	5,189,971	14,784,971
2017	-	-	-	9,545,000	4,838,831	14,383,831	9,545,000	4,838,831	14,383,831
2018	-	-	-	9,350,000	4,462,581	13,812,581	9,350,000	4,462,581	13,812,581
2019	-	-	-	9,735,000	4,066,465	13,801,465	9,735,000	4,066,465	13,801,465
2020	-	-	-	10,100,000	3,666,873	13,766,873	10,100,000	3,666,873	13,766,873
2021	-	-	-	10,540,000	3,247,965	13,787,965	10,540,000	3,247,965	13,787,965
2022	-	-	-	9,775,000	2,829,316	12,604,316	9,775,000	2,829,316	12,604,316
2023	-	-	-	10,180,000	2,408,978	12,588,978	10,180,000	2,408,978	12,588,978
2024	-	-	-	8,855,000	2,004,884	10,859,884	8,855,000	2,004,884	10,859,884
2025	-	-	-	9,225,000	1,621,538	10,846,538	9,225,000	1,621,538	10,846,538
2026	-	-	-	9,615,000	1,220,086	10,835,086	9,615,000	1,220,086	10,835,086
2027	-	-	-	10,045,000	802,006	10,847,006	10,045,000	802,006	10,847,006
2028	-	-	-	4,620,000	481,850	5,101,850	4,620,000	481,850	5,101,850
2029	-	-	-	4,830,000	266,262	5,096,262	4,830,000	266,262	5,096,262
2030	-	-	-	1,725,000	119,812	1,844,812	1,725,000	119,812	1,844,812
2031	-	-	-	1,800,000	40,500	1,840,500	1,800,000	40,500	1,840,500
	<u>\$ 5,565,000</u>	<u>\$ 2,957,208</u>	<u>\$ 8,522,208</u>	<u>\$ 179,395,000</u>	<u>\$ 64,875,802</u>	<u>\$ 244,270,802</u>	<u>\$ 184,960,000</u>	<u>\$ 67,833,010</u>	<u>\$ 252,793,010</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
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
2010	29,170,000	1,005,000	28,165,000
Total	<u>\$ 237,925,000</u>	<u>35,955,000</u>	<u>201,970,000</u>

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2010**

Exhibit 3

Fiscal Year	Municipal Development Authority (2)			Special Assessment (3)			Water and Sewer Revenue		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2011	5,910,000	2,449,319	8,359,319	1,887,321	432,302	2,319,623	7,132,898	4,361,466	11,494,364
2012	3,575,000	2,257,469	5,832,469	1,495,000	316,720	1,811,720	7,941,123	4,432,743	12,373,866
2013	3,730,000	2,120,269	5,850,269	1,140,000	222,820	1,362,820	8,787,749	4,163,474	12,951,223
2014	3,870,000	1,963,944	5,833,944	325,000	149,600	474,600	9,062,488	2,879,195	11,941,683
2015	2,585,000	1,832,381	4,417,381	340,000	135,788	475,788	9,345,618	3,579,511	12,925,129
2016	2,695,000	1,714,306	4,409,306	355,000	121,338	476,338	9,657,427	3,253,251	12,910,678
2017	2,810,000	1,592,831	4,402,831	370,000	106,250	476,250	10,315,798	2,910,124	13,225,922
2018	2,935,000	1,467,681	4,402,681	390,000	90,525	480,525	10,651,362	2,556,820	13,208,182
2019	3,065,000	1,323,981	4,388,981	405,000	73,950	478,950	10,070,745	2,200,791	12,271,536
2020	3,205,000	1,173,931	4,378,931	425,000	56,738	481,738	9,010,973	1,870,072	10,881,045
2021	3,345,000	1,038,141	4,383,141	445,000	38,675	483,675	9,349,816	1,552,302	10,902,118
2022	3,490,000	892,486	4,382,486	465,000	19,763	484,763	6,696,195	1,281,817	7,978,012
2023	3,650,000	736,453	4,386,453	-	-	-	5,851,775	1,081,990	6,933,765
2024	3,805,000	569,193	4,374,193	-	-	-	5,890,196	899,409	6,789,605
2025	3,980,000	390,288	4,370,288	-	-	-	6,072,539	713,887	6,786,426
2026	4,155,000	194,237	4,349,237	-	-	-	6,260,626	522,519	6,783,145
2027	-	-	-	-	-	-	6,454,641	325,118	6,779,759
2028	-	-	-	-	-	-	4,667,597	151,935	4,819,532
2029	-	-	-	-	-	-	1,737,143	54,127	1,791,270
2030	-	-	-	-	-	-	1,121,799	14,635	1,136,434
2031	-	-	-	-	-	-	-	-	-
	<u>\$ 56,805,000</u>	<u>\$ 21,716,910</u>	<u>\$ 78,521,910</u>	<u>\$ 8,042,321</u>	<u>\$ 1,764,469</u>	<u>\$ 9,806,790</u>	<u>\$146,078,508</u>	<u>\$ 38,805,186</u>	<u>\$184,883,694</u>

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

(3) Includes 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 (Parkwest) Improvement District Bonds.

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2010**

Exhibit 3

Fiscal Year	Community Facilities District (4)			Long-Term Loan			DEBT SERVICE REQUIREMENTS GRAND TOTALS		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2011	2,275,000	3,222,392	5,497,392	573,606	567,870	1,141,476	35,158,825	17,485,989	52,644,814
2012	2,385,000	3,108,336	5,493,336	573,606	520,548	1,094,154	27,304,729	17,167,606	44,472,335
2013	2,505,000	2,985,974	5,490,974	573,607	473,225	1,046,832	25,321,356	16,147,442	41,468,798
2014	2,630,000	2,854,633	5,484,633	573,606	425,903	999,509	25,356,094	14,137,946	39,494,040
2015	2,765,000	2,711,311	5,476,311	573,606	378,580	952,186	24,839,224	14,171,882	39,011,106
2016	2,920,000	2,555,713	5,475,713	573,607	331,258	904,865	25,796,034	13,165,837	38,961,871
2017	3,080,000	2,388,074	5,468,074	573,606	283,935	857,541	26,694,404	12,120,045	38,814,449
2018	3,255,000	2,207,674	5,462,674	573,606	236,613	810,219	27,154,968	11,021,894	38,176,862
2019	3,440,000	2,015,359	5,455,359	573,607	189,290	762,897	27,289,352	9,869,836	37,159,188
2020	3,635,000	1,810,671	5,445,671	573,606	141,968	715,574	26,949,579	8,720,253	35,669,832
2021	3,850,000	1,593,926	5,443,926	573,606	94,645	668,251	28,103,422	7,565,654	35,669,076
2022	4,070,000	1,362,718	5,432,718	573,607	47,322	620,929	25,069,802	6,433,422	31,503,224
2023	4,310,000	1,115,388	5,425,388	-	-	-	23,991,775	5,342,809	29,334,584
2024	4,565,000	862,431	5,427,431	-	-	-	23,115,196	4,335,917	27,451,113
2025	4,815,000	604,936	5,419,936	-	-	-	24,092,539	3,330,649	27,423,188
2026	5,080,000	357,175	5,437,175	-	-	-	25,110,626	2,294,017	27,404,643
2027	5,310,000	120,802	5,430,802	-	-	-	21,809,641	1,247,926	23,057,567
2028	-	-	-	-	-	-	9,287,597	633,785	9,921,382
2029	-	-	-	-	-	-	6,567,143	320,389	6,887,532
2030	-	-	-	-	-	-	2,846,799	134,447	2,981,246
2031	-	-	-	-	-	-	1,800,000	40,500	1,840,500
	<u>\$60,890,000</u>	<u>31,877,513</u>	<u>92,767,513</u>	<u>6,883,276</u>	<u>\$ 3,691,157</u>	<u>\$ 10,574,433</u>	<u>463,659,105</u>	<u>\$ 165,688,245</u>	<u>\$ 629,347,350</u>

(4) Vistancia Community Facilities District bonds



**CITY OF PEORIA, ARIZONA  
SCHEDULE OF CAPITAL ASSETS  
BY FUNCTION AND CLASSIFICATION  
JUNE 30, 2010**

<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)	\$ 37,288,641	\$ 18,463,211	\$ 64,453	\$ 135,602	\$ -	\$ 116,009,485
Land	\$ 51,311,964	\$ 26,913,171	\$ 1,059,975	\$ 1,048,451	\$ -	\$ 237,599,647
Buildings and Improvements	\$ 37,783,632	\$ 67,048,930	\$ 21,198,774	\$ 21,006,146	\$ 119,479	\$ -
Furniture	\$ 84,054	\$ 1,558,721	\$ -	\$ 207,324	\$ 65,914	\$ 57,229
Equipment	\$ 2,770,510	\$ 28,483,050	\$ 3,488,476	\$ 1,554,900	\$ 109,445	\$ 2,264,476
Vehicles	\$ 1,276,269	\$ 1,487,300	\$ 5,808,517	\$ 8,349,192	\$ 290,868	\$ 3,405,400
Storm Drain System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Street System	\$ 7,458,289	\$ 20,819	\$ -	\$ -	\$ -	\$ 477,739,024
Park System	\$ 27,711,942	\$ 260,431	\$ -	\$ -	\$ -	\$ -
<b>Sub-total</b>	<b>\$ 165,685,301</b>	<b>\$ 144,235,633</b>	<b>\$ 31,620,195</b>	<b>\$ 32,301,615</b>	<b>\$ 585,706</b>	<b>\$ 837,075,261</b>
Less accumulated depreciation	(19,232,401)	(29,772,518)	(9,207,157)	(8,450,520)	(387,954)	(139,764,301)
Total governmental activities capital assets, net	\$ 146,452,900	\$ 114,463,115	\$ 22,413,038	\$ 23,851,095	\$ 197,752	\$ 697,310,960
<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)	\$ 37,057,711	\$ 9,478,865	\$ -	\$ -	\$ -	\$ 46,536,576
Land	6,028,186	3,878,001	-	6,703,349	410,350	17,019,886
Water Rights	12,889,809	-	-	-	-	12,889,809
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	1,123,741	888,673	28,430	568,811	23,247	2,632,902
Vehicles	1,818,013	873,230	9,093,778	483,585	-	12,268,606
Water System	280,490,121	-	-	-	-	280,490,121
Wastewater System	-	339,802,861	-	-	-	339,802,861
<b>Sub-total</b>	<b>341,235,922</b>	<b>362,610,429</b>	<b>9,133,007</b>	<b>33,537,424</b>	<b>3,720,132</b>	<b>750,236,914</b>
Less accumulated depreciation	(54,986,238)	(49,190,033)	(4,267,716)	(11,289,896)	(1,858,567)	(121,592,450)
Total business-type activities capital assets, net	\$ 286,249,684	\$ 313,420,396	\$ 4,865,291	\$ 22,247,528	\$ 1,861,565	\$ 628,644,464

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<u>Public Works</u>	<u>Human Services</u>	<u>Total</u>
\$ 22,777,393	\$ -	\$ 194,738,785
\$ 10,415,601	\$ 307,757	\$ 328,656,566
\$ 320,598	\$ -	\$ 147,477,559
\$ 50,392	\$ -	\$ 2,023,634
\$ 273,844	\$ -	\$ 38,944,701
\$ 1,543,628	\$ 412,033	\$ 22,573,207
\$ 64,521,486	\$ -	\$ 64,521,486
\$ -	\$ -	\$ 485,218,132
\$ -	\$ -	\$ 27,972,373
<u>\$ 99,902,942</u>	<u>\$ 719,790</u>	<u>\$ 1,312,126,443</u>
<u>(16,896,773)</u>	<u>(233,736)</u>	<u>(223,945,360)</u>
<u>\$ 83,006,169</u>	<u>\$ 486,054</u>	<u>\$ 1,088,181,083</u>

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Exhibit 5

Department	Balances July 1, 2009	Additions and Transfers	Deletions and Transfers	Balances June 30, 2010
Culture and Recreation	\$ 161,685,662	\$ 9,456,721	\$ (5,457,082)	\$ 165,685,301
General Government	145,971,180	12,407,196	(14,142,743)	144,235,633
Police	34,224,018	4,670,858	(7,274,681)	31,620,195
Fire	33,179,635	1,482,759	(2,360,779)	32,301,615
Development Services	664,974	-	(79,268)	585,706
Highways & Streets	738,614,973	132,259,255	(33,798,967)	837,075,261
Public Works	92,021,077	15,516,730	(7,634,865)	99,902,942
Human Services	<u>907,722</u>	<u>-</u>	<u>(187,932)</u>	<u>719,790</u>
Sub-total governmental fixed assets	<u>\$ 1,207,269,241</u>	<u>\$ 175,793,519</u>	<u>\$ (70,936,317)</u>	<u>\$ 1,312,126,443</u>
<b>Less accumulated depreciation</b>				
Culture and Recreation	(17,852,630)	(2,201,617)	821,846	(19,232,401)
General Government	(35,078,957)	(8,410,445)	13,716,884	(29,772,518)
Police	(11,792,368)	(1,569,374)	4,154,585	(9,207,157)
Fire	(9,179,475)	(1,631,824)	2,360,779	(8,450,520)
Development Services	(428,171)	(36,734)	76,951	(387,954)
Highways & Streets	(134,241,437)	(9,799,577)	4,276,713	(139,764,301)
Public Works	(15,840,229)	(1,477,197)	420,653	(16,896,773)
Human Services	<u>(362,702)</u>	<u>(58,862)</u>	<u>187,828</u>	<u>(233,736)</u>
Sub-total accumulated depreciation	<u>\$ (224,775,969)</u>	<u>\$ (25,185,630)</u>	<u>\$ 26,016,239</u>	<u>\$ (223,945,360)</u>
Total governmental activities capital assets, net	<u>\$ 982,493,272</u>	<u>\$ 150,607,889</u>	<u>\$ (44,920,078)</u>	<u>\$ 1,088,181,083</u>

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF INTERFUND TRANSFERS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit 6**

<u>Fund Out</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental Funds:</b>			
General	Half-Cent - public safety subsidies	\$ 4,771,880	\$ -
	Half-Cent - economic development subsidy	259,188	-
	Highway User - fund ASRS liability	53,077	-
	Special Assmt Debt Service - city contribution to ID#8802	-	399,000
	Non-major - Other Grants - employee wellness subsidy	-	10,000
	Non-major - Other Grants - Homeland Security Grant	-	140,201
	Non-major - MDA Debt Service - debt payments	-	184,517
	Non-major - CFD Debt Service - close completed IDs	275,630	-
	Water utility - fund ASRS liability	272,434	-
	Water Utility - capital assets	-	104,429
	Wastewater utility - fund ASRS liability	171,890	-
	Solid Waste Utility - fund ASRS liability	42,143	-
	ISF - Motor Pool - fund ASRS liability	72,259	-
	ISF - Motor Pool - excess equipment reserve cash	4,000,000	-
	ISF - Motor Pool - equipment purchases	-	57,300
	ISF - Motor Pool - capital assets	-	19,978
	ISF - Facilities - fund ASRS liability	2,398	-
	ISF - Facilities - capital assets	23,978	-
	ISF- IT Fund - supplemental operational support	-	1,000
	ISF - IT Fund - return excess cash to operating funds	3,583,640	-
	ISF - IT Fund - fund ASRS liability	53,779	-
	ISF - IT Fund - capital assets	-	15,243
	ISF- IT Fund - projects	-	445,430
	ISF- IT Fund - computer equipment purchases	-	28,550
	Fund Totals	<u>13,582,296</u>	<u>1,405,648</u>
Half-Cent Sales Tax	General - public safety subsidies	-	4,771,880
	General - economic development subsidy	-	259,188
	Highway User - streets subsidy	-	1,000,000
	Non-major - MDA Debt Service - debt payments	-	2,902,529
	Stadium - debt service subsidy	-	465,850
	Stadium - operating subsidy	-	2,160,000
	ISF - IT Fund - radio project	-	824,840
	ISF - IT Fund - capital assets	-	316,553
	Fund Totals	<u>-</u>	<u>12,700,840</u>
Highway User	General - fund ASRS liability	-	53,077
	Half-Cent - streets subsidy	1,000,000	-
	Transportation Sales Tax - streets subsidy	1,000,000	-
	Non-major - MDA Debt Service - debt payments	-	321,089
	ISF- IT Fund - return overage to operating funds	79,707	-
	Fund Totals	<u>2,079,707</u>	<u>374,166</u>
Development Fee	ISF- IT Fund - capital assets	-	50,721
	Fund Totals	<u>-</u>	<u>50,721</u>
Transportation Sales Tax	Streets - subsidy	-	1,000,000
	Transit - subsidy	-	125,000
	Non-major - MDA Debt Service - debt payments	-	2,841,914
	Fund Totals	<u>-</u>	<u>3,966,914</u>
GO Bond Capital Projects	ISF - IT Fund - capital assets	-	487,380
	Fund Totals	<u>-</u>	<u>487,380</u>
Other Governmental Public Transit	Transportation Sales Tax - transit subsidy	125,000	-
	ISF - Motor Pool - equipment purchases	-	102,855
	ISF- IT Fund - return overage to operating funds	8,390	-
	sub-total	<u>133,390</u>	<u>102,855</u>

(continued)

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF INTERFUND TRANSFERS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit 6**

<u>Fund Out</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Other Governmental (cont)			
Other Grants	General - employee wellness subsidy	10,000	-
	General - correct Homeland Security grant expenditures	140,201	-
	Water Utility - capital assets	-	47,449
	Wastewater Utility - capital assets	-	643,014
	ISF - Motor Pool - capital assets	-	591,436
	ISF - IT Fund - capital assets	-	83,291
	sub-total	<u>150,201</u>	<u>1,365,190</u>
Storm Drainage	ISF- IT Fund - return overage to operating funds	<u>7,341</u>	-
	sub-total	<u>7,341</u>	-
MDA Debt Service	General - debt service	184,517	-
	Half-Cent - debt service	2,902,529	-
	Highway User - debt service	321,089	-
	Transportation Sales Tax - debt service	2,841,914	-
	Water Utility - debt service	185,459	-
	Wastewater Utility - debt service	137,988	-
	Solid Waste Utility - debt service	15,796	-
	Stadium - debt service	298,460	-
	ISF - Motor Pool - debt service	102,213	-
	sub-total	<u>6,989,965</u>	-
CFD Bonds-Debt Service	Non-major - CFD Capital Projects - debt transfers	<u>225,986</u>	-
Special Assmt Debt Service	General - close completed IDs	-	275,630
	General - city contribution to ID	399,000	-
		<u>399,000</u>	<u>275,630</u>
CFD Bonds-Capital Projects	Non-major - CFD Debt Services - debt transfers	-	225,986
	Water Utility - capital assets	-	7,736
	sub-total	<u>-</u>	<u>233,722</u>
	Non-major Fund Totals	<u>7,905,883</u>	<u>1,977,397</u>
	Total Governmental Funds	<u>23,567,886</u>	<u>20,963,066</u>
<b>Enterprise Funds:</b>			
Water Utility	General - capital assets	104,429	-
	General - fund ASRS liability	-	272,434
	Non-major - Other Grants - capital assets	47,449	-
	Non-major - MDA Debt Service - debt service	-	185,459
	Non-major - CFD Bonds Capital Projects - capital assets	7,736	-
	Wastewater Utility - capital assets	209,923	287,284
	Wastewater Utility - debt service	-	2,439,536
	ISF - Facilities - return overage to operating funds	165,705	-
	Fund Totals	<u>535,242</u>	<u>3,184,713</u>
Wastewater Utility	General - fund ASRS liability	-	171,890
	Non-major - MDA Debt Service - debt service	-	137,988
	Non-major - Other Grants - capital assets	643,014	-
	Water Utility - capital assets	287,284	209,923
	Water Utility - debt service	2,439,536	-
	ISF- IT Fund - return overage to operating funds	91,243	-
	Fund Totals	<u>3,461,077</u>	<u>519,801</u>

(continued)

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF INTERFUND TRANSFERS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Exhibit 6**

<b>Fund Out</b>	<b>Purpose</b>	<b>Transfers In</b>	<b>Transfers Out</b>
Enterprise (cont)			
Solid Waste Utility	General - fund ASRS liability	-	42,143
	Non-major - MDA Debt Service - debt service	-	15,796
	ISF- IT Fund - return overage to operating funds	27,268	-
	Fund Totals	<u>27,268</u>	<u>57,939</u>
Stadium	Half-Cent - operating subsidy	2,160,000	-
	Half-Cent - debt service subsidy	465,850	-
	Non-major - MDA Debt Service - debt service	-	298,460
	ISF- IT Fund - return overage to operating funds	15,732	-
	Fund Totals	<u>2,641,582</u>	<u>298,460</u>
	Total Enterprise Funds	<u>6,665,169</u>	<u>4,060,913</u>
<b>Internal Service Funds</b>			
Motor Pool	General Fund - equipment purchases	57,300	-
	General Fund - capital assets	19,978	-
	General Fund - fund ASRS liability	-	72,259
	General fund - excess equipment reserve cash	-	4,000,000
	Non-major - Transit - equipment purchases	102,855	-
	Non-major - Other Grants - capital assets	591,436	-
	Non-major - MDA Debt Service - debt service	-	102,213
	ISF- IT Fund - return overage to operating funds	20,975	-
	ISF- IT Fund - capital assets	791	-
	Fund Totals	<u>793,335</u>	<u>4,174,472</u>
Facilities Maintenance	General - fund ASRS liability	-	2,398
	General - capital assets	-	23,978
	Fund Totals	<u>-</u>	<u>26,376</u>
Information Technology	General - computer equipment purchases	28,550	-
	General - Supplemental operational support	1,000	-
	General - capital assets	15,243	-
	General - IT projects	445,430	-
	General - return overage to operating funds	-	3,583,640
	General - fund ASRS liability	-	53,779
	Half-Cent -radio project	824,840	-
	Half-Cent - capital assets	316,553	-
	Highway User - return overage to operating funds	-	79,707
	Development Fees - capital assets	50,721	-
	GO Bond Capital Projects - capital assets	487,380	-
	Non-major - Transit - return overage to operating funds	-	8,390
	Non-major - Other Grants - capital assets	83,291	-
	Non-major -Storm Drainage - return overage to operating funds	-	7,341
	Water Utility - return overage to operating funds	-	165,705
	Wastewater Utility - return overage to operating funds	-	91,243
	Solid Waste Utility - return overage to operating funds	-	27,268
	Stadium - return overage to operating funds	-	15,732
	ISF - Motor Pool - return overage to operating funds	-	20,975
	ISF - Motor Pool - capital assets	-	791
	Fund Totals	<u>2,253,008</u>	<u>4,054,571</u>
	Total Internal Service Funds	<u>3,046,343</u>	<u>8,255,419</u>
	Grand Totals	<u>33,279,398</u>	<u>33,279,398</u>

(concluded)



# Statistical Section

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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 TEN FISCAL YEARS**  
(accrual basis of accounting)

Table I

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 782,205,232
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	37,649,086
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	192,278,995
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>	<u>\$ 1,012,133,313</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	\$ 469,854,140
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	19,474,349
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	53,422,064
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>	<u>\$ 542,750,553</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	\$ 1,252,059,372
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	57,123,435
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	245,701,059
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>	<u>\$ 1,554,883,866</u>

Source: Statement of Net Assets  
City financial records and reports

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

Table II

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<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	\$ 24,518,718
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	21,167,750
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	35,140,959
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	20,977,164
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	6,539,886
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	22,414,044
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	9,642,355
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	2,188,730
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	12,571,503
Unallocated Deprecation	1,541,927	604,962	587,006	582,180	576,719	575,334	575,334	574,942	574,550	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>\$ 155,735,659</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	\$ 29,715,038
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	30,212,381
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	9,985,889
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	5,186,732
Housing	281,411	345,064	347,606	357,785	344,030	369,052	371,540	382,067	331,785	368,007
<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>\$ 75,468,047</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>\$ 231,203,706</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	\$ 17,489,464
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	13,096,036
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	55,978,635
<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>\$ 86,564,135</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	\$ 62,457,821
Operating grants and contributions	113,892	125,136	120,070	129,308	136,736	137,532	135,174	145,841	158,627	177,710
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	50,899,343
<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>\$ 113,534,874</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>\$ 200,099,009</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)	\$ (69,171,524)
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)	38,066,827
<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>	<b>\$ (31,104,697)</b>

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

Table II

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 3,833,445
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	26,225,535
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	56,276,937
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	3,955,416
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	10,137,682
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	17,469,936
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	4,634,263
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	2,199,984
Gain on sale of capital assets	59,397	36,313	91,970	160,917	148,518	81,122	60,785	40,953	115,412	102,409
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	5,885,847
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)	(3,029,412)
Total governmental activities	\$ 69,897,836	\$ 73,988,872	\$ 75,188,614	\$ 80,772,879	\$ 77,969,614	\$ 108,753,124	\$ 147,474,881	\$ 145,899,304	\$ 139,693,830	\$ 127,692,042
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	\$ 444,698
Gain on sale of capital assets	163,574	104,006	317,474	-	-	-	-	-	-	-
Forgiveness of debt	-	18,375,000	-	-	-	-	-	-	-	1,379,738
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	3,029,412
Total business-type activities	\$ 8,734,958	\$ 25,399,592	\$ 5,452,032	\$ 2,753,602	\$ 17,393,714	\$ 17,882,655	\$ 3,826,131	\$ 13,093,777	\$ 5,036,971	\$ 4,853,848
Total primary government	\$ 78,632,794	\$ 99,388,464	\$ 80,640,646	\$ 83,526,481	\$ 95,363,328	\$ 126,635,779	\$ 151,301,012	\$ 158,993,081	\$ 144,730,801	\$ 132,545,890
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	\$ 58,520,518
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)	42,920,675
Total primary government	\$ 65,050,515	\$ 94,813,052	\$ 173,238,809	\$ 77,379,641	\$ 102,813,455	\$ 162,012,212	\$ 137,438,274	\$ 113,141,020	\$ 62,557,275	\$ 101,441,193

Source: Statement of Activities  
City financial records and reports

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

Table III

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Program Revenues</b>										
Governmental Activities										
Charges for services										
General Government	\$ 1,147,361	\$ 1,261,983	\$ 1,468,973	\$ 1,576,952	\$ 3,122,641	\$ 3,346,730	\$ 2,747,370	\$ 2,293,928	\$ 3,635,662	\$ 2,955,225
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	7,133,645
Police	179,253	173,678	231,147	603,702	1,123,337	828,053	1,283,559	790,269	1,326,404	813,032
Fire	244,605	216,299	839,434	730,868	1,557,835	1,844,083	1,737,666	1,717,319	1,748,715	1,457,280
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	1,231,534
Highways & Streets	603,174	247,162	142,242	176,195	205,291	104,654	433,400	345,417	348,351	445,074
Public Works	930,258	1,454,693	1,578,903	2,709,759	3,987,875	4,950,541	5,318,686	8,607,833	3,336,840	3,310,544
Human Services	468,537	59,325	45,109	107,998	123,449	138,653	164,166	130,544	130,962	143,130
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	13,096,036
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	55,978,635
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>	<u>\$ 86,564,135</u>
Business-type Activities										
Charges for services										
Water Utility	\$ 19,706,869	\$ 22,230,008	\$ 24,364,355	\$ 25,175,285	\$ 24,932,796	\$ 28,240,253	\$ 33,511,407	\$ 31,866,685	\$ 30,104,254	\$ 30,789,786
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	16,994,511
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	11,764,271
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	2,800,976
Housing	139,288	154,129	137,193	128,332	128,141	153,630	150,877	150,737	108,010	108,277
Operating grants and contributions	113,892	125,136	120,070	129,308	136,736	137,532	135,174	145,841	158,627	177,710
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	50,899,343
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>	<u>\$ 113,534,874</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>	<u>\$ 200,099,009</u>

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>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>	<u>2010</u>
General Fund										
Reserved	\$ 231,842	\$ 366,670	\$ 730,494	\$ 3,061,807	\$ 150,764	\$ 948,135	\$ 216,652	\$ 264,489	\$ 275,184	\$ 241,678
Unreserved	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	60,238,418
Total General Fund	<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>	<u>\$ 60,480,096</u>
General Fund as % of current year revenues (1)										
Reserved	0.4%	0.6%	1.1%	4.4%	0.2%	1.0%	0.2%	0.2%	0.3%	0.3%
Unreserved	92.6%	70.7%	64.4%	62.6%	64.2%	67.6%	70.9%	71.1%	70.3%	69.5%
Total General Fund	93.0%	71.3%	65.5%	67.0%	64.4%	68.6%	71.1%	71.3%	70.6%	69.8%
General Fund as % of current year expenditures (2)										
Reserved	0.5%	0.6%	1.2%	4.7%	0.2%	1.1%	0.2%	0.2%	0.3%	0.2%
Unreserved	112.4%	75.2%	70.8%	67.3%	68.2%	76.4%	72.0%	70.2%	61.1%	57.0%
Total General Fund	112.9%	75.8%	72.0%	72.0%	68.4%	77.5%	72.2%	70.4%	61.4%	57.2%
All Other Governmental Funds										
Reserved	\$ 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	\$ 147,974,858
Unreserved, reported in:										
Special revenue funds	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	55,546,744
Capital projects funds	(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	22,203,699
Total All Other Governmental Funds	<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>	<u>\$ 225,725,301</u>

- (1) Revenues are operating revenues. Does not include Other Financing Sources.
- (2) Expenditures are operating expenditures. Does not include Other Financing Uses.

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Taxes	\$ 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	\$ 90,783,641
Intergovernmental	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	45,621,921
Charges for services	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	18,137,718
Licenses and Permits	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	1,599,957
Fines and Forfeitures	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	2,755,104
Rents	30,217	58,606	70,952	89,829	174,837	228,492	249,069	358,215	395,834	421,289
Investment Earnings	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	1,992,817
Special assessments	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	2,214,167
Miscellaneous	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	8,485,570
<b>Total Revenues</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>\$ 172,012,184</b>
<b>Expenditures</b>										
General Government	\$ 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	\$ 16,330,159
Culture & Recreation	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	19,475,634
Police	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	34,131,465
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	19,745,446
Development Services	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	6,529,594
Highways & Streets	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	13,070,648
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	7,955,394
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	2,145,702
Other	4,518	8,025	3,707	16,823	3,849	539	45,912	-	-	-
Capital Outlay	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	60,269,181
Debt Service										
Interest	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	13,166,242
Principal	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	44,700,092
<b>Total Expenditures</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>\$ 237,519,557</b>
<b>Excess of Revenues over (under) Expenditures</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>\$ (65,507,373)</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing	\$ -	\$ 3,159,195	\$ 49,213,258	\$ 164,548	\$ 23,809,728	\$ 6,722,550	\$ 122,090,000	\$ 47,000,000	\$ 68,440,000	\$ 29,170,000
Proceeds from refunding	-	-	24,613,603	-	-	-	18,365,000	-	-	-
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	495,890
Transfers In	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	23,567,886
Transfers Out	(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)	(20,963,066)
<b>Total Other Financing Sources (Uses)</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>\$ 32,270,710</b>
<b>Net Change in Fund Balance</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>\$ (33,236,663)</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	22.4%	19.0%	20.0%	17.7%	20.0%	19.9%	17.8%	25.8%	22.9%	32.6%

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

**CITY OF PEORIA, ARIZONA  
GOVERNMENT-WIDE REVENUES BY FUNCTION  
LAST TEN 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>	<u>2010</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	\$ 3,512,654
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	8,872,476
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	2,228,397
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	1,999,601
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	2,077,759
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	61,824,066
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	4,114,022
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	1,935,160
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	130,721,454
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>	<u>\$ 217,285,589</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	57,524,177
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	41,038,763
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	11,884,971
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	2,800,976
Housing	253,180	279,265	257,263	257,640	264,877	283,562	286,051	296,578	266,637	285,987
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	1,824,436
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>	<u>\$ 115,359,310</u>
Total Primary Government	<u><u>\$ 171,835,108</u></u>	<u><u>\$ 214,664,864</u></u>	<u><u>\$ 195,632,995</u></u>	<u><u>\$ 217,617,157</u></u>	<u><u>\$ 261,098,841</u></u>	<u><u>\$ 332,220,416</u></u>	<u><u>\$ 328,548,918</u></u>	<u><u>\$ 324,901,465</u></u>	<u><u>\$ 300,724,774</u></u>	<u><u>\$ 332,644,899</u></u>

Note: 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>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>	<u>2010</u>
Transaction Taxes (1)	\$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	\$ 56,276,937
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	3,955,416
Property Taxes										
Primary Taxes	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	3,188,468
Secondary Taxes	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	23,564,788
Special District* Taxes	384,380	512,196	834,891	619,973	868,197	796,821	1,571,936	3,633,664	3,729,995	3,554,681
In Lieu Taxes	236,085	192,931	175,135	252,345	293,417	273,644	242,246	256,107	345,155	243,351
Total Property Taxes	<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>	<u>\$ 30,551,288</u>
Total Taxes	<u>\$44,534,680</u>	<u>\$46,097,098</u>	<u>\$49,675,987</u>	<u>\$55,774,213</u>	<u>\$ 62,170,531</u>	<u>\$ 80,238,340</u>	<u>\$ 90,780,140</u>	<u>\$ 98,358,262</u>	<u>\$ 93,896,013</u>	<u>\$ 90,783,641</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>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>	<u>2010</u>
State Shared Sales Tax	\$ 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	\$ 10,137,682
County Shared Sales Tax	-	-	-	-	-	-	-	-	12,837,089	-
Urban Revenue Sharing	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	17,469,936
Auto in-Lieu	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	4,634,263
HURF Revenues	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	7,852,103
Local Transportation Aid	598,664	615,115	639,879	650,734	650,056	657,162	658,598	666,237	640,826	375,639
Federal	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	4,043,930
Other	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	1,108,368
Total Intergovernmental Revenue	<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>	<u>\$ 45,621,921</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>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>	<u>2010</u>
Governmental Activities:										
Streets	\$ 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	\$ 3,941,479
Parks/Recreation	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	1,162,332
Library	460,258	476,734	457,898	586,200	1,028,504	969,582	691,434	501,209	99,061	109,019
Public Safety	909,116	929,164	1,124,351	1,461,477	2,730,568	3,275,831	5,649,715	3,515,573	654,919	789,170
General Government	926,097	941,436	1,012,151	1,381,237	2,020,208	2,105,106	2,167,340	1,413,319	326,373	391,226
Total Governmental Activities	<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>	<u>\$ 6,393,226</u>
Business-type Activities:										
Water Expansion	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	898,045
Water Resource	185,934	475,237	887,389	1,287,101	1,801,486	1,550,288	1,133,833	659,750	321,008	258,463
Wastewater Expansion	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	460,210
Solid Waste Expansion	870,682	597,474	753,660	765,334	1,123,950	1,009,520	621,892	458,804	110,359	120,700
Total Business-type Activities	<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>	<u>\$ 1,737,418</u>
Total Primary Government	<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>	<u>\$ 8,130,644</u>

Source: City financial records

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

Table X

	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>	<u>2010</u>
Retail Sales	\$ 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	\$ 26,857,263
Contracting	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	4,550,512
Rentals	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	6,927,724
Utilities	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	6,906,904
Telecom/Cable TV	623,951	626,479	719,721	815,105	920,471	1,079,620	1,245,892	1,492,871	1,437,589	1,405,352
Restaurant/Bar	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	7,114,625
Amusement	308,340	340,467	373,416	443,680	549,702	655,728	814,307	838,550	727,023	814,694
Use	2,754,177	897,835	602,119	599,172	570,265	485,720	783,997	985,505	599,537	374,659
Other	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	1,325,204
<b>Total</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>\$ 56,276,937</b>
<b>% Growth by Year</b>										
Retail Sales	2.8%	15.2%	4.7%	9.1%	9.6%	22.7%	15.4%	-0.8%	-13.1%	0.6%
Contracting	9.6%	-21.3%	6.0%	14.4%	28.0%	78.1%	-0.8%	-19.0%	-37.8%	-35.1%
Rentals	18.4%	-1.1%	8.2%	13.3%	14.4%	27.3%	19.8%	9.7%	-1.2%	-2.5%
Utilities	-0.6%	26.6%	4.6%	8.4%	5.4%	92.1%	21.3%	9.6%	3.8%	1.0%
Telecom/Cable TV	28.8%	0.4%	14.9%	13.3%	12.9%	17.3%	15.4%	19.8%	-3.7%	-2.2%
Restaurant/Bar	22.1%	15.6%	22.4%	12.4%	14.0%	18.5%	13.3%	3.7%	-0.1%	1.3%
Amusement	106.4%	10.4%	9.7%	18.8%	23.9%	19.3%	24.2%	3.0%	-13.3%	12.1%
Use	249.2%	-67.4%	-32.9%	-0.5%	-4.8%	-14.8%	61.4%	25.7%	-39.2%	-37.5%
Other	45.1%	15.7%	20.9%	87.2%	-7.9%	-8.7%	8.1%	29.7%	-33.5%	-15.2%
<b>Total</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>	<b>-4.6%</b>

Note: Includes all governmental fund types

Source: City financial records and reports

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

**Table XI**

	<b>Year Taxes Are Payable</b>									
	<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>	<b><u>2010</u></b>
<b>City Direct Rates:</b>										
Retail Sales	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%	1.80%
Contracting	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%	1.80%
Rental	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%	1.80%
Hotel/Transient Lodging	5.00%	5.00%	5.00%	5.00%	5.00%	5.60%	5.60%	5.60%	5.60%	5.60%
Utilities	3.00%	3.00%	3.00%	3.00%	3.00%	3.30%	3.30%	3.30%	3.30%	3.30%
Telecom/Cable TV	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%	1.80%
Restaurant/Bar	2.50%	2.50%	2.50%	2.50%	2.50%	2.80%	2.80%	2.80%	2.80%	2.80%
Amusement	2.50%	2.50%	2.50%	2.50%	2.50%	2.80%	2.80%	2.80%	2.80%	2.80%
Others	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%	1.80%	1.80%
<b>County Rate</b>										
Hotel/Transient Lodging	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%
All Others	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
<b>State Rate</b>										
Hotel/Transient Lodging	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	6.50%
All Others	5.00%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	6.60%

Source: Model City Tax Code, ADOR 91-5312

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

Table XII

Category	2010				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	3,245	22.97%	\$ 26,857,263	47.7%	2,365	23.4%	\$ 21,861,810	48.0%
Contracting	3,951	27.97%	4,550,512	8.1%	3,216	31.8%	7,871,565	17.3%
Restaurant/Bar	330	2.34%	6,927,724	12.3%	235	2.3%	5,052,224	11.1%
Rental	5,023	35.56%	6,906,904	12.3%	2,867	28.3%	4,297,474	9.4%
Utilities	12	0.08%	1,405,352	2.5%	9	0.1%	2,576,655	5.7%
Telecom/Cable TV	144	1.02%	7,114,625	12.6%	126	1.2%	920,471	2.0%
Use	1,282	9.08%	814,694	1.4%	857	8.5%	570,265	1.3%
Amusement	61	0.43%	374,659	0.7%	45	0.4%	549,702	1.2%
Others	77	0.55%	1,325,204	2.4%	402	4.0%	1,835,393	4.0%
<b>Total</b>	<u>14,125</u>	<u>100.00%</u>	<u>\$ 56,276,937</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>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>	<u>2010</u>
Residential (Owner occupied)	\$ 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	\$ 1,048,710,389
Residential (Renter occupied)	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	155,720,660
Commercial, Industrial, Mines & Utilities	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	495,336,050
Agriculture & Vacant	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	193,685,182
Railroad	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	1,647,040
Historic & Environmental	58,510	25,215	28,555	190,782	30,780	-	-	58,450	76,020	64,530
Public Property Improvements	1,430	-	-	-	-	-	-	-	-	-
Net Assessed Value	<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>	<u>\$ 1,895,163,851</u>
% Growth	17.9%	16.5%	9.0%	13.2%	10.3%	16.5%	15.7%	47.2%	21.5%	-5.0%
Net Assessed Value Per Capita	\$ 4,520	\$ 4,956	\$ 5,226	\$ 5,651	\$ 6,039	\$ 6,646	\$ 7,264	\$ 10,557	\$ 12,524	\$ 11,826
Population	115,432	122,655	126,815	132,805	137,045	145,125	153,592	155,560	159,263	160,254
Total Direct Secondary Tax Rate	1.30	1.30	1.30	1.30	1.30	1.30	1.20	1.25	1.25	1.25
Full Cash Value	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	17,162,776,025
% Growth	15.1%	20.1%	8.6%	14.9%	11.6%	16.1%	14.4%	51.2%	20.9%	-6.1%
Full Cash Value Per Capita	\$ 39,009	\$ 44,073	\$ 46,278	\$ 50,780	\$ 54,914	\$ 60,203	\$ 65,103	\$ 97,191	\$ 114,778	\$ 107,097
Net Assessed Value as a Percentage of Full Cash Value	11.6%	11.2%	11.3%	11.1%	11.0%	11.0%	11.2%	10.9%	10.9%	11.0%

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

**Property Classifications (a)**

<u>Fiscal Year</u>	<u>Railroads,</u>	<u>Private Car, and</u>	<u>Commercial and</u>	<u>Residential</u>	<u>Agriculture and</u>
	<u>Property (b)</u>	<u>Airline Flight</u>	<u>Industrial (c)</u>	<u>Property (b)</u>	<u>Vacant Land</u>
2001	21%		25.0%	10%	16%
2002	20%		25.0%	10%	16%
2003	20%		25.0%	10%	16%
2004	21%		25.0%	10%	16%
2005	21%		25.0%	10%	16%
2006	22%		24.5%	10%	16%
2007	21%		24.0%	10%	16%
2008	20%		23.0%	10%	16%
2009	18%		22.0%	10%	16%
2010	17%		21.0%	10%	16%

- (a) Several additional classes of property exist, but seldom amount to a significant portion of an entity's total valuation.
- (b) 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.
- (c) 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>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>	<u>2010</u>
Total Direct City										
Primary	\$ 0.32	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.28	\$ 0.24	\$ 0.19	\$ 0.19
Secondary	1.30	1.30	1.30	1.30	1.30	1.30	1.20	1.25	1.25	1.25
School District (1)										
Primary	4.87	4.32	4.41	4.56	4.46	4.13	4.29	3.82	3.77	2.99
Secondary	4.63	4.40	4.28	4.04	3.90	3.80	3.31	2.72	1.90	2.46
County (2)										
Primary	2.64	2.64	2.66	2.59	2.59	2.59	2.06	1.92	1.78	2.05
Secondary	0.70	0.65	0.62	0.51	0.51	0.51	0.68	0.59	0.59	0.59
State										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	7.83	7.25	7.36	7.44	7.34	4.42	6.63	5.98	5.74	5.23
Secondary	6.63	6.35	6.20	5.85	5.71	6.56	5.19	4.56	3.74	4.30

(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	\$ 2.86
Secondary	1.63

(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	\$ 0.99	\$ -
Education Equalization	0.33	
Community College District	0.73	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>\$ 2.05</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>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>	<u>2010</u>
Total Direct City										
Primary	\$ 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	\$ 3,202,665
Secondary	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	23,689,548
School District (1)										
Primary	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	63,259,063
Secondary	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	58,903,282
County (2)										
Primary	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	1,016,398,826
Secondary	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	312,960,824
State										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	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	1,082,860,554
Secondary	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	395,553,654

(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	\$ 89,797,809
Secondary	57,723,039

(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	\$ 492,230,736	\$ -
Education Equalization	164,225,937	-
Community College District	359,942,153	92,685,846
West Maricopa Education Center	-	10,353,487
County Flood Control District	-	74,996,804
Fire District Assistance	-	3,324,489
County Free Library	-	20,468,370
Central AZ Water Conservation	-	58,113,465
Special Health Care	-	53,018,363
	<u>\$1,016,398,826</u>	<u>\$312,960,824</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	2010			2001		
	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	\$ 20,681,227	1	1.09%	\$ 10,310,536	1	2.33%
Vestar Arizona XLVIII LLC	11,508,473	2	0.61%	-		
Parke West LLC	10,376,085	3	0.55%	-		
Arizona State Land Department	8,520,286	4	0.45%	-		
Sprint Nextel Wireless LP	8,205,460	5	0.43%	-		
Ddra Arrowhead Crossing LLC	7,458,783	6	0.39%	-		
Plaza Iii Limited Partnership	7,009,682	7	0.37%	-		
Bcc Development Inc	6,229,965	8	0.33%	-		
Lake Pleasant Pavilion LLC	6,049,153	9	0.32%	-		
Qwest Corporation	5,918,160	10	0.31%	6,924,857	2	1.57%
Target Corporation	5,468,902	11	0.29%	-		
Inland Western Glendale LLC	5,047,369	12	0.27%	-		
Happy Valley 160 LLC	4,952,614	13	0.26%	-		
Wal-Mart Stores, Inc.	4,326,105	14	0.23%	1,275,000	18	0.29%
Peoria NI Industrial One LLC	4,266,673	15	0.23%	-		
Southwest Gas Corporation	3,850,714	16	0.20%	1,363,106	17	0.31%
Developers Diversified Realty Corp	-			4,880,010	3	1.10%
Sprint Spectrum LP	-			4,299,974	4	
Midcor Associates	-			2,950,464	5	0.67%
Larry Miller Real Estate - Peoria LLC	-			2,919,535	6	
Freedom Plaza Limited Partner	-			2,445,570	7	0.55%
Dayton Hudson Corp	-			1,847,758	8	0.42%
Diamante Crossroads Plaza	-			1,812,985	9	0.41%
Marriot International LLC	-			1,664,160	10	0.38%
<b>Total</b>	<b>\$ 119,869,651</b>		<b>6.33%</b>	<b>\$ 32,383,419</b>		<b>8.42%</b>

Note - As a quasi-governmental entity, Salt River Project pays in-Lieu taxes, rather than property taxes. For Fiscal year 2010, the assessed value of Salt River Project property within the City of Peoria is \$16,600,287.

Source - Maricopa County Treasurer's Office

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

Table XVII

	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>	<u>2010</u>
Current Levy	\$ 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	\$ 26,892,213
Current Tax Collections	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	25,792,963
Percent of Levy Collected	97.7%	96.4%	97.7%	98.2%	98.2%	97.7%	97.1%	97.0%	94.6%	95.9%
Delinquent Tax Collections	149,690	117,765	325,376	251,331	143,034	91,070	52,195	55,670	71,715	235,378
Total Tax Collections	\$ 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	\$ 26,028,341
Total Collection as Percent of Current Levy	99.5%	97.7%	100.8%	100.4%	99.3%	98.3%	97.4%	97.2%	94.8%	96.8%

Notes: 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

**Average Utility Bill Amounts  
Last Ten Fiscal Years**

	<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>	<u>2010</u>
Water										
Average bill	\$ 34.58	\$ 37.77	\$ 39.61	\$ 39.06	\$ 35.53	\$ 34.59	\$ 34.85	\$ 35.59	\$ 36.73	\$ 35.46
% Increase	2.95%	9.22%	4.87%	-1.39%	-9.04%	-2.65%	0.75%	2.12%	5.39%	-0.37%
Wastewater										
Average bill	18.10	17.32	18.73	18.53	19.47	18.74	21.52	21.24	21.36	21.45
% Increase	3.49%	-4.31%	8.14%	-1.07%	5.07%	-3.75%	14.83%	-1.30%	-0.74%	0.99%
Residential Solid Waste										
Average bill	12.49	12.49	12.49	12.49	13.32	14.58	14.91	14.85	15.18	15.36
% Increase	no change	no change	no change	no change	6.65%	9.46%	2.26%	-0.40%	1.81%	3.43%

**Utility Service Connections  
Last Ten Fiscal Years**

	<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>	<u>2010</u>
Water										
#	34,900	36,221	37,664	38,818	42,673	44,221	45,630	46,146	46,902	47,606
% Increase	9.71%	3.79%	3.98%	3.06%	9.93%	3.63%	3.19%	1.13%	1.64%	1.07%
Wastewater										
#	37,321	38,130	39,806	40,984	43,824	45,933	47,831	48,759	49,923	50,383
% Increase	9.16%	2.17%	4.40%	2.96%	6.93%	4.81%	4.13%	1.94%	2.39%	0.92%
Residential Solid Waste										
#	35,320	36,978	38,546	39,747	42,467	44,198	46,309	47,146	48,006	48,382
% Increase	8.29%	4.69%	4.24%	3.12%	6.84%	4.08%	4.78%	1.81%	1.82%	0.78%

**Charges for Water Services  
Base Minimum Monthly Bill  
As of June 30, 2010**

<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)  
167

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

Table XVIII

<b>Volume Charges for Water Services Usage Per Month As of June 30, 2010</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>	<b>Charges for Residential Solid Waste As of June 30, 2010</b>	
First 1,000	Base Charge	Base Charge	Base Charge		Monthly fee
1,001 - 5,000	\$ 1.49	\$ 1.49	\$ 1.49	Single container & recycling	\$ 15.06
5,001 - 10,000	2.69	2.17	2.17	Additional container	12.06
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 As of June 30, 2010</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 As of June 30, 2010</b>		<b>Charges for Storm Water As of June 30, 2010</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	2010
<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	8,212,711
Average gallons/household/month	15,829	15,801	15,712	14,904	15,056	16,213	16,320	14,751	14,606	13,720
Average gallons/household/year	189,944	189,608	180,544	178,850	180,679	194,552	195,840	177,016	175,270	164,636
Average daily demand (MGD)	16.78	19.32	18.19	20.43	20.10	23.21	24.46	23.63	23.93	23.69
Peak demand (MGD)	28.17	30.25	28.82	30.00	32.00	32.00	34.40	33.39	34.84	35.4
Number of active wells in system	23	24	25	28	27	27	29	31	31	32
Available storage capacity (million gallon)	16.1	16.1	22.2	37.3	40.0	40.0	40.0	41.8	42.0	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	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	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	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	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	1.018
Jomax treatment plant (billion gallon)	-	-	-	-	0.0065	0.057	0.091	0.119	0.134	0.144
Tolleson regional plant (billion gallon)	2.580	2.200	2.180	2.620	2.731	2.731	2.727	2.600	0.009	N/A
Butler treatment plant (billion gallon)	-	-	-	-	-	-	-	0.036	2.732	2.546
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	2.78
Jomax treatment plant (million gallon/day)	-	-	-	-	0.02	0.16	0.25	0.33	0.37	0.39
Tolleson regional plant (million gallon/day)	7.07	6.54	7.12	7.19	7.48	7.88	7.47	7.12	N/A	N/A
Butler treatment plant (million gallon/day)	-	-	-	-	-	-	-	2.57	7.48	6.97
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	3.50
Jomax treatment plant (million gallon/day)	-	-	-	-	0.278	0.278	0.33	0.26	0.53	0.67
Tolleson regional plant (million gallon/day)	7.60	7.60	8.11	11.80	10.88	10.88	8.92	10.99	N/A	N/A
Butler treatment plant (million gallon/day)	-	-	-	-	-	-	-	7.50	10.16	8.50
<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	47,540
Commercial tonnage processed	19,958	22,917	19,642	19,157	18,436	22,943	25,260	20,519	22,856	21,981
Recycling tonnage processed	357	498	600	1,133	1,523	1,690	1,927	11,549	16,084	15,516
	72,503	78,496	80,758	84,648	85,909	93,824	98,583	93,358	87,910	85,037

Source: City records

Notes: The Butler treatment plant became operational in mid-June 2008  
The City stopped using the Tolleson Regional Treatment Plant after opening the City's Butler Plant

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

Table XVIII

Entity	Type of User	2010			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	7,118	1	1.04%	7,236	1	1.31%
City of Peoria Padre's Pump Station	Sports Complex	5,912	2	0.86%	3,438	3	0.62%
Trilogy at Vistancia	Commercial Landscape	2,699	3	0.39%	-		
Sun Garden Park II H/O Assn.	Homeowner's Association	2,014	4	0.29%	1,675	6	0.30%
Ventana Lakes N. of Beardsley Lake	Homeowner's Association	1,610	5	0.24%	-		
Freedom Plaza LTD Partnership	Health Care Facility	1,443	6	0.21%	2,108	5	0.38%
Casa Del Sol East	Multi-Family Residential	1,337	7	0.20%	-		
Centennial High School	Public School	1,320	8	0.19%	-		
Polynesian Village	Homeowner's Association	1,312	9	0.19%	1,624	7	0.29%
5 Star Quality Care - Desert Harbor	Health Care Facility	1,307	10	0.19%	-		
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%

Source: City customer service and billing records  
Data unavailable prior to fiscal year 2003

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

Table XIX

	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>	<u>2010</u>
Governmental Activities										
General Obligation Bonds	\$ 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	\$ 184,960,000
Municipal Development Authority Bonds	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	55,943,338
Highway User Revenue Bonds	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	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	8,042,321
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	60,890,000
Business-type Activities										
Water and Sewer Revenue Bonds	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	15,780,000
WIFA Bonds	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	130,298,508
Municipal Development Authority Bonds	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	861,662
Municipal Sports Complex Bonds	20,525,000	1,135,000	-	-	-	-	-	-	-	-
Long-Term Loan Payable	-	-	-	-	-	-	-	1,235,000	1,064,632	6,883,276
<b>Total Primary Government</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>	<b><u>\$ 463,659,105</u></b>
Total debt per capita	\$ 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	\$ 2,893.28
Total Debt as a % of Personal Income	6.1%	5.3%	6.0%	5.1%	4.8%	4.2%	6.7%	7.8%	8.3%	8.4%

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									
	<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>	<u>2010</u>
Bonded Debt (1)	\$ 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	\$ 184,960,000
Less:										
Debt Service Reserves	<u>9,749,163</u>	<u>12,167,776</u>	<u>15,323,333</u>	<u>18,843,020</u>	<u>17,598,666</u>	<u>24,205,524</u>	<u>34,727,031</u>	<u>36,464,380</u>	<u>44,978,714</u>	<u>35,352,142</u>
Net Bonded Debt	<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>	<u>\$ 149,607,858</u>
Percentage of Net Bonded Debt to Full Cash Value	0.8%	0.6%	0.9%	0.7%	0.5%	0.3%	1.1%	0.6%	0.8%	0.9%
Net Bonded Debt Per Capita	\$329	\$263	\$420	\$347	\$276	\$186	\$704	\$577	\$867	\$934
Net Bonded Debt as a % of Personal Income	1.15%	0.91%	1.43%	1.12%	0.85%	0.54%	2.01%	1.66%	2.50%	2.72%

(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, 2010**

Table XXI

Governmental Unit	Secondary Assessed Valuation	General Obligation Debt Outstanding	Percentage Applicable to City of Peoria	Amount Applicable to City of Peoria	Secondary Tax Rate per \$100 Assessed
Overlapping:					
State of Arizona	\$ 86,525,272,506	\$ -	2.19%	\$ -	\$ -
Maricopa County	57,984,051,718	-	3.27%	-	-
Community College District	57,984,051,718	653,040,000	3.27%	21,354,408	0.16
County Flood Control District	54,862,329,172	-	3.45%	-	0.14
County Free Library	57,984,051,718	-	3.27%	-	0.04
Fire District Assistance	58,113,465,815	-	3.27%	-	0.01
County Special Health Care	57,984,051,718	-	3.27%	-	0.09
Central AZ Water Conservation	58,113,465,815	-	3.27%	-	0.10
West MEC Vocational District	20,706,973,204	-	0.58%	-	0.05
Sub-total - City-wide overlapping				21,354,408	
Total City-wide debt levies (1)				206,314,408	
Unified School Districts:					
Peoria No. 11	2,393,720,410	209,950,000	79.17%	166,217,415	2.46
Deer Valley No. 97	3,546,357,712	207,125,000	12.65%	26,201,313	1.63
				192,418,728	
Vistancia Community Facilities District	134,171,551	60,890,000	100.00%	60,890,000	2.10
Total overlapping				274,663,136	
Direct:					
City of Peoria	\$ 1,895,163,851	\$ 184,960,000	100.00%	184,960,000	\$ 1.25
Total direct and overlapping general obligation bonded debt				\$ 459,623,136	

(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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Overlapping:										
State of Arizona	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maricopa County	1,969,797	1,542,433	1,542,433	550,505	-	-	-	-	-	-
Community College District	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	21,354,408
County Flood Control District	-	-	-	-	-	-	-	-	-	-
County Free Library	-	-	-	-	-	-	-	-	-	-
Fire District Assistance	-	-	-	-	-	-	-	-	-	-
Education Equalization	-	-	-	-	-	-	-	-	-	-
Central AZ Water Conservation	-	-	-	-	-	-	-	-	-	-
Sub-total - City-wide overlapping	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	21,354,408
Total City-wide levies (1)	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	206,314,408
Unified School Districts:										
Peoria No. 11	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	166,217,415
Deer Valley No. 97	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	26,201,313
	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	192,418,728
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	60,890,000
Total overlapping	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	274,663,136
Direct:										
City of Peoria	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	184,960,000
Total direct and overlapping general obligation bonded debt	\$ 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	\$ 459,623,136

(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>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>	<u>2010</u>
Secondary Assessed Value	\$ 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	\$ 1,895,163,851
<b><u>6% Limitation</u></b>										
Debt limit	\$ 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	\$ 113,709,831
Total net debt applicable to limit	<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>	<u>5,565,000</u>
Legal 6% Debt Margin	<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>	<u>\$ 108,144,831</u>
Total net debt applicable to the limit as a percentage of debt limit	55.1%	41.1%	70.4%	56.6%	33.0%	23.1%	42.5%	13.5%	5.6%	4.9%
<b><u>20% Limitation</u></b>										
Debt limit	\$ 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	\$ 379,032,770
Total net debt applicable to limit	<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>	<u>179,395,000</u>
Legal 20% Debt Margin	<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>	<u>\$ 199,637,770</u>
Total net debt applicable to the limit as a percentage of debt limit	29.6%	24.2%	30.7%	26.3%	23.5%	19.6%	51.3%	34.4%	44.2%	47.3%

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

Source: Maricopa County Assessor  
Exhibit 3 to the Financial Statements

**CITY OF PEORIA, ARIZONA  
 PLEDGED REVENUE COVERAGE - MUNICIPAL DEVELOPMENT AUTHORITY BONDS  
 GOVERNMENTAL PORTION  
 LAST TEN FISCAL YEARS**

Table XXIV

	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>	<u>2010</u>
<b>MDA Debt other than Transportation</b>										
Pledged Revenues (1)	\$ 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	\$ 95,507,133
Debt Service Requirements										
Principal (2)	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	3,207,055
Interest (2)	1,520,345	1,408,653	1,864,812	611,534	1,017,518	930,530	1,040,265	945,176	799,723	645,640
Total Annual Requirements (2)	<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>	<u>3,852,695</u>
Estimated Coverage	20.11	19.67	16.53	38.59	29.23	34.10	29.38	32.09	27.52	24.79
<b>Transportation MDA Debt (3)</b>										
Net Pledged Revenues from above (4)										91,654,438
Additional Pledged Revenues (5)										<u>8,491,097</u>
Total										<u>100,145,535</u>
Debt Service Requirements										
Principal										1,835,000
Interest										<u>2,005,188</u>
Total Annual Requirements										<u>3,840,188</u>
Estimated Coverage										26.08

- 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, Waterwater 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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gross Revenue (1)	\$ 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	\$48,087,688
Operating and Maintenance Expenses (2)	15,245,886	20,628,253	22,922,451	22,617,415	26,151,794	27,318,074	30,532,640	34,287,751	33,751,517	28,067,908
Net Revenue Available for Debt Service	<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>	<u>\$20,019,780</u>
Development Fee Revenue	6,039,274	8,832,863	12,687,621	11,971,019	13,864,643	12,887,675	8,826,809	5,821,318	1,841,126	1,616,718
Total Net Revenue	<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>	<u>\$21,636,498</u>
Debt Service Requirements										
Principal (3)	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	7,730,834
Interest (4)	3,147,993	3,310,090	3,516,929	3,422,812	3,246,056	3,054,982	2,718,837	3,376,974	4,895,459	4,356,835
Total Debt Service Requirements	<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>	<u>\$12,087,669</u>
Ratio of Total Net Revenue/ Total Bond Expense	5.16	3.49	2.50	3.07	3.37	3.82	4.00	2.69	1.56	1.79
Ratio of Net Available/ Total Bond Expense (5)	3.98	2.24	1.32	1.78	1.63	2.21	2.88	1.96	1.37	1.66

- (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>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>	<u>2010</u>
Pledged Revenues (1)	\$ 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	\$ 3,402,864
Debt Service Requirements										
Principal	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	2,360,492
Interest (2)	911,040	1,052,893	1,091,160	972,553	828,532	747,720	638,657	697,840	675,958	559,205
Total Annual Requirements	<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>	<u>\$ 2,919,697</u>
Estimated Coverage	2.61	2.17	1.97	1.37	1.52	1.49	1.52	1.61	1.46	1.17

(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>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>	<u>2010</u>
Current Assessments Due	\$ 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	\$ 2,211,609
Assessments Collected	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	2,249,900
Prepaid Assessments Collected	88,160	156,055	877,315	504,165	186,624	275,392	7,818	44,061	2,041	38,301
Total Assessments Collected (1)	<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>	<u>\$ 2,288,201</u>
Ratio of Current Collections to Amount Due	98.9%	99.7%	99.6%	99.1%	99.6%	99.8%	99.8%	100.0%	99.9%	101.7%
Outstanding Assessment Principal (2)	\$ 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	\$ 8,141,515

(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>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>	<u>2010</u>
Principal Payments	\$ 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	\$ 44,700,092
Interest and Other Charges	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	13,166,242
Total	<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>	<u>\$ 57,866,334</u>
Total Governmental Expenditures	\$ 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	\$ 237,519,557
Ratio of Debt Service to Governmental Expenditures	16.77%	15.05%	15.68%	11.20%	15.42%	15.37%	11.38%	17.66%	15.60%	24.36%
Total Governmental Revenues	\$ 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	\$ 172,012,184
Ratio of Debt Service to Governmental Revenues	14.95%	13.66%	15.57%	13.23%	15.50%	13.27%	11.01%	19.17%	19.16%	33.64%

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, 2010

Table XXIX

Authorization/Purpose	Authorization	Prior Issues	Current Year Issues	Remaining Authorization	Authorization/Purpose	Authorization	Issued	Remaining
<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	\$ 4,553,788	\$ 136,116,212
Streets & Traffic Control	17,935,000	17,461,940	-	473,060	Streets & traffic control	436,785,000	6,100,431	430,684,569
Subtotal	<u>22,080,000</u>	<u>21,487,440</u>	-	<u>592,560</u>	Parks, open space, library	116,180,000	10,365,064	105,814,936
					Water system	170,320,000	10,264,204	160,055,796
<b>1994 Authorization</b>					Waterwater system	88,150,000	6,632,978	81,517,022
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	7,617,110	68,057,890
Streets & Traffic Control	23,700,000	23,485,561	-	214,439	Water, Wastewater & Drainage	202,480,000	4,045,230	198,434,770
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>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	2,087,978	14,794,798				
Subtotal	<u>75,550,000</u>	<u>58,292,154</u>	<u>2,087,978</u>	<u>15,169,868</u>				
<b>1996 WIFA Authorization</b>								
Water/Wastewater	42,480,000	14,330,000	4,545,000	23,605,000				
<b>2000 Authorization</b>								
Police, Fire & Public Service	18,550,000	16,020,393	-	2,529,607				
Storm Sewer & Flood								
Protection	22,300,000	17,504,196	4,105,487	690,317				
Streets, Bridges & Traffic								
Control	47,150,000	41,757,232	-	5,392,768				
Water System	99,000,000	-	10,264,204	88,735,796				
Wastewater System	65,000,000	31,729,393	3,511,623	29,758,984				
Parks & Open Space	30,000,000	16,239,443	5,278,828	8,481,729				
Subtotal	<u>282,000,000</u>	<u>123,250,657</u>	<u>23,160,142</u>	<u>135,589,201</u>				
<b>2005 Authorization</b>								
Public Safety & Municipal								
Operations	52,000,000	16,349,033	3,548,554	32,102,413				
Water Treatment, Water								
System, Wastewater &								
Drainage	160,000,000	63,780,054	4,045,230	92,174,716				
Streets, Bridges & Traffic								
Control	109,000,000	39,068,253	862,241	69,069,506				
Parks, Recreation & Library	35,000,000	7,181,361	5,086,236	22,732,403				
Subtotal	<u>356,000,000</u>	<u>126,378,701</u>	<u>13,542,261</u>	<u>216,079,038</u>				
<b>2008 Authorization</b>								
Transportation & Drainage	276,700,000	-	5,238,190	271,461,810				
Public Safety & Municipal								
Operations	60,300,000	-	1,005,234	59,294,766				
Parks, Recreation & Trails	41,000,000	-	-	41,000,000				
Subtotal	<u>378,000,000</u>	<u>-</u>	<u>6,243,424</u>	<u>371,756,576</u>				
<b>Grand Totals:</b>	<b>1,231,260,000</b>	<b>406,888,295</b>	<b>49,578,805</b>	<b>774,792,900</b>				

Source: City financial records

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

Table XXX

	<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>	<u>2010</u>
City Of Peoria										
Population	115,432	122,655	126,815	132,805	137,045	145,125	153,592	155,560	159,263	160,254
% growth	6.5%	6.3%	3.4%	4.7%	3.2%	5.9%	5.8%	1.3%	2.4%	0.6%
Unemployment Rate	3.0%	3.8%	4.0%	3.2%	2.9%	2.2%	2.3%	2.4%	5.8%	6.3%
Personal income (\$000's) **	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	5,493,828
Maricopa County										
Population	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	4,217,427
% growth	3.9%	3.3%	3.3%	3.9%	4.1%	3.0%	2.3%	2.8%	3.0%	2.7%
Unemployment Rate	3.9%	5.1%	5.2%	3.9%	4.1%	3.8%	3.2%	4.2%	8.1%	8.8%
Per Capita Income	29,250	29,423	29,912	31,523	33,178	35,046	36,135	37,168	N/A	N/A
State of Arizona										
Population	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	6,999,810
% growth	3.7%	2.8%	3.1%	3.6%	4.0%	3.7%	2.0%	3.1%	2.8%	2.8%
Unemployment Rate	4.7%	6.0%	5.7%	5.0%	4.7%	4.4%	3.8%	5.0%	8.9%	9.6%
Per Capita Income	26,197	26,472	26,975	28,564	30,019	31,936	33,029	32,953	33,244	N/A
United States of America										
Unemployment Rate	4.8%	6.0%	6.4%	5.6%	5.3%	4.6%	4.6%	5.5%	9.5%	9.5%
Phoenix MSA										
Per Capita Income	28,683	28,844	29,318	30,892	32,414	34,215	35,010	34,675	34,282	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 SEVEN YEARS AGO**

Table XXXI

<b>Employer</b>	<b>2010</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	3,864	1	11.5%	4,100	1	15.6%
City of Peoria	1,174	2	3.5%	889	3	3.4%
Plaza Del Rio Campus/Freedom Plaza & Care Center	650	3	1.9%	1,129	2	4.3%
Fry's Food Stores (4 Locations)	600	4	1.8%	415	4	1.6%
Wal-Mart (2 locations)	535	5	1.6%	280	9	1.1%
Target (3 Locations)	435	6	1.3%	300	7	1.1%
Immanuel Care Campus	360	7	1.1%	378	5	1.4%
Good Shepherd Care Center	250	8	0.7%	230	10	0.9%
Antigua	240	9	0.7%	210	9	0.8%
Lowes (2 Locations)	239	10	0.7%	-	-	0.0%
Larry Miller Dodge/Hyundai	230		0.7%	-	-	0.0%
Home Depot (2 Locations)	227		0.7%	-	-	0.0%
Albertson's (2 Locations)	175		0.5%	297	8	1.1%
Arizona Training and Evaluation	-		0.0%	310	6	1.2%
<b>Total</b>	<b>8,979</b>		<b>26.7%</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, 2010									
	<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>	<u>2010</u>
General Government										
Mayor & Council	3.50	4.00	4.00	4.00	5.00	5.00	6.00	6.00	6.00	6.00
City Manager	8.04	10.04	7.50	7.50	8.50	10.50	12.00	13.00	13.00	10.00
Communications & PA	-	-	6.00	6.00	7.50	11.00	12.50	13.50	9.50	8.50
Human Resources	11.00	12.00	12.00	12.00	13.00	13.00	14.00	17.00	17.00	19.00
Attorney	16.50	18.80	18.71	19.31	20.20	22.70	23.80	26.00	26.00	26.00
City Clerk	5.63	7.00	7.00	7.00	8.00	8.00	8.00	9.00	9.00	9.00
Court	10.05	11.05	10.00	10.00	11.00	13.00	16.00	22.00	22.00	22.00
Economic Development	-	-	3.00	3.00	3.00	4.00	4.00	5.00	5.00	13.30
Budget	5.00	5.50	5.00	5.00	7.00	7.00	7.00	9.00	8.00	7.00
Finance	65.37	69.87	71.00	71.00	77.00	79.00	82.00	88.00	88.00	82.75
Culture & Recreation	170.59	186.02	99.90	103.78	111.36	109.36	124.39	131.74	142.04	125.47
Police	165.00	182.00	200.00	208.00	226.00	250.00	264.00	286.00	287.00	271.00
Fire	102.50	107.00	112.00	117.00	131.00	134.00	157.00	173.00	170.00	167.00
Community Development	51.92	52.92	46.50	46.50	49.50	50.80	51.80	53.80	49.80	51.00
Engineering	26.00	30.00	31.50	33.00	38.00	43.00	47.00	49.00	45.25	39.75
Highways & Streets	32.29	33.29	35.00	36.00	39.00	40.00	44.00	44.00	43.00	41.00
Public Works	47.50	53.50	52.50	56.50	59.50	61.50	69.00	70.50	69.50	63.75
Human Services	9.25	8.50	9.00	8.00	8.00	8.50	14.50	14.50	14.50	11.75
Water Utility	47.52	54.52	56.52	60.02	67.02	70.02	72.00	75.00	72.75	60.75
Wastewater Utility	16.00	16.00	16.00	17.50	17.50	16.50	19.00	25.00	28.25	29.25
Solid Waste Utility	35.00	35.00	39.00	40.00	40.00	40.00	44.00	47.00	45.00	45.00
Information Technology	20.00	27.00	33.00	33.00	38.00	39.00	43.00	47.00	47.00	46.00
Stadium	19.48	19.48	14.00	13.00	14.00	14.00	16.00	19.00	19.00	19.00
<b>Total FTE</b>	<u><u>868.14</u></u>	<u><u>943.49</u></u>	<u><u>889.13</u></u>	<u><u>917.11</u></u>	<u><u>999.08</u></u>	<u><u>1,049.88</u></u>	<u><u>1,150.99</u></u>	<u><u>1,244.04</u></u>	<u><u>1,236.59</u></u>	<u><u>1,174.27</u></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>									
	<b>Fiscal Year</b>									
	<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>	<u>2010</u>
Commercial										
Number of Permits	74	151	180	190	177	181	244	153	60	82
Value	\$ 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	\$ 35,940,280
Residential										
Number of Dwelling Units	1,740	1,620	1,525	1,831	2,927	2,421	1,338	963	383	398
Value	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	42,714,995
Other										
Number of Permits	2,254	1,970	1,399	2,203	2,000	2,209	2,110	1,825	1,043	1,017
Value	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	53,152,166
<b>Total Value</b>	<b>\$ 297,935,758</b>	<b>\$ 269,282,831</b>	<b>\$ 282,518,313</b>	<b>\$ 309,833,199</b>	<b>\$ 469,121,647</b>	<b>\$ 412,303,639</b>	<b>\$ 368,827,021</b>	<b>\$ 227,086,013</b>	<b>\$ 84,475,521</b>	<b>\$ 131,807,441</b>

Source: City Community Development Department

	<b>Single Family Housing Sales</b>									
	<b>Calendar Year</b>									
	<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>
New										
# of Units	2,822	2,279	1,810	1,583	1,395	1,875	2,235	1,360	925	435
Average Sale Amount	\$ 158,987	\$ 183,975	\$ 202,365	\$ 215,825	\$ 270,000	\$ 323,190	395,650	350,000	282,885	253,350
Avr price % increase	10.53%	15.72%	10.00%	6.65%	25.10%	19.70%	22.42%	-11.54%	-19.18%	-10.44%
Resale										
# of Units	2,275	2,850	2,945	3,515	4,575	5,055	2,930	2,415	3,635	5,000
Average Sale Amount	\$ 136,615	\$ 145,844	\$ 153,360	\$ 151,000	\$ 175,000	\$ 250,000	\$ 270,000	\$ 257,830	\$ 210,000	\$ 166,750
Avr price % increase	6.67%	6.76%	5.15%	-1.54%	15.89%	42.86%	8.00%	-4.51%	-18.55%	-20.60%

	<b>New Housing Starts</b>									
	<b>Calendar Year</b>									
	<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	3,227	2,332	2,183	1,974	2,420	3,560	1,654	2,046	1,098	514
Maricopa County	43,909	43,732	43,826	47,808	58,882	56,139	40,294	35,465	20,605	15,825

Notes: Information for calendar years

Source: Arizona State University College of Business - AZ Real Estate Center

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INSURANCE IN FORCE  
JULY 1, 2009 THROUGH JUNE 30, 2010**

Table XXXIV

Type of Insurance	Annual Renewal Date	Insurance Carrier	Policy Number	Limits	Deductible Amount	Annual Premium
<b>1. Primary Public Liability &amp; Automobile</b>						
General & auto liability	N/A	Self-insured	N/A	\$1,000,000 per incident \$1,000,000 annual		N/A
Excess liability -Primary	7/1	St. Paul Fire & Marine	GP06301403	5 Million per occurrence	SIR above	632,259
Public Entity E & O	7/1	St. Paul Fire & Marine	GP06301403	5 Million per occurrence	SIR above	Included with above
Excess liability - 1st level	7/1	RSUI Indemnity Company	NHA049262	20 Million per occurrence	SIR above	70,000
Excess liability - 2nd level	7/1	RSUI Indemnity Company	NHA049262	20 Million per occurrence	SIR above	Included with above
Excess liability - 1st level -Special Events	12/1	Admiral Insurance	E000001256301	1,000,000	N/A	5,418
Excess liability - 2nd level -Special Events	12/1	Great American Assurance	GLP0000566241705	1,000,000	N/A	13,880
<b>2. Property (Real &amp; Personal)</b>						
City buildings and contents	N/A	Self-insured	N/A	\$500,000 per incident \$500,000 annual	N/A	N/A
Automobile & Equipment	N/A	Self-insured	N/A	\$25,000/\$50,000 (1)	N/A	N/A
Excess buildings and contents (see Note)	7/1	Travelers Casualty and Surety	297T228809	267,000,000	SIR above	278,298
Storage Tank 3rd Party liability	1/6	Great American Insurance	BTA557496106	1,000,000	5,000	2,576
<b>3. Boiler &amp; Machinery</b>	7/1	Travelers Casualty and Surety	7733A918BME1	25,000,000	1,000	15,476
<b>4. Workers' Compensation</b>	N/A	Self-insured	N/A	N/A	N/A	N/A
<b>5. Public Employee Bond</b>						
Blanket employee dishonesty bond	9/22	Hartford Fire Insurance Co.	83BSBDQ8939	100,000	5,000	400
<b>6. Broker Service Fee</b>						38,000
<b>7. Cyber Liability</b>	7/1	Axis Surplus Insurance Co.	ECN000032940901	1,000,000	SIR above	7,220
<b>8. Identity Theft</b>	7/1	Travelers Casualty and Surety	104968078	10,000	N/A	4,883
<b>9. Multi-media Liability</b>	7/1	Axis Speciality	MCN642851	1 Million per occurrence	5,000	2,057

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, 2010

Table XXXV

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**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									
	<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>	<u>2010</u>
Governmental Activities:										
General Government										
Registered Voters	48,142	48,142	51,617	52,674	65,998	62,328	63,544	71,051	76,323	82,578
Voter Participation (last election)	23.3%	23.3%	11.0%	11.0%	33.8%	25.4%	25.4%	60.6%	81.2%	81.2%
Culture & Recreation										
Recreation Participants	61813	67,182	65,725	65,928	69,206	75,145	77,602	119,620	131,372	132,391
New Recreation Accounts	*	*	4149	4,998	5,492	5,160	4,923	6,692	6,237	5,903
Public Safety										
Police										
Calls for Service	43,009	50,099	56,430	101,951	142,319	102,385	103,921	**62,341	60,219	56,683
Avg Response Time (minutes)	*	*	6	5.3	5.7	4.8	5.2	6.0	5.5	5.7
Fire										
Number of Incidents	9,312	9,977	10,268	11,014	11,618	12,445	12,788	13,649	13,361	14,874
Avg Response Time (minutes)	4.5	4.2	4.2	4.3	4.3	4.3	4.4	4.4	4.4	5.0
Development Services										
Building Permits Issued	4,068	3,741	3,104	4,224	5,104	4,811	3,692	2,943	1,486	1,497
Value of Building Permits \$M	\$ 297.9	\$ 269.3	\$ 282.5	\$ 309.8	\$ 469.1	\$ 412.3	\$ 368.8	\$ 225.5	\$ 84.5	\$ 131.8
Highways & Streets										
Asphalt Used (in tons)	*	*	*	*	6,654	5,035	7,999	8,365	2,441	2,832
Centerline Miles Swept	*	*	*	*	9,807	8,697	8,496	7,604	7,526	5,935
Lane Miles Assessed	*	*	*	*	277	218	90	381	423	422
Public Works										
Number of Vehicle Work Orders	*	*	*	4746	5,056	5,920	5,787	5,679	5,917	5,697
Human Services										
Number of Dial-a-Ride users	5,276	5,236	5,478	5,814	6,010	5,147	5,310	5,750	6,174	3,959
Number of Annual Trips	37,296	36,792	32,256	29,382	34,428	42,232	47,244	45,451	43,263	31,568
Section 8 Unit Months Available	756	864	984	984	984	984	984	984	984	984
Section 8 Unit Months Leased	746	864	897	819	858	773	788	916	846	793
Business-type Activities										
Water Utility										
Annual Consumption (000's gal)	6,629,039	6,657,323	6,640,038	6,828,944	6,890,083	7,889,653	8,220,760	8,626,688	8,674,450	8,212,711
Average Gallons/Household/Year	189,944	189,608	180,544	178,850	180,679	194,552	195,840	177,016	175,270	164,636
Wastewater Utility										
Wastewater Treated (billion gal)	3.0	2.7	2.7	3.2	3.4	3.6	3.7	3.6	3.9	3.7
Solid Waste Utility										
Residential Tonnage Processed	52,188	55,081	60,516	64,358	65,950	69,191	71,396	61,290	48,970	47,540
Commercial Tonnage Processed	19,958	22,917	19,642	19,157	18,436	22,943	25,260	20,519	22,856	21,981
Recycle Tonnage Processed	357	498	600	1,133	1,523	1,690	1,927	11,549	16,084	15,516
Stadium										
Spring Training Attendance	194,462	230,662	169,932	222,927	225,316	200,153	220,357	230,434	211,243	200,029
Sporting Rentals Days	*	*	*	*	*	*	195	234	246	208
Non-Sporting Rentals Days	*	*	*	*	*	*	54	83	66	74
Public Housing										
Unit Months Available	840	840	840	840	840	840	840	840	840	840
Number of Unit Months Leased	840	840	822	819	828	831	827	812	796	745

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities:										
General Government										
Annexed Area (square miles)	156.0	162.4	162.6	176.2	177.9	177.9	177.9	177.9	177.9	177.9
Culture & Recreation										
# of Neighborhood Parks	21	22	23	24	24	26	26	26	28	28
Total Park Acreage	195	205	223	233	240	264	264	264	314	322
Ramadas	50	59	60	74	78	87	87	87	87	90
Basketball Hoops	42	42	42	71	74	82	82	82	82	41
Tennis Courts	19	21	21	22	24	25	25	25	24	25
Volleyball Courts	5	8	8	10	10	12	12	12	12	12
Multi-Purpose Fields	*	*	*	12	37	30	31	31	31	31
Swimming Pools	2	2	2	3	3	3	3	3	3	3
Urban Lakes	0	0	0	1	1	1	1	1	1	1
Skate Parks	0	0	0	1	1	1	1	1	1	1
Public Safety										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Marked Patrol Vehicles (units)	52	59	61	80	86	90	101	103	92	86
Fire										
Stations (full-time / part-time)	5 / 0	5 / 0	5 / 0	5 / 2	5 / 2	6 / 1	7 / 1	7 / 1	7 / 1	7 / 1
Number of Fire Engines	*	*	*	8	7	8	9	9	9	9
Number of Ladder Trucks	*	*	*	1	1	1	1	1	2	2
Highways & Streets										
Streets (miles maintained)	396	414	444	471	487	518	537	538	551	554
Public Works										
Street Lights	10,008	10,552	11,186	11,829	12,000	12,000	12,737	13,618	13,726	13,901
Vehicles in Fleet	*	*	*	543	599	621	661	720	683	670
Human Services										
Dial-a-Ride Buses	9	9	9	9	9	9	11	11	11	9
Business-type Activities										
Water Utility										
Number of Water Accounts	34,900	36,221	37,664	38,818	42,673	44,221	45,630	46,146	46,902	47,606
Storage Capacity (million gal)	16.1	16.1	22.2	37.3	40.0	40.0	40.0	41.8	42.0	42.0
Wastewater Utility										
Number of Wastewater Accounts	37,321	38,130	39,806	40,984	43,824	45,933	47,831	48,759	49,923	50,383
Treatment Capacity (billion gal)	11.4	11.4	13.4	13.4	14.2	14.2	14.2	25.7	16.3	16.3
Solid Waste Utility										
Number of Solid Waste Accounts	35,320	36,978	38,546	39,747	42,467	44,198	46,309	47,146	48,006	43,382
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	70

Notes: \* Information is not available for these fiscal years.

Source: Various City Departments





## Glossary

Certain specialized terms or acronyms may be used in this publication. The following is a list of some of those acronyms:

ABP	Accounting Principles Board
AICPA	American Institute of Certified Public Accountants
CARF	Comprehensive Annual Financial Report
FAF	Financial Accounting Foundation
FASB	Financial Accounting Standards Board
FASAC	Financial Accounting Standards Advisory Board
GAAP	Generally accepted accounting principles
GAAS	Generally accepted auditing standards
GAGAS	Generally accepted governmental auditing standards
GAO	Government Accountability Office
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GASAC	Governmental Accounting Standards Advisory Council
IGAS	Interpretation of Governmental Accounting Standards
NCGA	National Council on Governmental Accounting
OMB	Office of Management and Budget (federal)
OPEB	Other postemployment benefits
Q&A	Comprehensive Implementation Guide
SAS	Statement of Auditing Standards
SEC	Securities and Exchange Commission
SGAC	Statement of Governmental Accounting Concepts
SGAS	Statement of Governmental Accounting Standards
TB	Technical Bulletin

**Accountability** – Term used by the GASB to describe a government’s duty to justify the raising and spending of public funds. The GASB has indentified accountability as the “paramount objective” of financial reporting “from which all other objectives must flow.” [SGAC 1]

**Accounting Principles Board (APB)** – Authoritative private-sector standards setting body that preceded the FASB. The APB issued guidance in the form of *Opinions*.

**Accounting Standards Executive Committee (AcSEC)** – AICPA committee authorized to issue *Practice Bulletins*.

**Accrual basis of accounting** – Method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the related cash flows.

**Accrual** – A liability resulting from an expense for which no invoice or other



official document is available yet. Also called an accrued expense.

**Activity** – Specific and distinguishable service performed by one or more organizational components of a government to accomplish a function for which the government is responsible (e.g., *police* is an activity within the *public safety* function).

**Adopted budget** – Formal action by the City Council that sets the spending limits for the fiscal year.

**Advanced refunding** – Refunding transaction where the proceeds of the refunding bonds are placed in escrow pending the call date or maturity of the debt to be refunded.

**Agency funds** – One of four types of fiduciary funds. Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. [SGAS 34]

**Analytical review** – Term used by auditors to describe the process of attempting to determine the reasonableness of financial data by comparing their behavior with other financial or nonfinancial data.

**Annual required contribution (ARC)** – Term used in connection with defined benefit pension and other postemployment benefit plans to describe the amount an

employer must contribute in a given year. [SGAS 27 and SGAS 45]

**Appropriation** – An authorization made by the City Council which permits the City to incur obligations and to make expenditures of resources.

**Arbitrage** – The reinvestment of the proceeds of tax-exempt securities in materially higher yielding taxable securities. The City is subject to Federal regulations regarding arbitrage.

**Assessed valuation** – Valuation set upon real estate or other property by a government as a basis for levying property taxes. In Arizona, property values are established by the county Assessor.

**Audit Guides** – Series of AICPA publications that enjoy potential “level 2” status on the hierarchy of authoritative sources of GAAP.

**Audit Scope** - In the context of a financial statement audit, the coverage provided by the independent auditor’s opinion. For example, required supplemental information normally is not included within the scope of a financial statement audit (i.e., the independent auditor does not offer an opinion on its fair presentation).

**Auditor’s report on internal control and compliance over financial reporting** – Report issued in conjunction with a financial audit performed in accordance with GAGAS. The independent auditor reports on internal control weaknesses and instance of noncompliance in connection



with the financial audit, but does not offer an opinion on internal controls or compliance.

**Availability criterion** – Requirement under the modified accrual basis of accounting that revenues be recognized only when they are collected or collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. [NCGA Statement 1]

**Availability period** – Designated period immediately following the close of the fiscal year by the end of which cash must be collected for related revenue to be recognized in accordance with the availability criterion of modified accrual accounting.

**Basic financial statements** – Minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP.

**Basis difference** – Differences that arise when the basis of budgeting differs from the basis of accounting prescribed by GAAP for a given fund type [NCGA Interpretation 10]

**Basis of accounting** – Timing of recognition for financial reporting purposes (i.e., when the effects of transactions or events should be recognized in financial statements). [SGAS 11]

**Basis of budgeting** – Method used to determine when revenues and expenditures are recognized for budgetary purposes.

**Base budget** – Maintaining current service levels. Changes in demand or activity levels may create the need for additional

resources or free-up resources for other purposes.

**Balanced budget** – A budget that contains ongoing revenues equal to the ongoing expenditures of the City. In addition, the balanced budget will not include one-time (non-recurring) sources to fund continuing (recurring) uses, postpone expenditures, or use external borrowing for operational requirements.

**Blending** – Presentation of the data of a component unit as though it were one or more fund(s) of the primary government. [SGAS 14]

**Bond** – A long-term debt or promise to pay. It is a promise to repay a specified amount (principal amount or face value), at a specified date in the future (maturity date), along with periodic interest at a specific rate. Bonds are primarily use to finance capital projects.

**Budget amendment** – A change of budget appropriation between expenditure accounts. Budget amendments do not change the legal spending limit adopted by City Council.

**Budgetary control** – The control or management of governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of authorized appropriations and available revenues.

**Budgetary integration** – Use of recording the operating budget in the general ledger



to facilitate control over revenues and expenditures during the fiscal year.

**Budgetary reporting** – As used by accountants, requirement to present budget-to-actual comparisons in connection with general purpose external financial reporting. Budgetary reporting is required to demonstrate compliance at a legal level of control for all governmental funds with appropriated budgets.

**Business-type activities** – One of two classes of activities reported in the government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds. [SGAS 34]

**Capital and related financing activities** – Term used in connection with cash flows reporting. Capital and related financing activities include (a) acquiring and disposing of capital assets used in providing services or producing goods, (b) borrowing money for acquiring, constructing, or improving capital assets and repaying the amounts borrowed, including interest, and (c) paying for capital assets obtained from vendors or credit. [SGAS 9]

**Capital assets** – Land, improvements to land, easements, buildings, building improvements, vehicles machinery, equipment, works of art, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. [SGAS 34]

**Capital outlay** – Expenditures which result in the acquisition of or addition to capital assets.

**Capital projects fund** – Fund type used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or trust funds. [NCGA Statement 1]

**Capitalization threshold** – Dollar value at which a government elects to capitalize tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

**Cash basis of accounting** – Basis of accounting that recognized transactions or events when related cash amounts are received or disbursed.

**Cash equivalent** – Short-term, highly liquid investments that are both (a) readily convertible to know amounts of cash and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities (maturity as of the date the investment was purchased by the reporting government) of three months or less meet this definition. [SGAS 9]

**Certificate of Achievement for Excellence in Financial Reporting Program** – Program sponsored by the Government Finance Officers Association to encourage state and local governments to prepare high-quality comprehensive annual financial reports.



**Character classification** – Classification of expenditures according to the periods they are presumed to benefit. The four character groupings are (a) current operating expenditures, presumed to benefit the current fiscal period; (b) debt service expenditures, presumed to benefit prior fiscal periods as well as current and future periods; (c) capital outlay expenditures, presumed to benefit the current and future fiscal periods; and (d) intergovernmental expenditures, when one government transfers resources to another. [NCGA Statement 1]

**Classified presentation** – Separate reporting of the current and noncurrent portions of assets and liabilities to permit the calculation of working capital. A classified presentation is required for the proprietary statement of net assets.

**Collateral** – In the context of deposits with financial institutions, security pledged by the financial institution to a government entity for its deposit. [SGAS 3]

**Combining financial statements** – Financial statements that report separate columns for individual funds or component units.

**Commercial paper** – Unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

**Committee on Accounting Procedure (CAP)** – Authoritative private-sector standards setting body that preceded the Accounting Principles Board and the FASB. The CAP issued guidance in the form of *Accounting Research Bulletins*.

**Community Facilities District (CFD)** – A separate legal entity established by a local government agency which allows for financing of public improvements and services.

**Comparability** – Principle according to which differences between financial reports should be substantive differences in the underlying transactions of the governmental structure rather than the selection of different alternatives in accounting procedures or practices. [SGAC 1]

**Comparative data** – Information from prior fiscal periods provided to enhance the analysis of financial data of the current fiscal period.

**Component unit** – Legally separate organization for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. [SGAS 14]

**Comprehensive Annual Financial Report (CAFR)** – Financial report that contains, at a minimum, three sections: 1) introductory, 2) financial, and 3) statistical, and whose financial section provides information on each individual fund and component unit.

**Comprehensive framework if internal control** – Structure of internal control that provides for (a) a favorable control environment, (b) the continuing assessment



of risk, (c) the design, implementation, and maintenance of effective control-related policies and procedures, (d) the effective communication of information, and (e) ongoing monitoring of the effectiveness of control-related policies and procedures as well as the resolution of potential problems identified by controls.

**Conduit debt** – Certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a local governmental entity for the express purpose of providing capital financing for a specific third party that is not part of the issuer's financial reporting entity. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued. [IGAS 2]

**Connection fees** – Fees charged to join or to extend an existing utility system. Often referred to as *tap fees* or *system development fees*.

**Consistency** – Notion that once an accounting principle or reporting method is adopted, it will be used for all similar transactions and events. [SGAC 1]

**Contingency** – A budgetary reserve set aside for emergency or unanticipated expenditures and/or revenue shortfalls. The City Council must approve all uses of contingency funds.

**COSO** – Committee of Sponsoring Organizations of the Treadway Commission on Fraudulent Financial Reporting.

Published *Internal Control: An Integrated Framework*.

**Current financial resources**

**measurement focus** – Measurement focus where the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balance of expendable financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

**Current refunding** – Refunding transactions in which the proceeds of the refunding debt are applied immediately to redeem the debt to be refunded.

**Custodial credit risk** – Risk that a government will not be able to recover deposits if the depository financial institution fails, or (b) to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. [Q&A]

**Debt service fund** – Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. [NCGA Statement 1]

**Defeasance** – In financial reporting, the netting of outstanding liabilities and related assets on the statement of position. Defeased debt is no longer reported as a liability on the statement of position.

**Deferred revenue** – Resource inflows that do not yet meet the criteria for revenue



recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

**Designated unreserved fund balance** – Management’s intended use of available expendable financial resources in governmental funds reflecting actual plans approved by the government’s senior management. Designations reflect a government’s self-imposed limitations on the use of otherwise available expendable financial resources in governmental funds.

**Department** – A major administrative division of the City which indicates overall management responsibility for an operation or group of related operations within a functional area.

**Depreciation** – An accounting transaction which spreads the purchase cost of an asset across its useful life.

**Development fees** – Fees charged to developers to cover, in whole or in part, the anticipated costs of improvements that will be necessary as a result of the development. Also called expansion fees.

**Division** – A functional unit of a department.

**Discrete presentation** – Method of reporting financial data of a component unit separately from financial data of the primary government. [SGAS 14]

**Economic resources measurement focus** - Measurement focus where the aim of a set of financial statements is to report

inflows, outflows, and balances affecting or reflecting an entity’s net assets. The economic resources measurement focus is used for proprietary and trust funds, as well as for government-wide financial reporting. It is also used by business enterprises and nonprofit organizations in the private sector.

**Effectiveness** – Term used by auditors to describe the degree to which an entity, program, or procedure is successful in achieving its goals and objectives.

**Efficiency** – Term used by auditors to describe the degree to which an entity, program, or procedure is successful at achieving its goals and objectives with the least use of scarce resources.

**Eligibility requirements** – Term used in connection with government-mandated and voluntary nonexchange transactions to describe conditions established by the provider of resources. [SGAS 33]

**Encumbrance** – Commitments related to unperformed contracts for goods or services. For financial reporting purposes, encumbrance accounting is restricted to governmental funds.

**Enterprise fund** – Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services. [SGAS 34]

**Exchange transactions** – Transactions in which each party receives and gives up essentially equal values. [SGAS 33]

**Exchange-like transactions** – Transactions in which there is an identifiable exchange between the reporting government and another party, but the



values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange. [SGAS 33]

**Expenditure-driven grants** – Government-mandated or voluntary nonexchange transactions in which expenditure is the prime factor for determining eligibility. Also known as *reimbursement grants*.

**Expenditures** – Under the current financial resources measurement focus, decreases in net financial resources not properly classified as *other financing uses*.

**Fair value** – In the context of investment valuation, the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. [SGAS 31]

**Fiduciary funds** – Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. [SGAS 34]

**Final amended budget** – Original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized. [SGAS 34]

**Financial accountability** – Relationship warranting the inclusion of a legally

separate organization in the reporting entity of another government. [SGAS 14]

**Financial Accounting Foundation (FAF)** – Nonprofit organization responsible for overseeing the operations of both the GASB and FASB.

**Financial Accounting Standards Advisory Council (FASAC)** – Advisory group that assists the FASB. The FASAC includes representatives of all of the FASB's major constituents.

**Financial Accounting Standards Board (FASB)** – Authoritative accounting and financial reporting standard-setting body for business enterprises and nonprofit organizations. The FASB is the direct successor to the Committee on Accounting Procedure and the Accounting Principles Board.

**Financial audits** – Audits designed to provide independent assurance of the presentation of financial information.

**Financial reporting entity** – Primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. [SGAS 14]

**Financial resources** – Resources that are or will become available for spending. Includes cash and resources ordinarily expected to be converted to cash (e.g., receivables, investments).



**Financial section** – One of the three basic sections of a comprehensive annual financial report. The financial section contains the auditor’s report, management’s discussion and analysis, the basic financial statements (including notes to the financial statements), required supplementary information, combining statements, and supplementary information, as needed.

**Fiscal accountability** – Responsibility of governments to justify that their actions in the current period have complied with public decisions concerning the raising and spending of public monies in the short term. [SGAS 34]

**Fiscal dependence** – Situation requiring the inclusion of a legally separate entity as a component unit within the financial reporting entity because the governing board of the primary government may *arbitrarily* override the financial decisions of the legally separate entity regarding a) its budget, (b) the levying of taxes or the setting of rates or charges, or (c) the issuance of bonded debt.

**Formula grants** – Government-mandated or voluntary nonexchange transactions involving the provision of resources based upon established criteria other than the incurrence of qualifying expenditures. Also referred to as “shared revenues”.

**Function** – Group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (e.g., public safety).

**Fund** – Fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual

equities or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. [NCGA Statement 1]

**Fund balance** – The difference between assets and liabilities reported in a governmental fund.

**Fund classifications** – One of three categories – governmental, proprietary, and fiduciary – used to classify fund types.

**GAAP hierarchy** – Identification and ranking of the source of *generally accepted accounting principles* (GAAP).

**General Fund** – One of the five governmental fund types. The general fund typically serve as the chief operating fund of a government. The general fund is used to account for all financial resources except those required to be accounted for in another fund. [NCGA Statement 1]

**Generally accepted accounting principles (GAAP)** – Conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements.

**Generally accepted auditing standards (GAAS)** – Rules and procedures that govern the conduct of a financial audit.

**Generally accepted governmental auditing standards (GAGAS)** – Standards for the conduct and reporting of both financial and performance audits in the public sector as promulgated by the GAO.

**Government Accountability Office (GAO)** – Investigative arm of the U.S. Congress



charged with improving the performance and accountability of the federal government. The GAO issues the publication *Governmental Auditing Standards*, commonly known as the “Yellow Book” which sets generally accepted governmental audit standards (GAGAS).

#### **Government Finance officers**

**Association (GFOA)** – Association of public finance professionals founded in 1906 as the Municipal Finance Officers Association. The GFOA has played a major role in the development and promotion of GAAP for state and local governments. Also sponsors the Certificate of Achievement for Excellence in Financial Reporting program.

**Governmental Accounting Standards Advisory Council (GASAC)** – Advisory body established to assist the GASB. The membership of the GASA represents all major groups with an interest in accounting and financial reporting for state and local governments.

**Governmental Accounting Standards Board (GASB)** – Ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the NCGA.

**Governmental Activities** – Activities generally finance through taxes, intergovernmental revenues, and other nonexchange revenues. These activities are usually reported in governmental funds and internal service funds. [SGAS 34]

**Governmental entity** – For accounting and financial reporting purposes, an entity

subject to the hierarchy of GAAP applicable to state and local governmental units.

#### **Governmental financial reporting model**

– Minimum combination of financial statements, note disclosures, and required supplementary information prescribed for state and local governments by the GASB.

**Governmental funds** – Funds generally used to account for tax-supported activities. There are five types of governmental funds: the general fund, special revenue funds, debt service funds, capital project funds, and permanent funds.

**Government-mandated nonexchange transactions** – Situation where a higher level government requires performance of a lower level government and provides it full or partial funding to do so. [SGAS 33]

**Government-wide financial statements** – Financial statements that incorporate all of a government’s governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements; the statement of net assets and the statement of activities. [SGAS 34]

**Impact fees** – Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements that will be necessary as a result of the development.

**Impairment** – Significant, unexpected decline in the service utility of a capital asset. [SGAS 42]

**Implementation guides** – Guidance on the proper implementation of authoritative accounting and financial reporting standards



issued by the staff of the GASB.  
Implementation guides are level 4 GAAAP.

**Imposed nonexchange revenues –**

Revenues that result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions. Examples of imposed nonexchange transactions are property taxes and fines. [SGAS 33]

**“In-relation-to” opinion –** Indication in the independent auditor’s report that the auditor does *not* render an opinion on the fair presentation *per se* of certain information contained in the financial report, but does assert that the information in question is fairly presented *in relation to* the audited financial statements.

**Incurred but not reported (IBNR) claims –**

In connection with risk financing, claims for insured events that have occurred but the claim has not yet been reported to the insuring entity as of the date of the financial statements. IBNR claims include (a) known loss events that are expected to be presented later as claims, (b) unknown loss events that are expected to become claims, and (c) expected future development on claims already reported. [SGAS 10]

**Independent auditor –** Auditors who are independent, both in fact and appearance, of the entities they audit. Both GAAS and GAGAS set specific criteria that must be met for an auditor to be considered independent.

**Independent auditor’s report –** Official written communication of the results of an audit. In a financial audit, the independent

auditor’s report typically will offer (or disclaim) an opinion on whether a set of financial statements is fairly presented in conformity with GAAP.

**Indirect expenses –** Expenses that cannot be specifically associated with a given service, program, or department and thus, cannot be clearly associated with a particular functional category. [SGAS 34]

**Infrastructure –** Long-lived capital assets that normally are statutory in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, drainage systems, water and wastewater systems, dams, and lighting systems. [SGAS 34]

**In-substance defeasance of debt –**

Situation that occurs when debt is considered defeased for accounting and financial reporting purposes, even though a legal defeasance has not occurred. When debt is defeased, it is no longer reported on the face of the statement of position; only the new debt, if any, is reported as a liability. [SGAS 7]

**Interest rate risk –** Risk that changes in the interest rates will adversely affect the fair value of an investment. [SGAS40]

**Interfund activity –** Activity between funds of the primary government, including blended component units. Interfund activities are divided into two broad categories; reciprocal and nonreciprocal. Reciprocal interfund activity comprises interfund loans and interfund services provided and used. Nonreciprocal interfund



activity comprises interfund transfers and interfund reimbursements.

**Interfund loans** – Amounts provided between funds and blended component units with a requirement for repayment. [SGAS 34]

**Interfund reimbursements** – Repayments by one fund or blended component unit of a primary government to another for expenditures or expenses incurred on its behalf. [SGAS 34]

**Interfund services provided and used** – Sales and purchases of goods and services between funds and blended component units of the primary government for a price approximating their external exchange value. [SGAS 34]

**Interfund transfers** – Flows of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for repayment. [SGAS 34]

**Internal control framework** – Integrated set of policies and procedures designed to assist management to achieve its goals and objectives. To be truly comprehensive, a government's internal control framework must (a) provide a favorable control environment, (b) provide for the continuing assessment of risk, (c) provide for the design, implementation, and maintenance of effective control-related policies and procedures, (d) provide for the effective communication of information, and (e) provide for the ongoing monitoring of the effectiveness of control-related policies and

procedures as well as the resolution of potential problems identified by controls.

**Internal service funds** – Proprietary fund type that may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. [SGAS 34]

**Introductory section** – First of the three essential components of any comprehensive annual financial report. The introductory section typically provides general information on a government's structure and personnel as well as information useful in assessing the government's economic condition. The key element of the introductory section is the letter of transmittal.

**Invested in capital assets, net of related debt** – One of the three components of net assets that must be reported in both government-wide and proprietary fund financial statements. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the government.

**Joint venture** – Legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) and ongoing financial responsibility. [SGAS 14]



**Jointly governed organization** – Regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. [SGAS 14]

**Legal debt margin** – Excess of amount of the legally authorized debt over the amount of debt outstanding.

**Legal defeasance** – Situation that occurs when debt is legally satisfied based on certain provisions in the debt instrument even though the debt is not actually paid. When debt is defeased, it is no longer reported as a liability on the face of the statement of position; only the new debt, if any, is reported as a liability. [SGAS 7]

**Legal level of budgetary control** – Level at which a government's management may not reallocate resources without special approval from the legislative body.

**Level (1-4) guidance** – In the context of the hierarchy of GAAP for state and local governments, a reference to the relative authority of a given source of GAAP guidance.

**Level of effort requirement** – Requirement that a grant recipient not use grant resources to reduce its own participation in a given program or activity.

**Lien date** – For property (ad valorem) taxes, the date when an enforceable legal claim to taxable property arises.

**Major fund** – Governmental fund or enterprise fund reported as a separate column in the basic fund financial statements and subject to a spate opinion in the independent auditor's report.

**Major program** – Term used in the contest of Single Audits. As part of the Single Audit, the independent auditor must gain an understanding of internal control over compliance for each major federal award program and then test it. In addition, the independent auditor must render an opinion on whether the government complied with laws, regulations, and provisions of contracts or grant agreements that could have a direct and material effect on each major federal awards program.

**Management letter** – In the context of the independent audit of the financial statements, a formal communication by the auditor to management that focuses on internal control weaknesses discovered in the course of the audit of the financial statements.

**Management's discussion and analysis** – Component of required supplementary information used to introduce the basis financial statements and provide analytical overview of the government's financial activities. [SGAS 34]

**Matching requirement** – Requirement that a grant recipient contribute resources to a program that equal or exceed a predetermined percentage of amounts provided by the grantor.

**Material weakness** – Reportable condition (internal control weakness) of such magnitude that it could potentially result in a



material misstatement of the financial statements.

**Materiality** – In the context of financial reporting, the notion that an omission or misstatement of accounting information is of such significance as to make it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

**Measurement focus** - Types of balances (and related changes) reported in a given set of financial statements (i.e., economic resources, current financial resources, assets and liabilities resulting from cash transactions).

**Modified accrual basis of accounting** – Basis of accounting used in conjunction with the current financial resources measurement focus that modifies the accrual basis of accounting in two important ways 1) revenue are not recognized until they are measurable and available, and 2) expenditures are recognized in the period in which governments in general normally liquidate the related liability rather than when that liability is first incurred (if earlier).

**Modified approach** – Election *not* to depreciate infrastructure assets that are part of a network or subsystem of a network that meets two requirements. First, the government manages the eligible infrastructure assets using an asset management system that has certain specified characteristics; second, the government documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level

established and disclosed by the government. [SGAS 34]

**Money market investment** – Short-term, highly liquid debt instrument, including commercial paper, banker’s acceptances, and U.S. Treasury and agency obligations. [SGAS 31]

**National Advisory Council on State and Local Budgeting (NACSLB)** – Working group created by eight public-sector organizations to establish a comprehensive framework for public-sector budgeting that could be used by state and local governments as an ideal against which to measure and improve the quality of their own budget practices.

**National Committee on Governmental Accounting** – Committee of the Municipal Finance Officers Association that served as the authoritative accounting and financial reporting standards-setting body for local governments from 1946 until the establishment of the National Council on Governmental Accounting in the 1970s.

**National Council on Governmental Accounting (NCGA)** – Immediate predecessor of the GASB as the authoritative accounting and financial reporting standards-setting body for state and local governments.

**Net general obligation debt** – General obligation debt reduced by the amount of any accumulated resources restricted to repaying the principal of such debt. [SGAS 44]

**Net pension/OPEB obligation** – The cumulative difference between annual



pension/OPEB costs and the other employer's contributions to the plan.

**No-commitment special assessment debt** – Special assessment debt that is secured solely by liens on assessed properties and resources provided from bond proceeds and is not backed by either the full faith and credit of the government or by any other type of general governmental commitment.

**Noncapital financing activities** – Term used in connection with cash flows reporting. Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. [SGAS 9]

**Nonexchange transaction** – Transactions in which a government (including the federal government, as a provider) either gives or receives value (benefit) to/from another party without directly receiving/giving equal value in exchange. [SGAS 33]

**Nonoperating revenue and expenses** – In the context of the proprietary fund operating statement, revenue and expenses not qualifying as operating items (e.g., taxes, grants that are not equivalent to contracts for services, and most interest revenue and expense).

**Nonreciprocal Interfund activity** – Counterpart of nonexchange transactions within the primary government. Includes both Interfund transfers and Interfund reimbursements. [SGAS 34]

**Office of Management and Budget (OMB)** – Agency of the federal government with regulatory oversight of Single Audits.

**Operating activities** – Term used in conjunction with cash reporting. Operating activities generally result from providing services and producing and delivering goods, and include all transactions and other events that are not defined as capital and related financing, noncapital financing, or investing activities. [SGAS 9]

**Operating revenues and expenses** – Cost of goods sold and services provided to customers and the revenues thus generated.

**Operational accountability** – Government's responsibility to report the extent to which they have met their operating objectives efficiently and effectively, using all resources available for that purpose, and whether they can continue to meet their objectives for the foreseeable future.

**Original budget** – First complete appropriated budget. The original budget may be adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes before the beginning of the fiscal year. The original budget should also include actual appropriation amounts automatically carried over from prior years by law. [SGAS 34]

**Other financing source** – Increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the *other*



*financing sources* category is limited to items so classified by GAAP.

**Other financing use** – Decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of the *other financing uses* category is limited to items so classified by GAAP.

**Other postemployment benefits (OPEB)** – Postemployment benefits other than pension benefits. Includes postemployment healthcare benefits, regardless of the type of plan that provides them, and all postemployment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits. [SGAS 43]

**Outcome measures** – In the context of service efforts and accomplishments reporting, indicators that measure accomplishments or results that occur (at least partially) because of service provided. [SGAC 2]

**Output measures** – Term used in connection with service efforts and accomplishments reporting. Indicators that measure the quantity of services provided. Output measures include both measure of the *quantity of service provided* and measures of the *quantity of services provided that meets a certain quality requirement*. [SGAC 2]

**Overlapping debt** – In the context of the statistical section, the outstanding long-term debt instruments of governments that overlap geographically, at least in part, with the government preparing the statistical section information. [SGAS 44]

**Overlapping governments** – In the context of the statistical section, all local governments located wholly or in part within the geographic boundaries of the reporting government. [SGAS 44]

**Overlapping rate** - In the context of the statistical section, an amount or percentage applied to a unit of a specific revenue base by governments that overlap geographically, at least in part, with the government preparing the statistical section information. [SGAS 44]

**Own-source revenue** – In the context of the statistical section, revenues that are generated by a government itself (e.g., tax revenues, water and wastewater charges, investment income) rather than provided from some outside source (e.g., intergovernmental aid and shared revenues). [SGAS 44]

**Pass-through grants** – Grants and other financial assistance received by a governmental entity to transfer to, or spend on behalf of, a secondary recipient. [SGAS 24]

**Payment in lieu of taxes** - Payment that a property owner not subject to taxation makes to a government to compensate it for services that the property owner receives that are normally financed through property taxes.

**Pension (and OPEB) trust funds** – Fiduciary fund type used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans. [SGAS 34]



**Performance measurement** – Commonly used term for service efforts and accomplishments reporting.

**Permanent funds** – Governmental fund type used to report resources that are legally restricted to the extent that only the earnings, and not the principal, may be used for purposes that support the reporting government's programs. [SGAS 34]

**Perspective differences** – Difference between the basis for budgeting and GAAP that result when the structure used for budgeting differs from the fund structure used for GAAP financial reporting. [NCGA Interpretation 10]

**Postemployment** – Period following termination of employment, including the time between termination and retirement. [SGAS 43]

**Postemployment healthcare benefits** – Medical, dental, vision, and other health-related benefits provided to terminated employees, retired employees, dependents, and beneficiaries. [SGAS 43]

**Primary government** – Term used in connection with defining the financial reporting entity. A state government or general purpose local government. Also, a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. The primary government is the focus of the financial reporting entity. [SGAS 14]

**Private-purpose trust funds** – Fiduciary trust fund type used to report all trust arrangements, other than those properly

reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. [SGAS 34]

**Program** – Group activities, operations or organizational units directed to attaining specific purposes or objectives.

**Program revenue** – In the context of the government-wide statement of activities, revenue that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues. [SGAS 34]

**Proprietary funds** – Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two types of proprietary funds: enterprise funds and internal service funds.

**Public employee retirement system** – State or local governmental entity entrusted with administering one or more pension plans; it also may administer other postemployment benefit plans and deferred compensation plans. [SGAS 25]

**Public-entity risk pool** – Cooperative group of governmental entities joining together to finance an exposure, liability or risk. A pool may be a stand-alone entity or part of a larger governmental entity that acts as the pool's sponsor. [SGAS 10]

**Purpose restriction** – In the context of government-mandated and voluntary nonexchange transactions, legal limitations



that specify the purpose or purposes for which resources are required to be used (as distinguished from eligibility requirements). [SGAS 33]

**Qualified opinion** – In the context of financial audits, a modification of the independent auditor’s report on the fair presentation of the financial statements indicating that there exists one or more specific exceptions to the auditor’s general assertion that the financial statements are fairly presented.

**Questioned costs** – In the context of Single Audits, a determination by the independent auditor that an expenditure under a federal grant does not meet all of the grantor’s requirements and therefore may be subject to refund to the grantor.

**Realized gains and losses** – Differences between the carrying value of an asset and its price at the time of sale if the asset had been reported at other than fair value.

**Reappropriation** – Inclusion of a balance from the prior year’s budget as part of the budget of the subsequent fiscal year.

**Reasonable assurance** – Principle that the goal of the independent audit of the financial statements is to ensure that those statements are free from *material* misstatement (based on the assumption that it is not cost beneficial to ensure that financial statements are free of *immaterial* misstatements).

**Rebatable arbitrage** – Requirement to remit to the federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt

securities are reinvested in a taxable money market instrument with a higher yield.

**Reciprocal Interfund activity** – Interfund counterpart to exchange and exchange-like transactions. Includes both Interfund loans and Interfund services provided and used. [SGAS 34]

**Refunding** – Issuance of new debt whose proceeds are used to repay previously issued debt. The proceeds may be used immediately for this purpose (a current refunding), or they may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (an advance refunding). [SGAS 23]

**Reverse repurchase agreement** – Agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for the same securities or for different securities. [SGAS 3]

**Risk-sharing pool** One of four different type of public-entity risk pool. An arrangement by which governments pool risks and funds and share in the cost of losses. [SGAS 10]

**Schedule of employer contributions** – In the context of defined benefit pension plans and other postemployment benefit plans, trend data on employers’ annual required contribution to a plan and actual contributions.



**Schedule of funding progress** – In the context of defined benefit pension plans and other postemployment benefit plans, trend data on the relationship between the actuarial value of plan assets and the related actuarial accrued liability.

**Segment** – Identifiable activity (or grouping of activities) reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately.

**Service efforts and accomplishment reporting** – Term used by the GASB to describe the presentation of performance measures in connection with general purpose external financial reporting.

**Single Audit** – Audit designed to meet the needs of all federal grantor agencies and performed in accordance with the Single Audit Act of 1984 (as amended) and Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

**Single Audit Act of 1984** – Federal legislation that provides for state and local government recipients of federal financial awards to have one audit performed to meet the needs of all federal grantor agencies. The Single Audit Act was amended in 1996.

**Special assessment** – Compulsory levy made against certain properties to defray all or part of the cost of a specific capital

improvement or service deemed to benefit primarily those properties.

**Special items** – Significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. [SGAS 34]

**Special revenue fund** – Governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specific purposes. (NCGA Statement 1]

**Statistical section** – Third of three essential components of any comprehensive annual financial report, it 1) provides information on financial trends, 2) provides information on revenue capacity, 3) provides information on debt capacity, 4) provides demographic and economic information, and 5) provides operating information.

**Summary of significant accounting policies (SAAP)** – First of the notes to the financial statements. The basis content should include a discussion of 1) any selection of an accounting treatment when GAAP permit more than one approach, 2) accounting practices unique to state and local governments, and 3) unusual or innovative application of GAAP.

**Supplementary information** – Financial information presented together with basis financial statements that is not included within the scope of the audit of those statements. When the presentation of certain supplementary information is



mandated by the GASB it is referred to as *required supplementary information*.

**Susceptible to accrual** – In the context of the modified accrual basis of accounting, revenues that are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. [NCGA Statement 1]

**System development fees** - Fees charged to join or to extend an existing utility system. Also referred to as *tap fees* or *connection fees*.

**Unqualified opinion** – Opinion rendered without reservation by the independent audit that financial statements are fairly presented.

**Unrealized gains or losses** – Difference between the carrying value of an asset and its fair value prior to sale.

**Unrealized revenues** – In the context of budgeting, the difference between estimated revenues and actual revenues.

**Unrestricted net assets** – That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

**Voluntary nonexchange transaction** – Transaction that result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement. [SGAS 33]

**Weighted average maturity (WAM)** – In the context of investment disclosure, a measurement that expresses investment time horizons – the time when investments become due and payable – in years or

months, weighted to reflect the dollar size of individual investments within an investment type. [SGAS 40]

**Yellow book** – Term commonly used to describe the Government Accountability Office's publication *Governmental Auditing Standards*, the source of GAGAS.

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