

# *Comprehensive Annual Financial Report*

For Fiscal Year Ended  
June 30, 2012

**City of Peoria, Arizona**



**City Council:**

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

**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, 2012*

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 district map  | xx          |
| <br><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<br>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          |
| Transportation Sales Tax Fund   | 34          |
| <b>Proprietary Fund Financial Statements</b>  |             |
| Statement of Net Assets   | 36          |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets   | 38          |
| Statement of Cash Flows   | 40          |
| <b>Fiduciary Fund Financial Statements</b>  |             |
| Statement of Fiduciary Net Assets   | 44          |
| Statement of Changes in Fiduciary Net Assets  | 45          |
| <b>Notes to the Financial Statements</b>  | 47          |

CITY OF PEORIA, ARIZONA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
*For the Year Ended June 30, 2012*

|   | <u>Page</u> |
|---|-------------|
| <b>C. SUPPLEMENTARY INFORMATION - COMBINING FUND FINANCIAL STATEMENTS AND BUDGETARY SCHEDULES</b> |             |
| <br><b>Major Governmental Funds</b>   |             |
| Budgetary Comparison Schedules – Major Debt Service & Capital Projects Funds                      |             |
| General Obligation Bonds Debt Service Fund  | 94          |
| Development Fee Fund  | 95          |
| <br><b>Non-Major Governmental Funds</b>   |             |
| Combining Statements:   |             |
| Combining Balance Sheet   | 100         |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances                       | 102         |
| Budgetary Comparison Schedules  |             |
| Public Transit Fund   | 104         |
| Section 8 Housing Fund  | 105         |
| Other Grants Fund   | 106         |
| Municipal Development Authority (MDA) Bonds Debt Service Fund                                     | 107         |
| Community Facilities District (CFD) Bonds Debt Service Fund                                       | 108         |
| Special Assessment Debt Service Fund  | 109         |
| General Obligation (GO) Bond Capital Projects Fund  | 110         |
| Community Facilities District (CFD) Bonds Capital Projects Fund                                   | 111         |
| Municipal Development Authority (MDA) Bonds Capital Projects Fund                                 | 112         |
| Non-Bond Capital Projects Fund  | 113         |
| <br><b>Enterprise Funds</b>   |             |
| Schedule of Operations – Budget and Actual  |             |
| Water Utility Fund  | 116         |
| Wastewater Utility Fund   | 117         |
| Solid Waste Utility Fund  | 118         |
| Stadium Fund  | 119         |
| Storm Drain Utility Fund  | 120         |
| Public Housing Fund   | 121         |
| <br><b>Internal Service Funds</b>   |             |
| Combining Statement of Net Assets   | 124         |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets                         | 125         |
| Combining Statement of Cash Flows   | 126         |
| Schedules of Operations – Budget and Actual   |             |
| Motor Pool Fund   | 127         |
| Self-Insurance Fund   | 128         |
| Facilities Maintenance Fund   | 129         |
| Information Technology Fund   | 130         |
| <br><b>Fiduciary Funds</b>  |             |
| Combining Statement of Fiduciary Net Assets   | 132         |
| Combining Statement of Changes in Assets and Liabilities – All Agency Funds                       | 133         |

CITY OF PEORIA, ARIZONA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
*For the Year Ended June 30, 2012*

|  |              | <u>Page</u> |
|--|--------------|-------------|
| <b>D. OTHER SUPPLEMENTARY INFORMATION</b>  |              |             |
| Combining Detailed Schedules – Self-Insurance Fund   |              |             |
| Combining Detailed Schedule of Net Assets – Self-Insurance Fund  |              | 136         |
| Combining Detailed Schedule of Revenues, Expenses, and Changes in Fund<br>Net Assets – Self-Insurance Fund         |              | 137         |
| Federal Financial Data Schedule  |              | 138         |
| Debt Service Schedules   |              |             |
| Schedule of Changes in Debt – Governmental Activities  |              | 141         |
| Schedule of Changes in Debt – Business-type Activities   |              | 142         |
| Schedule of Bonded Debt Service Requirements to Maturity   |              | 143         |
| Capital Assets Schedules   |              |             |
| Schedule of Capital Assets by Function and Classification  |              | 146         |
| Schedule of Changes in Capital Assets by Function – Governmental Activities  |              | 148         |
| Schedule of Interfund Transfers  |              | 149         |
|  | <u>Table</u> |             |
| <b>III. STATISTICAL SECTION - Unaudited</b>  |              |             |
| Net Assets By Component  | I            | 155         |
| Changes in Net Assets  | II           | 156         |
| Program Revenues   | III          | 158         |
| Fund Balances, Governmental Funds  | IV           | 159         |
| Changes in Fund Balances, Governmental Funds   | V            | 160         |
| Government-wide Revenues By Function   | VI           | 161         |
| Tax Revenues By Source, Governmental Funds   | VII          | 162         |
| Intergovernmental Revenues By Source, Governmental Funds   | VIII         | 163         |
| Development/Expansion Fees By Type   | IX           | 164         |
| City Transaction Privilege Taxes By Category   | X            | 165         |
| Direct and Overlapping Sales Tax Rates   | XI           | 166         |
| Sales Tax Payers - By Category   | XII          | 167         |
| Secondary Assessed Value and Full Cash Value of Taxable Property   | XIII         | 168         |
| Direct and Overlapping Property Tax Rates  | XIV          | 169         |
| Direct and Overlapping Property Tax Levies   | XV           | 170         |
| Principal Property Tax Payers  | XVI          | 171         |
| Property Tax Levies and Collections  | XVII         | 172         |
| Utility Statistical Data   | XVIII        | 173         |
| Outstanding Debt By Type   | XIX          | 177         |
| Ratio of Net General Bonded Debt to Full Cash Value and Net Bonded<br>Debt Per Capita                              | XX           | 178         |
| Direct and Overlapping Governmental Activities Debt – Current Fiscal Year  | XXI          | 179         |
| Direct and Overlapping Governmental Activities Debt –<br>Last Ten Fiscal Years                                     | XXII         | 180         |
| Legal Debt Margin  | XXIII        | 181         |
| Pledged Revenue Coverage - Municipal Development Authority Bonds<br>Governmental Portion                           | XXIV         | 182         |
| Pledged Revenue Coverage – Revenue Bonds   | XXV          | 183         |
| Pledged Revenue Coverage - Special Assessment Bonds  | XXVI         | 184         |
| Special Assessment Collections   | XXVII        | 185         |
| Ratio of Annual Debt Service Expenditures for Governmental Debt<br>To Total Governmental Expenditures and Revenues | XXVIII       | 186         |
| Bond Authorizations – Issued and Unissued  | XXIX         | 187         |
| Demographic and Economic Statistics  | XXX          | 188         |
| Major Employers Within the City  | XXXI         | 189         |
| Authorized Full-time Equivalent City Government Employees By Function  | XXXII        | 190         |
| Building Permits and Home Sales  | XXXIII       | 191         |

CITY OF PEORIA, ARIZONA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
*For the Year Ended June 30, 2012*

|  | <u>Table</u> | <u>Page</u> |
|--|--------------|-------------|
| STATISTICAL SECTION (continued)              |              |             |
| Schedule of Insurance in Force               | XXXIV        | 192         |
| Property Insurance Schedule                  | XXXV         | 193         |
| Operating Indicators By Function/Program     | XXXVI        | 194         |
| Capital Asset Statistics By Function/Program | XXXVII       | 195         |
| <b>APPENDIX</b>                              |              |             |
| Glossary                                     |              | 197         |



# City of Peoria

8401 West Monroe Street, Peoria, Arizona 85345

October 30, 2012

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, 2012. 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, 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's 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 the 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 2000 census and the 2010 census the City's population increased by over 42 percent, from approximately 108,300 to approximately 154,065. This follows over 100 percent growth in the preceding 10 years. The estimated current population is 156,780. 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 32 parks encompassing 338 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 II of Rio Vista Park, including a recreation center and additional fields were completed in 2007. The City began construction of another large community park in fiscal year 2012. 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*, as amended by GASB Statement No.61. 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, SERVICE EFFORTS, AND ACCOMPLISHMENTS**

### **For The Year**

In fiscal year 2012 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:

#### **Management & Budget**

- For the third straight year, received the Certificate of Excellence from the International City/County Management Association (ICMA) Performance Management Program. This is the highest level of award.
- Received the 19<sup>th</sup> consecutive Distinguished Budget Award from the Government Finance Officers Association for fiscal year 2012 budget documents.
- Continued to oversee a strategic, priority-based budget process to best target resources toward stated goals.

#### **Communications**

- Worked with the Community Services department to redesign the City's FOCUS newsletter saving the City \$40,000 in production and distribution costs.
- Refocused Peoria Ch. 11 to develop programming featuring City departments and services.
- Redesigned the City of Peoria public website and all of the content pages, which improved usability for the citizens.
- Hired a graphic designer to produce printed and online materials for the City, as well as provide oversight of printing projects. This could potentially save the City more than \$80,000 annually compared to hiring external designers.
- Hosted another successful seven-week Peoria Leadership Institute, a program to give citizens insight into the operations of the City.

#### **Planning & Community Development**

- Completed and adopted the Historic Preservation Master Plan.
- Successful in placing the Palo Verde Park and cultural resource site on the National Register of Historic Places.
- Coordinated and gained approval for the update and streamlining of the Temporary Use Permit and Special Event process.
- Achieved adoption of the Old Town Entertainment District.

- Coordinated the completion of the 2012 Sustainability Action Plan.
- Achieved EnergyStar certification for the Development and Community Services Building.
- Worked with the U.S. Department of Housing and Urban Development (HUD) to purchase nine (9) foreclosed properties of which five (5) were rehabilitated to City Code and have since been sold to income eligible families.
- Assisted 25 households in the Emergency Home Repair Program funded with Community Development Block Grant (CDBG) funds.
- Chosen by Habitat for Humanity Central Arizona to receive assistance through a large cash donation from Wells Fargo Bank for the purpose of rehabilitating foreclosed homes. The donation was part of Wells Fargo's nationwide effort to increase the availability of affordable housing while stabilizing and rebuilding distressed neighborhoods.

### **Economic Development Services**

- Maxwell Technologies, a global leader in developing, manufacturing and marketing energy storage and power delivery solutions, announced it would locate a manufacturing facility in the City and create 150 new jobs over three years. The project's capital investment is \$26 million.
- Approved a management agreement with BioAccel for the creation of the Bioinspire medical device incubator. The incubator will offer 7,000 SF of space for start-up companies.
- Completed Phase 1 of a Commercial Rehabilitation Program at Wagoner Plaza consisting of the rehabilitation of a strip center with 8 suites.
- Held the City's second annual Investment Conference. The event drew about 100 people and was designed to present economic development opportunities in Peoria to the development community.
- City Council approved a new identity for the Peoria Sports Complex area, the Peoria Eighty Three Entertainment District (P83), designed to increase pedestrian connectivity, vitality, and safety.

### **Community Services**

- Began construction of Peoria's second Community Park "Pioneer Park" an 85 acre park featuring baseball/softball diamonds, soccer fields, splash pad, playgrounds, and a five acre urban fishing lake.
- The Parks Division opened new park facilities, including Palo Verde Park in the Terramar subdivision, Westland Park in the Vistancia subdivision, expanded Johnny E. Osuna Park in Old Town, and dedicated Centennial Plaza on the City Hall campus.
- Successfully negotiated a new twenty year contract with two team tenants, the Seattle Mariners and San Diego Padres. The Spring Training 2012 season demonstrated a trend up in attendance and a 3% increase in revenues.
- Before and After School Program (Am/Pm) generated a 5% increase in enrollment for the first time since FY2008. Youth Sports participation was up 12%, Adult Sports gained a 6% increase in registrations and Pass holders at the Rio Vista Recreation Center increased 3% with a total revenue increase of 6%.
- Library circulation increased 5% with a total of 1,860,210 items checked out by our patrons. Library visits increased 4% with a total of 651,166 people experiencing the benefits of Library services and programs. The digital library experienced the largest circulation increase in its history. Digital downloads nearly doubled from 25,449 to 49,559 (a 95% increase).

### **City Clerk**

- District boundaries were redrawn to ensure equal population in all districts.
- Coordinated the 2012 Primary Election in which three (3) Council District seats and (9) charter amendments were on the ballot.
- Three City Clerk employees became certified as State Election Officials.
- Two City Clerk employees fulfilled all the requirements of the Certified Municipal Clerk (CMC) Program and earned their CMC designation.

### **Engineering**

- Completed Centennial Plaza on the City Hall campus in commemoration of the 100<sup>th</sup> anniversary of Arizona's statehood. This \$3.7 million project included a decades walk, a shade canopy over the amphitheater, and a large turf area for community gatherings.
- Completed the Olive Avenue trail underpass.

- Widened and reconstructed the intersection of Beardsley Road and Lake Pleasant Road. This \$3.7 million project also included drainage improvements and converted the rural roadway section along the south side of Beardsley Road to an urban section by adding curb, gutter, sidewalk, landscaping, and street lights.
- In cooperation with the Flood Control District of Maricopa County, completed one of the remaining regional drainage projects in Peoria. The project included construction of drainage channels, culverts, and a 15-acre basin along Pinnacle Peak Road between 104<sup>th</sup> Avenue and Lake Pleasant Parkway.
- Began rehabilitation of aging trunk sewer mains in the southern half of Peoria to address the City Council's goal of maintaining existing infrastructure.

### **Finance**

- Issued \$14.7 million in General Obligation bonds to fund various parks, trails and municipal operations projects.
- Issued \$13.7 million in General Obligation refunding bonds to refinance outstanding debt, saving the City approximately \$1.5 million in interest costs.
- Issued \$23.3 million in Water and Sewer Revenue refunding bonds to prepay several outstanding loans with the Water Infrastructure Finance Authority, saving the City approximately \$2.0 million in interest costs.
- Received affirmation of the City's bond ratings for the General Obligation bonds and Utility Revenue bonds.
- Received the 27<sup>th</sup> consecutive Certificate for Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association for the fiscal year 2011 CAFR.
- Completed a major PeopleSoft Human Capital Management system upgrade.
- Developed a structured program for the replacement of 37,000 aging water meters over the next six years, a Capital Improvement Project with funding of \$1.5 million per year.

### **Fire**

- Signed a contract with Target Solutions to host Fire Department specific training, most notably training to accomplish federally mandated OSHA requirements.
- Put in-service a Polaris 6x6 UTV for off-road rescues in the northern part of Peoria. The UTV was purchased with grant money from the State of Arizona.
- Put in-service a Fire/Rescue boat at Lake Pleasant. The boat was purchased with grant money from the Tohono O'odham Tribe of Arizona.
- Trained approximately 360 people in CPR.

### **Human Resources**

- Completed City-wide Ethics Training.
- Completed an Administrative Support Compensation/Classification Study.
- Held the 2<sup>nd</sup> annual PACE Civic Engagement Conference, received national recognition from CNN and other media outlets. Keynote speakers included the Honorable Kevin Johnson, Mayor of Sacramento CA - and Dr. Michael Crow, President of Arizona State University.
- Launched newly designed Advancing Leadership Training Program.
- Implemented a new apprenticeship program.

### **Information Technology**

- Installed a 50 Terabyte Storage Area Network (SAN) for City-wide data storage of major systems.
- Replaced Network Infrastructure at the Public Safety Administration Building (PSAB).
- Developed PeoriaAZ Civic Reporter citizen engagement smart phone application.
- Developed RSA Secure Authentication Token System for the Police Department.
- Implemented Solid Waste Division electronic truck routing and management system.
- Implemented Electronic Patient Care Reporting system (EPCR) for Fire Department Paramedics.

### **Intergovernmental Affairs**

- The City was awarded 14 grants totaling over \$1,180,000.
- Peoria took a lead role in securing the F35 Mission at Luke Air Force Base. This mission provides economic benefits to the region and the state. Many of Luke's Air Force personnel reside in Peoria.

- Led by Government Affairs, “Joey’s Law” (SB 1163) passed through the Arizona Legislature and signed by the Governor. This law strengthens the vehicle “hit and run” statute.
- Through active engagement, the Phoenix-Tucson passenger rail will have a terminus at the old Phoenix Union Station, key to future connectivity for commuter rail and other mass transit options.

### **Police**

- 53 police department volunteers and interns donated 6,528 hours to the department performing critical tasks that saved the department approximately \$142,200.
- Launched a new web-based program *Smscrimetips.com*, which allows a fast, convenient and confidential way for citizens to provide tips on criminal activity. This program allows for logging, tracking and organizing tips for effective follow up by the appropriate investigative unit.
- Launched a new web-based program *Nixle.com*, which provides a free customizable tool for citizens to receive real time information and updates on police incidents that may impact their neighborhood.
- Department was awarded 9 grants totaling over \$235,242 to enhance services to the community.
- Conducted three Youth Citizen’s Academies at local elementary schools for 140 students who learned about a variety of crime and safety topics.

### **Public Works Utilities**

- Transit was awarded the “New Freedom” grant in the amount of \$29,142.
- Reduced solid waste residential rates by 13 percent.
- Partnered with the City of Glendale to implement an intergovernmental agreement to use their landfill for waste disposal. This offers an additional disposal location for the southern area of City.
- Met or exceeded all ADEQ inspection goals for Storm Water Operations.
- Awarded the “City Manager’s Award for Excellence” in the category of Efficiency for coordinating and managing a program of bike lane implementations
- Despite increasing electrical power increases from APS and SRP, utilities treatment plant operations decreased power costs per 1,000 gallons of water treated.
- Participated in the EPA Energy Audit Program for Wastewater Treatment Facilities.
- Implemented Lab Enhancement Plan, and obtained certification for 16 additional in-house analyses. Cost savings will be realized beginning in FY 2013
- Passed all Maricopa County and Arizona Department of Environmental Quality compliance inspections.
- Obtained and are utilizing grant award funds from a water conservation grant from the Bureau of Reclamation. \$30,000 was awarded to complete a system optimization review to identify additional recharge options for Class A+ treated effluent produced at the Butler Water Reclamation Facility.

### **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:

- 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.

Progress has been made on these goals during fiscal year 2012. The City has strategically placed itself in a better position to take advantage of opportunities as the economy recovers and development increases.

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

As the local economy starts to improve, Peoria continues to face many important growth issues. However, Peoria leadership is committed to implementing the City Council approved Economic Development Implementation Strategy (EDIS) to meet the development needs of our community. This commitment has helped to make 2012 another successful year and continues to provide a foundation for success in the years to come. The City maintains a strong commitment to continue its focus on the new economic reality and to be a leader in areas such as cost-effective service delivery, improved customer service, and strategic partnerships 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-owned, two-team stadium. This year both teams signed a new 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 already successful Peoria Eighty Three (P83) Entertainment District surrounding the Sports Complex remains a primary focus of continued economic development. The City has begun implementation of the 2010 adopted urban design plan, as a new identity has been established and a Design Concept Report is underway to improve pedestrian connectivity, safety, and vibrancy in the area. Another implementation aspect of that plan is the development of 400,000 SF of mixed use space outside the Sports Complex stadium. An exclusive negotiating agreement is in place with a developer for that project.

In fiscal year 2012, the City started to experience an uptick in the overall economy, especially in terms of new residential development. On the commercial side, space absorption continues to be the most active

sector while new builds are slowly on the rise. The City also announced its first industrial project in several years with the Maxwell Technologies project. This project is expected to have a capital investment of \$26 million and add 150 manufacturing and engineering jobs over three years.

In the coming year, new developments are expected to continue in three main focus areas of economic development: entertainment; health care; and higher education. The entertainment concept for the area surrounding the sports complex is already well underway and the City's health care initiative has resulted in progressive efforts as hospital systems plan their next strategic move into the West Valley. Furthermore, the City's aggressive pursuit of university expansions involving private not-for-profit universities has netted a handful of strong candidates to enter the market over the next three years.

There is also significant momentum in redevelopment of the City's older and historic downtown as interest in revitalization continues to rise. The City's implementation of the Old Town Peoria Revitalization Plan is well underway. The City has completed significant capital projects in the area, including two parks, the courthouse renovation and the Community Center remodel. Additionally, the first phase of the Commercial Rehabilitation Program has been completed and work has already begun on the second phase. Finally, the City has contracted with a development team to do two things: create a Building Re-Use Implementation Strategy for underutilized and vacant buildings in the Old Town area and actively recruit users to those buildings.

The northern part of the City also experienced a boost in prospecting activity resulting from the completion of the Loop 303 freeway and the addition of a secondary access point for the Vistancia Commercial Core. The City has a development agreement in place with the developer, Vistancia LLC that takes an aggressive approach to economic development for the area, primarily through the allocation of free land and funding for infrastructure development.

Finally, in 2012, Peoria approved the creation of a medical device incubator, Bioinspire. The facility, managed by BioAccel, a non-profit company that specializes in new technology development, will offer 7,000 SF to house 5-7 start-up companies.

Another item of note is the City's aggressive pursuit of private investment to move development projects forward. A third annual investment conference targeting bankers, REITS, investors, developers, site consultants, and entrepreneurs has been scheduled for February 2013. It is the only one 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 slowly improve during fiscal year 2012 with population growth remaining in the 1% range. Job growth increased moderately with a year-over-year increase of 2.4%, outpacing the national average of 1.3%. Growth within the education, healthcare, retail, transportation and utilities, and leisure and hospitality services sectors, as well as an uptick in construction activity, contributed to overall job gains. During this period, the Phoenix metropolitan area also continued to expand with year-over-year job growth of 2.4%. In June 2012, the unemployment rate in the Phoenix region was 7.5% which remained below the state (8.2%) and national (8.2%) unemployment rates. These rates reflect improvement from the state (9.3%) and national (9.2%) unemployment rates in June 2011.

The local housing market continued to improve during fiscal year 2012. Home prices in the Phoenix area rose with the median single family home price reaching \$150,000 in June, an increase of 29.3% from the \$116,000 in June 2011. Foreclosures on single family homes decreased significantly (56%) during the year and the supply of affordable homes declined (39%) to less than one month's inventory. With the reduced inventory, new home sales increased 39% from June 2011. According to Arizona State University's Center for Real Estate, the number of distressed single family sales in Peoria declined significantly from 384 in June 2011 to 204 in June 2012. The process of disposing distressed inventory allowed Peoria's traditional re-sale market to begin to return to more healthy conditions. The Center for Real Estate indicated June 2012's normal re-sale market for Peoria almost doubled (146) from the prior

year (76) with the average price per square foot increasing 15%. As existing inventories of affordable homes decreased, the demand for new homes increased. For Peoria, single family home permits reached 610 in fiscal year 2012, a significant increase over the 404 permits in fiscal year 2011.

Retail Sales: The City of Peoria, like all Arizona cities, places significant reliance on City-collected sales tax. Overall, sales tax revenues comprised 38% of General Fund revenues in fiscal year 2012. 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. Approximately 52% of sales tax collections were derived through retail sales in fiscal year 2012. Peoria has a concentration of almost 20 automobile dealerships, attracting customers from around the region. Prior to the economic downturn, sales tax revenues from automobile sales accounted for as much as 40% of the City's retail sales tax collections. Since then, the retail tax base has broadened with additional development along the Bell Road corridor and several new power centers in northern Peoria. Peoria began to see improvement in retail collections beginning in FY2011 and this trend continued through FY2012. Strengthening automobile sales were a significant factor in these gains as auto-related collections in FY2012 increased by almost 17% over the previous year, representing approximately 34% of all retail collections.

Retail store and restaurant activity near the Peoria Sports Complex, as well as the 91<sup>st</sup> Avenue and Northern and the Jomax Road and Lake Pleasant Parkway areas have helped the City support its current service standards. Fiscal year 2012 sales taxes collections (all funds) increased 4.5% over the prior fiscal year. Fiscal year 2013 sales tax revenues are anticipated to increase at a more moderate pace of approximately 1.5%. The modest increase reflects anticipated slowing in the rate of growth in automobile sales and a slowly 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 \$9.0 million in revenue in fiscal year 2012, up from \$8.5 million in fiscal year 2011. As with other sales tax revenues, a small increase is expected in fiscal year 2013 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. Revenues from these sources provided approximately 35% of the total revenue to the City's General Fund in fiscal year 2012, which helps support the City's day-to-day activities. The City projects an overall increase of 10.1% in these revenues in fiscal year 2013, reflecting continuing recovery of the statewide economy and improvements in the state's income tax collections from 2010. These revenues are generally distributed based on census population numbers and Peoria's population growth of 12.4% from the 2005 census to the 2010 census exceeded the overall state growth rate generating an approximate 8% increase in Peoria's share of the allocations of these revenues beginning in fiscal year 2012.

Property Tax: The City's property tax rate of \$1.44 per \$100 of assessed valuation for fiscal year 2012. The tax rate has not changed since FY2009. 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 \$2.5 million in revenue for the General Fund in fiscal year 2012.

With a 16.9% decline in the primary assessed value for fiscal year 2012 and an additional 11% decline anticipated in FY2013, primary property tax revenue projections for fiscal year 2013 are \$2.2 million. Given the time lag to update assessor rolls and with statutory formulas and moderate improvements in housing prices, the primary assessed valuation is anticipated to stabilize and begin slow growth in the next few years.

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's Economic Development Services Department continues to aggressively seek new development for the City.

## **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 2012 was \$733,909,330. 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* establishes 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. 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 government-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, 2012, 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, 2012, 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, 2012 found no instances of material weakness or significant deficiencies in the internal controls. 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, 2011. This is the 27th consecutive year the City of Peoria has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. That report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements. As such, we are submitting this report to the GFOA to determine its eligibility for a certificate.

### **Acknowledgments**

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the staff of the Finance Department, especially the Financial Services Division. We want to give special recognition to the City's accounting team for their diligent efforts and superior contributions to this report. We also wish to thank the members of the City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Sincerely,

  
Brent 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, 2011

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.



*Linda C. Danson*

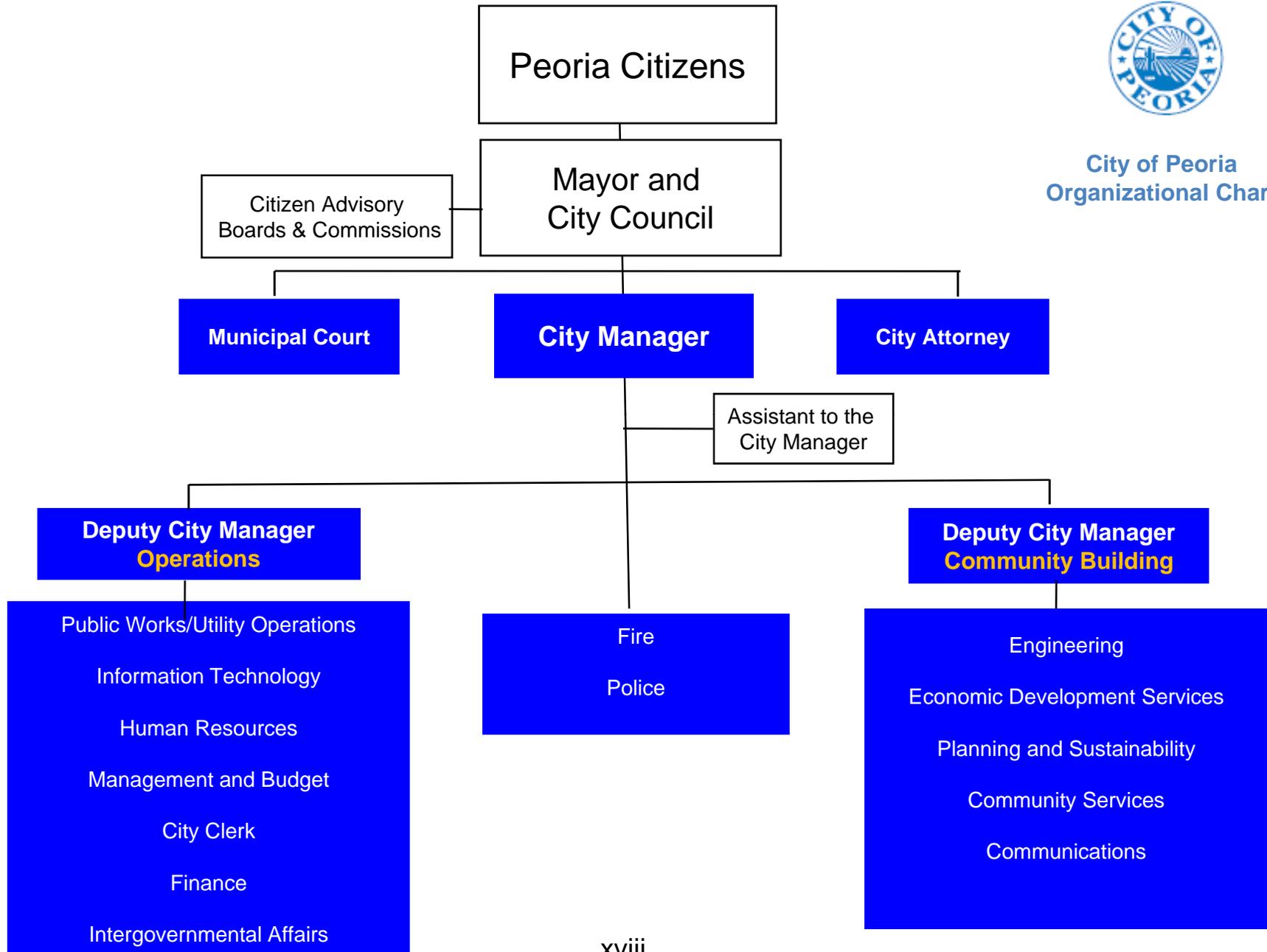
President

*Jeffrey R. Emer*

Executive Director



City of Peoria  
Organizational Chart



# City of Peoria Principal Officials of the City Fiscal Year 2012

**Bob Barrett**  
Mayor

**Ron Aames**  
Vice-Mayor

**Joan Evans**  
Councilmember

**Dave Pearson**  
Councilmember



**Cathy Carlat**  
Councilmember

**Carlo Leone**  
Councilmember

**Tony Rivero**  
Councilmember

**Carl Swenson**  
City Manager

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

**George Anagnost**  
*Municipal Judge*

**John Sefton**  
*Community Services Director*

**Julie Ayers**  
*Human Resources Director*

**Bobby Ruiz**  
*Fire Chief*

**Rhonda Geriminsky**  
*Interim City Clerk*

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

**John Imig**  
*Information Technology Director*

**John Schell**  
*Intergovernmental Affairs Director*

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

**Andrew Granger**  
*Engineering Director*

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

**Roy Minter**  
*Chief of Police*

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

**Chris Jacques**  
*Planning & Community Development  
Director*

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



# City of Peoria Council Districts



**Bob Barrett**  
Mayor



**Cathy Carlat**  
Mesquite



**Joan Evans**  
Willow



**Dave Pearson**  
Ironwood



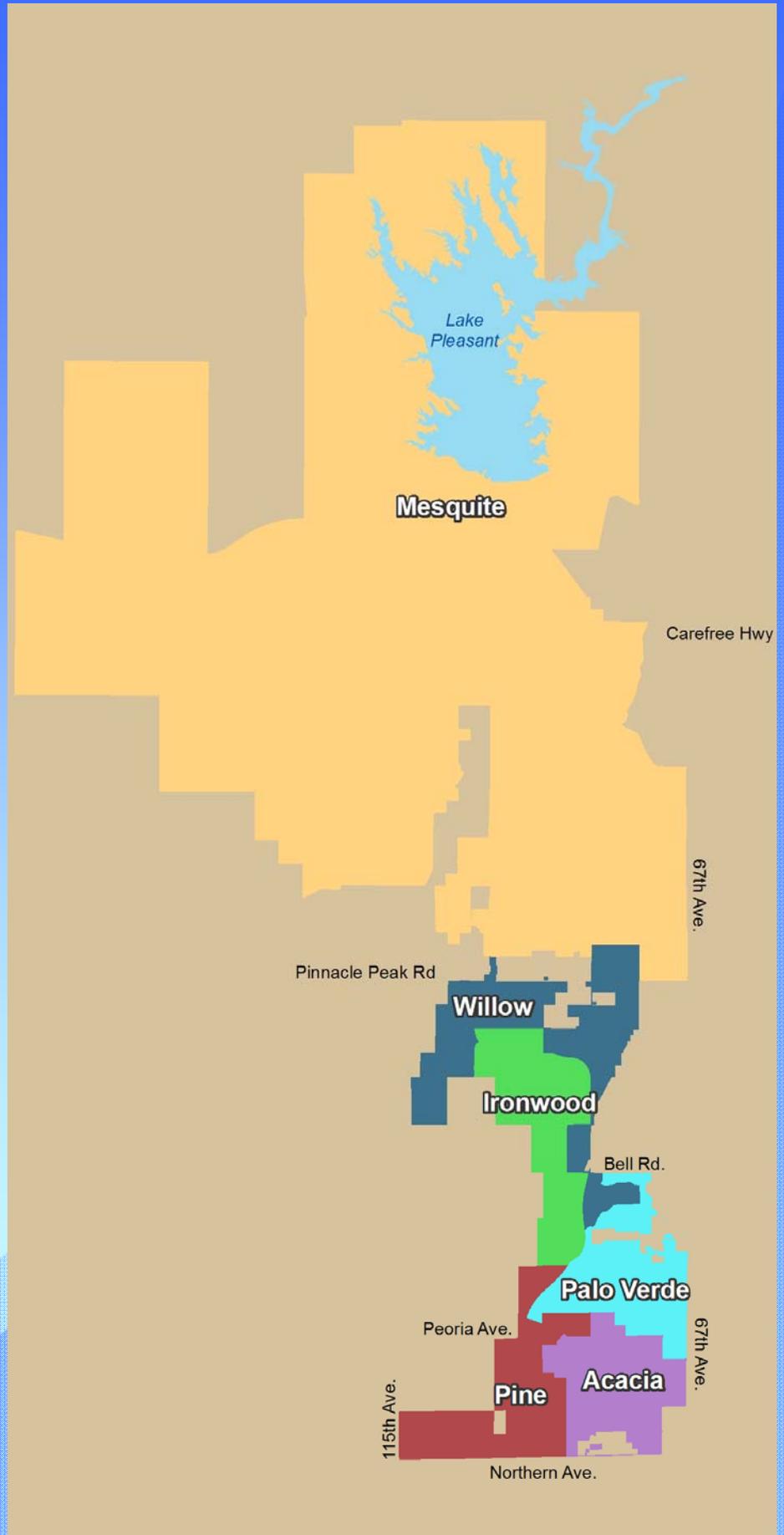
**Ron Aames**  
Palo Verde



**Tony Rivero**  
Acacia



**Carlo Leone**  
Pine



## 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, 2012, 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, 2012, 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Half-cent Sales Tax, Highway User Revenue, 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 fund of the City of Peoria, Arizona, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows, 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 30, 2012, 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 them.

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

HEINFELD, MEECH & CO., P.C.  
CPAs and Business Consultants

October 30, 2012

## 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, 2012. 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.

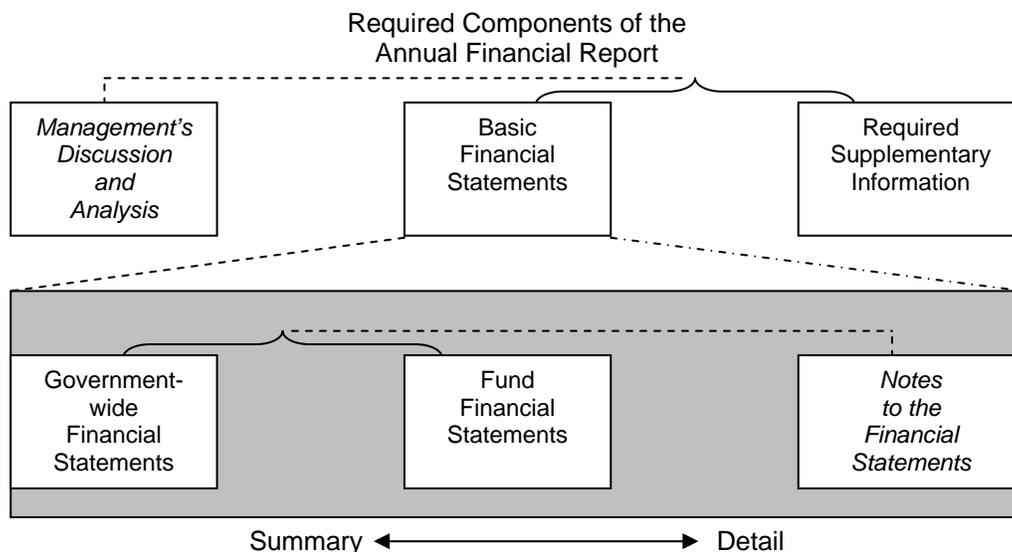
This discussion and analysis (MD&A) has a different focus and purpose than the transmittal letter presented on pages v-xv of this report and is designed to be read in conjunction with the transmittal letter as well as the financial statements beginning on page 19 and the accompanying notes to the financial statements. The City also issues a separate financial report, including management's discussion and analysis, for the Vistancia Community Facilities District, which is a blended component unit of the City.

### Financial Highlights

- ◆ The City's total net assets increased \$23.0 million (1.5%) in fiscal year 2012, an increase of \$14.8 million (1.4%) in governmental activities and an increase of \$8.2 million (1.5%) in business-type activities.
- ◆ Total net assets of the City are \$1,610.5 million, of which \$172.6 million is unrestricted (up \$8.3 million, 5.1%, from last year's \$164.3 million unrestricted net assets).
- ◆ The governmental activities program revenues decreased by approximately \$7.1 million (10.8%) from the previous year. This was primarily due to a decrease in donated capital assets with fewer large developments being completed in fiscal year 2012.
- ◆ The business-type activities program revenues increased by approximately \$7.6 million (11.3%) from the previous year. Charges for services increased \$4.7 million (7.6%) and development fees increased \$0.9 million (43.0%) reflecting a small improvement in development activity.
- ◆ At June 30, 2012, total fund balance of the governmental funds was \$270.2 million, up \$7.7 million (2.9%) from the previous year. Of this, \$12.8 million (down 4.7%) was unassigned (available for spending at the government's discretion).
- ◆ General Fund inflows (on a budgetary basis) were higher than budgeted inflows by \$4.1 million for fiscal year 2012. Budgetary basis outflows of the General Fund were 83.3% (\$21.7 million in savings) of the final budgeted outflows.
- ◆ At June 30, 2012, unassigned fund balance for the General Fund was \$12.9 million, or 13.5% of General Fund expenditures for fiscal year 2012.
- ◆ During fiscal year 2012, the City issued \$28.4 million in General Obligation (GO) Bonds (\$14.7 in new monies and \$13.7 refunding bonds) and \$23.3 million in Water and Wastewater Revenue Refunding Bonds.

### 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 solid waste, and storm drain 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 such as 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 22-34) 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 60-64).

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, Transportation Sales Tax Fund, Development Fee Fund, and GO Bond Debt Service 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 (pages 100-103).

**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 with 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, Storm Drain 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. The Storm Drain Fund was reclassified in fiscal year 2012 from a governmental fund to an enterprise fund. This change was due to a change in the revenue source from primarily transfers from other governmental funds to a user fee to external customers. For better comparative analysis in this MD&A, the 2011 data has been restated, where applicable, to reflect the Storm Drain Fund as an enterprise fund.

**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 124-126). 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 132-133) 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 47-89) 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.

## 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, 2012, 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, 2012, compared to the prior year.

|  | Governmental<br>Activities |                   | Business-type<br>Activities |                 | Total<br>Primary Government |                   | Percent<br>Change |
|--|----------------------------|-------------------|-----------------------------|-----------------|-----------------------------|-------------------|-------------------|
|  | 2012                       | 2011              | 2012                        | 2011            | 2012                        | 2011              |                   |
| Current and other assets                           | \$ 328.2                   | \$ 317.4          | \$ 94.4                     | \$ 86.0         | \$ 422.6                    | \$ 403.4          | 4.8%              |
| Capital assets                                     | 1,108.4                    | 1,106.4           | 615.6                       | 622.6           | 1,724.0                     | 1,729.0           | (0.3)             |
| Total assets                                       | <u>1,436.6</u>             | <u>1,423.8</u>    | <u>710.0</u>                | <u>708.6</u>    | <u>2,146.6</u>              | <u>2,132.4</u>    | 0.7               |
| Other liabilities                                  | 27.4                       | 26.0              | 7.3                         | 6.1             | 34.7                        | 32.1              | 8.1               |
| Long-term liabilities outstanding                  | 363.4                      | 366.8             | 138.0                       | 146.0           | 501.4                       | 512.8             | (2.2)             |
| Total liabilities                                  | <u>390.8</u>               | <u>392.8</u>      | <u>145.3</u>                | <u>152.1</u>    | <u>536.1</u>                | <u>544.9</u>      | (1.6)             |
| Net assets:  |                            |                   |                             |                 |                             |                   |                   |
| Invested in capital assets, net<br>of related debt | 816.1                      | 803.8             | 478.8                       | 478.3           | 1,294.9                     | 1,282.1           | 1.0               |
| Restricted   | 118.1                      | 118.4             | 24.9                        | 22.7            | 143.0                       | 141.1             | 1.4               |
| Unrestricted                                       | 111.6                      | 108.8             | 61.0                        | 55.5            | 172.6                       | 164.3             | 5.1               |
| Total net assets                                   | <u>\$ 1,045.8</u>          | <u>\$ 1,031.0</u> | <u>\$ 564.7</u>             | <u>\$ 556.5</u> | <u>\$ 1,610.5</u>           | <u>\$ 1,587.5</u> | 1.5               |

The net assets of the City increased \$23.0 million (1.5%) in fiscal year 2012. Net assets of governmental activities increased \$14.8 million (1.4%), while the business-type activities increased \$8.2 million (1.5%).

Net Assets consists of three components. The largest portion of net assets (\$1,294.9 million or 80.4%) 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 \$12.9 million in fiscal year 2012 due to \$31.1 million in capital asset expenditures, \$18.7 million in donated assets, and a \$17.8 million decrease in net capital related debt, offset by \$54.7 million in depreciation expense, and asset disposals.

The second portion of the City's net assets (\$143.0 million or 8.9%) represents resources that are subject to external restrictions on how they may be used. The increase of \$1.9 million includes an increase of \$2.3 million in restricted for development fees with increased development fee revenues; a decrease of \$2.1 million in reserved for debt service due to early payoff of the 2003 MDA bonds; and \$2.3 million increase in net assets restricted for capital projects. The increase in the reserve for capital projects is primarily due to increased expansion fee revenues in the Water and Wastewater Funds.

The third portion consists of Unrestricted Net Assets of \$172.6 million (10.7%). These net assets may be used to meet the City's ongoing obligations to citizens and creditors. This category increased \$8.3 million (5.1%) in fiscal year 2012. Unrestricted net assets is the balance of net assets remaining after calculating the other two categories discussed above. Unrestricted net assets of governmental activities increased \$2.8 million, while unrestricted net assets of business-type activities increased \$5.5 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<br>(in millions of dollars) |                |                             |                |                             |                |                   |  |
|------------------------------------|---|----------------|-----------------------------|----------------|-----------------------------|----------------|-------------------|--|
|                                    | Governmental<br>Activities                        |                | Business-type<br>Activities |                | Total<br>Primary Government |                | Percent<br>Change |  |
|                                    | 2012  | 2011           | 2012                        | 2011           | 2012                        | 2011           |                   |  |
| <b>REVENUES:</b>                   |   |                |                             |                |                             |                |                   |  |
| Program revenues:                  |   |                |                             |                |                             |                |                   |  |
| Fees, fines & charges for services | \$ 17.3   | \$ 16.9        | \$ 66.1                     | \$ 61.4        | \$ 83.4                     | \$ 78.3        | 6.5%              |  |
| Federal grants                     | 2.2   | 5.0            | 0.1                         | 0.2            | 2.3                         | 5.2            | (55.8)            |  |
| Capital contributions              | 9.9   | 17.2           | 8.4                         | 5.4            | 18.3                        | 22.6           | (19.0)            |  |
| Other grants and entitlements      | 29.0  | 26.4           | -                           | -              | 29.0                        | 26.4           | 9.8               |  |
| General revenues:                  |   |                |                             |                |                             |                |                   |  |
| Property taxes                     | 22.2  | 26.0           | -                           | -              | 22.2                        | 26.0           | (14.6)            |  |
| Sales and use taxes                | 60.7  | 58.1           | -                           | -              | 60.7                        | 58.1           | 4.5               |  |
| Franchise taxes                    | 4.1   | 4.0            | -                           | -              | 4.1                         | 4.0            | 2.5               |  |
| State shared sales tax             | 12.1  | 11.6           | -                           | -              | 12.1                        | 11.6           | 4.3               |  |
| Urban revenue sharing              | 13.2  | 13.4           | -                           | -              | 13.2                        | 13.4           | (1.5)             |  |
| Auto-in-lieu taxes                 | 4.9   | 4.5            | -                           | -              | 4.9                         | 4.5            | 8.9               |  |
| Investment earnings                | 1.0   | 1.4            | 0.3                         | 0.3            | 1.3                         | 1.7            | (23.5)            |  |
| Gain on sale of capital assets     | 0.1   | 0.1            | -                           | -              | 0.1                         | 0.1            | -                 |  |
| Forgiveness of debt                | 0.0   | 0.8            | -                           | -              | 0.0                         | 0.8            | (100.0)           |  |
| Miscellaneous                      | 3.5   | 5.1            | -                           | -              | 3.5                         | 5.1            | (31.4)            |  |
| Total revenues                     | <u>180.2</u>                                      | <u>190.5</u>   | <u>74.9</u>                 | <u>67.3</u>    | <u>255.1</u>                | <u>257.8</u>   | (1.0)             |  |
| <b>EXPENSES:</b>                   |   |                |                             |                |                             |                |                   |  |
| Program activities:                |   |                |                             |                |                             |                |                   |  |
| Governmental activities:           |   |                |                             |                |                             |                |                   |  |
| General government                 | 20.9  | 27.4           | -                           | -              | 20.9                        | 27.4           | (23.7)%           |  |
| Culture and recreation             | 23.5  | 21.1           | -                           | -              | 23.5                        | 21.1           | 11.4              |  |
| Police                             | 35.9  | 35.5           | -                           | -              | 35.9                        | 35.5           | 1.1               |  |
| Fire                               | 22.3  | 21.2           | -                           | -              | 22.3                        | 21.2           | 5.2               |  |
| Development services               | 5.4   | 6.1            | -                           | -              | 5.4                         | 6.1            | (11.5)            |  |
| Highways and streets               | 31.8  | 25.6           | -                           | -              | 31.8                        | 25.6           | 24.2              |  |
| Public works                       | 7.4   | 7.7            | -                           | -              | 7.4                         | 7.7            | (3.9)             |  |
| Human services                     | 1.7   | 2.0            | -                           | -              | 1.7                         | 2.0            | (15.0)            |  |
| Interest expense on debt           | 12.6  | 12.6           | -                           | -              | 12.6                        | 12.6           | -                 |  |
| Unallocated depreciation           | 0.6   | 0.6            | -                           | -              | 0.6                         | 0.6            | -                 |  |
| Business-type activities:          |   |                |                             |                |                             |                |                   |  |
| Water utility                      | -   | -              | 30.8                        | 29.6           | 30.8                        | 29.6           | 4.1               |  |
| Wastewater utility                 | -   | -              | 21.9                        | 19.9           | 21.9                        | 19.9           | 10.1              |  |
| Solid Waste utility                | -   | -              | 10.8                        | 9.8            | 10.8                        | 9.8            | 10.2              |  |
| Stadium                            | -   | -              | 5.3                         | 5.0            | 5.3                         | 5.0            | 6.0               |  |
| Storm Drain utility                | -   | -              | 0.8                         | 0.7            | 0.8                         | 0.7            | 14.3              |  |
| Housing                            | -   | -              | 0.4                         | 0.4            | 0.4                         | 0.4            | -                 |  |
| Total expenses                     | <u>162.1</u>                                      | <u>159.8</u>   | <u>70.0</u>                 | <u>65.4</u>    | <u>232.1</u>                | <u>225.2</u>   | 3.1               |  |
| Excess (deficit) before transfers  | <u>18.1</u>                                       | <u>30.7</u>    | <u>4.9</u>                  | <u>1.9</u>     | <u>23.0</u>                 | <u>32.6</u>    | (29.4)            |  |
| Transfers                          | (3.3)   | (11.1)         | 3.3                         | 11.1           | -                           | -              | -                 |  |
| Increase (decrease) in net assets  | <u>\$ 14.8</u>                                    | <u>\$ 19.6</u> | <u>\$ 8.2</u>               | <u>\$ 13.0</u> | <u>\$ 23.0</u>              | <u>\$ 32.6</u> | (29.4)            |  |

For fiscal year 2012, total governmental activities revenues decreased \$10.3 million (5.4%), and total business-type activities revenues increased \$7.6 million (11.3%). Expenses increased \$2.3 million (1.4%) and \$4.6 million (7.0%) for the governmental activities and business-type activities, respectively. While some functions had increased expenses with a slowly recovering economy, general government

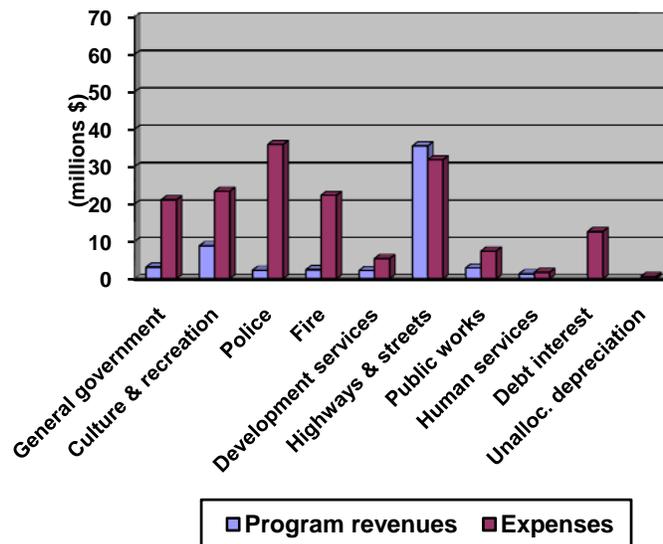
expenses decreased by \$6.5 million (23.7%); development services expenses decreased by \$.7 million (11.5%); public works decrease \$.3 million (3.9%); and human services decreased \$.3 million (15.0%) with the City turning the Section 8 Housing program over to the County. Culture & recreation expenses increased by \$2.4 million (11.4%); police expenses increased \$.4 million (1.1%); fire expenses increased by \$1.1 million (5.2%); and highways and streets expenses increased by \$6.2 million (24.2%). The increase in the business-type activities expenses are primarily in the Water Utility (\$1.2 million, 4.4%), Wastewater Utility (\$2.0 million, 10.1%) and the Solid Waste Utility (\$1.0 million, 10.2%). 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 \$3.2 million (2.6%) from the previous year. The primary drivers were decreases in property tax and reimbursement revenue, offset by increased local and state sales taxes. Property tax revenues decreased by \$3.8 million (14.6%) in fiscal year 2012 as assessed values continued to decline. Miscellaneous revenues, including reimbursement revenue, decreased by \$1.6 million (31.4%) in fiscal year 2012. Local sales and use taxes increased \$2.6 million (4.5%) as retail and restaurant & bar sales taxes increased \$2.2 million and \$0.3 million respectively while state shared sales taxes increased \$.5 million (4.3%).

Program revenues of governmental activities decreased \$7.1 million (10.8%) mainly as a result of the following changes: Federal grants decreased by \$2.8 million (56.0%) with the substantial completion of the Energy grant in 2011, while donations of capital assets decreased by \$7.3 million (42.4%) with fewer large developments being completed in 2012. The program revenues of business-type activities increased \$7.6 million (11.3%) primarily due to a \$4.7 million increase in charges for services revenues as water and wastewater rates increased 4.5% after three years of no changes. Development fee revenues also increased \$0.9 million reflecting a slight improvement in development activity.

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

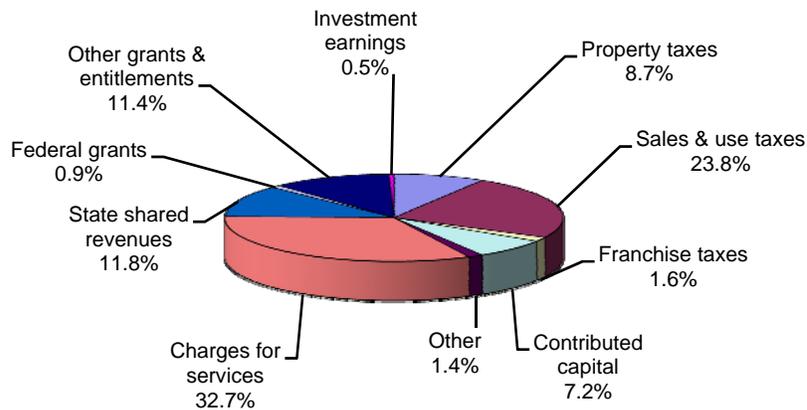


functions. Expenses not covered by direct program revenues are covered by general revenues of the City, primarily taxes and state shared revenues. In the governmental activities, the program revenues of \$58.4 million are 36.0% of the governmental activities expenses for fiscal year 2012, down from 41.0% in fiscal year 2011. In the business-type activities, program revenues of \$74.6 million are 106.6% of the business-type expenses for fiscal year 2012. This compares to \$67.0 million and 102.5% in fiscal year 2011.

Governmental activities account for 70.6% of the total revenues of the City and 69.8% of the total expenses in fiscal year 2012. These percentages were 73.9% and 71.0% respectively in fiscal year 2011.

As seen in the following graph, one of the largest financing sources for the City in fiscal year 2012 is charges for services (32.7%), primarily because this is the major funding source of the business-type activities (88.2% of business-type revenues in fiscal year 2012). The major funding sources of the governmental activities are property, franchise and sales/use taxes (34.1% of total revenues, 48.3% of governmental revenues) and state shared revenues (11.8% of total revenues, 16.8% of governmental revenues).

### Government-Wide Revenue Sources Fiscal Year 2012

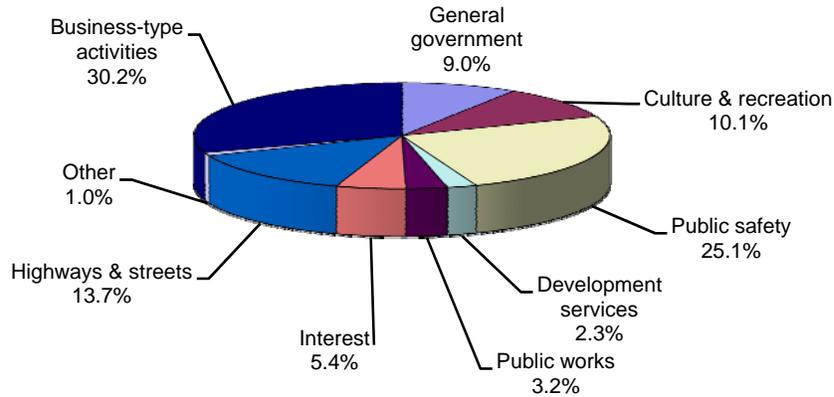


Property taxes decreased 14.6% from fiscal year 2011 with a continued decline in assessed value. The tax rates did not change in fiscal year 2012 compared to the previous year.

Total government-wide expenses (not including transfers out) of the City increased \$6.9 million (3.0%) in fiscal year 2012. Expenses of the governmental activities increased \$2.3 million (1.4%). This includes increases of \$6.2 million (24.2%) for highways and streets, and \$2.4 million (11.4%) for culture and recreation offset by a decrease of \$6.5 million (23.7%) for general government. Highways and streets expenses increased primarily due to an increase of \$4.8 million in depreciation expense. Culture and recreation expenses increased primarily due to an increase of \$2.5 million additional depreciation expense. General government expenses decreased with \$4.0 million in lower depreciation expense. Expenses in Business-type activities increased \$4.6 million (7.0%) primarily due to increased depreciation expense. The various increases in depreciation expense were due to a thorough review of work-in-progress assets during 2012 and beginning depreciation on a number of assets. The decrease in general government depreciation expense is due to the completion of depreciation on a large information technology asset in fiscal year 2011.

As shown in the following Government-Wide Functional Expenses graph, business-type activities account for 30.2% of the functional expenses of the City for fiscal year 2012, while governmental activities account for 69.8% of the functional expenses. For the governmental activities, the largest users of resources are public safety (25.1% of total expense, 35.9% of governmental expenses), general government (9.0% of total expenses, 12.9% of governmental expenses), highways and streets (13.7% of total expenses, 19.6% of governmental expenses), and culture and recreation (10.1% of total expenses, 14.4% of governmental expenses).

## Government-Wide Functional Expenses Fiscal Year 2012



### 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

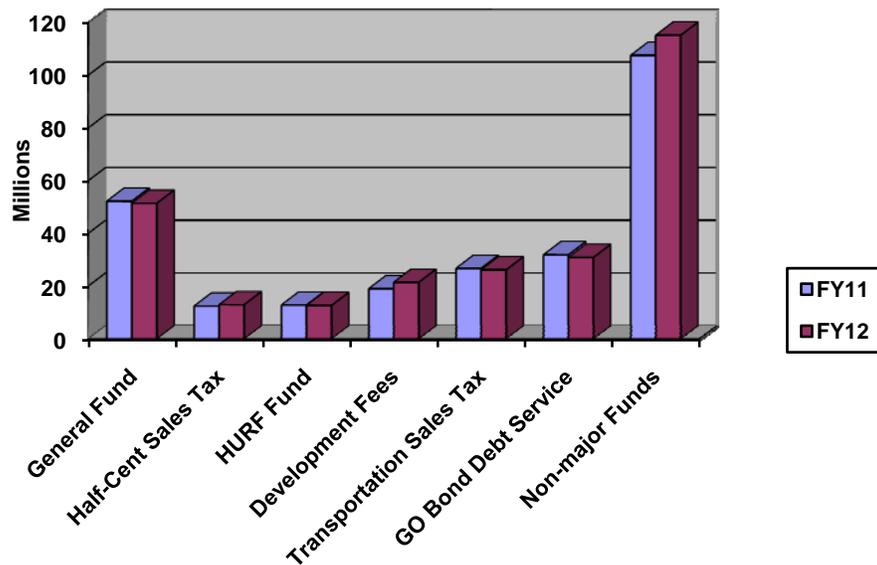
The focus of the governmental fund financial statements (pages 22-29) is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discretely presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the non-major funds may be found on pages 100-103. Although the Half-Cent Sales Tax Fund, Highway User Revenue 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 or outstanding debt.

The fund balance of the governmental funds is \$270.2, an increase of \$7.7 million, or 2.9%, from the previous year. Of this, \$169.5 million (down \$1.1 million (0.6%) from the previous year) is classified as Unspendable or Restricted because it is not appropriable for expenditure or is legally segregated for a specific future use. The decrease in restricted fund balance is caused by a decrease in restricted for debt service of \$2.1 million, including \$1.4 million in the MDA Debt Service Fund and \$1.1 million in the GO Bond Debt Service Fund, due to the early payoff of bonds in 2012; a decrease of \$0.9 million in restricted for capital projects due to decreased reimbursement revenue; a decrease of \$0.8 million was recorded in restricted for transportation purposes due to increased capital expenditures; offset by a \$2.4 million increase in restricted for development fees due to increased development fee revenues.

An additional \$87.9 million of the governmental fund balance (up \$9.4 million (12.0%) from the previous year) has been committed or assigned for specific purposes by council or administrative action. These commitments include various stabilization reserves (\$38.6 million), debt service reserves (\$1.0 million), capital projects (\$34.0 million) and arts capital and various other purposes (\$14.3).

The remaining \$12.8 million of governmental fund balance is classified as Unassigned. 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 unassigned fund balance decrease of \$0.6 million (4.5%) during fiscal year 2012 is primarily due to the net loss in the General Fund.

## Governmental Funds - Fund Balance



The General Fund is the chief operating fund of the City and accounts for many of the major functions of the government, including public safety, parks and recreation, community development and general administrative services. The General Fund revenues increased \$1.3 million (1.5%) from the previous year. Urban revenue sharing decreased \$.2 million (1.3%). Urban revenue sharing is from the collection of state income tax two years prior, so distributions in fiscal year 2012 are still from the economic recession. Also, property taxes decreased by \$.4 million (13.8%) as assessed values continue to decrease, and investment earnings decreased \$.03 million (15.2%) due to continuing low interest rates. The City's sales tax revenues in the General Fund increased \$1.4 million (4.4%) and state shared sales tax revenues increased \$.4 million (3.8%) due to a recovering retail sales and restaurant & bar sales. Auto-in-lieu revenue (licensing fees) increased .4 million (8.7) with an increase in auto sales. Total General Fund expenditures decreased \$4.4 million (4.4%). Personnel costs decreased \$1.3 million while other costs (contractual services and commodities) decreased \$1.2 million with various cost saving measures. Capital outlay decreased by \$1.6 million (40.1%) with fewer projects being funded by the General Fund. The unassigned fund balance of the General Fund was 13.5% of expenditures at June 30, 2012, compared to 13.6% at June 30, 2011.

The Half-Cent Sales Tax Fund tracks the revenues from a \$.05 sales tax committed for specific purposes by Council policy. Revenues in this fund increased \$.6 million (4.3%) from the previous year due to increased sales tax revenues. Expenditures in this fund decreased \$1.7 million (30.5%) due to increased debt service payments on development agreements in fiscal year 2011 that did not repeat in fiscal year 2012. Transfers out from the Half-Cent Fund increased \$.7 million with higher debt service transfers. Total fund balance of the Half-Cent Sales Tax Fund increased by \$.4 million (3.4%) in fiscal year 2012.

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 that are 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 \$.2 million (2.1%) due to decreased highway user revenues (\$.3 million or 3.8%) and a small increase in sales taxes. Expenditures increased by \$.5 million (4.4%) in fiscal year 2012 primarily due to an increase in street repairs expenditures. Fund balance decreased \$.2 million (1.5%) in fiscal year 2012.

The Transportation Sales Tax Fund tracks the collection and expenditure of the .3% voter approved sales tax to address transportation issues. Revenues in this fund increased \$.4 million (4.7%) while expenditures increased \$1.9 million (56.2%). The increased revenues are due to increasing sales tax

revenue while the increased expenditures are primarily capital outlay. The fund balance decreased \$.6 million (2.2%) in fiscal year 2012. All fund balance in this fund is restricted.

Another major governmental fund of the City is the Development Fee Fund, which collects governmental impact fees for parks and recreational facilities, public safety, and streets and intersections. Revenues in the Development Fee Fund increased \$2.5 million (52.6%) with a moderate increase in development activity in the City, while expenditures increased \$.9 million (23.3%) in fiscal year 2012 due to increased capital outlay. Fund balance increased \$2.4 million (12.6%) in fiscal year 2012, primarily due to increased revenues. All fund balance in this fund is restricted.

The GO Bond Debt Service Fund accounts for the payment of general obligation bonds and the related interest. Revenues in this fund decreased \$3.3 million (16.3%) due to decreased secondary property tax revenues and investment earnings. The secondary assessed value of the City decreased 20.7% in fiscal year 2012 while the secondary tax rate was unchanged. Expenditures decreased by \$5.6 million (23.5%) due to decreased principal payments on general obligation bonds issued in fiscal year 2009. The Series 2009 bond debt service was structured with large payments in fiscal year 2010 and 2011 to lower the fund balance in this fund. Fund balance decreased \$1.1 million (3.4%) in fiscal year 2012.

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

### **Proprietary funds**

The proprietary fund financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statements, but provide additional detail since each major enterprise fund is shown discretely. Although the Solid Waste, Stadium Fund, Storm Drain 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 \$8.7 million (1.6%) in fiscal year 2012. Net assets invested in capital assets, net of related debt, increased \$.5 million (.1%) with the addition of utility infrastructure in the Water Fund. Restricted net assets increased \$2.2 million (9.6%), primarily due to increased balances for capital construction due to increased expansion fees in the Water and Wastewater Funds. The unrestricted net assets increased \$6.0 million (11.1%) primarily due to increased net income in the utility operating portions of the Utility Funds. The Water Utility Fund, Wastewater Utility Fund, and Solid Water Utility Fund experienced increases in total net assets of \$7.3 million (2.7%), \$.6 million (0.2%) and \$1.3 million (5.5%) respectively. The Storm Drain Utility Fund net assets increased \$8,863 (1.2%) while the Stadium Fund decreased \$0.4 million (1.6%), and the Public Housing Fund total net assets decreased \$0.1 million (5.2%). The Water Utility unrestricted net assets increased \$4.5 million (16.9%), the Wastewater Utility unrestricted net assets increased \$0.4 million (2.7%), and the unrestricted net assets of the Solid Waste Fund increased \$1.4 million (10.8%).

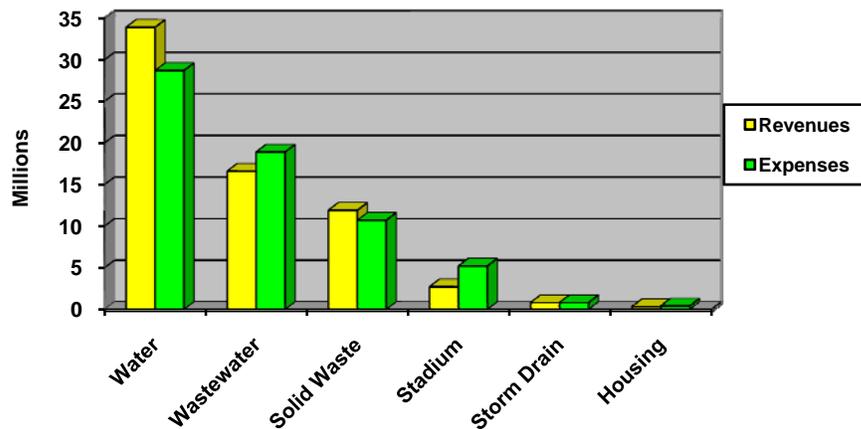
Operating revenues of the enterprise funds increased \$4.6 million (7.5%) in fiscal year 2012. Charges for services increased \$3.9 million (13.1%) in the Water Utility Fund and \$0.7 million (4.4%) in the Wastewater Utility Fund due to increased usage and rate increases of 4.6% in water and 4.5% in wastewater. Operating expenses of the enterprise funds increased \$5.0 million (8.4%) in fiscal year 2012. The Water Utility Fund operating expenses increased \$1.7 million (6.3%) primarily due to an increase in depreciation of \$1.9 million (27.5%). In the Wastewater Utility Fund, operating expenses increased \$2.0 million (11.9%) due to an increase in depreciation of \$1.6 million (18.6%), an increase in contractual services/commodities of \$0.3 million (5.3%), and an increase in salaries/wages of \$0.1 million (5.0%). In the Solid Waste Fund, operating expenses increased \$0.9 million (9.0%) due to an increase of \$0.2 million (6.7%) in salaries/wages and \$0.7 million (11.6%) in contractual services/commodities primarily in landfill services and internal charges for other City services. Operating expenses in the Stadium Fund increased \$0.2 million (4.3%) due to a \$0.2 million (7.8%) increase in contractual services/commodities of which a significant portion is one-time expenses from a catch-up on team splits of revenues.

Operating income for the Water Utility Fund increased by \$2.2 million (73.4%) from fiscal year 2011 due to the higher charges for service. Operating income for the Wastewater Utility decreased by \$1.3 million

(133.6%) to an operating loss in fiscal year 2012 with the expense increases discussed above. The Solid Waste Utility Fund operating income decreased \$.9 million (42.0%) based on increased expenses as discussed above. The Stadium Fund and the Public Housing Fund had operating losses in fiscal years 2011 and 2012. The Stadium Fund's operating loss is substantially 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 higher in fiscal year 2012 than 2011 due to decreasing federal subsidies and increased expenses. The Storm drainage fund essentially broke even in fiscal year 2012.

The following graph shows the operating revenues and expenses for the enterprise funds for fiscal year 2012.

### Fiscal year 2012 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 30-34. These statements compare the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis. Budgetary schedules for the other governmental funds as well as the proprietary funds are also presented on pages 94-95, 104-113, 116-121, and 127-130.

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 \$460 million occurred during fiscal year 2012. 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 \$108.6 million, on a budgetary basis, exceeded budgeted inflows of \$104.5 million by \$4.1 million (3.9%) while budgetary basis outflows (expenditures and other uses) of \$108.5 million were 83.3% of final budgeted outflows. Revenues, on a budgetary

basis, exceeded budgeted revenues in sales tax, franchise tax, state shared sales tax, charges for other services, licenses and permits, while falling short in investment earnings and miscellaneous revenues. Reduced General Fund outflows resulted primarily from delayed capital projects and unspent contingency. There were no expenditure overages for any of the functional categories although the fire department budget was increased \$0.25 million from the General Fund contingency to cover higher overtime expenditures.

During the fiscal year, the original General Fund expenditures and other uses budget of \$134.0 million was amended by \$3.8 million to the final expenditure and other uses budget of \$130.2 million. Notable General Fund transfers were as follows:

- Contingency appropriation of \$0.3 million was transferred to General Fund from the Fleet Replacement Reserve Fund when the Police Department no longer required their supplemental for a REACT vehicle due to the State/County continuing their program when it had been anticipated that it would be turned over to the cities.
- Excess appropriation of \$0.1 million was transferred to General Fund contingency appropriation from the MDA Debt Service Fund associated with the GRIC Water Rights debt payoff being lower than estimated.
- Appropriation of \$0.3 million was transferred from General Fund contingency to the Motor Pool Fund for increased fuel costs.
- Per council approval in April 2012, the 2003 MDA bonds were defeased in fiscal 2012. There was a transfer from General Fund contingency appropriation of \$2.9 million to the MDA Debt Service Fund for expenditure authorization necessary to complete the defeasance.
- Citywide health insurance cost savings resulted in \$0.2 million transfer to General Fund contingency from the Self-Insurance Fund.
- Contingency appropriation of \$1.2 million was transferred from the General Fund contingency to the Self-Insurance Fund for increased costs associated with two large Worker's Compensation claims.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

As of June 30, 2012, the City had \$1.3 billion invested in various capital assets, net of accumulated depreciation and related debt, up 1.0% 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 decrease of \$5.0 million from June 30, 2011. Net assets of business-type activities decreased \$7.0 million while governmental activities increased \$2.0 million.

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

- ✓ The City spent an additional \$1.3 million on major repair and rehabilitation of all sewer lines 15 inches and larger throughout the whole city. These trunk sewer lines collect the wastewater from multiple areas. Repair and rehabilitation of these sewer lines will correct deficiencies identified during the inspection process; thereby, ensuring continuous and reliable service.
- ✓ The community center was built in 1987 in Old Town Peoria. It is a multi-use recreation center utilized by the citizens for Peoria. The 2006 Parks Recreation and Open Space Master Plan identified the citizens' need for a larger multi-use recreation center as the number one facility requirement. An additional \$5.5 million was spent to renovate the existing facility, while constructing an additional 10,000 square feet. These facilities will serve the residents of south Peoria and include a game room, an exercise room and a classroom.

- ✓ Traffic projections indicate that Lake Pleasant Pkwy should be widened to four lanes between Westwing Pkwy (Dynamite Blvd) and Loop 303 to accommodate the increased traffic anticipated following connection of Loop 303 to Lake Pleasant Pkwy. Land was purchased for \$1.9 million to accommodate the additional lanes.
- ✓ Construction continued on the south half-street improvements of Beardsley Road between 99<sup>th</sup> Avenue and Lake Pleasant Road. The original half-street was field constructed by Maricopa County in the late 1980s to rural standards. Eventually the road was annexed into the City. The City spent \$3.1 million to construct curbs, gutter and sidewalks.
- ✓ Located at the southeast corner of 83<sup>rd</sup> and Olive Avenue, the City is constructed a second community park. The park will comprise approximately 80 acres of area to include six baseball/softball fields with associated concessions, restrooms, spectator areas and parking, four lighted soccer fields and support facilities, a five-acre lake, a skate park, a dog park, a splash park, picnic areas and gardens. The City spent an additional \$1.7 million in fiscal year 2012. This project is estimated to cost \$19.7 million.

The following table provides a breakdown of the capital assets of the City at June 30, 2012, and 2011. Additional information on the City's capital assets may be found in Note 12 on pages 72-73.

|                                     | Governmental<br>Activities |                          | Business-type<br>Activities |                        | Total<br>Primary Government |                          | Percent<br>Change |
|-------------------------------------|----------------------------|--------------------------|-----------------------------|------------------------|-----------------------------|--------------------------|-------------------|
|                                     | 2012                       | 2011                     | 2012                        | 2011                   | 2012                        | 2011                     |                   |
|                                     | \$                         | \$                       | \$                          | \$                     | \$                          | \$                       |                   |
| Buildings and building improvements | 133.3                      | 133.1                    | 23.7                        | 24.6                   | 157.0                       | 157.7                    | (0.4)%            |
| Furniture                           | .6                         | .7                       | .1                          | .1                     | .7                          | .8                       | (12.5)            |
| Equipment                           | 12.3                       | 14.8                     | 2.8                         | 2.1                    | 15.1                        | 16.9                     | (10.7)            |
| Vehicles                            | 7.1                        | 7.6                      | 3.7                         | 4.2                    | 10.8                        | 11.8                     | (8.5)             |
| Surface water system                | 60.6                       | 47.2                     | -                           | -                      | 60.6                        | 47.2                     | 28.4              |
| Street system                       | 370.2                      | 340.9                    | -                           | -                      | 370.2                       | 340.9                    | 8.6               |
| Park system                         | 48.4                       | 19.2                     | -                           | -                      | 48.4                        | 19.2                     | 152.1             |
| Water system                        | -                          | -                        | 241.2                       | 230.2                  | 241.2                       | 230.2                    | 4.8               |
| Water rights                        | -                          | -                        | 11.6                        | 11.8                   | 11.6                        | 11.8                     | (1.7)             |
| Wastewater system                   | -                          | -                        | 281.2                       | 285.4                  | 281.2                       | 285.4                    | (1.5)             |
| Land                                | 336.7                      | 332.3                    | 17.0                        | 17.0                   | 353.7                       | 349.3                    | 1.3               |
| Work in progress                    | 139.2                      | 210.6                    | 34.3                        | 47.3                   | 173.5                       | 257.9                    | (32.7)            |
| <b>Total</b>                        | <b><u>\$ 1,108.4</u></b>   | <b><u>\$ 1,106.4</u></b> | <b><u>\$ 615.6</u></b>      | <b><u>\$ 622.7</u></b> | <b><u>\$ 1,724.0</u></b>    | <b><u>\$ 1,729.1</u></b> | <b>(0.3)</b>      |

The City has adopted a ten year capital improvement plan budgeted at \$463.0 million, including \$170.4 million in fiscal year 2013. Anticipated funding for this plan for fiscal year 2013 is through a combination of impact fees (13.6%), general obligation bonds (25.2%), municipal development authority bonds (17.6%), operating revenues (15.4%), City (10.7%) and County (15.7%) transportation sales taxes and other outside funding sources (1.8%). The estimated operating budget impact of the capital improvement program over the next five fiscal years is expected to be \$11.5 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, leases, contracts, compensated absences, and deferred bond premiums, net of deferred loss on bond refunding, was \$460.5 million at June 30, 2012. Of this total, \$332.5 million was in governmental activities and \$128.0 million was in business-type activities. The City's outstanding non-current debt decreased \$16.3 million in fiscal year 2012. In fiscal year 2012, the City issued \$14.7 million in General Obligation Bonds to fund various parks, trails and municipal operations projects and \$13.7 million to refinance outstanding debt. The City also issued \$23.3 million in Water and Sewer Revenue Refunding Bonds to prepay several outstanding loans with the Water Infrastructure Finance Authority. See Note 15 on pages 79-80 for additional information on the refunding debt.

Of the total outstanding bonds of \$412.6 million, \$171.0 million is general obligation bonds backed by the full faith and credit of the City. An additional \$4.7 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 \$56.2 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, 2012, is \$73.8 million in the 6% category and \$87.0 million in the 20% category. Additional information on the debt limitations and capacities may be found in Note 14 (page 74) and also in Table XXIII in the statistical section of this report (page 181).

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2012, and 2011. Further detail on the City's outstanding debt may be found in Note 14 on pages 74-79.

**Outstanding Debt**  
(in millions)

|                                      | Governmental<br>Activities |                 | Business-type<br>Activities |                 | Total<br>Primary Government |                 | Percent<br>Change |
|--------------------------------------|----------------------------|-----------------|-----------------------------|-----------------|-----------------------------|-----------------|-------------------|
|                                      | 2012                       | 2011            | 2012                        | 2011            | 2012                        | 2011            |                   |
| General obligation debt              | \$ 171.0                   | \$ 167.6        | \$ -                        | \$ -            | \$ 171.0                    | \$ 167.6        | 2.0%              |
| Municipal Development Authority debt | 52.5                       | 58.4            | -                           | 0.4             | 52.5                        | 58.8            | (10.7)            |
| Special assessment debt              | 4.7                        | 6.2             | -                           | -               | 4.7                         | 6.2             | (24.2)            |
| Water/Sewer Revenue bonds            | -                          | -               | 128.3                       | 137.8           | 128.3                       | 137.8           | (6.9)             |
| Community Facilities District bonds  | 56.2                       | 58.6            | -                           | -               | 56.2                        | 58.6            | (4.1)             |
| Contracts payable                    | 62.9                       | 67.4            | 6.9                         | 7.1             | 69.8                        | 74.5            | (6.3)             |
| Compensated absences                 | 7.0                        | 6.1             | 0.8                         | 0.6             | 7.8                         | 6.7             | 16.4              |
| Total                                | <u>\$ 354.3</u>            | <u>\$ 364.3</u> | <u>\$ 136.0</u>             | <u>\$ 145.9</u> | <u>\$ 490.3</u>             | <u>\$ 510.2</u> | (3.9)             |

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 2012 was 7.5%, which remains below both the state (8.2%) and national average (8.2%). The regional economy continues to recover at a slow pace with population growth in the 1% range and modest increases in construction activity. Overall employment growth was positive with a year-over-year increase of 2.4% for the state. Moderate growth in the education, healthcare, construction, retail, transportation and utilities, and leisure and hospitality services sectors helped create the job gains. Within Peoria, the local economy has experienced a slight increase in residential construction with activity continuing in the planned communities developed over the past few years. Commercial construction remains lower than historical levels.

The adopted fiscal year 2013 budget is \$473 million, an increase of 2.8% from the fiscal year 2012 budget as the City anticipates slight revenue increases due to a slowly recovering economy. The operating budget totals \$302.6 million, which is an increase of 0.2% from 2012. The capital projects portion of the budget, \$170.4 million (a 7.8% increase), is divided in the following manner: \$1.4 million for drainage projects, \$6.7 for operational facilities, \$64.6 million for parks, trails and open space, \$3.7 million for public safety projects, \$62.3 million for streets and traffic control projects, \$8.3 million for economic development projects, \$9.1 million for wastewater projects, and \$14.3 million for water projects.

The General Fund operating budget (not including contingency) is \$117.6 million, up 10.1% from the prior year budget. With the continued sluggish economy, the citizens' needs for City services were balanced with a slowly increasing revenue base. For the first time in four years, budget cuts were not needed, but the approach was to allow modest one-time budget needs while avoiding ongoing commitments. The budget continues to focus on preserving the City's excellent quality of life.

The fiscal year 2013 budget no longer required staff cuts, but adhering to the commitment to avoid ongoing commitments, only one new employee was added in the budget.

The City has maintained 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 several 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 \$33.2 million in the General Fund and \$5.4 million in the Half-Cent Sales Tax Fund at June 30, 2012. The City also maintains working capital policy reserve, rate stabilization, and debt stabilization reserves in the Utility Funds. At June 30, 2012, those reserves were \$11.9 million in the Water Utility, \$8.1 million in the Wastewater Utility, and \$2.1 million in the Solid Waste Utility. It should be noted that while these reserves are established to address immediate and dramatic fiscal difficulties, they are not intended to cover structural budget shortfalls. With this in mind, the fiscal year 2013 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, 2012**

|   | Primary Government         |                             |                         |
|---|----------------------------|-----------------------------|-------------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                   |
| <b>ASSETS</b>                                   |                            |                             |                         |
| Cash and cash equivalents                       | \$ 43,103,448              | \$ 16,236,678               | \$ 59,340,126           |
| Cash with fiscal agents                         | 13,685,827                 | 1,488,945                   | 15,174,772              |
| Investments                                     | 179,500,482                | 65,674,208                  | 245,174,690             |
| Accounts receivable, net                        | 12,993,502                 | 8,813,866                   | 21,807,368              |
| Interest receivable                             | 136,247                    | 39,653                      | 175,900                 |
| Internal balances                               | (1,036,659)                | 1,036,659                   | -                       |
| Due from other governments                      | 5,642,987                  | -                           | 5,642,987               |
| Prepaid items                                   | 124,202                    | 313,325                     | 437,527                 |
| Supply inventories                              | 1,133,415                  | 267,626                     | 1,401,041               |
| Deferred bond issuance costs, net               | 2,751,048                  | 383,178                     | 3,134,226               |
| Restricted cash and cash equivalents            | 27,155,382                 | 136,118                     | 27,291,500              |
| Restricted investments                          | 36,087,909                 | -                           | 36,087,909              |
| Other assets                                    | 2,340,000                  | -                           | 2,340,000               |
| Special assessments receivable                  | 4,551,574                  | -                           | 4,551,574               |
| Capital assets:                                 |                            |                             |                         |
| Non-depreciable                                 | 475,895,730                | 51,374,815                  | 527,270,545             |
| Depreciable (net)                               | 632,520,706                | 564,266,310                 | 1,196,787,016           |
| Total assets                                    | <u>1,436,585,800</u>       | <u>710,031,381</u>          | <u>2,146,617,181</u>    |
| <b>LIABILITIES</b>                              |                            |                             |                         |
| Accounts payable                                | 9,673,491                  | 2,975,423                   | 12,648,914              |
| Accrued payroll                                 | 961,646                    | 114,316                     | 1,075,962               |
| Interest payable                                | 5,960,577                  | 2,133,294                   | 8,093,871               |
| Due to other governments                        | 1,025,839                  | 239,426                     | 1,265,265               |
| Other liabilities                               | 2,276,265                  | 91,617                      | 2,367,882               |
| Customer deposits                               | 3,567                      | 1,684,843                   | 1,688,410               |
| Unearned revenue                                | 7,521,754                  | 20,100                      | 7,541,854               |
| Non-current liabilities:                        |                            |                             |                         |
| Due within one year:                            |                            |                             |                         |
| Current portion of claims payable               | 2,268,909                  | -                           | 2,268,909               |
| Current portion of compensated absences         | 4,823,470                  | 575,920                     | 5,399,390               |
| Current portion of contracts payable            | 4,591,479                  | 751,540                     | 5,343,019               |
| Current portion of bonds & notes payable        | 14,990,000                 | 8,776,254                   | 23,766,254              |
| Due in more than one year:                      |                            |                             |                         |
| Noncurrent portion of claims payable            | 4,165,771                  | -                           | 4,165,771               |
| Noncurrent portion of compensated absences      | 2,187,760                  | 226,030                     | 2,413,790               |
| Noncurrent portion of contracts payable         | 58,334,770                 | 6,184,810                   | 64,519,580              |
| Noncurrent portion of bonds & notes payable     | 269,340,000                | 119,507,652                 | 388,847,652             |
| Plus: Deferred bond premium                     | 3,092,958                  | 2,444,594                   | 5,537,552               |
| Less: Deferred loss on bond refunding           | (466,255)                  | (379,208)                   | (845,463)               |
| Total liabilities                               | <u>390,752,001</u>         | <u>145,346,611</u>          | <u>536,098,612</u>      |
| <b>NET ASSETS</b>                               |                            |                             |                         |
| Invested in capital assets, net of related debt | 816,149,271                | 478,738,661                 | 1,294,887,932           |
| Restricted for:                                 |                            |                             |                         |
| Debt service                                    | 53,726,154                 | -                           | 53,726,154              |
| Capital projects                                | 573,990                    | 24,296,095                  | 24,870,085              |
| Development fees                                | 21,538,493                 | -                           | 21,538,493              |
| Transportation purposes                         | 38,691,797                 | -                           | 38,691,797              |
| Grant purposes                                  | 2,673,661                  | 516,261                     | 3,189,922               |
| Facilities maintenance                          | 70,016                     | 100,000                     | 170,016                 |
| Trust purpose                                   | 831,314                    | -                           | 831,314                 |
| Unrestricted                                    | 111,579,103                | 61,033,753                  | 172,612,856             |
| Total net assets                                | <u>\$ 1,045,833,799</u>    | <u>\$ 564,684,770</u>       | <u>\$ 1,610,518,569</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, 2012**

| <b>Functions/Programs</b>       | <b>Program Revenues</b> |   |   |   |
|---------------------------------|-------------------------|---|---|---|
|                                 | <b>Expenses</b>         | <b>Fees, Fines &amp; Charges for Services</b> | <b>Operating Grants and Contributions</b> | <b>Capital Grants and Contributions</b> |
| <b>Primary government:</b>      |                         |   |   |   |
| Governmental activities:        |                         |   |   |   |
| General government              | \$ 20,935,141           | \$ 2,839,814                                  | \$ 114,971                                | \$ 184,101                              |
| Culture and recreation          | 23,499,906              | 6,810,891                                     | 405,727                                   | 1,567,346                               |
| Police                          | 35,905,144              | 1,112,621                                     | 740,607                                   | 396,297                                 |
| Fire                            | 22,313,810              | 1,693,101                                     | 141,859                                   | 512,886                                 |
| Development services            | 5,437,784               | 1,720,697                                     | 522,604                                   | -                                       |
| Highways and streets            | 31,778,203              | 424,505                                       | 7,714,173                                 | 27,403,368                              |
| Public works                    | 7,416,026               | 2,687,325                                     | 175,110                                   | -                                       |
| Human services                  | 1,655,935               | 42,702  | 1,256,937                                 | -                                       |
| Interest on long-term debt      | 12,595,752              | -   | -   | -                                       |
| Unallocated depreciation        | 574,550                 | -   | -   | -                                       |
| Total governmental activities   | <u>162,112,251</u>      | <u>17,331,656</u>                             | <u>11,071,988</u>                         | <u>30,063,998</u>                       |
| Business-type activities:       |                         |   |   |   |
| Water Utility                   | 30,777,765              | 33,896,048                                    | -   | 5,102,532                               |
| Wastewater Utility              | 21,923,061              | 16,624,110                                    | -   | 3,245,348                               |
| Solid Waste Utility             | 10,859,872              | 11,873,744                                    | -   | 70,434                                  |
| Stadium                         | 5,284,940               | 2,711,665                                     | -   | -                                       |
| Storm Drain Utility             | 802,246                 | 804,487                                       | -   | -                                       |
| Housing programs                | 400,405                 | 138,086                                       | 140,461                                   | -                                       |
| Total business-type activities  | <u>70,048,289</u>       | <u>66,048,140</u>                             | <u>140,461</u>                            | <u>8,418,314</u>                        |
| <b>Total primary government</b> | <u>\$ 232,160,540</u>   | <u>\$ 83,379,796</u>                          | <u>\$ 11,212,449</u>                      | <u>\$ 38,482,312</u>                    |

General revenues:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Sales and use taxes
- Franchise taxes
- State shared sales taxes- unrestricted
- Urban revenue sharing- unrestricted
- Auto in-lieu taxes- unrestricted

Investment earnings

Gain on sale of capital assets

Miscellaneous

Special Item: Close out of Section 8 Housing

Transfers in (out)

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

The accompanying notes are an integral part of the financial statements

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

| <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>            |
|------------------------------------|-------------------------------------|-------------------------|
| \$ (17,796,255)                    | \$ -                                | \$ (17,796,255)         |
| (14,715,942)                       | -                                   | (14,715,942)            |
| (33,655,619)                       | -                                   | (33,655,619)            |
| (19,965,964)                       | -                                   | (19,965,964)            |
| (3,194,483)                        | -                                   | (3,194,483)             |
| 3,763,843                          | -                                   | 3,763,843               |
| (4,553,591)                        | -                                   | (4,553,591)             |
| (356,296)                          | -                                   | (356,296)               |
| (12,595,752)                       | -                                   | (12,595,752)            |
| (574,550)                          | -                                   | (574,550)               |
| <u>(103,644,609)</u>               | <u>-</u>                            | <u>(103,644,609)</u>    |
| -                                  | 8,220,815                           | 8,220,815               |
| -                                  | (2,053,603)                         | (2,053,603)             |
| -                                  | 1,084,306                           | 1,084,306               |
| -                                  | (2,573,275)                         | (2,573,275)             |
| -                                  | 2,241                               | 2,241                   |
| -                                  | (121,858)                           | (121,858)               |
| <u>-</u>                           | <u>4,558,626</u>                    | <u>4,558,626</u>        |
| <u>\$ (103,644,609)</u>            | <u>\$ 4,558,626</u>                 | <u>\$ (99,085,983)</u>  |
| <br>                               |                                     |                         |
| \$ 3,187,679                       | \$ -                                | \$ 3,187,679            |
| 19,030,940                         | -                                   | 19,030,940              |
| 60,719,648                         | -                                   | 60,719,648              |
| 4,084,163                          | -                                   | 4,084,163               |
| 12,087,651                         | -                                   | 12,087,651              |
| 13,231,006                         | -                                   | 13,231,006              |
| 4,944,181                          | -                                   | 4,944,181               |
| 959,479                            | 284,427                             | 1,243,906               |
| 50,192                             | -                                   | 50,192                  |
| 3,965,187                          | -                                   | 3,965,187               |
| (464,390)                          | -                                   | (464,390)               |
| <u>(3,335,912)</u>                 | <u>3,335,912</u>                    | <u>-</u>                |
| <u>118,459,824</u>                 | <u>3,620,339</u>                    | <u>122,080,163</u>      |
| <u>14,815,215</u>                  | <u>8,178,965</u>                    | <u>22,994,180</u>       |
| <u>1,031,018,584</u>               | <u>556,505,805</u>                  | <u>1,587,524,389</u>    |
| <u>\$ 1,045,833,799</u>            | <u>\$ 564,684,770</u>               | <u>\$ 1,610,518,569</u> |

**CITY OF PEORIA, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

|                                      | <b>Major Funds</b>      |   |  |  |
|--------------------------------------|-------------------------|---|--|--|
|                                      | <b>General<br/>Fund</b> | <b>Half-Cent<br/>Sales Tax<br/>Fund</b> | <b>Highway User<br/>Revenue<br/>Fund</b> | <b>Transportation<br/>Sales Tax<br/>Fund</b> |
| <b>ASSETS</b>                        |                         |   |  |  |
| Cash and cash equivalents            | \$ 9,633,966            | \$ 2,233,858                            | \$ 2,354,515                             | \$ 5,060,016                                 |
| Cash with fiscal agents              | -                       | -                                       | -  | -  |
| Investments                          | 39,744,077              | 9,327,651                               | 9,831,465                                | 21,128,495                                   |
| Accounts receivable, net             | 4,359,161               | 1,322,650                               | 287,931                                  | 792,840                                      |
| Interest receivable                  | 25,196                  | 6,814                                   | 6,444                                    | 15,090                                       |
| Due from other funds                 | 133,089                 | -                                       | -  | -  |
| Due from other governments           | 3,712,430               | -                                       | 753,917                                  | -  |
| Prepaid items                        | 109,202                 | -                                       | -  | -  |
| Supply inventories                   | 891,969                 | -                                       | 80,928                                   | -  |
| Restricted cash and cash equivalents | 490,224                 | -                                       | -  | -  |
| Restricted investments               | -                       | -                                       | -  | -  |
| Special assessments receivable       | -                       | -                                       | -  | -  |
| Interfund receivable (non-current)   | 162,550                 | -                                       | -  | -  |
| Total assets                         | <u>\$ 59,261,864</u>    | <u>\$ 12,890,973</u>                    | <u>\$ 13,315,200</u>                     | <u>\$ 26,996,441</u>                         |
| <b>LIABILITIES AND FUND BALANCES</b> |                         |   |  |  |
| Liabilities:                         |                         |   |  |  |
| Accounts payable                     | \$ 3,474,099            | \$ 30,649                               | \$ 594,157                               | \$ 915,729                                   |
| Accrued payroll                      | 840,171                 | -                                       | 32,126                                   | -  |
| Due to other funds                   | -                       | -                                       | -  | -  |
| Due to other governments             | 1,025,534               | -                                       | -  | -  |
| Customer deposits                    | 3,567                   | -                                       | -  | -  |
| Deferred revenue                     | 921,621                 | -                                       | -  | -  |
| Other liabilities                    | 1,588,397               | -                                       | 77,832                                   | -  |
| Interfund payable (non-current)      | -                       | -                                       | -  | -  |
| Total liabilities                    | <u>\$ 7,853,389</u>     | <u>\$ 30,649</u>                        | <u>\$ 704,115</u>                        | <u>\$ 915,729</u>                            |
| Fund balances:                       |                         |   |  |  |
| Nonspendable:                        |                         |   |  |  |
| Supply inventories                   | \$ 891,969              | \$ -                                    | \$ 80,828                                | \$ -   |
| Prepaid items                        | 109,202                 | -                                       | -  | -  |
| Long-term loans                      | 162,550                 | -                                       | -  | -  |
| Restricted for:                      |                         |   |  |  |
| Debt service                         | -                       | -                                       | -  | -  |
| Capital projects                     | -                       | -                                       | -  | -  |
| Development fees                     | -                       | -                                       | -  | -  |
| Transportation purposes              | -                       | -                                       | 12,530,257                               | 26,080,712                                   |
| Grant purposes                       | -                       | -                                       | -  | -  |
| Arts Center maintenance              | 70,016                  | -                                       | -  | -  |
| Committed to:                        |                         |   |  |  |
| Debt service                         | -                       | 1,000,000                               | -  | -  |
| Economic development                 | 390,254                 | -                                       | -  | -  |
| Arts Capital                         | -                       | -                                       | -  | -  |
| Operating reserve                    | 14,200,000              | -                                       | -  | -  |
| Emergency reserve                    | 9,500,000               | -                                       | -  | -  |
| Budget stabilization reserve         | 9,500,000               | 5,400,000                               | -  | -  |
| Assigned to:                         |                         |   |  |  |
| Capital projects                     | -                       | -                                       | -  | -  |
| Municipal Complex reserve            | 3,705,809               | -                                       | -  | -  |
| Other purposes                       | -                       | 6,460,324                               | -  | -  |
| Unassigned:                          | 12,878,675              | -                                       | -  | -  |
| Total fund balance                   | <u>51,408,475</u>       | <u>12,860,324</u>                       | <u>12,611,085</u>                        | <u>26,080,712</u>                            |
| Total liabilities and fund balance   | <u>\$ 59,261,864</u>    | <u>\$ 12,890,973</u>                    | <u>\$ 13,315,200</u>                     | <u>\$ 26,996,441</u>                         |

The accompanying notes are an integral part of the financial statements

| <b>GO Bond<br/>Debt Service<br/>Fund</b> | <b>Development<br/>Fee<br/>Fund</b> | <b>Non-Major<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------------------|---|---|
| \$ 3,365,514                             | \$ 6,192,051                        | \$ 8,667,361                                | \$ 37,507,281                           |
| 11,753,490                               | -                                   | 1,932,337                                   | 13,685,827                              |
| 14,052,969                               | 25,855,397                          | 36,191,247                                  | 156,131,301                             |
| 1,717,365                                | -                                   | 4,513,555                                   | 12,993,502                              |
| 10,833                                   | 16,107                              | 41,628                                      | 122,112                                 |
| -  | -                                   | -   | 133,089                                 |
| 334,409                                  | -                                   | 842,231                                     | 5,642,987                               |
| -  | -                                   | 15,000                                      | 124,202                                 |
| -  | -                                   | -   | 972,897                                 |
| -  | -                                   | 26,665,158                                  | 27,155,382                              |
| -  | -                                   | 36,087,909                                  | 36,087,909                              |
| -  | -                                   | 4,551,574                                   | 4,551,574                               |
| -  | -                                   | 10,190,543                                  | 10,353,093                              |
| <u>\$ 31,234,580</u>                     | <u>\$ 32,063,555</u>                | <u>\$ 129,698,543</u>                       | <u>\$ 305,461,156</u>                   |
| <br>                                     |                                     |   |   |
| \$ -                                     | \$ 196,310                          | \$ 2,831,923                                | \$ 8,042,867                            |
| -  | -                                   | 10,426                                      | 882,723                                 |
| -  | 117,000                             | 11,558                                      | 128,558                                 |
| -  | -                                   | 305   | 1,025,839                               |
| -  | -                                   | -   | 3,567                                   |
| 452,077                                  | -                                   | 11,223,897                                  | 12,597,595                              |
| -  | 21,209                              | 560,222                                     | 2,247,660                               |
| -  | 10,353,093                          | -   | 10,353,093                              |
| <u>\$ 452,077</u>                        | <u>\$ 10,687,612</u>                | <u>\$ 14,638,331</u>                        | <u>\$ 35,281,902</u>                    |
| <br>                                     |                                     |   |   |
| \$ -                                     | \$ -                                | \$ -  | \$ 972,797                              |
| -  | -                                   | 15,000                                      | 124,202                                 |
| -  | -                                   | -   | 162,550                                 |
| 30,782,503                               | -                                   | 22,943,651                                  | 53,726,154                              |
| -  | -                                   | 51,741,087                                  | 51,741,087                              |
| -  | 21,375,943                          | -   | 21,375,943                              |
| -  | -                                   | -   | 38,610,969                              |
| -  | -                                   | 2,673,661                                   | 2,673,661                               |
| -  | -                                   | -   | 70,016                                  |
| -  | -                                   | -   | 1,000,000                               |
| -  | -                                   | -   | 390,254                                 |
| -  | -                                   | 3,664,814                                   | 3,664,814                               |
| -  | -                                   | -   | 14,200,000                              |
| -  | -                                   | -   | 9,500,000                               |
| -  | -                                   | -   | 14,900,000                              |
| -  | -                                   | 34,012,861                                  | 34,012,861                              |
| -  | -                                   | -   | 3,705,809                               |
| -  | -                                   | 93,811                                      | 6,554,135                               |
| -  | -                                   | (84,673)                                    | 12,794,002                              |
| <u>30,782,503</u>                        | <u>21,375,943</u>                   | <u>115,060,212</u>                          | <u>270,179,254</u>                      |
| <u>\$ 31,234,580</u>                     | <u>\$ 32,063,555</u>                | <u>\$ 129,698,543</u>                       | <u>\$ 305,461,156</u>                   |



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

|   |                      |                         |
|---|----------------------|-------------------------|
| Fund balances - total governmental funds balance sheet  |                      | \$ 270,179,254          |
| Amounts reported for governmental activities in the statements of net assets are different because (also see note 2):   |                      |                         |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.  |                      |                         |
| Governmental capital assets   | \$ 1,336,993,581     |                         |
| Less accumulated depreciation   | <u>(246,724,974)</u> | 1,090,268,607           |
| Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.  |                      |                         |
| Deferred bond issuance costs  | 2,751,048            |                         |
| Deferred loss on bond refunding   | <u>466,255</u>       | 3,217,303               |
| Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.  |                      |                         |
| Governmental bonds payable  | 284,330,000          |                         |
| Governmental contracts payable  | 62,926,249           |                         |
| Compensated absences  | <u>6,314,240</u>     | (353,570,489)           |
| Certain long-term debt is offset by an intangible asset (goodwill) for government-wide reporting  |                      | 2,340,000               |
| Deferred revenue for long-term special assessments is shown on the governmental funds balance sheet, but is not deferred on the statement of net assets   |                      | 4,551,324               |
| Bond premiums are recognized at the time of issuance in the governmental funds, but is deferred and recognized over the life of the bonds for government-wide reporting   |                      | (3,092,958)             |
| Property tax revenue earned but not received within 60 days of year-end is deferred for the governmental statements, but is recognized as revenue for the government-wide statements                                      |                      | 524,517                 |
| Interest payable on long-term debt is not reported in the governmental funds.   |                      | (5,960,577)             |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds that are reported with the governmental activities. |                      | <u>37,376,818</u>       |
| Net assets of governmental activities - statement of net assets   |                      | <u>\$ 1,045,833,799</u> |

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

|  | <b>Major Funds</b>      |   |  |  |
|--|-------------------------|---|--|--|
|  | <b>General<br/>Fund</b> | <b>Half-Cent<br/>Sales Tax<br/>Fund</b> | <b>Highway User<br/>Revenue<br/>Fund</b> | <b>Transportation<br/>Sales Tax<br/>Fund</b> |
| <b>REVENUES:</b>   |                         |   |  |  |
| Taxes:   |                         |   |  |  |
| Sales and use taxes  | \$ 33,491,257           | \$ 14,958,919                           | \$ 3,287,657                             | \$ 8,981,815                                 |
| Property taxes   | 2,723,487               | -                                       | 484,321                                  | -  |
| Franchise taxes  | 4,084,163               | -                                       | -  | -  |
| Intergovernmental:   |                         |   |  |  |
| State shared sales taxes                                     | 12,087,651              | -                                       | -  | -  |
| Urban revenue sharing  | 13,231,006              | -                                       | -  | -  |
| Auto in-lieu taxes   | 4,944,181               | -                                       | -  | -  |
| Highway user revenue   | -                       | -                                       | 7,714,173                                | -  |
| From federal government                                      | 2,248                   | -                                       | -  | -  |
| Other  | 235,288                 | -                                       | -  | -  |
| Charges for services   | 10,766,323              | -                                       | 129,502                                  | -  |
| Licenses and permits   | 2,106,545               | -                                       | -  | -  |
| Fines and forfeitures  | 2,521,407               | -                                       | -  | -  |
| Rents  | 486,932                 | -                                       | -  | -  |
| Investment earnings  | 171,757                 | 47,925                                  | 45,611                                   | 106,395                                      |
| Special assessments  | -                       | -                                       | -  | -  |
| Miscellaneous  | 904,010                 | -                                       | -  | -  |
| Total revenues   | <u>87,756,255</u>       | <u>15,006,844</u>                       | <u>11,661,264</u>                        | <u>9,088,210</u>                             |
| <b>EXPENDITURES:</b>   |                         |   |  |  |
| Current:   |                         |   |  |  |
| General government   | 11,954,032              | 2,094,035                               | -  | -  |
| Culture and recreation                                       | 17,922,219              | -                                       | -  | -  |
| Police   | 33,036,203              | -                                       | -  | -  |
| Fire   | 20,553,781              | -                                       | -  | -  |
| Development services   | 4,807,169               | -                                       | -  | -  |
| Highways and streets   | -                       | -                                       | 12,519,415                               | 589,358                                      |
| Public works   | 4,700,792               | -                                       | -  | -  |
| Human services   | -                       | -                                       | -  | -  |
| Debt service:  |                         |   |  |  |
| Principal payments   | -                       | 1,662,019                               | -  | -  |
| Interest and other charges                                   | -                       | 41,491                                  | -  | -  |
| Capital outlay   | 2,353,584               | -                                       | 56,483                                   | 4,837,963                                    |
| Total expenditures   | <u>95,327,780</u>       | <u>3,797,545</u>                        | <u>12,575,898</u>                        | <u>5,427,321</u>                             |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(7,571,525)</u>      | <u>11,209,299</u>                       | <u>(914,634)</u>                         | <u>3,660,889</u>                             |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                         |   |  |  |
| Refunding bonds issued                                       | -                       | -                                       | -  | -  |
| Capital-related debt issued                                  | -                       | -                                       | -  | -  |
| Premium on bonds issued                                      | -                       | -                                       | -  | -  |
| Payment to bond refunding escrow agent                       | -                       | -                                       | -  | -  |
| Special item: Close out of Section 8 Housing                 | -                       | -                                       | -  | -  |
| Transfers in   | 7,861,456               | -                                       | 1,025,418                                | -  |
| Transfers out  | (1,058,665)             | (10,791,139)                            | (301,087)                                | (4,249,495)                                  |
| Total other financing sources and uses                       | <u>6,802,791</u>        | <u>(10,791,139)</u>                     | <u>724,331</u>                           | <u>(4,249,495)</u>                           |
| Net change in fund balances                                  | <u>(768,734)</u>        | <u>418,160</u>                          | <u>(190,303)</u>                         | <u>(588,606)</u>                             |
| Fund balances - beginning                                    | 52,177,209              | 12,442,164                              | 12,801,388                               | 26,669,318                                   |
| Fund balances - ending                                       | <u>\$ 51,408,475</u>    | <u>\$ 12,860,324</u>                    | <u>\$ 12,611,085</u>                     | <u>\$ 26,080,712</u>                         |

The accompanying notes are an integral part of the financial statements

| <u>GO Bond<br/>Debt Service<br/>Fund</u> | <u>Development<br/>Fee<br/>Fund</u> | <u>Non-Major<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------------------|---|---|
| \$ -                                     | \$ -                                | \$ -  | \$ 60,719,648                           |
| 16,943,025                               | -                                   | 2,248,487                                   | 22,399,320                              |
| -  | -                                   | -   | 4,084,163                               |
| -  | -                                   | -   | 12,087,651                              |
| -  | -                                   | -   | 13,231,006                              |
| -  | -                                   | -   | 4,944,181                               |
| -  | -                                   | -   | 7,714,173                               |
| -  | -                                   | 2,224,074                                   | 2,226,322                               |
| -  | -                                   | 14,123,750                                  | 14,359,038                              |
| -  | 7,141,870                           | 322,062                                     | 18,359,757                              |
| -  | -                                   | -   | 2,106,545                               |
| -  | -                                   | 235,615                                     | 2,757,022                               |
| -  | -                                   | -   | 486,932                                 |
| 76,362                                   | 114,040                             | 297,056                                     | 859,146                                 |
| -  | -                                   | 2,069,613                                   | 2,069,613                               |
| -  | -                                   | 3,684,208                                   | 4,588,218                               |
| <u>17,019,387</u>                        | <u>7,255,910</u>                    | <u>25,204,865</u>                           | <u>172,992,735</u>                      |
| -  | 10,884                              | 411,871                                     | 14,470,822                              |
| -  | 24,620                              | 449,348                                     | 18,396,187                              |
| -  | -                                   | 680,818                                     | 33,717,021                              |
| -  | -                                   | 120,175                                     | 20,673,956                              |
| -  | -                                   | 521,234                                     | 5,328,403                               |
| -  | 1,877                               | 1,643,782                                   | 14,754,432                              |
| -  | -                                   | 183,921                                     | 4,884,713                               |
| -  | -                                   | 1,586,315                                   | 1,586,315                               |
| 11,335,000                               | 2,803,044                           | 9,765,965                                   | 25,566,028                              |
| 6,916,161                                | -                                   | 6,140,611                                   | 13,098,263                              |
| -  | 2,023,125                           | 17,065,440                                  | 26,336,595                              |
| <u>18,251,161</u>                        | <u>4,863,550</u>                    | <u>38,569,480</u>                           | <u>178,812,735</u>                      |
| <u>(1,231,774)</u>                       | <u>2,392,360</u>                    | <u>(13,364,615)</u>                         | <u>(5,820,000)</u>                      |
| 13,690,000                               | -                                   | -   | 13,690,000                              |
| -  | -                                   | 14,715,000                                  | 14,715,000                              |
| -  | -                                   | 645,188                                     | 645,188                                 |
| (13,690,000)                             | -                                   | -   | (13,690,000)                            |
| -  | -                                   | (464,390)                                   | (464,390)                               |
| 164,808                                  | -                                   | 7,688,905                                   | 16,740,587                              |
| -  | -                                   | (1,706,575)                                 | (18,106,961)                            |
| <u>164,808</u>                           | <u>-</u>                            | <u>20,878,128</u>                           | <u>13,529,424</u>                       |
| <u>(1,066,966)</u>                       | <u>2,392,360</u>                    | <u>7,513,513</u>                            | <u>7,709,424</u>                        |
| 31,849,469                               | 18,983,583                          | 107,546,699                                 | 262,469,830                             |
| <u>\$ 30,782,503</u>                     | <u>\$ 21,375,943</u>                | <u>\$ 115,060,212</u>                       | <u>\$ 270,179,254</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, 2012**

|   |                      |
|---|----------------------|
| Net change in fund balances - total governmental funds  | \$ 7,709,424         |
| 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.   | (730,802)            |
| 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.   | (180,701)            |
| Certain long-term obligations are offset by goodwill that is amortized over the life of the debt. Goodwill amortization is included in the statement of activities, but not the governmental fund statements  | (540,000)            |
| 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.   | (1,777,099)          |
| 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.  | 820,838              |
| 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 (\$26,315,845), plus other capital \$0, is exceeded by depreciation (\$34,016,023) in the current period.  | (7,700,178)          |
| 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. | 19,924               |
| Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.   | 9,898,335            |
| 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.  | (14,715,000)         |
| Repayment of bonds/contracts principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets. No effect on net assets.  | 25,566,028           |
| 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.   | (963,515)            |
| The donation of governmental capital assets from Governmental Funds is not shown in the governmental fund statements but is a transfer out in the statement of activities   | (3,294,903)          |
| 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.  | 702,864              |
| Change in net assets of governmental activities- statement of activities  | <u>\$ 14,815,215</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, 2012**

|  | <u>Budgeted Amounts</u> |                      | <u>Actual</u>                              | <u>Variance with</u>                                 |
|--|-------------------------|----------------------|--|--|
|  | <u>Original</u>         | <u>Final</u>         | <u>Amounts</u><br><u>(budgetary basis)</u> | <u>Final Budget</u><br><u>Over</u><br><u>(Under)</u> |
| Budgetary fund balance, July 1, 2011         | \$ 49,531,723           | \$ 49,531,723        | \$ 49,531,723                              | \$ -   |
| <b>RESOURCES (INFLOWS):</b>                  |                         |                      |  |  |
| Taxes:                                       |                         |                      |  |  |
| Sales and use taxes                          | 31,749,663              | 31,749,663           | 33,394,670                                 | 1,645,007  |
| Property taxes                               | 2,599,577               | 2,599,577            | 2,558,349                                  | (41,228)   |
| Franchise taxes                              | 4,107,825               | 4,107,825            | 4,219,522                                  | 111,697  |
| Intergovernmental:                           |                         |                      |  |  |
| State shared sales taxes                     | 11,656,003              | 11,656,003           | 12,037,001                                 | 380,998  |
| Urban revenue sharing                        | 13,003,737              | 13,003,737           | 13,003,200                                 | (537)  |
| Auto in-lieu taxes                           | 5,195,515               | 5,195,515            | 5,202,751                                  | 7,236  |
| From federal government                      | -                       | -                    | 2,248                                      | 2,248  |
| Other  | 246,835                 | 246,835              | 443,266                                    | 196,431  |
| Charges for services                         | 22,040,103              | 22,040,103           | 23,632,656                                 | 1,592,553  |
| Licenses and permits                         | 1,807,600               | 1,807,600            | 2,106,545                                  | 298,945  |
| Fines and forfeitures                        | 2,522,624               | 2,522,624            | 2,521,407                                  | (1,217)  |
| Rents  | 450,101                 | 450,101              | 486,472                                    | 36,371   |
| Investment earnings                          | 270,700                 | 270,700              | 223,418                                    | (47,282)   |
| Miscellaneous                                | 948,500                 | 948,500              | 904,010                                    | (44,490)   |
| Transfers from other funds                   | 7,891,864               | 7,891,864            | 7,891,443                                  | (421)  |
| Total inflows                                | <u>104,490,647</u>      | <u>104,490,647</u>   | <u>108,626,958</u>                         | <u>4,136,311</u>                                     |
| Amounts available for appropriation          | <u>154,022,370</u>      | <u>154,022,370</u>   | <u>158,158,681</u>                         | <u>4,136,311</u>                                     |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                         |                      |  |  |
| Current:                                     |                         |                      |  |  |
| General government:                          |                         |                      |  |  |
| Mayor and council                            | 604,452                 | 595,628              | 582,793                                    | (12,835)   |
| City manager                                 | 3,623,833               | 3,611,322            | 3,514,013                                  | (97,309)   |
| Human resources                              | 2,320,292               | 2,386,764            | 2,275,946                                  | (110,818)  |
| Attorney                                     | 2,961,367               | 3,004,247            | 2,960,727                                  | (43,520)   |
| City clerk                                   | 918,943                 | 894,308              | 827,431                                    | (66,877)   |
| Court  | 1,821,218               | 1,818,739            | 1,780,776                                  | (37,963)   |
| Economic development                         | 1,138,582               | 1,143,989            | 109,777                                    | (1,034,212)  |
| Finance                                      | 10,301,111              | 10,265,924           | 8,900,123                                  | (1,365,801)  |
| Non-departmental                             | 2,174,092               | 3,124,237            | 2,499,819                                  | (624,418)  |
| Culture and recreation                       | 18,305,745              | 18,242,788           | 17,710,450                                 | (532,338)  |
| Police                                       | 33,444,387              | 33,482,527           | 32,856,574                                 | (625,953)  |
| Fire   | 19,547,095              | 20,553,601           | 20,442,023                                 | (111,578)  |
| Development services                         | 5,360,489               | 5,339,146            | 4,699,569                                  | (639,577)  |
| Public works                                 | 4,713,255               | 4,875,485            | 4,629,710                                  | (245,775)  |
| Debt service:                                |                         |                      |  |  |
| Capital outlay                               | 8,645,268               | 7,572,494            | 4,528,383                                  | (3,044,111)  |
| Contingencies                                | 17,741,581              | 12,922,097           | -  | (12,922,097)   |
| Transfers to other funds                     | 375,834                 | 375,834              | 171,412                                    | (204,422)  |
| Total charges to appropriations              | <u>133,997,544</u>      | <u>130,209,130</u>   | <u>108,489,526</u>                         | <u>(21,719,604)</u>                                  |
| Budgetary fund balance, June 30, 2012        | <u>\$ 20,024,826</u>    | <u>\$ 23,813,240</u> | <u>\$ 49,669,155</u>                       | <u>\$ 25,855,915</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, 2012**

**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   | \$ 158,158,681       |
| <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             | (49,531,723)         |
| Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes  | (7,891,443)          |
| Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules | (12,396,307)         |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis   | (582,953)            |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds                             | <u>\$ 87,756,255</u> |

**Uses/outflows or resources:**

|   |                      |
|---|----------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule   | \$ 108,489,526       |
| <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   | 61,098               |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis  | 382,699              |
| Capital outlay recognized as expenditures in proprietary fund for budgetary purposes, but assets reclassified to expenditure in governmental funds for financial reporting purposes |                      |
| Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes                                      | (1,037,824)          |
| Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules    | (12,396,307)         |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes  | (171,412)            |
| Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds  | <u>\$ 95,327,780</u> |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON STATEMENT  
HALF-CENT SALES TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

|  | <u>Budgeted Amounts</u> |                      | <u>Actual</u>                              | <u>Variance with</u>                                 |
|--|-------------------------|----------------------|--|--|
|  | <u>Original</u>         | <u>Final</u>         | <u>Amounts</u><br><u>(budgetary basis)</u> | <u>Final Budget</u><br><u>Over</u><br><u>(Under)</u> |
| Budgetary fund balance, July 1, 2011         | \$ 11,847,247           | \$ 11,847,247        | \$ 11,847,247                              | \$ -   |
| <b>RESOURCES (INFLOWS):</b>                  |                         |                      |  |  |
| Taxes:                                       |                         |                      |  |  |
| Sales and use taxes                          | 14,157,154              | 14,157,154           | 14,906,982                                 | 749,828  |
| Capital-related debt issued                  | -                       | -                    | -  | -  |
| Investment earnings                          | 159,000                 | 159,000              | 62,169                                     | (96,831)   |
| Total inflows                                | <u>14,316,154</u>       | <u>14,316,154</u>    | <u>14,969,151</u>                          | <u>652,997</u>                                       |
| Amounts available for appropriation          | <u>26,163,401</u>       | <u>26,163,401</u>    | <u>26,816,398</u>                          | <u>652,997</u>                                       |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                         |                      |  |  |
| Current:                                     |                         |                      |  |  |
| General government- non-departmental         | 1,635,628               | 3,041,361            | 2,088,621                                  | (952,740)  |
| Debt service:                                |                         |                      |  |  |
| Principal payments                           | 1,670,000               | 1,670,000            | 1,662,019                                  | (7,981)  |
| Interest and other charges                   | 12,000                  | 12,000               | 41,491                                     | 29,491   |
| Capital outlay                               | 72,164                  | 72,164               | 28,094                                     | (44,070)   |
| Contingencies                                | 1,991,230               | 586,073              | -  | (586,073)  |
| Transfers to other funds                     | 9,296,862               | 9,296,862            | 9,915,130                                  | 618,268  |
| Total charges to appropriations              | <u>14,677,884</u>       | <u>14,678,460</u>    | <u>13,735,355</u>                          | <u>(943,105)</u>                                     |
| Budgetary fund balance, June 30, 2012        | <u>\$ 11,485,517</u>    | <u>\$ 11,484,941</u> | <u>\$ 13,081,043</u>                       | <u>\$ 1,596,102</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                                   | \$ 26,816,398        |
| Differences - budget to GAAP:  |                      |
| The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes | (11,847,247)         |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis   | 37,693               |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds                 | <u>\$ 15,006,844</u> |

**Uses/outflows or resources:**

|  |                     |
|--|---------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule                                      | \$ 13,735,355       |
| Differences - budget to GAAP:  |                     |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                   | (8,628)             |
| Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes | (14,052)            |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes                         | (9,915,130)         |
| Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds                   | <u>\$ 3,797,545</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, 2012**

|  | <u>Budgeted Amounts</u> |                      | <u>Actual<br/>Amounts<br/>(budgetary basis)</u> | <u>Variance with<br/>Final Budget<br/>Over<br/>(Under)</u> |
|--|-------------------------|----------------------|---|--|
|  | <u>Original</u>         | <u>Final</u>         |   |  |
| Budgetary fund balance, July 1, 2011         | \$ 21,871,502           | \$ 21,871,502        | \$ 21,871,502                                   | \$ -   |
| <b>RESOURCES (INFLOWS):</b>                  |                         |                      |   |  |
| Taxes:                                       |                         |                      |   |  |
| Sales and use taxes                          | 3,187,599               | 3,187,599            | 3,377,857                                       | 190,258  |
| Property taxes                               | 483,919                 | 483,919              | 485,805   | 1,886  |
| Intergovernmental:                           |                         |                      |   |  |
| Highway user revenue                         | 7,828,000               | 7,828,000            | 7,751,816                                       | (76,184)   |
| Charges for services                         | 322,000                 | 322,000              | 424,502   | 102,502  |
| Investment earnings                          | 120,000                 | 120,000              | 58,136  | (61,864)   |
| Transfers from other funds                   | <u>1,509,337</u>        | <u>1,509,337</u>     | <u>1,508,427</u>                                | <u>(910)</u>   |
| Total inflows                                | <u>13,450,855</u>       | <u>13,450,855</u>    | <u>13,606,543</u>                               | <u>155,688</u>   |
| Amounts available for appropriation          | <u>35,322,357</u>       | <u>35,322,357</u>    | <u>35,478,045</u>                               | <u>155,688</u>   |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                         |                      |   |  |
| Current:                                     |                         |                      |   |  |
| Highways and streets                         | 9,075,063               | 9,291,150            | 8,759,253                                       | (531,897)  |
| Debt service:                                |                         |                      |   |  |
| Capital outlay                               | 4,831,703               | 4,891,875            | 3,922,901                                       | (968,974)  |
| Contingencies                                | 1,095,110               | 887,122              | -   | (887,122)  |
| Transfers to other funds                     | <u>604,441</u>          | <u>604,441</u>       | <u>669,160</u>                                  | <u>64,719</u>  |
| Total charges to appropriations              | <u>15,606,317</u>       | <u>15,674,588</u>    | <u>13,351,314</u>                               | <u>(2,323,274)</u>   |
| Budgetary fund balance, June 30, 2012        | <u>\$ 19,716,040</u>    | <u>\$ 19,647,769</u> | <u>\$ 22,126,731</u>                            | <u>\$ 2,478,962</u>  |

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

**Sources/inflows of resources:**

|  |                      |
|--|----------------------|
| Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule   | \$ 35,478,045        |
| Differences - budget to GAAP:  |                      |
| The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes               | (21,871,502)         |
| Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes  | (1,508,427)          |
| 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   | (141,852)            |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds                               | <u>\$ 11,661,264</u> |

**Uses/outflows or resources:**

|  |                      |
|--|----------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule  | \$ 13,351,314        |
| Differences - budget to GAAP:  |                      |
| The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis  | 15,418               |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis   | 173,326              |
| 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   | (669,160)            |
| Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds   | <u>\$ 12,575,898</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, 2012**

|  | <u>Budgeted Amounts</u> |                      | <u>Actual</u>            | <u>Variance with</u> |
|--|-------------------------|----------------------|--------------------------|----------------------|
|  | <u>Original</u>         | <u>Final</u>         | <u>Amounts</u>           | <u>Final Budget</u>  |
|  |                         |                      | <u>(budgetary basis)</u> | <u>Over</u>          |
|  |                         |                      |                          | <u>(Under)</u>       |
| Budgetary fund balance, July 1, 2011         | \$ 29,798,289           | \$ 29,798,289        | \$ 29,798,289            | \$ -                 |
| <b>RESOURCES (INFLOWS):</b>                  |                         |                      |                          |                      |
| Taxes:                                       |                         |                      |                          |                      |
| Sales and use taxes                          | 8,531,011               | 8,531,011            | 8,953,026                | 422,015              |
| Investment earnings                          | 150,000                 | 150,000              | 137,086                  | (12,914)             |
| Total inflows                                | <u>8,681,011</u>        | <u>8,681,011</u>     | <u>9,090,112</u>         | <u>409,101</u>       |
| Amounts available for appropriation          | <u>38,479,300</u>       | <u>38,479,300</u>    | <u>38,888,401</u>        | <u>409,101</u>       |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                         |                      |                          |                      |
| Current:                                     |                         |                      |                          |                      |
| Highways and streets                         | 1,578,692               | 1,219,233            | 296,969                  | (922,264)            |
| Debt service:                                |                         |                      |                          |                      |
| Capital outlay                               | 9,751,651               | 14,098,366           | 4,584,951                | (9,513,415)          |
| Contingencies                                | 1,010,993               | 1,010,993            | -                        | (1,010,993)          |
| Transfers to other funds                     | 5,545,538               | 5,545,538            | 4,249,495                | (1,296,043)          |
| Total charges to appropriations              | <u>17,886,874</u>       | <u>21,874,130</u>    | <u>9,131,415</u>         | <u>(12,742,715)</u>  |
| Budgetary fund balance, June 30, 2012        | <u>\$ 20,592,426</u>    | <u>\$ 16,605,170</u> | <u>\$ 29,756,986</u>     | <u>\$ 13,151,816</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                                   | \$ 38,888,401       |
| 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 | (29,798,289)        |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis   | (1,902)             |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds                 | <u>\$ 9,088,210</u> |

**Uses/outflows or resources:**

|  |                     |
|--|---------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule                    | \$ 9,131,415        |
| Differences - budget to GAAP:  |                     |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                 | 545,401             |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes       | (4,249,495)         |
| Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 5,427,321</u> |

The accompanying notes are an integral part of the financial statements



**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2012**

|  | <b>Business-type Activities - Major Enterprise Funds</b> |                            |                             |                      |
|--|--|----------------------------|-----------------------------|----------------------|
|  | Water Utility<br>Fund                                    | Wastewater<br>Utility Fund | Solid Waste<br>Utility Fund | Stadium<br>Fund      |
| <b>ASSETS</b>  |  |                            |                             |                      |
| Current assets:  |  |                            |                             |                      |
| Cash and cash equivalents                              | \$ 7,756,189   | \$ 3,428,002               | \$ 3,907,047                | \$ 538,397           |
| Restricted cash with fiscal agents                     | 1,373,660  | 70,777                     | -                           | -                    |
| Investments  | 32,247,398   | 14,313,892                 | 16,314,181                  | 2,237,667            |
| Accounts receivable, net                               | 5,155,377  | 2,105,351                  | 1,413,324                   | 19,486               |
| Interest receivable                                    | 21,249   | 6,745                      | 10,066                      | 1,234                |
| Prepaid items  | 310,678  | -                          | -                           | -                    |
| Supplies inventory                                     | 245,772  | -                          | 19,032                      | -                    |
| Restricted cash and cash equivalents                   | 136,118  | -                          | -                           | -                    |
| Total current assets                                   | <u>47,246,441</u>  | <u>19,924,767</u>          | <u>21,663,650</u>           | <u>2,796,784</u>     |
| Non-current assets:                                    |  |                            |                             |                      |
| Capital assets:  |  |                            |                             |                      |
| Buildings and improvements                             | 1,744,850  | 7,659,795                  | 10,799                      | 25,781,679           |
| Distribution and collection systems                    | 307,604,328  | 346,276,759                | -                           | -                    |
| Water Rights   | 12,889,809   | -                          | -                           | -                    |
| Equipment  | 2,417,810  | 1,912,069                  | 28,430                      | 646,237              |
| Vehicles   | 1,711,132  | 897,775                    | 9,085,534                   | 406,159              |
| Furniture  | 186,058  | 29,004                     | -                           | -                    |
| Less accumulated depreciation and amortization         | (70,350,832)   | (67,545,023)               | (5,639,263)                 | (12,767,372)         |
| Land and improvements                                  | 6,028,939  | 3,878,001                  | -                           | 6,703,349            |
| Construction in progress                               | 23,497,031   | 10,628,039                 | -                           | 229,106              |
| Capital assets, net                                    | <u>285,729,125</u>                                       | <u>303,736,419</u>         | <u>3,485,500</u>            | <u>20,999,158</u>    |
| Unamortized bonds costs                                | 258,344  | 124,834                    | -                           | -                    |
| Total non-current assets                               | <u>285,987,469</u>                                       | <u>303,861,253</u>         | <u>3,485,500</u>            | <u>20,999,158</u>    |
| Total assets   | <u>333,233,910</u>                                       | <u>323,786,020</u>         | <u>25,149,150</u>           | <u>23,795,942</u>    |
| <b>LIABILITIES</b>                                     |  |                            |                             |                      |
| Current liabilities:                                   |  |                            |                             |                      |
| Accounts payable                                       | 1,548,723  | 845,840                    | 277,493                     | 277,306              |
| Accrued payroll  | 42,895   | 23,031                     | 29,520                      | 16,446               |
| Accrued interest payable                               | 750,159  | 1,383,135                  | -                           | -                    |
| Due to other funds                                     | -  | -                          | -                           | -                    |
| Due to other governments                               | 239,220  | -                          | -                           | 206                  |
| Other current liabilities                              | 63,214   | 8,469                      | 11,385                      | 7,543                |
| Current portion of claims payable                      | -  | -                          | -                           | -                    |
| Current portion of compensated absences                | 244,790  | 104,310                    | 141,420                     | 73,700               |
| Current portion of bonds, contracts & leases payable   | 4,019,235  | 5,508,559                  | -                           | -                    |
| Total current liabilities                              | <u>6,908,236</u>   | <u>7,873,344</u>           | <u>459,818</u>              | <u>375,201</u>       |
| Non-current liabilities:                               |  |                            |                             |                      |
| Deposits payable                                       | 1,670,650  | -                          | -                           | -                    |
| Unearned revenue                                       | -  | -                          | -                           | 20,100               |
| Long-term portion of claims payable                    | -  | -                          | -                           | -                    |
| Compensated absences                                   | 107,010  | 28,380                     | 64,840                      | 22,110               |
| Long-term portion of bonds, contracts & leases payable | 42,087,997   | 83,340,408                 | 264,057                     | -                    |
| Plus: Deferred bond premium                            | 1,875,501  | 569,093                    | -                           | -                    |
| Less: Deferred loss on bond refunding                  | (359,436)  | (19,772)                   | -                           | -                    |
| Total non-current liabilities                          | <u>45,381,722</u>  | <u>83,918,109</u>          | <u>328,897</u>              | <u>42,210</u>        |
| Total liabilities                                      | <u>52,289,958</u>  | <u>91,791,453</u>          | <u>788,715</u>              | <u>417,411</u>       |
| <b>NET ASSETS</b>                                      |  |                            |                             |                      |
| Invested in capital assets, net of related debt        | 238,364,172  | 214,462,965                | 3,221,443                   | 20,999,158           |
| Restricted:  |  |                            |                             |                      |
| Capital projects                                       | 11,586,674   | 4,007,269                  | 7,189,888                   | 1,512,264            |
| Sports Complex OM&R                                    | -  | -                          | -                           | 100,000              |
| Grant purpose  | -  | -                          | -                           | -                    |
| Trust purpose  | -  | -                          | -                           | -                    |
| Unrestricted   | 30,993,106   | 13,524,333                 | 13,949,104                  | 767,109              |
| Total net assets                                       | <u>\$ 280,943,952</u>                                    | <u>\$ 231,994,567</u>      | <u>\$ 24,360,435</u>        | <u>\$ 23,378,531</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

| Storm Drain<br>Utility Fund | Public<br>Housing Fund | Total                 | Governmental<br>Activities -<br>Internal<br>Service Funds |
|-----------------------------|------------------------|-----------------------|---|
| \$ 134,369                  | \$ 472,674             | \$ 16,236,678         | \$ 5,596,167  |
| -                           | 44,508                 | 1,488,945             | -   |
| 561,070                     | -                      | 65,674,208            | 23,369,181  |
| 93,760                      | 26,568                 | 8,813,866             | -   |
| 359                         | -                      | 39,653                | 14,135  |
| -                           | 2,647                  | 313,325               | -   |
| -                           | 2,822                  | 267,626               | 160,518   |
| -                           | -                      | 136,118               | -   |
| <u>789,558</u>              | <u>549,219</u>         | <u>92,970,419</u>     | <u>29,140,001</u>   |
| -                           | 3,276,922              | 38,474,045            | 148,102   |
| -                           | -                      | 653,881,087           | -   |
| -                           | -                      | 12,889,809            | -   |
| -                           | 23,247                 | 5,027,793             | 30,262,769  |
| -                           | -                      | 12,100,600            | 22,771,962  |
| -                           | 9,613                  | 224,675               | 30,745  |
| -                           | (2,029,209)            | (158,331,699)         | (39,306,106)  |
| -                           | 410,350                | 17,020,639            | -   |
| -                           | -                      | 34,354,176            | 4,240,357   |
| -                           | 1,690,923              | 615,641,125           | 18,147,829  |
| -                           | -                      | 383,178               | -   |
| -                           | 1,690,923              | 616,024,303           | 18,147,829  |
| <u>789,558</u>              | <u>2,240,142</u>       | <u>708,994,722</u>    | <u>47,287,830</u>   |
| 11,827                      | 14,234                 | 2,975,423             | 1,630,624   |
| 2,424                       | -                      | 114,316               | 78,923  |
| -                           | -                      | 2,133,294             | -   |
| -                           | 4,531                  | 4,531                 | -   |
| -                           | -                      | 239,426               | -   |
| 1,006                       | -                      | 91,617                | 28,605  |
| -                           | -                      | -                     | 2,268,909   |
| 11,700                      | -                      | 575,920               | 479,500   |
| -                           | -                      | 9,527,794             | -   |
| <u>26,957</u>               | <u>18,765</u>          | <u>15,662,321</u>     | <u>4,486,561</u>  |
| -                           | 14,193                 | 1,684,843             | -   |
| -                           | -                      | 20,100                | -   |
| -                           | -                      | -                     | 4,165,771   |
| 3,690                       | -                      | 226,030               | 217,490   |
| -                           | -                      | 125,692,462           | -   |
| -                           | -                      | 2,444,594             | -   |
| -                           | -                      | (379,208)             | -   |
| <u>3,690</u>                | <u>14,193</u>          | <u>129,688,821</u>    | <u>4,383,261</u>  |
| <u>30,647</u>               | <u>32,958</u>          | <u>145,351,142</u>    | <u>8,869,822</u>  |
| -                           | 1,690,923              | 478,738,661           | 18,147,829  |
| -                           | -                      | 24,296,095            | -   |
| -                           | -                      | 100,000               | -   |
| -                           | 516,261                | 516,261               | -   |
| -                           | -                      | -                     | 831,313   |
| 758,911                     | -                      | 59,992,563            | 19,438,866  |
| <u>\$ 758,911</u>           | <u>\$ 2,207,184</u>    | <u>\$ 563,643,580</u> | <u>\$ 38,418,008</u>                                      |
|                             |                        | 1,041,190             |   |
|                             |                        | <u>\$ 564,684,770</u> |   |

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

|  | <b>Business-type Activities - Major Enterprise Funds</b> |                            |                             |                      |
|--|--|----------------------------|-----------------------------|----------------------|
|  | Water Utility<br>Fund                                    | Wastewater<br>Utility Fund | Solid Waste<br>Utility Fund | Stadium<br>Fund      |
| <b>OPERATING REVENUES</b>                        |  |                            |                             |                      |
| Charges for services                             | \$ 33,895,988  | \$ 16,574,897              | \$ 11,868,092               | \$ 1,224,572         |
| Rents  | -  | -                          | -                           | 1,484,343            |
| From federal government                          | -  | -                          | -                           | -                    |
| Miscellaneous                                    | 60   | 49,213                     | -                           | 2,750                |
| Total operating revenues                         | <u>33,896,048</u>  | <u>16,624,110</u>          | <u>11,868,092</u>           | <u>2,711,665</u>     |
| <b>OPERATING EXPENSES</b>                        |  |                            |                             |                      |
| Salaries, wages and employee benefits            | 4,517,773  | 2,318,975                  | 3,280,543                   | 1,488,089            |
| Contractual services, materials and supplies     | 15,366,034   | 6,620,479                  | 6,306,745                   | 3,009,262            |
| Insurance claims and expenses                    | -  | -                          | -                           | -                    |
| Depreciation and amortization                    | 8,790,374  | 9,988,235                  | 1,071,610                   | 727,747              |
| Total operating expenses                         | <u>28,674,181</u>  | <u>18,927,689</u>          | <u>10,658,898</u>           | <u>5,225,098</u>     |
| Operating income (loss)                          | 5,221,867  | (2,303,579)                | 1,209,194                   | (2,513,433)          |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>         |  |                            |                             |                      |
| Investment income                                | 152,456  | 48,091                     | 72,391                      | 8,843                |
| Interest expense                                 | (1,961,753)  | (2,912,077)                | -                           | (1,215)              |
| Gain(loss) on sale of capital assets             | (2,798)  | -                          | 5,651                       | -                    |
| Total non-operating revenues (expenses)          | <u>(1,812,095)</u>                                       | <u>(2,863,986)</u>         | <u>78,042</u>               | <u>7,628</u>         |
| Income (loss) before contributions and transfers | 3,409,772  | (5,167,565)                | 1,287,236                   | (2,505,805)          |
| Capital contributions                            | 8,397,435  | 3,245,348                  | 70,434                      | -                    |
| Transfers in                                     | 592,171  | 2,658,976                  | 10,668                      | 2,406,145            |
| Transfers out                                    | (5,081,308)  | (165,543)                  | (107,089)                   | (277,084)            |
| Change in net assets                             | <u>7,318,070</u>   | <u>571,216</u>             | <u>1,261,249</u>            | <u>(376,744)</u>     |
| Total net assets - beginning                     | 273,625,882  | 231,423,351                | 23,099,186                  | 23,755,275           |
| Total net assets - ending                        | <u>\$ 280,943,952</u>                                    | <u>\$ 231,994,567</u>      | <u>\$ 24,360,435</u>        | <u>\$ 23,378,531</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

| Storm Drain<br>Utility Fund | Public<br>Housing Fund | Total                 | Governmental<br>Activities -<br>Internal<br>Service Funds |
|-----------------------------|------------------------|-----------------------|---|
| \$ 804,488                  | \$ -                   | \$ 64,368,037         | \$ 35,280,276   |
| -                           | 131,765                | 1,616,108             | -   |
| -                           | 140,461                | 140,461               | -   |
| -                           | 6,321                  | 58,344                | 212,687   |
| <u>804,488</u>              | <u>278,547</u>         | <u>66,182,950</u>     | <u>35,492,963</u>   |
| 296,749                     | -                      | 11,902,129            | 7,537,118   |
| 505,497                     | 315,194                | 32,123,211            | 11,327,866  |
| -                           | -                      | -                     | 17,812,117  |
| -                           | 85,211                 | 20,663,177            | 5,389,752   |
| <u>802,246</u>              | <u>400,405</u>         | <u>64,688,517</u>     | <u>42,066,853</u>   |
| 2,242                       | (121,858)              | 1,494,433             | (6,573,890)   |
| 2,548                       | 98                     | 284,427               | 100,333   |
| -                           | -                      | (4,875,045)           | -   |
| -                           | -                      | 2,853                 | (703)   |
| <u>2,548</u>                | <u>98</u>              | <u>(4,587,765)</u>    | <u>99,630</u>   |
| 4,790                       | (121,760)              | (3,093,332)           | (6,474,260)   |
| -                           | -                      | 11,713,217            | 23,006  |
| 4,073                       | -                      | 5,672,033             | 2,872,611   |
| -                           | -                      | (5,631,024)           | (1,547,246)   |
| <u>8,863</u>                | <u>(121,760)</u>       | <u>8,660,894</u>      | <u>(5,125,889)</u>  |
| 750,048                     | 2,328,944              | 554,982,686           | 43,543,897  |
| <u>\$ 758,911</u>           | <u>\$ 2,207,184</u>    | <u>\$ 563,643,580</u> | <u>\$ 38,418,008</u>                                      |

(481,929)

\$ 8,178,965

**CITY OF PEORIA, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

|  | <b>Business-type Activities - Major Enterprise Funds</b> |                            |                             |                    |
|--|--|----------------------------|-----------------------------|--------------------|
|  | Water Utility<br>Fund                                    | Wastewater<br>Utility Fund | Solid Waste<br>Utility Fund | Stadium<br>Fund    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |  |                            |                             |                    |
| Receipts from customers  | \$ 33,578,604  | \$ 16,346,248              | \$ 11,836,344               | \$ 2,691,911       |
| Payments to suppliers  | (13,618,418)   | (5,455,843)                | (1,874,109)                 | (2,328,557)        |
| Payments to employees  | (4,440,752)  | (2,282,636)                | (3,216,833)                 | (1,462,547)        |
| Self-insurance costs   | -  | -                          | -                           | -                  |
| Payments to internal service funds                                   | (1,880,689)  | (938,062)                  | (4,132,697)                 | (505,238)          |
| Net cash provided (used) by operating activities                     | <u>13,638,745</u>  | <u>7,669,707</u>           | <u>2,612,705</u>            | <u>(1,604,431)</u> |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>              |  |                            |                             |                    |
| Transfers in   | 592,171  | 2,658,976                  | 10,668                      | 2,406,145          |
| Transfers out  | (5,081,308)  | (165,543)                  | (107,089)                   | (277,084)          |
| Net cash provided (used) by non-capital financing activities         | <u>(4,489,137)</u>                                       | <u>2,493,433</u>           | <u>(96,421)</u>             | <u>2,129,061</u>   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>      |  |                            |                             |                    |
| Acquisition and construction of capital assets                       | (1,705,464)  | (1,953,435)                | (877,986)                   | (229,106)          |
| Disposal of capital assets   | 3,225  | -                          | 5,651                       | -                  |
| Capital contributions  | 1,904,299  | 916,117                    | 70,434                      | -                  |
| Contribution from County for debt                                    |  |                            |                             |                    |
| Proceeds from sale of bonds  | 17,092,176   | 6,187,824                  | -                           | -                  |
| Principal payments on capital debt                                   | (21,222,988)   | (12,004,399)               | (6,018)                     | (165,904)          |
| Interest paid on capital debt  | (411,797)  | (2,263,593)                | -                           | (12,180)           |
| Net cash provided (used) by capital and related financing activities | <u>(4,340,549)</u>                                       | <u>(9,117,486)</u>         | <u>(807,919)</u>            | <u>(407,190)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |  |                            |                             |                    |
| Purchase of investments  | (49,221,088)   | (21,855,213)               | (24,891,700)                | (3,411,363)        |
| Proceeds from sale of investments                                    | 39,430,182   | 17,121,892                 | 20,198,927                  | 2,806,235          |
| Interest received on investments                                     | 187,105  | 60,084                     | 88,338                      | 10,889             |
| Net cash provided (used) by investing activities                     | <u>(9,603,801)</u>                                       | <u>(4,673,237)</u>         | <u>(4,604,435)</u>          | <u>(594,239)</u>   |
| Net increase (decrease) in cash and cash equivalents                 | (4,794,742)  | (3,627,583)                | (2,896,070)                 | (476,799)          |
| Cash and cash equivalents at beginning of year                       | 14,060,709   | 7,126,362                  | 6,803,117                   | 1,015,196          |
| Cash and cash equivalents at end of year                             | <u>\$ 9,265,967</u>                                      | <u>\$ 3,498,779</u>        | <u>\$ 3,907,047</u>         | <u>\$ 538,397</u>  |
| Classified as:   |  |                            |                             |                    |
| Cash and cash equivalents  | \$ 7,756,189   | \$ 3,428,002               | \$ 3,907,047                | \$ 538,397         |
| Restricted cash with fiscal agents                                   | 1,373,660  | 70,777                     | -                           | -                  |
| Current restricted cash and cash equivalents                         | 136,118  | -                          | -                           | -                  |
| Totals   | <u>\$ 9,265,967</u>                                      | <u>\$ 3,498,779</u>        | <u>\$ 3,907,047</u>         | <u>\$ 538,397</u>  |

The accompanying notes are an integral part of the financial statements

| <u>Storm Drainage<br/>Fund</u> | <u>Public<br/>Housing Fund</u> | <u>Total</u>         | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Funds</u> |
|--------------------------------|--------------------------------|----------------------|---|
| \$ 798,700                     | \$ 581,662                     | \$ 65,833,469        | \$ 35,506,757   |
| (283,284)                      | (318,664)                      | (23,878,875)         | (11,327,607)  |
| (280,168)                      | -                              | (11,682,936)         | (7,399,622)   |
| -                              | -                              | -                    | (14,532,437)  |
| (255,985)                      | -                              | (7,712,671)          | -   |
| <u>(20,737)</u>                | <u>262,998</u>                 | <u>22,558,987</u>    | <u>2,247,091</u>  |
| 4,073                          | -                              | 5,672,033            | 2,872,611   |
| -                              | -                              | (5,631,024)          | (1,547,246)   |
| <u>4,073</u>                   | <u>4,531</u>                   | <u>45,540</u>        | <u>1,325,365</u>  |
| -                              | -                              | (4,765,991)          | (3,212,719)   |
| -                              | -                              | 8,876                | 81,856  |
| -                              | -                              | 2,890,850            | -   |
| -                              | -                              | -                    | -   |
| -                              | -                              | 23,280,000           | -   |
| -                              | -                              | (33,399,309)         | -   |
| -                              | -                              | (2,687,570)          | -   |
| <u>-</u>                       | <u>-</u>                       | <u>(14,673,144)</u>  | <u>(3,130,863)</u>  |
| (862,213)                      | -                              | (100,241,577)        | (35,688,101)  |
| 748,280                        | -                              | 80,305,516           | 30,230,450  |
| 3,214                          | 98                             | 349,728              | 126,899   |
| <u>(110,719)</u>               | <u>98</u>                      | <u>(19,586,333)</u>  | <u>(5,330,752)</u>  |
| (127,383)                      | 267,627                        | (11,654,950)         | (4,889,159)   |
| 261,752                        | 249,555                        | 29,516,691           | 10,485,326  |
| <u>\$ 134,369</u>              | <u>\$ 517,182</u>              | <u>\$ 17,861,741</u> | <u>\$ 5,596,167</u>   |
| \$ 134,369                     | \$ 472,674                     | \$ 16,236,678        | \$ 5,596,167  |
| -                              | 44,508                         | 1,488,945            | -   |
| -                              | -                              | 136,118              | -   |
| <u>\$ 134,369</u>              | <u>\$ 517,182</u>              | <u>\$ 17,861,741</u> | <u>\$ 5,596,167</u>   |

**CITY OF PEORIA, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

|  | <b>Business-type Activities - Major Enterprise Funds</b> |                            |                             |                       |
|--|--|----------------------------|-----------------------------|-----------------------|
|  | Water Utility<br>Fund                                    | Wastewater<br>Utility Fund | Solid Waste<br>Utility Fund | Stadium<br>Fund       |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>     |  |                            |                             |                       |
| Operating income (loss)  | \$ 5,221,867   | \$ (2,303,579)             | \$ 1,209,194                | \$ (2,513,433)        |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |  |                            |                             |                       |
| Depreciation and amortization  | 8,790,374  | 9,988,235                  | 1,071,610                   | 727,747               |
| (Increase) decrease in assets:   |  |                            |                             |                       |
| Accounts receivable  | (546,860)  | (277,862)                  | (31,748)                    | (13,654)              |
| Due from other governments   | -  | -                          | -                           | -                     |
| Prepaid items  | (310,678)  | -                          | -                           | -                     |
| Supplies inventory   | (35,435)   | -                          | 33,442                      | -                     |
| Increase (decrease) in liabilities:  |  |                            |                             |                       |
| Accounts payable   | 293,285  | 255,011                    | 266,497                     | 178,357               |
| Accrued payroll  | 5,310  | 4,140                      | 7,005                       | 5,641                 |
| Due to other governments   | 37,330   | -                          | -                           | (202)                 |
| Other liabilities  | (21,896)   | 8,469                      | 11,385                      | 2,353                 |
| Deposits payable   | 229,416  | -                          | -                           | -                     |
| Claims payable   | -  | -                          | -                           | -                     |
| Deferred revenue   | -  | -                          | -                           | (6,100)               |
| Compensated absences   | 54,580   | 23,730                     | 45,320                      | 14,860                |
| Total adjustments  | <u>8,416,878</u>   | <u>9,973,286</u>           | <u>1,403,511</u>            | <u>909,002</u>        |
| Net cash provided (used) by operating activities   | <u>\$ 13,638,745</u>                                     | <u>\$ 7,669,707</u>        | <u>\$ 2,612,705</u>         | <u>\$ (1,604,431)</u> |
| Non-cash investing, capital and financing activities:  |  |                            |                             |                       |
| Capital assets acquired through contributions from developers  | \$ 6,493,136   | \$ 2,329,231               | \$ -                        | \$ -                  |
| Decrease in fair market value of investments   | <u>(15,283)</u>  | <u>(5,156)</u>             | <u>(7,068)</u>              | <u>(898)</u>          |
| Total non-cash investing, capital and financing activities   | <u>\$ 6,477,853</u>                                      | <u>\$ 2,324,075</u>        | <u>\$ (7,068)</u>           | <u>\$ (898)</u>       |

The accompanying notes are an integral part of the financial statements

| <u>Storm Drainage<br/>Fund</u> | <u>Public<br/>Housing Fund</u> | <u>Total</u>         | <u>Governmental<br/>Activities -<br/>Internal<br/>Service Funds</u> |
|--------------------------------|--------------------------------|----------------------|---|
| \$ 2,242                       | \$ (121,858)                   | \$ 1,494,433         | \$ (6,573,890)  |
| -                              | 85,211                         | 20,663,177           | 5,389,752   |
| (5,788)                        | (6,780)                        | (882,692)            | 13,794  |
| -                              | 309,811                        | 309,811              | -   |
| -                              | (2,432)                        | (313,110)            | -   |
| -                              | 719                            | (1,274)              | (1,047)   |
| (33,772)                       | (1,757)                        | 957,621              | 1,306   |
| 185                            | -                              | 22,281               | (6,129)   |
| -                              | -                              | 37,128               | -   |
| 1,006                          | -                              | 1,317                | 28,605  |
| -                              | 84                             | 229,500              | -   |
| -                              | -                              | -                    | 3,279,680   |
| -                              | -                              | (6,100)              | -   |
| 15,390                         | -                              | 153,880              | 115,020   |
| (22,979)                       | 384,856                        | 21,064,554           | 8,820,981   |
| <u>\$ (20,737)</u>             | <u>\$ 262,998</u>              | <u>\$ 22,558,987</u> | <u>\$ 2,247,091</u>   |
| -                              | -                              | -                    | -   |
| \$ -                           | \$ -                           | \$ 8,822,367         | \$ 23,006   |
| (283)                          | -                              | (28,688)             | (11,242)  |
| <u>\$ (283)</u>                | <u>\$ -</u>                    | <u>\$ 8,793,679</u>  | <u>\$ 11,764</u>  |

**CITY OF PEORIA, ARIZONA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012**

|                                     | <b>Firemen's<br/>Pension<br/>Fund</b> | <b>Agency<br/>Funds</b> |
|-------------------------------------|---------------------------------------|-------------------------|
| <b>ASSETS</b>                       |                                       |                         |
| Cash and cash equivalents           | \$ 26,087                             | \$ 86,231               |
| Investments (pooled), at fair value | 108,930                               | 360,065                 |
| Interest receivable                 | 78                                    | -                       |
| Total assets                        | 135,095                               | 446,296                 |
| <b>LIABILITIES</b>                  |                                       |                         |
| Accounts payable                    | 2,125                                 | 424                     |
| Other liabilities                   | -                                     | 445,872                 |
| Total liabilities                   | 2,125                                 | 446,296                 |
| <b>NET ASSETS</b>                   |                                       |                         |
| Held in trust for pension benefits  | \$ 132,970                            |                         |

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, 2012**

|                                    | <b>Firemen's<br/>Pension<br/>Fund</b> |
|------------------------------------|---------------------------------------|
| <b>ADDITIONS</b>                   |                                       |
| Contributions:                     |                                       |
| State insurance premium tax rebate | \$ 621                                |
| Total contributions                | 621                                   |
| Investment earnings:               |                                       |
| Interest and investment income     | \$ 589                                |
| Total investment earnings          | 589                                   |
| Less investment expenses:          |                                       |
| Investment management fees         | 51                                    |
| Net investment earnings            | 538                                   |
| Total additions                    | 1,159                                 |
| <b>DEDUCTIONS</b>                  |                                       |
| Retirement payments                | 25,500                                |
| Total deductions                   | 25,500                                |
| Change in net assets               | (24,341)                              |
| Net assets - beginning of the year | 157,311                               |
| Net assets - end of the year       | \$ 132,970                            |

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>60</b>   |
| <b>3</b>    | <b>Budget Basis of Accounting</b>   | <b>64</b>   |
| <b>4</b>    | <b>Deposits and Investments</b>   | <b>64</b>   |
| <b>5</b>    | <b>Property Taxes</b>   | <b>67</b>   |
| <b>6</b>    | <b>Due from Other Governments</b>   | <b>68</b>   |
| <b>7</b>    | <b>Accounts Receivable and Allowance for Doubtful Accounts</b>                                | <b>69</b>   |
| <b>8</b>    | <b>Interfund Transactions, Receivable and Payable Balances</b>                                | <b>69</b>   |
| <b>9</b>    | <b>Segment Information for Enterprise Funds</b>   | <b>70</b>   |
| <b>10</b>   | <b>Deficits in Fund Equity/Excess of Expenditures Over Appropriations</b>                     | <b>70</b>   |
| <b>11</b>   | <b>Fund Balance/Net Assets Restrictions, Commitments &amp; Assignments</b>                    | <b>70</b>   |
| <b>12</b>   | <b>Capital Assets</b>   | <b>72</b>   |
| <b>13</b>   | <b>Community Facilities District Debt</b>   | <b>74</b>   |
| <b>14</b>   | <b>Long-Term Debt</b>   | <b>74</b>   |
| <b>15</b>   | <b>Advance Refundings</b>   | <b>79</b>   |
| <b>16</b>   | <b>Pledged Revenues</b>   | <b>80</b>   |
| <b>17</b>   | <b>Retirement and Pension Plans</b>   | <b>81</b>   |
| <b>18</b>   | <b>Leases</b>   | <b>86</b>   |
| <b>19</b>   | <b>Deferred Compensation Plan</b>   | <b>87</b>   |
| <b>20</b>   | <b>Commitments and Contingencies</b>  | <b>87</b>   |
| <b>21</b>   | <b>Other Matters</b>  | <b>88</b>   |
| <b>22</b>   | <b>Subsequent Events</b>  | <b>89</b>   |

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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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 for state and local governments.

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, solid waste and storm drain 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, as amended by GASB Statement #61, 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, wholly or substantially, comprised of the government's elected council and the City is financially accountable for these component units. Additionally, these component units provide services entirely to the City.

**Individual Component Units - Blended**

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

City of Peoria Municipal Development Authority, Inc. (Authority), an Arizona not-for-profit corporation, was organized for the purpose of financing the construction of municipal facilities within the City through the issuance of bonds. Concurrent with these bond issues, the City entered into contracts with the Authority whereby the City will pay, to the Authority, amounts sufficient to retire the Authority's bonds and related interest. The outstanding Municipal Development Authority, Inc. bonds are reported as a debt service fund in the City's financial statements. 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 and City management has operational responsibility for 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.

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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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**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.

Commitments or assignments 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 commitments and assignments of net assets in the various funds to demonstrate the government's intended use of those net assets.

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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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 funds 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.

Externally imposed restrictions as well as internally imposed commitments and assignments of fund balance, as defined by GASB Statement 54, are shown on the face of the governmental fund financial statements as well as discussed in Note 11. Generally, the order in which the City would apply resources when multiple categories of fund balance are available is as follows: restricted, committed, assigned and unassigned.

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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services. Non-operating revenues and expenses are items like investment income and interest expense that are not a result of the direct operations of the activity.

**C. Basis of Presentation**

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

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

**Governmental Funds**

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

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

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

**Proprietary Funds**

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

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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The enterprise funds of the City are as follows:

The Water Utility, Wastewater Utility, Solid Waste Utility and Storm Drain 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 workers' compensation and health insurance programs operate under a trust. 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 functions is also in this fund. Revenues are internal charges to user departments.

### **Fiduciary Funds**

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

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

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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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 unassigned 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 and Highway User revenues collected and held by the state at year-end on behalf of the City are also recognized as revenue. 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 or State in July are recognized as revenue in the previous fiscal year. Other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.

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

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

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

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

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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**E. Budgets and Budgetary Accounting**

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

- According to the laws of the State of Arizona, all operating budgets must be approved by their governing board on or before the second Monday in August to allow sufficient time for legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August.
- In April, the proposed budget for the following fiscal year is presented by the City Manager to the City Council. The budget includes proposed expenditures and the means of financing them. Public meetings are held to obtain citizen comment.
- Prior to June 30, the City Council legally enacts the budget, through the passage of an ordinance. The ordinance sets the limit for expenditures for the year, within the voter mandated state expenditure limitation (see Note 1.F). Additional expenditures may be authorized if directly necessitated by a natural or man-made disaster as prescribed in the state constitution. There were no supplemental appropriations made during fiscal year 2011.
- 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 or the use of contingency budgets must be approved by the City Council.
- All unencumbered expenditure appropriations expire at the end of the fiscal year.
- Encumbered amounts are re-budgeted in the following year as deemed appropriate and necessary after review by the Budget Office staff. Budgetary carry forwards are approved by the City Council.
- All funds of the City, except the agency funds, have legally adopted budgets. Formal integration of these budgets into the City's financial systems is employed as a management control device during the year for all funds.

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

**F. Expenditure Limitation**

On June 3, 1980, the voters of Arizona approved an expenditure limitation for all local governments. The limitation restricts the annual growth of expenditures to a percentage determined by population and

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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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 2011-2012, including the permanent base adjustment, was \$733,909,330.

#### **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. Since they do not constitute expenditures or liabilities, encumbrances are not reported in either the fund financial statements or the government-wide financial statements. Further information about commitments outstanding at June 30 may be found in Note 20.

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

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

##### Investment Policy

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

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

##### Investment Valuation

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

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

#### Investment Income

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

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

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

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

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

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

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

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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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, 2012, the City did not capitalize any net interest costs in the business-type activities of the government-wide financial statements (also in the Enterprise Funds on the proprietary fund statements). Total interest incurred, not including agent fees or other costs, of the business-type activities (and the Enterprise Funds on the proprietary fund statements) before capitalization was \$4,649,203.

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               | 20-40                      |
| Water and sewer systems                  | 5-40                       |
| Storm drainage systems                   | 40                         |
| Street system                            | 20                         |
| Park facilities and landscape            | 40                         |
| Streetlights and traffic control devices | 10                         |
| Equipment                                | 7                          |
| Furniture and fixtures                   | 7                          |
| Vehicles                                 | 3-15                       |
| 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 2012 amortization was \$257,796 and the net book value at June 30, 2012 was \$11,600,828. 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 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).

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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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, if any, which are funded by state shared gas tax revenues. The Half-Cent Sales Tax Fund and Development Fee Fund service debt obligations from development agreements. Each enterprise fund individually accounts for and services the applicable bonds and contracts payable that benefit that fund.

**P. Compensated Absences**

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

City employees are granted one sick leave day per month. The maximum an employee may accumulate varies according to union status; however, the City makes no payment on the unused portion upon employment termination except on the condition of retirement. Any sick time accrued

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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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 Financing Activities**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; workers' compensation; and health insurance. 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. The City uses third party administrators to monitor the workers' compensation and health insurance claims programs. As with any risk retention program, the City is contingently liable with respect to claims beyond those actuarially projected.

**Risk management -**

The City is self-insured for property and public liability up to \$1,000,000 and for damage to City vehicles valued up to \$100,000. Vehicles with a value in excess of \$100,000 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.

The operating funds of the City pay monthly premiums to the risk management fund based upon a budget model taking into consideration prior loss experience, staffing, and operating budget.

Premium payments to insurance carriers are made directly from the risk management fund. There have been no settlements paid in excess of insurance in any of the past three years nor has insurance coverage been significantly reduced in recent years.

**Workers' compensation -**

On July 1, 2009, the City established a workers' compensation trust fund for work-related injuries to employees. 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 \$2,761,926 for fiscal year 2012. Commercial insurance is purchased to cover claims above the self-insurance amounts.

Operating funds with employees covered under the workers' compensation insurance program pay monthly premiums to the workers' compensation fund based upon staffing levels.

Premium payments to insurance carriers, as well as third party administrator costs are made directly from the workers' compensation trust fund. Employee wages while off work for workers' compensation injuries (2/3rds of weekly wages) are also paid from this fund. There have been no settlements paid in excess of insurance in the last three years, nor has insurance coverage been significantly reduced in recent years.

**Health insurance -**

On January 1, 2010, the City established a health insurance trust fund for health insurance coverage for City employees and dependants. The City is self-insured for employee health claims up to \$100,000 per claim. Commercial insurance is purchased 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.

Premiums are collected through contributions from employee paychecks and department budgets. COBRA participants contribute 100% of the premiums for their insurance coverage. Premiums for the

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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medical, vision, dental, and life insurance plans are determined prior to each renewal period by estimating the costs of claims and administration of the plan based on a number of factors including: the demographics of the group, previous claims history, plan design changes and any new mandated benefits.

Premium payments to insurance carriers, as well as third party administrator costs are made directly from the health insurance trust fund. There have been no settlements in excess of insurance in the past three years, nor have insurance coverage been significantly reduced in recent years.

**Estimated liability –**

The total claims liability of \$6,434,680 reported in the Self-Insurance Fund at June 30, 2012 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 \$3,144,409 for liability/property claims, \$2,577,748 for workers' compensation claims and \$712,523 for health insurance claims.

For additional information on insurance amounts, see Table XXXIV on page 192. 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. Changes in the Self-Insurance Fund's claims liability amount (claims only, exclusive of other insurance expenses) during the last two fiscal years are as follows:

Fiscal Year 2011:

|                  | Beginning of<br>Fiscal Year<br>Liability | Changes in<br>Estimates | Current Year<br>Claims | Claims<br>Payments    | Balance at<br>Fiscal<br>Year-end |
|------------------|--|-------------------------|------------------------|-----------------------|----------------------------------|
| Risk management  | \$ 1,725,000                             | \$ 36,000               | \$ 622,379             | \$ (622,379)          | \$ 1,761,000                     |
| Workers' comp    | 510,000                                  | 165,000                 | 376,325                | (376,325)             | 675,000                          |
| Health insurance | 570,000                                  | 149,000                 | 10,644,010             | (10,644,010)          | 719,000                          |
|                  | <u>\$ 2,805,000</u>                      | <u>\$ 350,000</u>       | <u>\$ 11,642,714</u>   | <u>\$(11,642,714)</u> | <u>\$ 3,155,000</u>              |

Fiscal Year 2012:

|                  | Beginning of<br>Fiscal Year<br>Liability | Changes in<br>Estimates | Current Year<br>Claims | Claims<br>Payments    | Balance at<br>Fiscal<br>Year-end |
|------------------|--|-------------------------|------------------------|-----------------------|----------------------------------|
| Risk management  | \$ 1,761,000                             | \$ 1,383,409            | \$ 2,226,420           | \$ (2,226,420)        | \$ 3,144,409                     |
| Workers' comp    | 675,000                                  | 1,902,748               | 2,331,374              | (2,331,374)           | 2,577,748                        |
| Health insurance | 719,000                                  | (6,477)                 | 11,700,457             | (11,700,457)          | 712,523                          |
|                  | <u>\$ 3,155,000</u>                      | <u>\$ 3,279,680</u>     | <u>\$ 16,258,251</u>   | <u>\$(16,258,251)</u> | <u>\$ 6,434,680</u>              |

Detailed financial statements of the three functions making up the self-insurance fund may be found on pages 136-137.

**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.

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**S. New Accounting Standards**

During fiscal year 2012, the City implemented the following new accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 60 – Accounting and financial Reporting for Service Concession Arrangements
- Statement No. 64 – Derivative Instruments: Application of Hedge Accounting Termination Provisions
- Statement No. 66 – Technical Corrections - 2012

**T. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of net assets/balance sheet and the reported amounts of revenues and expenses/expenditures during the reporting period. Specifically, the city has made certain estimates and assumptions relating to the collectibility of its receivables (including accounts receivable), 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<br/>Governmental<br/>Funds</b> | <b>Long-term<br/>Assets/<br/>Liabilities (1)</b> | <b>Internal<br/>Service<br/>Funds (2)</b> | <b>Eliminations (3)</b> | <b>Statement of<br/>Net Assets<br/>Totals</b> |
|------------------------------------|---|--|---|-------------------------|---|
| <b>Assets</b>                      |   |  |   |                         |   |
| Cash and cash equivalents          | \$ 37,507,281                           | -  | 5,596,167                                 | -                       | 43,103,448                                    |
| Cash with fiscal agents            | 13,685,827                              | -  | -   | -                       | 13,685,827                                    |
| Investments                        | 156,131,301                             | -  | 23,369,181                                | -                       | 179,500,482                                   |
| Accounts receivable, net           | 12,993,502                              | -  | -   | -                       | 12,993,502                                    |
| Interest receivable                | 122,112                                 | -  | 14,135                                    | -                       | 136,247                                       |
| Due from other funds               | 133,089                                 | -  | (1,041,190)                               | (128,558)               | (1,036,659)                                   |
| Due from other governments         | 5,642,987                               | -  | -   | -                       | 5,642,987                                     |
| Prepaid items                      | 124,202                                 | -  | -   | -                       | 124,202                                       |
| Supply inventories                 | 972,897                                 | -  | 160,518                                   | -                       | 1,133,415                                     |
| Deferred bond issuance costs, net  | -                                       | 2,751,048  | -   | -                       | 2,751,048                                     |
| Other assets                       | -                                       | 2,340,000  | -   | -                       | 2,340,000                                     |
| Restricted cash/cash equivalents   | 27,155,382                              | -  | -   | -                       | 27,155,382                                    |
| Restricted investments             | 36,087,909                              | -  | -   | -                       | 36,087,909                                    |
| Special assessment receivables     | 4,551,574                               | -  | -   | -                       | 4,551,574                                     |
| Interfund receivable (non-current) | 10,353,093                              | -  | -   | (10,353,093)            | -   |
| Capital assets                     | -                                       | 1,090,268,607                                    | 18,147,829                                | -                       | 1,108,416,436                                 |
| Total assets                       | <u>\$ 305,461,156</u>                   | <u>1,095,359,655</u>                             | <u>46,246,640</u>                         | <u>(10,481,651)</u>     | <u>1,436,585,800</u>                          |

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|  | Total<br>Governmental<br>Funds | Long-term<br>Assets/<br>Liabilities (1) | Internal<br>Service<br>Funds (2) | Eliminations (3)    | Statement of<br>Net Assets<br>Totals |
|--|--------------------------------|---|----------------------------------|---------------------|--------------------------------------|
| <b>Liabilities</b>                           |                                |   |                                  |                     |                                      |
| Accounts payable                             | \$ 8,042,867                   | -                                       | 1,630,624                        | -                   | 9,673,491                            |
| Accrued payroll                              | 882,723                        | -                                       | 78,923                           | -                   | 961,646                              |
| Interest payable                             | -                              | 5,960,577                               | -                                | -                   | 5,960,577                            |
| Due to other funds                           | 128,558                        | -                                       | -                                | (128,558)           | -                                    |
| Due to other governments                     | 1,025,839                      | -                                       | -                                | -                   | 1,025,839                            |
| Claims/deposits payable                      | 3,567                          | -                                       | 2,268,909                        | -                   | 2,272,476                            |
| Deferred revenue                             | 12,597,595                     | (5,075,841)                             | -                                | -                   | 7,521,754                            |
| Other liabilities                            | 2,247,660                      | -                                       | 28,605                           | -                   | 2,276,265                            |
| Interfund payable (non-current)              | 10,353,093                     | -                                       | -                                | (10,353,093)        | -                                    |
| Unamortized bond premium                     | -                              | 3,092,958                               | -                                | -                   | 3,092,958                            |
| Compensated absences-current                 | -                              | 4,343,970                               | 479,500                          | -                   | 4,823,470                            |
| Current bonds/contracts payable              | -                              | 19,581,479                              | -                                | -                   | 19,581,479                           |
| Long-term liabilities (net of deferred loss) | -                              | 329,178,785                             | 4,383,261                        | -                   | 332,562,046                          |
| Total liabilities                            | <u>\$ 35,281,902</u>           | <u>357,081,928</u>                      | <u>8,869,822</u>                 | <u>(10,481,651)</u> | <u>390,752,001</u>                   |

| <b>Fund Balance/Net Assets</b>                |                       |                      |                   |                     |                      |
|---|-----------------------|----------------------|-------------------|---------------------|----------------------|
| Total fund balance/net assets                 | <u>\$ 270,179,254</u> | <u>738,277,727</u>   | <u>37,376,818</u> | <u>-</u>            | <u>1,045,833,799</u> |
| Total liabilities and fund balance/net assets | <u>\$ 305,461,156</u> | <u>1,095,359,655</u> | <u>46,246,640</u> | <u>(10,481,651)</u> | <u>1,436,585,800</u> |

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

|                          |                         |
|--------------------------|-------------------------|
| Costs of capital assets  | \$ 1,336,993,581        |
| Accumulated depreciation | (246,724,974)           |
|                          | <u>\$ 1,090,268,607</u> |

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

|                  |                       |
|------------------|-----------------------|
| Interest payable | <u>\$ (5,960,577)</u> |
|------------------|-----------------------|

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

|                              |                     |
|------------------------------|---------------------|
| Deferred bond issuance costs | <u>\$ 2,751,048</u> |
|------------------------------|---------------------|

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

|  |                       |
|--|-----------------------|
|  | <u>\$ (3,092,958)</u> |
|--|-----------------------|

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                  | \$ (62,926,249)         |
| Bonds payable                      | (284,330,000)           |
| Compensated absences               | <u>(6,314,240)</u>      |
| Subtotal                           | <u>(353,570,489)</u>    |
| Less: current compensated absences | (4,343,970)             |
| current portion of bonds/contracts | <u>(19,581,479)</u>     |
|                                    | <u>\$ (329,645,040)</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.

|  |                   |
|--|-------------------|
|  | <u>\$ 466,255</u> |
|--|-------------------|

Certain long-term debt obligations that are booked for the government-wide statements are offset by goodwill.

|  |                     |
|--|---------------------|
|  | <u>\$ 2,340,000</u> |
|--|---------------------|

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

|                                     |                     |
|-------------------------------------|---------------------|
| Deferred special assessment revenue | \$ 4,551,324        |
| Deferred property tax revenue       | 524,517             |
|                                     | <u>\$ 5,075,841</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>\$ 37,376,818</u> |
|----------------|----------------------|

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(3) Certain interfund transactions between governmental activities are eliminated in the consolidation of those activities for the statement of net assets.

|                                     |              |
|-------------------------------------|--------------|
| Interfund receivables - current     | \$ 128,558   |
| Interfund receivables – non-current | 10,353,093   |
| Interfund payables – current        | (128,558)    |
| Interfund payables – non-current    | (10,353,093) |
|                                     | <u>\$ -</u>  |

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

|  | <b>Total<br/>Governmental<br/>Funds</b> | <b>Long-term<br/>Revenues/<br/>Expenses(1)</b> | <b>Capital-<br/>related<br/>Items(2)</b> | <b>Internal<br/>Service<br/>Funds(3)</b> | <b>Long-term<br/>Debt<br/>Transactions(4)</b> | <b>Eliminations<br/>and<br/>Adjustments(5)</b> | <b>Statement<br/>of<br/>Activities</b> |
|--|---|--|--|--|---|--|--|
| <b>Revenues and Other Sources</b>                  |   |  |  |  |   |  |  |
| Taxes:   |   |  |  |  |   |  |  |
| Sales and use taxes                                | \$ 60,719,648                           | -  | -  | -  | -   | -  | 60,719,648                             |
| Property taxes                                     | 22,399,320                              | (180,701)                                      | -  | -  | -   | -  | 22,218,619                             |
| Franchise taxes                                    | 4,084,163                               | -  | -  | -  | -   | -  | 4,084,163                              |
| Intergovernmental:                                 |   |  |  |  |   |  |  |
| State shared sales taxes                           | 12,087,651                              | -  | -  | -  | -   | -  | 12,087,651                             |
| Urban revenue sharing                              | 13,231,006                              | -  | -  | -  | -   | -  | 13,231,006                             |
| Auto-in-lieu taxes                                 | 4,944,181                               | -  | -  | -  | -   | -  | 4,944,181                              |
| Highway user revenue                               | 7,714,173                               | -  | -  | -  | -   | -  | 7,714,173                              |
| From federal government                            | 2,226,322                               | -  | -  | -  | -   | -  | 2,226,322                              |
| Other governmental                                 | 14,359,038                              | -  | -  | -  | -   | -  | 14,359,038                             |
| Charges for services                               | 18,359,757                              | -  | -  | -  | -   | 238,504  | 18,598,261                             |
| Licenses and permits                               | 2,106,545                               | -  | -  | -  | -   | -  | 2,106,545                              |
| Fines and forfeitures                              | 2,757,022                               | -  | -  | -  | -   | -  | 2,757,022                              |
| Rents  | 486,932                                 | -  | -  | -  | -   | -  | 486,932                                |
| Investment earnings                                | 859,146                                 | -  | -  | 100,333                                  | -   | -  | 959,479                                |
| Special assessments                                | 2,069,613                               | (1,777,099)                                    | -  | -  | -   | -  | 292,514                                |
| Miscellaneous                                      | 4,588,218                               | -  | 20,627                                   | -  | -   | (643,658)                                      | 3,965,187                              |
| Other sources:                                     |   |  |  |  |   |  |  |
| Gain on sale of capital assets                     | -                                       | -  | 50,192                                   | -  | -   | -  | 50,192                                 |
| Capital contributions                              | -                                       | -  | 9,898,335                                | -  | -   | 28,500   | 9,926,835                              |
| Refunding bonds issued                             | 13,690,000                              | -  | -  | -  | (13,690,000)                                  | -  | -                                      |
| Capital-related debt issued                        | 14,715,000                              | -  | -  | -  | (14,715,000)                                  | -  | -                                      |
| Premium on bonds issued                            | 645,188                                 | -  | -  | -  | (645,188)                                     | -  | -                                      |
| Transfers in                                       | 16,740,587                              | -  | 2,803,044                                | 2,872,611                                | 29,216,088                                    | (48,626,437)                                   | 3,005,893                              |
| Total revenues and other sources                   | 216,138,836                             | (1,957,800)                                    | 12,772,198                               | 2,972,944                                | 165,900                                       | (49,003,091)                                   | 181,088,987                            |
| <b>Expenditures/Expenses</b>                       |   |  |  |  |   |  |  |
| Current:   |   |  |  |  |   |  |  |
| General government                                 | 14,470,822                              | 690,860  | 5,713,752                                | 171,492                                  | -   | (111,785)                                      | 20,935,141                             |
| Culture and recreation                             | 18,396,187                              | 82,890   | 5,083,587                                | 202,111                                  | -   | (264,869)                                      | 23,499,906                             |
| Police   | 33,717,021                              | 271,520  | 1,661,413                                | 255,190                                  | -   | -  | 35,905,144                             |
| Fire   | 20,673,956                              | 137,350  | 1,572,589                                | (70,085)                                 | -   | -  | 22,313,810                             |
| Development services                               | 5,328,403                               | 51,680   | 13,236                                   | 44,465                                   | -   | -  | 5,437,784                              |
| Highways and streets                               | 14,754,432                              | 20,990   | 16,900,964                               | 101,817                                  | -   | -  | 31,778,203                             |
| Public works                                       | 4,884,713                               | 13,462   | 2,532,979                                | (15,128)                                 | -   | -  | 7,416,026                              |
| Human services                                     | 1,586,315                               | 2,050  | 34,598                                   | 32,972                                   | -   | -  | 1,655,935                              |
| Debt service:                                      |   |  |  |  |   |  |  |
| Principal payments                                 | 25,566,028                              | -  | -  | -  | (25,566,028)                                  | -  | -                                      |
| Interest and other charges                         | 13,098,263                              | (820,838)                                      | -  | -  | 318,327                                       | -  | 12,595,752                             |
| Capital outlay                                     | 26,336,595                              | -  | (26,336,595)                             | -  | -   | -  | -                                      |
| Unallocated depreciation                           | -                                       | -  | 574,550                                  | -  | -   | -  | 574,550                                |
| Total expenditures/expenses                        | 178,812,735                             | 449,964  | 7,751,073                                | 722,834                                  | (25,247,701)                                  | (376,654)                                      | 162,112,251                            |
| <b>Other financing uses/changes in net assets</b>  |   |  |  |  |   |  |  |
| Transfers out                                      | 18,106,961                              | -  | 6,097,947                                | 1,547,246                                | 29,216,088                                    | (48,626,437)                                   | 6,341,805                              |
| Special item: close out of Section 8 Housing       | 464,390                                 | -  | -  | -  | -   | -  | 464,390                                |
| Payment to bond refunding Escrow agent             | 13,690,000                              | -  | -  | -  | (13,690,000)                                  | -  | -                                      |
| Total expenditures/expenses & other financing uses | 211,074,086                             | 449,964  | 13,849,020                               | 2,270,080                                | (9,721,613)                                   | (49,003,091)                                   | 168,918,446                            |
| Net change for the year                            | \$ 7,709,424                            | (2,047,764)                                    | (1,076,822)                              | 702,864                                  | 9,887,513                                     | -  | 14,815,215                             |

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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- (1) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.
- |  |   |                     |
|--|---|---------------------|
|  | Accrual of long-term compensated absences | \$ <u>(730,802)</u> |
|--|---|---------------------|
- Interest expense on long-term debt is accrued for the statement of activities but is not accrued for the governmental fund statements. Amortization of bond premiums and deferred loss on refunding is also included in the statement of activities, but not the governmental fund statements.
- |  |                                   |                   |
|--|-----------------------------------|-------------------|
|  | Accrued interest                  | \$ 276,693        |
|  | Amortization of loss on refunding | (252,158)         |
|  | Amortization of bond premium      | <u>796,303</u>    |
|  |                                   | <u>\$ 820,838</u> |
- Property taxes revenues not received within 60 days of year-end are deferred for governmental fund reporting, but are not deferred for government-wide reporting. When these revenues are subsequently received, they are recognized in the governmental operating statement and reversed in the statement of activities.
- |  |  |                     |
|--|--|---------------------|
|  |  | <u>\$ (180,701)</u> |
|--|--|---------------------|
- Special assessment principal payments received are reported as revenue on the governmental fund statements, but are reductions to the outstanding special assessment debt for government-wide reporting. Also, the sale of additional special assessment bonds is reported as a receivable and deferred revenue in the governmental funds, but on the government-wide financial statements, it is reported as an increase in outstanding debt and the revenue is recognized.
- |  |  |                       |
|--|--|-----------------------|
|  | Current year principal payments received | <u>\$ (1,777,099)</u> |
|--|--|-----------------------|
- Certain long-term debt obligations are offset by a goodwill asset that is amortized over the life of the debt. Goodwill amortization is included in the statement of activities, but not the governmental fund statements.
- |  |  |                     |
|--|--|---------------------|
|  |  | <u>\$ (540,000)</u> |
|--|--|---------------------|
- (2) When capital assets that are to be used in the governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of the financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.
- |  |                      |                       |
|--|----------------------|-----------------------|
|  | Capital outlay       | \$ 26,336,595         |
|  | Depreciation expense | <u>(34,016,023)</u>   |
|  |                      | <u>\$ (7,700,178)</u> |
- The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the capital assets is removed from the capital assets account in the statement of net assets and offset against the sales proceeds resulting in a "gain on sale of capital assets" in the statement of activities. Thus, more revenue is reported in the governmental funds than gain in the statement of activities.
- |  |                                     |                  |
|--|-------------------------------------|------------------|
|  | Cost of capital assets disposed of: | <u>\$ 20,627</u> |
|--|-------------------------------------|------------------|
- Donations of capital assets are not shown on the governmental funds, but are included in the assets of the City. On the statement of activities, these donations are shown as capital contributions.
- |  |                       |                     |
|--|-----------------------|---------------------|
|  | Capital contributions | <u>\$ 9,898,335</u> |
|--|-----------------------|---------------------|
- Gains and losses on sales of fixed assets are not shown on the governmental fund statements, but are included in the statement of activities.
- |  |        |                 |
|--|--------|-----------------|
|  | Gains  | \$ 50,192       |
|  | Losses | <u>(50,895)</u> |
|  |        | <u>\$ (703)</u> |
- The donation of capital assets between Governmental and Proprietary Funds is not shown in the governmental fund statements but is a transfer in/out on the statement of activities.
- |  |               |                       |
|--|---------------|-----------------------|
|  | Transfers out | \$ (6,097,947)        |
|  | Transfers in  | <u>2,803,044</u>      |
|  |               | <u>\$ (3,294,903)</u> |
- (3) Internal service funds are used by management to charge the costs of certain activities, such as insurance, motor pool, information technology, and facilities maintenance, to the individual funds. The adjustments for internal service funds "close" those funds by charging the additional amounts to participating governmental activities to completely cover the internal service funds' costs for the year.
- |  |                             |                    |
|--|-----------------------------|--------------------|
|  | Revenue and other sources   | \$ 2,972,944       |
|  | Expenditures and other uses | <u>(2,270,080)</u> |
|  | Change in net assets        | <u>\$ 702,864</u>  |
- (4) Repayment of bond principal is reported as an expenditure in governmental funds and thus has the effect of reducing fund balance because current financial resources have been used. For the City as a whole however, the principal payments reduce the long-term liabilities in the statement of net assets and do not result in an expense in the statement of activities.
- |  |                         |                      |
|--|-------------------------|----------------------|
|  | Principal payments made | <u>\$ 25,566,028</u> |
|--|-------------------------|----------------------|

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

|              |                        |
|--------------|------------------------|
| Bonds issued | \$ <u>(14,715,000)</u> |
|--------------|------------------------|

Refunding Bonds issued are shown as an financing source and the payment to the bond escrow agent is shown as an other financing use in the governmental funds. For the government-wide statements, the refunded debt is removed and the new debt recorded.

|                              |                   |
|------------------------------|-------------------|
| Refunding bonds issued       | \$ (13,690,000)   |
| Payment to bond escrow agent | <u>13,690,000</u> |
|                              | <u>\$ -</u>       |

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

|                                     |                     |
|-------------------------------------|---------------------|
| Issuance costs for new debt         | \$ 165,901          |
| Amortization of bond issuance costs | (484,228)           |
| Bond premium                        | <u>(645,188)</u>    |
|                                     | <u>\$ (963,515)</u> |

Certain debt transactions cause transfers between funds.

|               |                     |
|---------------|---------------------|
| Transfers out | \$ 29,216,088       |
| Transfers in  | <u>(29,216,088)</u> |
|               | <u>\$ -</u>         |

- (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.

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

|  |                  |
|--|------------------|
| Interfund charges for services revenue | \$ 376,654       |
| Interfund service charges              | <u>(376,654)</u> |
|  | <u>\$ -</u>      |

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

|               |                     |
|---------------|---------------------|
| Transfers out | \$ 48,626,437       |
| Transfers in  | <u>(48,626,437)</u> |
|               | <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, 2012, the carrying amount of the City's deposits was \$25,285,769 and the bank balance was \$25,223,919. The entire bank balance was covered by federal depository insurance or collateralized 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 \$61,850 represents deposits in transit, outstanding checks and other reconciling items.

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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**B. Investments**

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

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

*Interest rate risk:* In order to limit interest and market rate risk, State law and the City's investment policy sets a maximum maturity on any investment of five years with a minimum of 35% invested for a period of one year or less and no more than 20% of the City's portfolio be invested for a period greater than three years. At June 30, 2012, 61.3% of the City's investments have a maturity of less than one year and 2.5% 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, 2012 was 332 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, 2012, the City's investments include \$88.3 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<br>Rating | S&P<br>Rating | % of<br>Investments |
|---|-------------------|---------------|---------------------|
| Federal Farm Credit Bank - Agency Note                            | Aaa               | AA+           | 4.9                 |
| Federal Home Loan Bank - Agency Note                              | Aaa               | AA+           | 7.1                 |
| Federal Home Loan Bank - Callable Agency Note                     | Aaa               | AA+           | 4.8                 |
| Federal Home Loan Bank - Callable Agency Step Up Note             | Aaa               | AA+           | 1.3                 |
| Federal Home Loan Mortgage Corp - Agency Note                     | Aaa               | AA+           | 5.5                 |
| Federal Home Loan Mortgage Corp - Callable Agency Note            | Aaa               | AA+           | 3.6                 |
| Federal Home Loan Mortgage Corp - Callable Agency<br>Step Up Note | Aaa               | AA+           | 2.8                 |
| Federal National Mortgage Assoc - Agency Note                     | Aaa               | AA+           | 2.0                 |
| Federal National Mortgage Assoc - Callable Agency Note            | Aaa               | AA+           | 15.1                |

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, 2012, 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, 2012, the City's investments include 50.6% invested in U.S. Agency Coupon securities, 3.3% in U.S. Treasury Notes, 24.6% in Commercial Paper, and 21.5% in money market funds, cash with fiscal agent, and the Arizona State Investment Pool.

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

*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, 2012, 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>   |                                |            |            |           |                |
| U.S. Treasury notes and strips \$  | -                              | 8,051,200  | -          | -         | \$ 8,051,200   |
| Agency coupon securities   | 42,618,206                     | 86,210,325 | 32,017,010 | 8,012,800 | 168,858,341    |
| Agency discount notes  | -                              | -          | -          | -         | -              |
| Commercial paper   | 67,872,524                     | -          | -          | -         | 67,872,524     |
| State of Arizona local government investment pool  | 529,937                        | -          | -          | -         | 529,937        |
| Mutual fund-money market   | 33,432,537                     | -          | -          | -         | 33,432,537     |
| Total unrestricted investments   | 144,453,204                    | 94,261,525 | 32,017,010 | 8,012,800 | 278,744,539    |
| Less: amount included in cash and cash equivalents   |                                |            |            |           | 33,908,327     |
| Plus: amount included in restricted investments  |                                |            |            |           | 807,473        |
| Unrestricted investments, net  |                                |            |            |           | \$ 245,643,685 |
| Total investments per statement of net assets  |                                |            |            |           | \$ 245,174,690 |
| Plus: Investments in fiduciary funds   |                                |            |            |           | 468,995        |
| Net unrestricted investments   |                                |            |            |           | \$ 245,643,685 |
| <u>Restricted Investments:</u>   |                                |            |            |           |                |
| Agency coupon securities   | 7,998,478                      | 2,000,400  | 1,403,050  | 1,001,900 | \$ 12,403,828  |
| Commercial paper   | 20,452,355                     | -          | -          | -         | 20,452,355     |
| Mutual fund-money market   | 30,808,928                     | -          | -          | -         | 30,808,928     |
| U.S. Treasury notes and strips   | 4,039,200                      | -          | -          | -         | 4,039,200      |
| Total Restricted Investments   | 63,298,961                     | 2,000,400  | 1,403,050  | 1,001,900 | \$ 67,704,311  |
| Less: amount included in restricted cash with fiscal agents  |                                |            |            |           | 3,265,365      |
| Less: amount included in restricted cash and cash equivalents  |                                |            |            |           | 27,543,564     |
| Less: amount included in unrestricted investments  |                                |            |            |           | 807,473        |
| Net restricted investments   |                                |            |            |           | \$ 36,087,909  |
| Restricted cash, cash equivalents, and cash with fiscal agents at June 30, 2012, consisted of the following: |                                |            |            |           |                |
| Restricted investments included in restricted cash and cash equivalents                                      |                                |            |            |           | 27,543,564     |
| Less: amount included in unrestricted cash and cash equivalents  |                                |            |            |           | 252,064        |
| Total restricted cash and cash equivalents per statement of net assets                                       |                                |            |            |           | \$ 27,291,500  |
| Cash with Fiscal Agents at June 30, 2012, consisted of the following:  |                                |            |            |           |                |
| Cash with fiscal agents  |                                |            |            |           | \$ 11,909,407  |
| Restricted investments included in cash with fiscal agents   |                                |            |            |           | 3,265,365      |
| Total cash with fiscal agents  |                                |            |            |           | \$ 15,174,772  |

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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Unrestricted Cash and cash equivalents at June 30, 2012, consisted of the following:

|   |                      |
|---|----------------------|
| Investments included in cash and cash equivalents           | \$ 33,908,327        |
| Carrying amount of city deposits                            | 25,285,769           |
| Amounts due from restricted cash                            | 252,064              |
| Cash on hand  | <u>6,284</u>         |
| Total cash and cash equivalents                             | 59,452,445           |
| Less: Cash and cash equivalents of Fiduciary funds          | <u>112,318</u>       |
| Total cash and cash equivalents per statement of net assets | <u>\$ 59,340,126</u> |

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

Investment income comprises the following for the year ended June 30, 2012:

|   |                     |
|---|---------------------|
| Net interest and dividends                              | \$ 1,381,258        |
| Net decrease in the fair value of investments           | <u>(136,814)</u>    |
| Total net investment income                             | 1,244,444           |
| Less: net investment income of Fiduciary funds          | <u>538</u>          |
| Total net investment income per statement of activities | <u>\$ 1,243,906</u> |

The net decrease in the fair value of investments during fiscal year 2011-2012 was approximately \$136,814. 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, 2012, was approximately \$12,094.

**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 2012 are \$1,269,336,456 and \$1,276,335,862 respectively.

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

The City Council adopts the annual tax levy each year on or before the third Monday in August. The basis of this levy is the full cash value as determined by the Maricopa County Assessor. For locally assessed property, the value is determined as of January 1 of the preceding year, known as the valuation year. For utilities and other centrally valued properties, the full cash value is determined as of January 1 of the tax year. The City has an enforceable claim on the property when the property tax is levied. Levies are due and payable in two installments, on October 1 and March 1, and become delinquent on November 1 and May 1, respectively. Delinquent amounts bear interest at the rate of 16 percent. A lien is placed on the property at the time the tax bill is sold. Maricopa County, at no charge to the taxing entities, bills and

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

**6. DUE FROM OTHER GOVERNMENTS**

The following amounts are due from other governments at June 30, 2012:

|   |              |
|---|--------------|
| <b>Governmental activities:</b>                       |              |
| General Fund:   |              |
| Due from Maricopa County for:                         |              |
| Property tax  | 54,093       |
| Due from State of Arizona for:                        |              |
| State shared sales tax                                | 2,047,094    |
| State revenue sharing                                 | 1,311,451    |
| Auto lieu tax   | 185,091      |
| Miscellaneous other                                   | 38,130       |
| Due from Peoria Unified School District               | 76,572       |
| Subtotal  | 3,712,430    |
| Highway User Revenue Fund:                            |              |
| Due from State of Arizona (Highway user revenue)      | 749,471      |
| Due from Maricopa County – Property tax (SLIDS)       | 4,446        |
| Subtotal  | 753,917      |
| GO Bond Debt Service Fund:                            |              |
| Due from Maricopa County (Property tax)               | 334,409      |
| Subtotal  | 334,409      |
| Non-major Governmental Fund:                          |              |
| Due from US Department of Housing & Urban Development | 407,461      |
| Due from US Department of Transportation              | 61,357       |
| Due from US Department of Interior                    | 6,718        |
| Due from US Department of Energy                      | 22,636       |
| Due from other Federal agencies                       | 52,942       |
| Non-major Governmental Fund (continued):              |              |
| Due from Maricopa County:                             |              |
| Home Grant  | 77,005       |
| Property tax  | 25,062       |
| Other   | 26,900       |
| Due from State of Arizona                             |              |
| Various Grants  | 162,149      |
| Subtotal  | 842,231      |
| Total governmental activities                         | \$ 5,642,987 |

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**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, 2012.

| Fund                          | Receivables          | Allowance        | Net               |
|-------------------------------|----------------------|------------------|-------------------|
| <b>Governmental funds:</b>    |                      |                  |                   |
| General Fund                  | \$ 4,390,527         | 31,366           | 4,359,161         |
| Half-Cent Sales Tax Fund      | 1,322,650            | -                | 1,322,650         |
| Highway User Revenue Fund     | 287,931              | -                | 287,931           |
| Transportation Sales Tax Fund | 792,840              | -                | 792,840           |
| GO Bond Debt Service Fund     | 1,924,856            | 207,491          | 1,717,365         |
| Other Governmental Funds      | 4,537,975            | 24,420           | 4,513,555         |
| Total governmental funds      | <u>\$ 13,256,779</u> | <u>263,277</u>   | <u>12,993,502</u> |
| <b>Enterprise funds:</b>      |                      |                  |                   |
| Water Utility Fund            | \$ 7,932,304         | 2,776,927        | 5,155,377         |
| Wastewater Utility Fund       | 2,692,258            | 586,907          | 2,105,351         |
| Solid Waste Utility Fund      | 1,839,110            | 425,786          | 1,413,324         |
| Storm Drainage Fund           | 120,374              | 26,614           | 93,760            |
| Stadium Fund                  | 19,486               | -                | 19,486            |
| Public Housing Fund           | 33,672               | 7,104            | 26,568            |
| Total enterprise funds        | <u>12,637,204</u>    | <u>3,823,338</u> | <u>8,813,866</u>  |
| Internal Service Funds        | -                    | -                | -                 |
| Grand totals                  | <u>\$ 25,893,983</u> | <u>4,086,615</u> | <u>21,807,368</u> |

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

Net interfund receivables and payables between governmental activities and business-type activities of \$1,036,659 are included in the government-wide financial statements at June 30, 2012. These internal balances are between the proprietary funds (business-type activities) and the internal service funds (governmental activities). Other interfund payables and receivables, \$16,089 at June 30, 2012, shown on the fund financial statements generally represent short-term cash loans at year end. Such balances are expected to be repaid in the next fiscal year.

At June 30, 2012, there are two interfund loans that have long-term portions as follows: 1) The General Fund has an outstanding balance of \$279,550 (\$117,000 current and \$162,550 long-term) from the Development Fee Fund for a cash loan for the completion the Sunrise Mountain Branch Library construction, and 2) The Development Fee Fund owes the MDA Debt Service Fund \$10,190,543 (all long-term) to repay future debt service payments for bonds used to complete construction of Happy Valley Road.

The net transfers of \$3,335,912 from governmental activities to business-type activities on the government-wide statement of activities are primarily debt service and operational subsidies from the General Fund and Half-Cent Sales Tax Fund to the Stadium Fund and the transfer of completed capital assets from the CFD to the Water Utility Fund. The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2012:

| Fund                          | Transfers out     | Transfers in      |
|-------------------------------|-------------------|-------------------|
| <b>Governmental funds:</b>    |                   |                   |
| General Fund                  | \$ 1,058,665      | 7,861,456         |
| Half-Cent Sales Tax Fund      | 10,791,139        | -                 |
| Highway User Revenue Fund     | 301,087           | 1,025,418         |
| Transportation Sales Tax Fund | 4,249,495         | -                 |
| GO Bond Debt Service Fund     | -                 | 164,808           |
| Non-Major Governmental Funds  | 1,706,575         | 7,688,905         |
| Total governmental funds      | <u>18,106,961</u> | <u>16,740,587</u> |

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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|                          |                      |                   |
|--------------------------|----------------------|-------------------|
| Enterprise funds:        |                      |                   |
| Water Utility Fund       | 5,081,308            | 592,171           |
| Wastewater Utility Fund  | 165,543              | 2,658,976         |
| Solid Waste Utility Fund | 107,089              | 10,668            |
| Stadium Fund             | 277,084              | 2,406,145         |
| Storm Drain Utility Fund | -                    | 4,073             |
| Total enterprise funds   | <u>5,631,024</u>     | <u>5,672,033</u>  |
| Internal Service funds   | <u>1,547,246</u>     | <u>2,872,611</u>  |
| Grand totals             | \$ <u>25,285,231</u> | <u>25,285,231</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 2012 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer. For further detail on interfund transfers, refer to Exhibit 6 on pages 149-151.

**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, 2012, two funds, as shown in the basic financial statements, were in a deficit position. The MDA Capital Projects Fund, as shown on the Combining Statements for Non-major Governmental funds, has a deficit balance of \$84,673 at June 30, 2012. This will be remedied with a bond sale closing in July 2012. The Facilities Maintenance Fund, as shown in the Combining Statements for the Internal Service Funds, has a deficit balance of \$296,592 at June 30, 2012. The City intends to remedy this situation through service charges to the various operating departments in future fiscal years.

For the year ended June 30, 2012, expenditures, including capital outlay and transfers, did not exceed budget at the fund level (i.e. the level of budgetary control) in any funds other than the MDA Debt Service Fund where higher interest payments due to early payoff of certain outstanding bonds caused expenditures to exceed the budget by \$18,224.

**11. FUND BALANCE/NET ASSETS RESTRICTIONS, COMMITMENTS AND ASSIGNMENTS**

Only restrictions imposed by external sources are shown as Restricted Net Assets on the government-wide financial statements. Additionally, restrictions for inventories, prepaid items, and long-term interfund loans are shown as nonspendable fund balance on the governmental fund financial statements. Restrictions imposed by external sources or State of Arizona enabling legislation are shown as restricted fund balance on the governmental fund financial statements. Commitments or assignments of fund balances imposed by the reporting government, whether by administrative policy or legislative action of the reporting government, are shown on the governmental fund financial statements, but not on the proprietary fund financial statements. The City does, however, commit or assign portions of net assets in other funds to demonstrate the government's intended use of those net assets. Commitments are created by legislative action of the City Council, the City's highest level of decision making authority, by resolution or ordinance and would require the same legislative action to reverse. Ordinances and resolutions both require public votes of the Council and, although the uses may differ, they are both considered to be of the highest level of decision making authority for the City. The authority to make assignments has been delegated by the City Council to the Chief Financial Officer. Much of the authority to commit fund balance is established in *Principals of Sound Financial Management* last adopted by Council by resolution in November 2010. As previously noted in Note 1.B, 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. The order in which the City would apply resources when multiple categories of unrestricted fund balance are available is as follows: committed, assigned and unassigned. The committed and assigned fund balances of the governmental

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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funds are shown on the fund financial statements. The following are the commitments or assignments of net assets included in unrestricted net assets on the proprietary fund financial statements at June 30, 2012:

|   |                          |
|---|--------------------------|
| Water Utility Fund:                                       |                          |
| Committed for working capital policy reserve              | \$ 7,100,000             |
| Committed for rate stabilization                          | 1,600,000                |
| Committed for debt stabilization                          | 3,200,000                |
| Committed for system asset maintenance                    | 6,746,686                |
| Committed for capital equipment replacement               | <u>1,005,550</u>         |
|   | 19,652,236               |
| Wastewater Utility Fund:                                  |                          |
| Committed for working capital policy reserve              | 4,800,000                |
| Committed for rate stabilization                          | 800,000                  |
| Committed for debt stabilization                          | 2,500,000                |
| Committed for system asset maintenance                    | 4,600,331                |
| Committed for capital equipment replacement               | <u>762,943</u>           |
|   | 13,463,274               |
| Solid Waste Utility Fund:                                 |                          |
| Committed for working capital policy reserve              | 2,100,000                |
| Committed for capital equipment replacement               | <u>4,421,905</u>         |
|   | 6,521,905                |
| Stadium Fund:   |                          |
| Committed for capital equipment replacement               | <u>765,796</u>           |
| Total proprietary funds                                   | <u><u>40,403,211</u></u> |
| Internal Service Funds:                                   |                          |
| Committed for capital equipment replacement               | 13,644,427               |
| Assigned for Workers' Compensation self-insurance reserve | 250,000                  |
| Assigned for Health self-insurance reserve                | 2,000,000                |
| Assigned for risk management purpose                      | <u>3,193,720</u>         |
|   | <u><u>19,088,147</u></u> |

The City has set aside funds for various stabilization arrangements. The authority for the stabilization arrangements is in the Council adopted *Principals of Sound Financial Management*. The governmental fund stabilization arrangements are shown as committed fund balance on the governmental fund financial statements. The commitments for stabilization arrangements in the proprietary funds are shown above. The City has the following stabilization arrangements at June 30, 2012:

Budget stabilization reserve – Is maintained in the General Fund (10% of the average general fund revenues for the preceding five years) and the Half-Cent Sales Tax Fund (35% of the average fund revenues for the preceding five years). These reserves may be used to provide funding to deal with fluctuations in fiscal cycles and operating requirements that exceed \$500,000. Any use of these reserves must be formally approved by the City Council and include a repayment plan to restore the reserve within the three fiscal years following the year in which the event occurred.

Emergency reserve – Maintained in the General Fund (10% of the average general fund revenues for the preceding five years) and is for unexpected, large-scale events where damage in excess of \$250,000 is incurred and immediate remedial action must be taken to protect the health and safety of residents (e.g. floods, fires, storm damage). Usage of the emergency reserve must be approved by City Council, but the City Manager may utilize these funds when immediate action must be taken to protect the health and safety of residents. The City Manager must then provide a summary report to the City Council as soon as practical on the usage of these funds. The City shall strive to restore the Emergency Reserve to the 10% level within the next fiscal year following the fiscal year in which the event occurred.

Operating Reserve - Maintained in the General Fund (15% of the average general fund revenues for the preceding five years) and is for unexpected events whose impact exceeds \$500,000, such as failure of the State to remit shared revenues, unexpected mandates, unexpected loss of State

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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Shared revenues, continuance of critical city services due to unanticipated events, or to offset unexpected loss of a significant funding source for the remainder of the fiscal year. Any use of these reserves must be formally approved by the City Council and include a repayment plan to restore the reserve within the two fiscal years following the year in which the event occurred.

Enterprise Operating Fund Working Capital Reserve – Maintained in the Water Utility Fund (25% of the operating expenditures of the fund for the fiscal year), the Wastewater Utility Fund (25% of the operating expenditures of the fund for the fiscal year), and the Solid Waste Utility Fund (20% of the operating expenditures of the fund for the fiscal year). These reserves are to provide the City with a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.

Rate Stabilization Reserve – In the Water and Wastewater Utility Funds (5% of the average operating fund revenues for the preceding three fiscal years). These funds may be used to moderate significant rate increases. In the event these funds are used, the City shall strive to restore the reserve to the 5% level within the next three fiscal years following the year in which the funds were used.

Debt Stabilization Reserve – In the Water and Wastewater Utility Funds (50% of the maximum annual debt service payment of the fund in the next five fiscal years). The Debt Stabilization Reserve is intended to provide additional security to insure the City’s ability to meet debt service obligations. In the event the Debt Stabilization Reserve is used, the City shall strive to restore the fund to the defined level within the three fiscal years following the year in which the funds were used.

Asset Maintenance Reserve - In the Water and Wastewater Utility Funds (2% of the gross enterprise infrastructure assets). The Asset Maintenance Reserve may be used to provide funding for the repair and maintenance of critical enterprise infrastructure. In the event the Asset Maintenance Reserve is used, the City shall strive to restore the fund to the defined level within the three fiscal years following the year in which the funds were used.

In the event the Enterprise Funds do not have sufficient fund balance to fully fund the four reserves just discussed, the funding priority will be 1) Working Capital Reserve, 2) Rate Stabilization Reserve, 3) Debt Stabilization Reserve and 4) Asset Maintenance Reserve.

Capital Equipment Replacement Reserves – The City maintains various capital equipment replacement reserves to fund future replacement of certain capital equipment, primarily vehicles and computers. The annual internal charges to the operating funds are determined as part of the annual budget process.

**12. CAPITAL ASSETS**

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2012, follows:

|                                  | <b>Balances</b>      | <b>Additions/</b>   | <b>Disposals/</b>    | <b>Balances</b>      |
|----------------------------------|----------------------|---------------------|----------------------|----------------------|
|                                  | <b>June 30, 2011</b> | <b>Transfers in</b> | <b>Transfers out</b> | <b>June 30, 2012</b> |
| <b>Governmental activities:</b>  |                      |                     |                      |                      |
| Non-depreciable assets:          |                      |                     |                      |                      |
| Work in Progress – Parks         | \$ 41,164,941        | 8,165,904           | (32,456,685)         | 16,874,160           |
| Work in Progress – Buildings     | 122,776              | 5,975,778           | (5,106,128)          | 992,426              |
| Work in Progress - Equipment     | 145,120              | 31,559              | (58,939)             | 117,740              |
| Work in Progress – Furniture     | 31,036               | -                   | -                    | 31,036               |
| Work in Progress – Surface water | 24,408,354           | 1,162,516           | (15,720,733)         | 9,850,137            |
| Work in Progress – Streets       | 134,945,131          | 6,815,812           | (36,761,312)         | 104,999,631          |
| Work in Progress – Technology    | 3,757,966            | 869,027             | (1,368,463)          | 3,258,530            |
| Work in Progress – Vehicles      | 836,488              | 446,428             | (836,488)            | 446,428              |
| Work in Progress – CFD           | 5,151,438            | 777,995             | (3,294,903)          | 2,634,530            |
| Land                             | 332,336,041          | 4,355,071           | -                    | 336,691,112          |
| Total non-depreciable assets     | 542,899,291          | 28,600,090          | (95,603,651)         | 475,895,730          |

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|   | Balances<br>June 30, 2011 | Additions/<br>Transfers in | Disposals/<br>Transfers out | Balances<br>June 30, 2012 |
|---|---------------------------|----------------------------|-----------------------------|---------------------------|
| <b>Depreciable assets:</b>                      |                           |                            |                             |                           |
| Buildings & Improvements                        | 165,886,734               | 4,843,830                  | -                           | 170,730,564               |
| Furniture                                       | 2,023,634                 | 108,141                    | -                           | 2,131,775                 |
| Equipment                                       | 42,614,064                | 2,808,968                  | -                           | 45,423,032                |
| Vehicles  | 21,842,971                | 1,612,721                  | (677,557)                   | 22,778,135                |
| Surface water system                            | 64,600,585                | 15,724,021                 | -                           | 80,324,606                |
| Street system                                   | 491,109,281               | 45,711,316                 | -                           | 536,820,597               |
| Park system                                     | 28,009,198                | 32,333,879                 | -                           | 60,343,077                |
| Total depreciable assets<br>at historical cost  | <u>816,086,467</u>        | <u>103,142,876</u>         | <u>(677,557)</u>            | <u>918,551,786</u>        |
| <b>Less accumulated depreciation for:</b>       |                           |                            |                             |                           |
| Buildings & Improvements                        | (32,774,442)              | (4,619,972)                | -                           | (37,394,414)              |
| Furniture                                       | (1,302,587)               | (283,753)                  | -                           | (1,586,340)               |
| Equipment                                       | (27,813,396)              | (5,273,488)                | -                           | (33,086,884)              |
| Vehicles  | (14,194,735)              | (2,097,341)                | 594,997                     | (15,697,079)              |
| Surface water system                            | (17,419,346)              | (2,359,068)                | -                           | (19,778,414)              |
| Street system                                   | (150,259,168)             | (16,335,042)               | -                           | (166,594,210)             |
| Park system                                     | (8,846,380)               | (3,047,359)                | -                           | (11,893,739)              |
| Total accum. depreciation<br>assets, net        | <u>(252,610,054)</u>      | <u>(34,016,023)</u>        | <u>594,997</u>              | <u>(286,031,080)</u>      |
| Governmental activities<br>capital assets, net  | <u>\$ 1,106,375,704</u>   | <u>97,726,943</u>          | <u>(95,686,211)</u>         | <u>1,108,416,436</u>      |
| <b>Business-type activities:</b>                |                           |                            |                             |                           |
| <b>Non-depreciable assets:</b>                  |                           |                            |                             |                           |
| Work in Progress - Water                        | \$ 35,145,007             | 1,414,944                  | (13,062,920)                | 23,497,031                |
| Work in Progress - Wastewater                   | 12,116,845                | 1,730,138                  | (3,218,944)                 | 10,628,039                |
| Work in Progress - Stadium                      | -                         | 229,106                    | -                           | 229,106                   |
| Land  | 17,020,639                | -                          | -                           | 17,020,639                |
| Total non-depreciable assets                    | <u>64,282,491</u>         | <u>3,374,188</u>           | <u>(16,281,864)</u>         | <u>51,374,815</u>         |
| <b>Depreciable assets:</b>                      |                           |                            |                             |                           |
| Buildings & improvements                        | 38,474,045                | -                          | -                           | 38,474,045                |
| Furniture                                       | 224,675                   | -                          | -                           | 224,675                   |
| Equipment                                       | 3,615,447                 | 1,418,369                  | (6,023)                     | 5,027,793                 |
| Vehicles  | 11,306,236                | 837,787                    | (43,423)                    | 12,100,600                |
| Water Rights                                    | 12,889,809                | -                          | -                           | 12,889,809                |
| Water system                                    | 288,473,826               | 19,130,502                 | -                           | 307,604,328               |
| Wastewater system                               | 341,167,384               | 5,109,375                  | -                           | 346,276,759               |
| Total depreciable assets<br>at historical cost  | <u>696,151,422</u>        | <u>26,496,033</u>          | <u>(49,446)</u>             | <u>722,598,009</u>        |
| <b>Less accumulated depreciation for:</b>       |                           |                            |                             |                           |
| Buildings & improvements                        | (13,861,521)              | (961,808)                  | -                           | (14,823,329)              |
| Furniture                                       | (151,622)                 | (24,317)                   | -                           | (175,939)                 |
| Equipment                                       | (1,512,597)               | (723,777)                  | -                           | (2,236,374)               |
| Vehicles  | (7,133,853)               | (1,271,773)                | 43,423                      | (8,362,203)               |
| Water Rights                                    | (1,031,185)               | (257,796)                  | -                           | (1,288,981)               |
| Water system                                    | (58,296,574)              | (8,056,076)                | -                           | (66,352,650)              |
| Wastewater system                               | (55,796,249)              | (9,295,974)                | -                           | (65,092,223)              |
| Total accum. depreciation                       | <u>(137,783,601)</u>      | <u>(20,591,521)</u>        | <u>43,423</u>               | <u>(158,331,699)</u>      |
| Total depreciable assets, net                   | <u>558,367,821</u>        | <u>5,904,512</u>           | <u>(6,023)</u>              | <u>564,266,310</u>        |
| Business-type activities<br>capital assets, net | <u>\$ 622,650,312</u>     | <u>9,278,700</u>           | <u>(16,287,887)</u>         | <u>615,641,125</u>        |

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

|                            |                      |
|----------------------------|----------------------|
| General government         | \$ 5,713,752         |
| Culture and recreation     | 5,083,588            |
| Police                     | 1,610,518            |
| Fire                       | 1,572,589            |
| Development services       | 13,235               |
| Highways and streets       | 16,880,214           |
| Public works               | 2,532,979            |
| Human services             | 34,598               |
| Unallocated                | <u>574,550</u>       |
| Total depreciation expense | <u>\$ 34,016,023</u> |

### 13. COMMUNITY FACILITIES DISTRICT DEBT

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

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

### 14. LONG-TERM DEBT

#### A. General Obligation bonds

**General:** General obligation (GO) bonds are issued, after approval of the City of Peoria voters at an authorized bond election, to finance the purchase or construction of major capital facilities. While GO bonds may be issued for both governmental and business-type activities, at June 30, 2012, 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, 2012 was \$73,845,152 and \$87,042,172 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, 2012

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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, 2012, 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. Delinquent assessments at June 30, 2012 totaled \$338. 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, 2012. 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, \$9,384,315 in 2010 and \$495,000 in 2012; 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 \$135,094,201 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, \$9,497,031 in 2010, and \$8,775,000 in 2012 were issued against the 2005 authorization leaving \$115,129,322 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, 2012.

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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. General obligation bonds in the amount of \$6,243,424 were issued in 2010 and \$5,445,000 in 2012 against the 2008 authorization leaving \$366,311,576 unissued as of June 30, 2012.

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, 2012, \$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, 2012.

**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, 2012. At June 30, 2012, there is no outstanding arbitrage liability.

Bonds and loans payable at June 30, 2012 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               | \$1,070,000                   |
| 03/01/07   | Series A (2007) | Various improvements                                     | 7/1/07-26      | 4.27              | 20              | 94,380,000                 | 64,280,000                    |
| 03/01/07   | Series B (2007) | Refunding portions of Series 1995, 1996, 2000            | 7/1/07-20      | 4.00              | 14              | 18,365,000                 | 12,360,000                    |
| 02/19/09   | Series 2009     | Various improvements                                     | 7/1/09-28      | 3.86              | 7.4             | 68,440,000                 | 39,715,000                    |
| 06/24/10   | Series 2010     | Various improvements                                     | 07/1/10-30     | 4.03              | 10.5            | 29,170,000                 | 25,130,000                    |
| 06/28/12   | Series 2012A    | Various improvements                                     | 07/1/12-32     | 3.32              | 11.38           | 14,715,000                 | 14,715,000                    |
| 06/28/12   | Series 2012B    | Refunding of Series 2003A                                | 7/1/12-22      | 1.75              | 5.7             | 13,690,000                 | 13,690,000                    |
| Total General Obligation Bonds   |                 |  |                |                   |                 | 266,330,000                | 170,960,000                   |
| <b>Municipal Development Authority Bonds</b>   |                 |  |                |                   |                 |                            |                               |
| 03/09/06   | Series 2006     | Revenue Bonds MDA Series 2006 – Community Theater        | 7/1/06-25      | 4.2               | 10.9            | 6,675,000                  | 5,080,000                     |
| 03/12/08   | Series 2008     | Revenue Bonds MDA Series 2008 - Transportation           | 7/1/08-26      | 4.6               | 10.5            | 47,000,000                 | 39,480,000                    |
| 06/08/11   | Series 2011     | Revenue Bonds MDA Series 2011                            | 7/1/12-26      | 3.9               | 8.7             | 7,920,000                  | 7,920,000                     |
|  |                 |  |                |                   |                 | 61,595,000                 | 52,480,000                    |
| <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                  | 285,000                       |
| 12/30/92   | ID# 8802        | Bell Road ID-Street improvements                         | 1/1/95-13      | 7.20              | 13.3            | 5,610,000                  | 545,000                       |
| 04/01/07   | ID# 0601        | 99 <sup>th</sup> Ave & Northern ID-Street improvements   | 7/1/07-22      | 4.25              | 15              | 4,950,000                  | 3,830,000                     |
| Total Improvement District Bonds   |                 |  |                |                   |                 | 15,575,000                 | 4,660,000                     |
| <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                 | 15,450,000                    |
| 04/27/05   | Series 2005     | Vistancia Community Facilities District infrastructure   | 7/15/07-24     | 5.47              | 13.2            | 23,550,000                 | 19,775,000                    |
| 12/28/06   | Series 2006     | Vistancia Community Facilities District Infrastructure   | 7/15/09-26     | 4.26              | 20              | 22,760,000                 | 21,005,000                    |
| Total Community Facilities District Bonds  |                 |  |                |                   |                 | 67,560,000                 | 56,230,000                    |
| Total bonds payable recorded in governmental activities  |                 |  |                |                   |                 |                            | 284,330,000                   |
| Less current portion   |                 |  |                |                   |                 |                            | (14,990,000)                  |
| Long-term portion of bonds payable recorded in governmental activities   |                 |  |                |                   |                 |                            | \$269,340,000                 |

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

**Revenue Bonds**

|                     |                         |   |           |      |      |                    |                    |
|---------------------|-------------------------|---|-----------|------|------|--------------------|--------------------|
| 08/24/95            | WIFA Series 1995        | Wastewater treatment facilities                               | 7/1/96-15 | 3.15 | 11.5 | 11,405,081         | 686,660            |
| 08/06/97            | WIFA Series 1997        | Beardsley wastewater treatment plant & assoc. improvements    | 7/1/98-17 | 2.95 | 11.5 | 14,330,000         | 806,434            |
| 07/07/00            | WIFA Series 2000 (ph 1) | Greenway water treatment plant construction                   | 7/1/02-20 | 3.94 | 11.8 | 20,150,000         | 1,078,002          |
| 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         | 721,108            |
| 07/26/02            | WIFA Series 2000 (ph 3) | Water system improvements                                     | 7/1/03-22 | 3.94 | 11.8 | 1,964,789          | 1,263,892          |
| 12/08/06            | WIFA Series 2006 CW 1   | Butler Water Treatment Plant                                  | 7/1/08-26 | 3.06 | 20   | 27,183,342         | 23,613,324         |
| 02/15/08            | WIFA Series 2006 CW 2   | Butler Water Treatment Plant                                  | 7/1/09-27 | 3.30 | 20   | 42,741,541         | 37,614,427         |
| 05/16/08            | WIFA Series 2006 CW 3   | Butler Water Treatment Plant                                  | 7/1/10-28 | 3.48 | 19   | 8,575,253          | 7,911,947          |
| 07/17/09            | WIFA Series CW0182009   | Northern Ave Repairs  | 7/1/10-29 | 3.48 | 20   | 1,577,978          | 665,156            |
| 07/17/09            | WIFA Series DW0382009   | Various improvements  | 7/1/10-29 | 2.00 | 20   | 8,484,204          | 7,324,991          |
| 07/17/09            | WIFA Series CW0412009   | Beardsley upgrades & Northern Ave repairs                     | 7/1/10-29 | 2.00 | 20   | 4,021,623          | 3,399,450          |
| 07/17/09            | WIFA Series CW0172009   | Beardsley reclamation facility                                | 7/1/10-29 | 3.27 | 20   | 4,545,000          | 4,037,180          |
| 11/20/09            | WIFA Series DW1272009   | Pinnacle Peak Road improvements                               | 7/1/10-29 | 3.23 | 20   | 1,780,000          | 681,335            |
| 05/27/10            | WWW Series 2010         | Refunding Series 1998A & Series 2000 Revenue Bonds            | 7/1/11-20 | 3.21 | 6.2  | 15,780,000         | 15,200,000         |
| 06/28/12            | WWW Series 2012         | Refunding Series 1995, 1997, WIFA Series 2000 PH 1&2          | 7/1/12-21 | 1.60 | 4.3  | 23,280,000         | 23,280,000         |
| Total Revenue Bonds |                         |   |           |      |      | <u>200,318,811</u> | <u>128,283,906</u> |

|   |                      |
|---|----------------------|
| Total bonds payable recorded in business-type activities                | 128,283,906          |
| Less current portion  | (8,776,254)          |
| Long-term portion of bonds payable recorded in business-type activities | <u>119,507,652</u>   |
| Total long-term portion of bonds payable                                | <u>\$388,847,652</u> |
| <b>Reconciliation to total bonded debt principal:</b>                   |                      |
| Total long-term portion of bonds payable                                | \$388,847,652        |
| Add:  |                      |
| Current portion of bonds payable  | 23,766,254           |
| Total bonded debt principal as of June 30, 2012                         | <u>\$412,613,906</u> |

**Contracts Payable**

The contracts payable listed below are generally development agreements where, in return for developers constructing capital infrastructure that the City would otherwise be responsible for constructing, and then dedicating (donating) that infrastructure to the City, the City has agreed to repay the developer at some future time. Both the liability (Contracts payable) and the capital asset are reported in the governmental activities on the government-wide financial statements. No other financing source or use is reported in the governmental fund financial statements since these are not cash transactions.

Other debt at June 30, 2012 consists of the following:

| Agreement Date  | Type                        | Nature of Improvements  | Expiration Date | Interest Rate | Interest Cap | Original Amount | Principal Balance Outstanding |
|---|-----------------------------|---|-----------------|---------------|--------------|-----------------|-------------------------------|
| <b>CLASSIFIED IN GOVERNMENTAL ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:</b> |                             |   |                 |               |              |                 |                               |
| 05/22/90  | Planned area retail project | Offsite improvements-Bell Rd-IDs 8801 and 8802 – Westcor  | 08/28/18        | Prime         | 10.5         | \$ 13,137,805   | \$ 1,065,805                  |
| 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       | 510,182                       |
| 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      | 25,292,165                    |
| 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       | 1,123,899                     |
| 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       | 1,087,456                     |
| 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       | 160,259                       |
| 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      | 11,450,789                    |
| 10/19/04  | Residential development     | Street & infrastructure improvements; Right of way land; Trail land; Fire station land – Rock Springs   | -               | -             | -            | 3,901,317       | 3,453,756                     |
| 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       | 1,471,287                     |
| 02/11/05  | Master-planned community    | Offsite improvements; Right of way land; Trail land; Open space land – Tierra del Rio   | 02/11/15        | -             | -            | 10,587,249      | 9,501,371                     |
| 09/14/05  | Residential development     | Offsite improvements-Lake Pleasant Pkwy, Deer Valley to Williams – Casa Del Ray   | -               | -             | -            | 588,659         | 54,935                        |
| 10/12/06  | Planned area retail project | Offsite improvements & Right of way land-Peoria east of 83 <sup>rd</sup> Ave - Wal-Mart   | 10/01/13        | -             | -            | 6,926,205       | 2,707,110                     |

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| Agreement Date  | Type                        | Nature of Improvements   | Expiration Date | Interest Rate | Interest Cap | Original Amount | Principal Balance Outstanding |
|---|-----------------------------|--|-----------------|---------------|--------------|-----------------|-------------------------------|
| <b>CLASSIFIED IN GOVERNMENTAL ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued):</b> |                             |  |                 |               |              |                 |                               |
| 12/22/06  | Residential development     | Right of way land – Peoria Place   | -               | -             | -            | 748,209         | 748,209                       |
| 04/19/07  | Residential development     | Street & infrastructure improvements; Right of way land – Colina del Sur | -               | -             | -            | 104,873         | 104,873                       |
| 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   |                             |  |                 |               |              |                 | 62,926,249                    |
| Less estimated current portion  |                             |  |                 |               |              |                 | (4,591,479)                   |
| Long-term portion of contracts payable in governmental activities                                     |                             |  |                 |               |              |                 | <u>58,334,770</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 | 186,531              |
| 03/16/04   | Residential development  | Water rights-947 acre feet water allocation – Camino A Lago                           | 08/31/14 | - | - | 426,208   | 309,003              |
| 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 | 3,052,407            |
| Total contracts payable recorded in business-type activities |                          |   |          |   |   |           | 6,936,350            |
| Less estimated current portion                               |                          |   |          |   |   |           | (751,540)            |
| Long-term portion of contracts payable                       |                          |   |          |   |   |           | <u>6,184,810</u>     |
| Total long-term contracts payable as of June 30, 2012        |                          |   |          |   |   |           | <u>\$ 64,519,580</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, 2012:

|                                  | Beginning Balance     | Additions         | Reductions        | Ending Balance     | Amounts Due Within One Year |
|----------------------------------|-----------------------|-------------------|-------------------|--------------------|-----------------------------|
| <b>Governmental activities:</b>  |                       |                   |                   |                    |                             |
| Bonds payable:                   |                       |                   |                   |                    |                             |
| General obligation bonds         | \$ 167,580,000        | 28,405,000        | 25,025,000        | 170,960,000        | 8,585,000                   |
| MDA Bonds                        | 58,365,965            | -                 | 5,885,965         | 52,480,000         | 2,760,000                   |
| Special assessment bonds         | 6,155,000             | -                 | 1,495,000         | 4,660,000          | 1,140,000                   |
| CFD bonds                        | <u>58,615,000</u>     | -                 | <u>2,385,000</u>  | <u>56,230,000</u>  | <u>2,505,000</u>            |
| Total bonds payable              | 290,715,965           | 28,405,000        | 34,790,965        | 284,330,000        | 14,990,000                  |
| Contracts payable                | 67,383,993            | 34,958            | 4,492,702         | 62,926,249         | 4,591,479                   |
| Compensated absences             | 6,165,410             | 8,257,411         | 7,411,591         | 7,011,230          | 4,823,470                   |
| Deferred bond premium            | 3,244,074             | 645,188           | 796,303           | 3,092,958          | -                           |
| Deferred loss on refunding       | (718,413)             | -                 | (252,158)         | (466,255)          | -                           |
| Governmental activities totals   | <u>\$ 366,791,029</u> | <u>37,342,557</u> | <u>47,239,404</u> | <u>356,894,183</u> | <u>24,404,949</u>           |
| <b>Business-type activities:</b> |                       |                   |                   |                    |                             |
| Bonds payable:                   |                       |                   |                   |                    |                             |
| MDA bonds                        | \$ 449,034            | -                 | 449,034           | -                  | -                           |
| Revenue bonds                    | <u>137,755,538</u>    | <u>23,280,000</u> | <u>32,751,632</u> | <u>128,283,906</u> | <u>8,776,254</u>            |
| Total bonds payable              | 138,204,572           | 23,280,000        | 33,200,666        | 128,283,906        | 8,776,254                   |
| Contracts payable                | 7,116,374             | -                 | 180,024           | 6,936,350          | 751,540                     |
| Compensated absences             | 648,070               | 952,640           | 798,760           | 801,950            | 575,920                     |
| Lease payable                    | 18,619                | -                 | 18,619            | -                  | -                           |
| Deferred bond premium            | 476,668               | 2,072,456         | 104,529           | 2,444,595          | -                           |
| Deferred loss on refunding       | (453,728)             | -                 | (74,520)          | (379,208)          | -                           |
| Business-type activities totals  | <u>\$ 146,010,575</u> | <u>26,305,096</u> | <u>34,228,078</u> | <u>138,087,593</u> | <u>10,047,644</u>           |

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The following is a summary of bond debt service requirements, including interest requirements, to maturity for long-term debt at June 30, 2012:

| Fiscal Year   | General<br>Obligation<br>Bonds | Municipal<br>Development<br>Authority<br>Bonds | Special<br>Assessment<br>Bonds | Revenue<br>Bonds   | Community<br>Facilities<br>District<br>Bonds | Total              |
|---------------|--------------------------------|--|--------------------------------|--------------------|--|--------------------|
| 2013          | 14,877,672                     | 5,061,069                                      | 1,362,820                      | 12,817,507         | 5,490,974                                    | 39,610,042         |
| 2014          | 15,628,409                     | 5,098,469                                      | 474,600                        | 12,695,674         | 5,484,633                                    | 39,381,785         |
| 2015          | 15,638,309                     | 5,118,931                                      | 475,788                        | 12,684,630         | 5,476,311                                    | 39,393,969         |
| 2016          | 15,665,759                     | 5,112,431                                      | 476,338                        | 12,652,567         | 5,475,713                                    | 39,382,808         |
| 2017          | 15,263,734                     | 5,104,731                                      | 476,250                        | 12,952,581         | 5,468,074                                    | 39,265,370         |
| 2018          | 14,693,884                     | 5,100,481                                      | 480,525                        | 12,937,109         | 5,462,674                                    | 38,674,673         |
| 2019          | 14,681,728                     | 5,089,506                                      | 478,950                        | 12,001,210         | 5,455,359                                    | 37,706,753         |
| 2020          | 14,644,259                     | 5,078,756                                      | 481,738                        | 10,613,246         | 5,445,671                                    | 36,263,670         |
| 2021          | 14,665,603                     | 5,084,041                                      | 483,675                        | 10,633,223         | 5,443,926                                    | 36,310,468         |
| 2022          | 13,467,774                     | 5,081,386                                      | 484,763                        | 7,706,818          | 5,432,718                                    | 32,173,459         |
| 2023          | 13,453,315                     | 5,082,553                                      | -                              | 6,888,325          | 5,425,388                                    | 30,849,581         |
| 2024          | 11,861,871                     | 5,066,693                                      | -                              | 6,744,469          | 5,427,431                                    | 29,100,464         |
| 2025          | 11,846,175                     | 5,063,288                                      | -                              | 6,741,606          | 5,419,936                                    | 29,071,005         |
| 2026          | 11,831,774                     | 5,041,331                                      | -                              | 6,747,233          | 5,437,175                                    | 29,057,513         |
| 2027          | 11,835,219                     | 689,344  | -                              | 6,753,332          | 5,430,802                                    | 24,708,697         |
| 2028          | 6,085,050                      | -  | -                              | 4,728,820          | -  | 10,813,870         |
| 2029          | 6,076,688                      | -  | -                              | 1,656,385          | -  | 7,733,073          |
| 2030          | 2,820,575                      | -  | -                              | 304,515            | -  | 3,125,090          |
| 2031          | 2,815,638                      | -  | -                              | -                  | -  | 2,815,638          |
| 2032          | 967,406                        | -  | -                              | -                  | -  | 967,406            |
| 2033          | 957,622                        | -  | -                              | -                  | -  | 957,622            |
| Less Interest | (58,818,464)                   | (19,393,010)                                   | (1,015,447)                    | (29,975,344)       | (25,546,785)                                 | (134,749,050)      |
|               | <u>\$170,960,000</u>           | <u>52,480,000</u>                              | <u>4,660,000</u>               | <u>128,283,906</u> | <u>56,230,000</u>                            | <u>412,613,906</u> |

The following table discloses the bond debt service requirements as of June 30, 2012, segregating principal and interest, for the next five years and in five-year increments thereafter.

| Fiscal year | Principal             | Interest           | Total              |
|-------------|-----------------------|--------------------|--------------------|
| 2013        | 23,766,255            | 15,843,787         | 39,610,042         |
| 2014        | 24,412,117            | 14,969,668         | 39,381,785         |
| 2015        | 25,259,387            | 14,134,582         | 39,393,969         |
| 2016        | 26,170,996            | 13,211,812         | 39,382,808         |
| 2017        | 27,047,081            | 12,218,289         | 39,265,370         |
| 2018-2022   | 136,368,704           | 44,760,319         | 181,129,023        |
| 2023-2027   | 124,837,643           | 17,949,617         | 142,787,260        |
| 2028-2032   | 23,811,723            | 1,643,354          | 25,455,077         |
| 2033        | 940,000               | 17,622             | 957,622            |
| Totals      | <u>\$ 412,613,906</u> | <u>134,749,050</u> | <u>547,362,956</u> |

The City had no outstanding variable rate bonds at June 30, 2012. The City had \$1,575,987 in variable rate outstanding contracts payable at June 30, 2012. 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, 2012.

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**

During fiscal year 2012, the City issued \$13,690,000 Series 2012B General Obligation Bonds for the purpose of refinancing the Series 2003A General Obligation Bonds through an advance refunding arrangement. Under the terms of the refunding bonds, sufficient assets to pay all principal and interest on the refunded bond issue have been placed in an irrevocable trust account at a commercial bank 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 issue refunded. The City had an economic gain

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

---

(the difference between the present values of the debt service payments on the old and new debt) of \$1,547,950.

Also during fiscal year 2012, the City issued \$23,280,000 in Water and Wastewater Revenue Bonds for the purpose of an advanced refunding of various Water Infrastructure Financing Authority bonds. At June 30, 2012, the amounts shown below for the 1995, 1997 and 2000 Ph1 bonds had been placed with the Water Infrastructure Financing Authority (WIFA) to be used to payoff those bond issues on July 1, 2012. The 2000 Ph2 WIFA bonds are not callable until October 31, 2013. Sufficient assets to pay all principal and interest on the refunded 2000 Ph2 bond issue have been placed in an irrevocable trust account at a commercial bank 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 issue refunded. The City had an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$2,040,784.

The City did a cash defeasance of the remaining 2003 MDA bonds. Since the 2003 MDA bonds are not callable until January 1, 2013, those funds have been placed in irrevocable trusts.

Current Years Refundings (amounts not yet callable)

|          |                                       |                  |
|----------|---------------------------------------|------------------|
| 1995     | Water Infrastructure Authority Bonds  | \$ 2,192,592     |
| 1997     | Water Infrastructure Authority Bonds  | 4,403,006        |
| 2000 Ph1 | Water Infrastructure Authority Bonds  | 10,302,264       |
| 2000 Ph2 | Water Infrastructure Authority Bonds  | 7,912,547        |
| 2003     | General Obligation Bonds              | 13,690,000       |
| 2003     | Municipal Development Authority Bonds | <u>2,760,000</u> |
|          |                                       | \$ 41,260,409    |

**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 \$15,780,000 in Revenue Refunding Bonds issued in 2010, \$23,280,000 in Revenue Refunding Bonds issued in 2012 and \$161,258,811 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, 2012, \$128,283,906 in bonds remain outstanding to be repaid by future water and wastewater revenues. For the fiscal year ended June 30, 2012, the net revenues available for service of this debt were \$24,717,860. The debt principal and interest paid on this debt in fiscal year 2012, not including \$25,216,338 in bond defeasance, was \$12,183,877 (49.3% 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 183).

The City has pledged certain revenues for the repayment of \$14,595,000 in Municipal Development Authority (MDA) Bonds issued in 2006 and 2011. 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, 2012, \$13,000,000 in bonds remained outstanding to be repaid by these future revenues. The bonds were issued to construct various City operational facilities and to purchase water rights. For the fiscal year ended June 30, 2012, the pledged revenues available to service this debt were \$98,320,667. The debt principal and interest paid on this debt in fiscal year 2012, not including \$2,899,000 in bond defeasance, was \$2,075,826 (2.1% 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 182).

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

---

purposes (secondary after the MDA Bonds discussed above). At June 30, 2012, \$39,480,000 of the bonds remained outstanding to be repaid by future revenues. For the fiscal year ended June 30, 2012, the net revenues available to service this debt were \$105,333,051. The debt principal and interest paid on this debt in fiscal year 2012 was \$3,878,763 (3.7% 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 182).

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, 2012 \$4,660,000 in bonds are outstanding to be repaid by these revenues. For the fiscal year ended June 30, 2012, the net revenues available to service this debt were \$2,262,112. The debt principal and interest paid on this debt in fiscal year 2012 was \$1,811,720 (80.1% 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 184).

## 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 premium 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 paid as a flat dollar amount per month towards the retiree's health care insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

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

Effective July 2011, the State Legislature changed the traditional 50/50 percent split for employee and employer funding for A.S.R.S. to a split of 53% for employees and 47% for employers. Covered employees were required by state statute to contribute 11.39 percent (11.13 percent for retirement and 0.26 percent for long-term disability) of their salaries to the System and the City was required to

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

---

contribute 10.1 percent (9.24 percent for retirement, .63 percent for health insurance premium, and 0.23 percent for long-term disability). A lawsuit was filed and the court ruled that the Legislature had no authority to change the funding percentage for existing employees, the funding for employees hired before the change must return to the 50/50 split, and the employees must be refunded the excess contributions. The Legislature rescinded their previous action and retroactively restored the 50/50 percent split for all participants. The City returned to the 50/50 split in May 2012 and accrued a fiscal year 2012 liability to employees to refund the 3% excess contributions.

After the return to the 50/50 split, covered employees were required by state statute to contribute 10.74 percent (10.5 percent for retirement and 0.24 percent for long-term disability) of their salaries to the System and the City was required to match it (9.87 percent for retirement, .63 percent for health insurance premium, and 0.24 percent for long-term disability). 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 from employer and employees for the current year and two preceding years, all of which were equal to the required contributions, were as follows:

| <u>Fiscal Year Ended</u> | <u>Retirement Fund</u> | <u>Health Benefit Supplement Fund</u> | <u>Long-Term Disability Fund</u> |
|--------------------------|------------------------|---------------------------------------|----------------------------------|
| 2010                     | 4,297,045              | 340,054                               | 206,093                          |
| 2011                     | 4,439,940              | 290,740                               | 123,195                          |
| 2012                     | 4,263,942              | 272,167                               | 103,682                          |

**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 Board of Trustees 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, death and disability benefits, and health insurance premium benefits.

Because the health insurance premium plan benefit of the EORP is not established as a formal trust, it is reported in accordance with GASB Statement 45 as an agent multiple-employer plan. Accordingly, the disclosures that follow reflect the EORP as if it were an agent multiple-employer plan. 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).

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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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 10.0 percent of their annual covered salary. The employer rate for fiscal year 2011-2012 was 32.99 percent. The health insurance premium portion of the contribution rate was actuarially set at 1.79 percent of covered payroll. The City's contributions from employer and employees for the fiscal year 2012, 2011, and 2010 were \$15,140, \$11,010, and \$10,597, respectively for the employees and \$49,943, \$46,649, and \$39,841, respectively for the employer. These contributions matched the required contributions for those years.

c. **Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual contributions are subject to continual revisions as actual results are compared to past expectations and new estimates are made.

Projections of benefits are based on 1) the plan as understood by the City and the plan's members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term prospective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The required contribution was determined as part of the June 30, 2010, 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. Since the health insurance premium benefits are fixed, no health care cost trend rate is used in the actuarial valuation.

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 26 years.

**Public Safety Personnel Retirement System:**

a. **Plan Description**

The City contributes to the Public Safety Personnel Retirement System (PSPRS), a 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, death benefits, and 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 8.65 percent of their annual covered salary and fire personnel are required to contribute 8.65 percent while the City is required to contribute an actuarially determined rate. Police personnel contributed \$1,116,699 and fire personnel \$913,879 during fiscal year 2011-2012. The City rate for fiscal year 2012 was 17.15 percent for police

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

---

personnel and 14.24 percent for fire members. The health insurance premium portion of the contribution rate was actuarially set at .96 percent of covered payroll for police and 1.04 percent for fire for fiscal year 2012. 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**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual contributions are subject to continual revisions as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on 1) the plan as understood by the City and the plan's members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term prospective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The most recent actuarial valuation and related information follow.

|                               | <u>Fire</u>   | <u>Police</u>   |
|-------------------------------|---|---|
| Valuation date                | 6/30/2011   | 6/30/2011   |
| Actuarial cost method         | Entry age normal  | Entry age normal  |
| Amortization method           | Level % of pay, closed<br>for underfunded,<br>open for overfunded | Level % of pay, closed<br>for underfunded,<br>open for overfunded |
| Remaining amortization period | 25 years for underfunded<br>20 years for overfunded               | 25 years for underfunded<br>20 years for overfunded               |
| Asset valuation method        | 7 years smoothed market   | 7 years smoothed market   |
| Actuarial assumptions:        |   |   |
| Investment rate of return     | 8.25%   | 8.25%   |
| Projected salary increases    | 5.0% - 8.0%   | 5.0% - 8.0%   |
| Includes inflation at         | 5.0%  | 5.0%  |
| Cost of living adjustments    | None  | None  |

Since the health insurance premium benefits are fixed, no health care cost trend rate is used in the actuarial valuation.

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

The City's pension/OPEB costs for the agent plans for the year ended June 30, 2012, follows:

|                          | PSPRS - Police |                  | PSPRS - Fire |                  | EORP     |                  |
|--------------------------|----------------|------------------|--------------|------------------|----------|------------------|
|                          | Pension        | Health Insurance | Pension      | Health Insurance | Pension  | Health Insurance |
| Annual pension/OPEB cost | \$2,090,120    | \$123,935        | \$1,394,608  | \$109,878        | \$47,233 | \$2,710          |
| Contributions made       | 2,090,120      | 123,935          | 1,394,608    | 109,878          | 47,233   | 2,710            |

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

---

**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>Annual Costs Contributed</u> | <u>Percentage of Net Pension/OPEB Obligation</u> |
|---|---------------------------------|---------------------------------|--|
| <b><u>PSPRP - Police - Pension</u></b>          |                                 |                                 |  |
| 2010  | \$1,931,288                     | 100%                            | \$ 0   |
| 2011  | 2,112,544                       | 100                             | 0  |
| 2012  | 2,090,120                       | 100                             | 0  |
| <b><u>PSPRP - Police – Health Insurance</u></b> |                                 |                                 |  |
| 2010  | \$ 114,717                      | 100%                            | \$ 0   |
| 2011  | 126,533                         | 100                             | 0  |
| 2012  | 123,935                         | 100                             | 0  |
| <b><u>PSPRP - Fire - Pension</u></b>            |                                 |                                 |  |
| 2010  | \$1,441,309                     | 100%                            | \$ 0   |
| 2011  | 1,457,929                       | 100                             | 0  |
| 2012  | 1,394,608                       | 100                             | 0  |
| <b><u>PSPRP - Fire – Health Insurance</u></b>   |                                 |                                 |  |
| 2010  | \$ 94,272                       | 100%                            | \$ 0   |
| 2011  | 99,083                          | 100                             | 0  |
| 2012  | 109,878                         | 100                             | 0  |
| <b><u>EORP – Pension</u></b>                    |                                 |                                 |  |
| 2010  | \$ 36,973                       | 100%                            | \$ 0   |
| 2011  | 43,878                          | 100                             | 0  |
| 2012  | 47,233                          | 100                             | 0  |
| <b><u>EORP – Health Insurance</u></b>           |                                 |                                 |  |
| 2010  | \$ 2,869                        | 100%                            | \$ 0   |
| 2011  | 2,772                           | 100                             | 0  |
| 2012  | 2,710                           | 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.

**Schedule of Funding Progress:**

The funded status of the plans as of the most recent valuation date, June 30, 2011, 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.

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

| <u>Valuation Date</u><br><u>June 30,</u>        | <u>Actuarial Value of Plan Assets</u> | <u>Projected Unit Credit Actuarial 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>               |                                       |  |                       |                     |                               |   |
| 2009  | \$35,948,135                          | \$49,249,481   | 73.0%                 | \$13,301,346        | \$13,600,726                  | 97.8%   |
| 2010  | 38,917,135                            | 54,236,036   | 71.8                  | 15,318,901          | 13,537,319                    | 113.2   |
| 2011  | 42,776,856                            | 62,806,469   | 68.1                  | 20,029,613          | 12,989,140                    | 154.2   |
| <b><u>Police – Health Insurance Subsidy</u></b> |                                       |  |                       |                     |                               |   |
| 2009  | \$ 0                                  | \$1,075,889  | 0.0%                  | \$1,075,889         | \$13,600,726                  | 7.91%   |
| 2010  | 0                                     | 1,188,099  | 0.0                   | 1,188,099           | 13,537,319                    | 8.78  |
| 2011  | 0                                     | 1,547,097  | 0.0                   | 1,574,097           | 12,989,140                    | 12.12   |
| <b><u>Fire – Retirement</u></b>                 |                                       |  |                       |                     |                               |   |
| 2009  | \$29,565,148                          | \$34,863,651   | 84.8%                 | \$5,298,503         | \$10,476,786                  | 50.6%   |
| 2010  | 32,543,378                            | 37,236,602   | 87.4                  | 4,693,224           | 10,423,082                    | 45.0  |
| 2011  | 36,477,794                            | 44,039,032   | 82.8                  | 7,591,238           | 10,271,122                    | 73.9  |
| <b><u>Fire – Health Insurance Subsidy</u></b>   |                                       |  |                       |                     |                               |   |
| 2009  | \$ 0                                  | \$951,241  | 0.0%                  | \$951,241           | \$10,476,786                  | 9.08%   |
| 2010  | 0                                     | 1,152,655  | 0.0                   | 1,152,655           | 10,423,082                    | 11.06   |
| 2011  | 0                                     | 1,390,847  | 0.0                   | 1,390,847           | 10,271,122                    | 13.54   |

**18. LEASES**

The City leases vehicles, equipment 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, 2012 were \$78,794.

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

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------|
| 2013                        | \$ 151,680    |
| 2014                        | 181,496       |
| 2015                        | 185,702       |
| 2016                        | 190,027       |
| 2017                        | 194,471       |
| Total                       | \$ 903,376    |

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 2012 were \$231,906.

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

---

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

| Year Ending<br>June 30, | Amount     |
|-------------------------|------------|
| 2013                    | \$ 244,549 |
| 2014                    | 256,822    |
| 2015                    | 259,569    |
| 2016                    | 242,380    |
| 2017                    | 219,525    |

**19. DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Additionally, the City offers its management employees an additional deferred compensation plan created in accordance with Internal Revenue Code Section 401a. The deferred compensation is not available to employees, under either plan, until termination, retirement, death or unforeseeable emergency. The City's fiduciary responsibility is that of exercising "due care" in selecting a third-party administrator. Federal legislation requires that Section 457 and 401a plan assets be held in trust for employees. This means that employee assets held in Section 457 and 401a plans are not the property of the City and are not subject to claims of the City's general creditors. 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 and encumbrances as of June 30, 2012:

| <u>Fund/Description</u>                      | <u>Remaining<br/>Commitment</u> |
|--|---------------------------------|
| General Fund:                                |                                 |
| Municipal Facilities Construction/Remodeling | \$ 1,953,780                    |
| ADA Ramp Improvements                        | 61,484                          |
| Streets/Traffic Infrastructure               | 14,478                          |
| Parks and Recreation Facilities              | 141,089                         |
| Various Operating Purposes                   | 42,201                          |
|  | <u>2,213,032</u>                |
| Highway User Revenue Fund:                   |                                 |
| Sidewalk Improvements                        | 113,709                         |
| ADA Ramp Improvements                        | 17,486                          |
| Streets/Traffic Infrastructure               | 675                             |
|  | <u>131,870</u>                  |
| Development Fee Fund:                        |                                 |
| Parks and Recreation                         | 100,602                         |
| Drainage Infrastructure                      | 81,343                          |
|  | <u>181,945</u>                  |

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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| <u>Fund/Description</u>   | <u>Remaining<br/>Commitment</u> |
|---|---------------------------------|
| Transportation Sales Tax Fund:                                  |                                 |
| Streets/Traffic Infrastructure                                  | 1,373,468                       |
| Non-Major Governmental Funds:                                   |                                 |
| GO Bond Cap Proj – Parks and Recreation Facilities              | 6,271,438                       |
| GO Bond Cap Proj – Asset Management System Upgrade              | 172,936                         |
| GO Bond Cap Proj – Drainage Infrastructure                      | 1,110,599                       |
| GO Bond Cap Proj – Streets/Traffic Infrastructure               | 1,009,681                       |
| GO Bond Cap Proj – Municipal Facilities Construction/Remodeling | 117,126                         |
| GO Bond Cap Proj – Police CAD Replacement                       | 687,668                         |
| Non-Bond Cap Proj – Streets/Traffic Infrastructure              | 1,992,346                       |
| Non-Bond Cap Proj – Parks and Recreation Facilities             | 11,563,171                      |
| Non-Bond Cap Proj – Drainage Infrastructure                     | 2,813,441                       |
| Non-Bond Cap Proj – MOC Entrance/Exit Gate Modifications        | 116,941                         |
| CFD Cap Proj – Recharge Wells                                   | 79,151                          |
| MDA Bonds Capital Proj – Parks and Recreation Facilities        | <u>3,050,371</u>                |
|   | 28,984,869                      |
| Water Utility Fund:   |                                 |
| Water Facilities  | 51,464                          |
| Water Lines   | 561,083                         |
| Wells and Reservoirs  | 66,101                          |
| Operational purposes  | <u>4,077</u>                    |
|   | 682,725                         |
| Wastewater Utility Fund:  |                                 |
| Wastewater Facilities and Infrastructure                        | 765,203                         |
| Operational purposes  | <u>16,066</u>                   |
|   | 781,269                         |
| <br>Total commitments   | <br><u>\$ 34,349,178</u>        |

**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, but the Agreement has not been terminated. Because of the default, the \$9,000,000 has not been recorded as a liability as of June 30, 2012.

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, 2012, 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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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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 \$11,500,000.

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, 2012, no building activities have commenced and the credits could not be reliably estimated. The agreement is in force for 25 years from the signing of the agreement.

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, 2012, those potential credits could not be reliably estimated.

**22. SUSEQUENT EVENTS**

On July 18, 2012, the City sold \$35,510,000 Municipal Development Authority Revenue Bonds - Series 2012 for the purpose of financing a portion of the costs of renovations and improvements to the Peoria Sports Complex.



# 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  | 94   |
| Development Fee Fund  | 95   |
| <b>Non-Major Governmental Funds</b>   |      |
| Combining Statements  |      |
| Combining Balance Sheet   | 100  |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances         | 102  |
| Budgetary Comparison Schedules  |      |
| Public Transit Fund   | 104  |
| Section 8 Housing Fund  | 105  |
| Other Grants Fund   | 106  |
| Municipal Development Authority (MDA) Bonds Debt Service Fund                       | 107  |
| Community Facilities District (CFD) Bonds Debt Service Fund                         | 108  |
| Special Assessment Debt Service Fund  | 109  |
| General Obligation (GO) Bond Capital Projects Fund                                  | 110  |
| Community Facilities District (CFD) Bonds Capital Projects Fund                     | 111  |
| Municipal Development Authority (MDA) Bonds Capital Projects Fund                   | 112  |
| Non-Bond Capital Projects Fund  | 113  |
| <b>Enterprise Funds</b>   |      |
| Schedule of Operations – Budget and Actual  |      |
| Water Utility Fund  | 116  |
| Wastewater Utility Fund   | 117  |
| Solid Waste Utility Fund  | 118  |
| Stadium Fund  | 119  |
| Storm Drain Utility Fund  | 120  |
| Public Housing Fund   | 121  |
| <b>Internal Service Funds</b>   |      |
| Combining Statements  |      |
| Combining Statement of Net Assets   | 124  |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets           | 125  |
| Combining Statement of Cash Flows   | 126  |
| Schedule of Operations – Budget and Actual  |      |
| Motor Pool Fund   | 127  |
| Self-Insurance Fund   | 128  |
| Facilities Maintenance Fund   | 129  |
| Information Technology Fund   | 130  |
| <b>Fiduciary Funds</b>  |      |
| Combining Statement of Fiduciary Net Assets   | 132  |
| Combining Statement of Changes in Assets and Liabilities - All Agency Funds         | 133  |



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

## **Debt Service Funds**

Debt service funds are used to account for and report financial resources, that are restricted, committed, or assigned to expenditure for principal and interest payments on debt. This includes financial resources that are being accumulated for principal and interest maturing in future years. 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**

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.

### **Development Fee Fund**

This fund accounts for the collection of governmental development/impact fees, including streets, parks and open space, library, public safety, and general government, and the expenditure of those funds for capital construction or new equipment needed because of new development.

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

|  | <u>Budgeted Amounts</u> |                      | <u>Actual</u>                              | <u>Variance with</u>                                 |
|--|-------------------------|----------------------|--|--|
|  | <u>Original</u>         | <u>Final</u>         | <u>Amounts</u><br><u>(budgetary basis)</u> | <u>Final Budget</u><br><u>Over</u><br><u>(Under)</u> |
| Budgetary fund balance, July 1, 2011         | \$ 31,236,830           | \$ 31,236,830        | \$ 31,236,830                              | \$ -   |
| <b>RESOURCES (INFLOWS):</b>                  |                         |                      |  |  |
| Property taxes                               | 15,990,834              | 15,990,834           | 16,051,790                                 | 60,956   |
| Investment earnings                          | 173,000                 | 173,000              | 98,485                                     | (74,515)   |
| Total inflows                                | <u>16,163,834</u>       | <u>16,163,834</u>    | <u>16,150,275</u>                          | <u>(13,559)</u>                                      |
| Amounts available for appropriation          | <u>47,400,664</u>       | <u>47,400,664</u>    | <u>47,387,105</u>                          | <u>(13,559)</u>                                      |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                         |                      |  |  |
| Debt service:                                |                         |                      |  |  |
| Principal payments                           | 11,820,375              | 7,341,260            | 11,335,000                                 | 3,993,740  |
| Interest and other charges                   | 7,341,260               | 11,820,375           | 6,916,161                                  | (4,904,214)  |
| Total charges to appropriations              | <u>19,161,635</u>       | <u>19,161,635</u>    | <u>18,251,161</u>                          | <u>(910,474)</u>                                     |
| Budgetary fund balance, June 30, 2012        | <u>\$ 28,239,029</u>    | <u>\$ 28,239,029</u> | <u>\$ 29,135,944</u>                       | <u>\$ 896,915</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                                      | \$ 47,387,105        |
| 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    | (31,236,830)         |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis  | 869,112              |
| Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 17,019,387</u> |

**Uses/outflows or resources:**

|  |                      |
|--|----------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule  | \$ 18,251,161        |
| Differences - budget to GAAP:  |                      |
| Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 18,251,161</u> |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
DEVELOPMENT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

|  | <u>Budgeted Amounts</u> |                      | <u>Actual<br/>Amounts<br/>(budgetary basis)</u> | <u>Variance with<br/>Final Budget<br/>Over<br/>(Under)</u> |
|--|-------------------------|----------------------|---|--|
|  | <u>Original</u>         | <u>Final</u>         |   |  |
| Budgetary fund balance, July 1, 2011         | \$ 18,738,037           | \$ 18,738,037        | \$ 18,738,037                                   | \$ -   |
| <b>RESOURCES (INFLOWS):</b>                  |                         |                      |   |  |
| Impact/expansion fees                        | 4,718,567               | 4,718,567            | 7,141,870                                       | 2,423,303  |
| Investment earnings                          | 147,105                 | 146,970              | 145,271   | (1,699)  |
| Total inflows                                | <u>4,865,672</u>        | <u>4,865,537</u>     | <u>7,287,141</u>                                | <u>2,421,604</u>   |
| Amounts available for appropriation          | <u>23,603,709</u>       | <u>23,603,574</u>    | <u>26,025,178</u>                               | <u>2,421,604</u>   |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                         |                      |   |  |
| Current:                                     |                         |                      |   |  |
| General government-non departmental          | 5,500                   | 1,900                | 3,794   | 1,894  |
| Culture and recreation                       | 207,514                 | 100,214              | 31,025  | (69,189)   |
| Highways and streets                         | 203,775                 | 184,015              | 1,877   | (182,138)  |
| Debt service:                                |                         |                      |   |  |
| Principal payments                           | 1,834,164               | 2,334,164            | 2,803,044                                       | 468,880  |
| Capital outlay                               | 9,362,102               | 5,258,455            | 2,145,559                                       | (3,112,896)  |
| Contingencies                                | 1,881,620               | 1,459,690            | -   | (1,459,690)  |
| Total charges to appropriations              | <u>13,494,675</u>       | <u>9,338,438</u>     | <u>4,985,299</u>                                | <u>(4,353,139)</u>   |
| Budgetary fund balance, June 30, 2012        | <u>\$ 10,109,034</u>    | <u>\$ 14,265,136</u> | <u>\$ 21,039,879</u>                            | <u>\$ 6,774,743</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                                   | \$ 26,025,178       |
| 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 | (18,738,037)        |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis   | (31,231)            |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds                 | <u>\$ 7,255,910</u> |

**Uses/outflows or resources:**

|  |                     |
|--|---------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule                    | \$ 4,985,299        |
| Differences - budget to GAAP:  |                     |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                 | (121,749)           |
| Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 4,863,550</u> |



# **NON-MAJOR GOVERNMENTAL FUNDS**

## **OTHER GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

Special revenue funds are used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

#### **Public Transit Fund**

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

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

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

#### **Other Grants Fund**

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

### **Debt Service Funds**

Debt service funds are used to account for and report financial resources, that are restricted, committed, or assigned to expenditure for principal and interest payments on debt. This includes financial resources that are being accumulated for principal and interest maturing in future years. 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.

#### **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.

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

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

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

## **Capital Projects Funds**

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

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

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

### **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.

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

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



**CITY OF PEORIA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

|                                      | Special Revenue Funds     |                              |                         | Debt Service Funds                          |                     |
|--------------------------------------|---------------------------|------------------------------|-------------------------|---|---------------------|
|                                      | Public<br>Transit<br>Fund | Section 8<br>Housing<br>Fund | Other<br>Grants<br>Fund | Municipal<br>Development<br>Authority Bonds | CFD<br>Bonds        |
| <b>ASSETS</b>                        |                           |                              |                         |   |                     |
| Cash and cash equivalents            | \$ 183,346                | \$ -                         | \$ 952,554              | \$ 319,189                                  | \$ -                |
| Cash with fiscal agents              | -                         | -                            | -                       | 1,820,927                                   | -                   |
| Investments                          | 765,574                   | -                            | 3,977,465               | 1,332,800                                   | -                   |
| Accounts receivable, net             | 104,202                   | -                            | 4,735                   | -   | 72,771              |
| Interest receivable                  | 295                       | -                            | 2,870                   | -   | 10,385              |
| Due from other governments           | 61,357                    | 101,716                      | 654,096                 | -   | 25,062              |
| Prepaid items                        | -                         | -                            | -                       | -   | -                   |
| Restricted cash and cash equivalents | -                         | -                            | -                       | -   | 4,322,309           |
| Restricted investments               | -                         | -                            | -                       | -   | 4,399,273           |
| Special assessments receivable       | -                         | -                            | -                       | -   | -                   |
| Interfund receivable (non-current)   | -                         | -                            | -                       | 10,190,543                                  | -                   |
| Total assets                         | <u>\$ 1,114,774</u>       | <u>\$ 101,716</u>            | <u>\$ 5,591,720</u>     | <u>\$ 13,663,459</u>                        | <u>\$ 8,829,800</u> |
| <b>LIABILITIES AND FUND BALANCES</b> |                           |                              |                         |   |                     |
| Liabilities:                         |                           |                              |                         |   |                     |
| Accounts payable                     | \$ 31,704                 | \$ 90,158                    | \$ 115,451              | \$ -  | \$ -                |
| Accrued payroll                      | 4,708                     | -                            | 5,718                   | -   | -                   |
| Due to other funds                   | -                         | 11,558                       | -                       | -   | -                   |
| Due to other governments             | -                         | -                            | 305                     | -   | -                   |
| Deferred revenue                     | -                         | -                            | 113,092                 | -   | -                   |
| Other liabilities                    | 2,357                     | -                            | 873                     | -   | -                   |
| Total liabilities                    | <u>\$ 38,769</u>          | <u>\$ 101,716</u>            | <u>\$ 235,439</u>       | <u>\$ -</u>                                 | <u>\$ -</u>         |
| Fund balances:                       |                           |                              |                         |   |                     |
| Unspendable:                         |                           |                              |                         |   |                     |
| Prepaid items                        | \$ -                      | \$ -                         | \$ -                    | \$ -  | \$ -                |
| Restricted for:                      |                           |                              |                         |   |                     |
| Debt service                         | -                         | -                            | -                       | 13,663,459                                  | 8,829,800           |
| Capital projects                     | -                         | -                            | -                       | -   | -                   |
| Grant Purposes                       | 1,076,005                 | -                            | 1,597,656               | -   | -                   |
| Committed for:                       |                           |                              |                         |   |                     |
| Arts Capital                         | -                         | -                            | 3,664,814               | -   | -                   |
| Assigned to:                         |                           |                              |                         |   |                     |
| Capital projects                     | -                         | -                            | -                       | -   | -                   |
| Other purposes                       | -                         | -                            | 93,811                  | -   | -                   |
| Unassigned:                          |                           |                              |                         |   |                     |
| Total fund balance                   | <u>1,076,005</u>          | <u>-</u>                     | <u>5,356,281</u>        | <u>13,663,459</u>                           | <u>8,829,800</u>    |
| Total liabilities and fund balance   | <u>\$ 1,114,774</u>       | <u>\$ 101,716</u>            | <u>\$ 5,591,720</u>     | <u>\$ 13,663,459</u>                        | <u>\$ 8,829,800</u> |

The accompanying notes are an integral part of the financial statements

| Special<br>Assessment<br>Bonds | Capital Projects Funds |                      |                   |                      | Total<br>Non-Major<br>Governmental<br>Funds |
|--------------------------------|------------------------|----------------------|-------------------|----------------------|---|
|                                | GO<br>Bonds            | CFD<br>Bonds         | MDA<br>Bonds      | Non-Bond             |   |
| \$ 65,418                      | \$ -                   | \$ -                 | \$ -              | \$ 7,146,854         | \$ 8,667,361                                |
| 111,410                        | -                      | -                    | -                 | -                    | 1,932,337                                   |
| 273,159                        | -                      | -                    | -                 | 29,842,249           | 36,191,247                                  |
| -                              | -                      | -                    | -                 | 4,331,847            | 4,513,555                                   |
| 155                            | 7,326                  | 2,431                | -                 | 18,166               | 41,628                                      |
| -                              | -                      | -                    | -                 | -                    | 842,231                                     |
| -                              | 15,000                 | -                    | -                 | -                    | 15,000                                      |
| -                              | 18,527,719             | 3,131,912            | 683,218           | -                    | 26,665,158                                  |
| -                              | 21,915,972             | 9,772,664            | -                 | -                    | 36,087,909                                  |
| 4,551,574                      | -                      | -                    | -                 | -                    | 4,551,574                                   |
| -                              | -                      | -                    | -                 | -                    | 10,190,543                                  |
| <u>\$ 5,001,716</u>            | <u>\$ 40,466,017</u>   | <u>\$ 12,907,007</u> | <u>\$ 683,218</u> | <u>\$ 41,339,116</u> | <u>\$ 129,698,543</u>                       |
| \$ -                           | \$ 2,094,955           | \$ 30,271            | \$ 25,991         | \$ 443,393           | \$ 2,831,923                                |
| -                              | -                      | -                    | -                 | -                    | 10,426                                      |
| -                              | -                      | -                    | -                 | -                    | 11,558                                      |
| -                              | -                      | -                    | -                 | -                    | 305   |
| 4,551,324                      | -                      | -                    | 741,900           | 5,817,581            | 11,223,897                                  |
| -                              | 7,261                  | 30,887               | -                 | 518,844              | 560,222                                     |
| <u>\$ 4,551,324</u>            | <u>\$ 2,102,216</u>    | <u>\$ 61,158</u>     | <u>\$ 767,891</u> | <u>\$ 6,779,818</u>  | <u>\$ 14,638,331</u>                        |
| \$ -                           | \$ 15,000              | \$ -                 | \$ -              | \$ -                 | \$ 15,000                                   |
| 450,392                        | -                      | -                    | -                 | -                    | 22,943,651                                  |
| -                              | 38,348,801             | 12,845,849           | -                 | 546,437              | 51,741,087                                  |
| -                              | -                      | -                    | -                 | -                    | 2,673,661                                   |
| -                              | -                      | -                    | -                 | -                    | 3,664,814                                   |
| -                              | -                      | -                    | -                 | 34,012,861           | 34,012,861                                  |
| -                              | -                      | -                    | -                 | -                    | 93,811                                      |
| -                              | -                      | -                    | (84,673)          | -                    | (84,673)                                    |
| <u>450,392</u>                 | <u>38,363,801</u>      | <u>12,845,849</u>    | <u>(84,673)</u>   | <u>34,559,298</u>    | <u>115,060,212</u>                          |
| <u>\$ 5,001,716</u>            | <u>\$ 40,466,017</u>   | <u>\$ 12,907,007</u> | <u>\$ 683,218</u> | <u>\$ 41,339,116</u> | <u>\$ 129,698,543</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, 2012**

|  | Special Revenue Funds     |                              |                         | Debt  | Service Funds       |
|--|---------------------------|------------------------------|-------------------------|---|---------------------|
|  | Public<br>Transit<br>Fund | Section 8<br>Housing<br>Fund | Other<br>Grants<br>Fund | Municipal<br>Development<br>Authority Bonds | CFD<br>Bonds        |
| <b>REVENUES:</b>                                     |                           |                              |                         |   |                     |
| Taxes:   |                           |                              |                         |   |                     |
| Property taxes                                       | \$ -                      | \$ -                         | \$ -                    | \$ -  | \$ 2,248,487        |
| Intergovernmental:                                   |                           |                              |                         |   |                     |
| From federal government                              | 21,357                    | 356,269                      | 1,846,448               | -   | -                   |
| Other  | 552,752                   | -                            | 682,385                 | -   | -                   |
| Charges for service                                  | 42,705                    | -                            | 279,357                 | -   | -                   |
| Fines and forfeitures                                | -                         | -                            | 235,615                 | -   | -                   |
| Investment earnings                                  | 2,253                     | -                            | 20,945                  | 4,863                                       | 21,909              |
| Special assessments                                  | -                         | -                            | -                       | -   | -                   |
| Miscellaneous  | 32,502                    | -                            | 106,543                 | -   | 3,455,336           |
| Total revenues                                       | <u>651,569</u>            | <u>356,269</u>               | <u>3,171,293</u>        | <u>4,863</u>                                | <u>5,725,732</u>    |
| <b>EXPENDITURES:</b>                                 |                           |                              |                         |   |                     |
| Current operating:                                   |                           |                              |                         |   |                     |
| General government                                   | -                         | -                            | 405,333                 | 1,517                                       | 3,291               |
| Culture and recreation                               | -                         | -                            | 449,089                 | -   | -                   |
| Police   | -                         | -                            | 680,818                 | -   | -                   |
| Fire   | -                         | -                            | 120,175                 | -   | -                   |
| Development services                                 | -                         | -                            | 521,234                 | -   | -                   |
| Highways and streets                                 | -                         | -                            | -                       | -   | -                   |
| Public works   | -                         | -                            | 166,921                 | -   | -                   |
| Human services                                       | 903,486                   | 356,269                      | 326,560                 | -   | -                   |
| Debt service:  |                           |                              |                         |   |                     |
| Principal payments                                   | -                         | -                            | -                       | 5,885,965                                   | 2,385,000           |
| Interest and other charges                           | -                         | -                            | -                       | 2,532,735                                   | 3,108,336           |
| Capital outlay                                       | -                         | -                            | 88,229                  | -   | -                   |
| Total expenditures                                   | <u>903,486</u>            | <u>356,269</u>               | <u>2,758,359</u>        | <u>8,420,217</u>                            | <u>5,496,627</u>    |
| Excess (deficiency) of revenues<br>over expenditures | <u>(251,917)</u>          | <u>-</u>                     | <u>412,934</u>          | <u>(8,415,354)</u>                          | <u>229,105</u>      |
| <b>OTHER FINANCING SOURCES (USES):</b>               |                           |                              |                         |   |                     |
| Capital-related debt issued                          | -                         | -                            | -                       | -   | -                   |
| Premium on bonds issued                              | -                         | -                            | -                       | -   | -                   |
| Special item: Close out of Section 8 Housing         | -                         | (464,390)                    | -                       | -   | -                   |
| Transfers in   | 671,103                   | -                            | 20,841                  | 6,996,961                                   | -                   |
| Transfers out  | -                         | -                            | (679,982)               | -   | -                   |
| Total other financing sources and uses               | <u>671,103</u>            | <u>(464,390)</u>             | <u>(659,141)</u>        | <u>6,996,961</u>                            | <u>-</u>            |
| Net change in fund balances                          | <u>419,186</u>            | <u>(464,390)</u>             | <u>(246,207)</u>        | <u>(1,418,393)</u>                          | <u>229,105</u>      |
| Fund balances - beginning                            | 656,819                   | 464,390                      | 5,602,488               | 15,081,852                                  | 8,600,695           |
| Fund balances - ending                               | <u>\$ 1,076,005</u>       | <u>\$ -</u>                  | <u>\$ 5,356,281</u>     | <u>\$ 13,663,459</u>                        | <u>\$ 8,829,800</u> |

The accompanying notes are an integral part of the financial statements

| Special<br>Assessment<br>Bonds | Capital Projects Funds |                      |                    |                      | Total<br>Non-Major<br>Governmental<br>Funds |
|--------------------------------|------------------------|----------------------|--------------------|----------------------|---|
|                                | GO<br>Bonds            | CFD<br>Bonds         | MDA<br>Bonds       | Non-Bond             |   |
| \$ -                           | \$ -                   | \$ -                 | \$ -               | \$ -                 | \$ 2,248,487                                |
| -                              | -                      | -                    | -                  | -                    | 2,224,074                                   |
| -                              | -                      | -                    | -                  | 12,888,613           | 14,123,750                                  |
| -                              | -                      | -                    | -                  | -                    | 322,062                                     |
| -                              | -                      | -                    | -                  | -                    | 235,615                                     |
| 1,364                          | 82,511                 | 28,856               | 12                 | 134,343              | 297,056                                     |
| 2,069,613                      | -                      | -                    | -                  | -                    | 2,069,613                                   |
| -                              | -                      | -                    | -                  | 89,827               | 3,684,208                                   |
| <u>2,070,977</u>               | <u>82,511</u>          | <u>28,856</u>        | <u>12</u>          | <u>13,112,783</u>    | <u>25,204,865</u>                           |
| 1,730                          | -                      | -                    | -                  | -                    | 411,871                                     |
| -                              | -                      | -                    | 259                | -                    | 449,348                                     |
| -                              | -                      | -                    | -                  | -                    | 680,818                                     |
| -                              | -                      | -                    | -                  | -                    | 120,175                                     |
| -                              | -                      | -                    | -                  | -                    | 521,234                                     |
| -                              | 489,502                | -                    | -                  | 1,154,280            | 1,643,782                                   |
| -                              | -                      | 17,000               | -                  | -                    | 183,921                                     |
| -                              | -                      | -                    | -                  | -                    | 1,586,315                                   |
| 1,495,000                      | -                      | -                    | -                  | -                    | 9,765,965                                   |
| 318,299                        | 181,241                | -                    | -                  | -                    | 6,140,611                                   |
| -                              | 14,164,238             | 777,995              | -                  | 2,034,978            | 17,065,440                                  |
| <u>1,815,029</u>               | <u>14,834,981</u>      | <u>794,995</u>       | <u>259</u>         | <u>3,189,258</u>     | <u>38,569,480</u>                           |
| <u>255,948</u>                 | <u>(14,752,470)</u>    | <u>(766,139)</u>     | <u>(247)</u>       | <u>9,923,525</u>     | <u>(13,364,615)</u>                         |
| -                              | 14,715,000             | -                    | -                  | -                    | 14,715,000                                  |
| -                              | 645,188                | -                    | -                  | -                    | 645,188                                     |
| -                              | -                      | -                    | -                  | -                    | (464,390)                                   |
| -                              | -                      | -                    | -                  | -                    | 7,688,905                                   |
| (131,383)                      | (772,659)              | -                    | (122,551)          | -                    | (1,706,575)                                 |
| <u>(131,383)</u>               | <u>14,587,529</u>      | <u>-</u>             | <u>(122,551)</u>   | <u>-</u>             | <u>20,878,128</u>                           |
| <u>124,565</u>                 | <u>(164,941)</u>       | <u>(766,139)</u>     | <u>(122,798)</u>   | <u>9,923,525</u>     | <u>7,513,513</u>                            |
| 325,827                        | 38,528,742             | 13,611,988           | 38,125             | 24,635,773           | 107,546,699                                 |
| <u>\$ 450,392</u>              | <u>\$ 38,363,801</u>   | <u>\$ 12,845,849</u> | <u>\$ (84,673)</u> | <u>\$ 34,559,298</u> | <u>\$ 115,060,212</u>                       |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
PUBLIC TRANSIT FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts<br/>(budgetary basis)</u> | <u>Variance with<br/>Final Budget<br/>Over<br/>(Under)</u> |
|--|-------------------------|---------------------|---|--|
|  | <u>Original</u>         | <u>Final</u>        |   |  |
| Budgetary fund balance, July 1, 2011         | \$ 246,898              | \$ 246,898          | \$ 246,898                                      | \$ -   |
| <b>RESOURCES (INFLOWS):</b>                  |                         |                     |   |  |
| Intergovernmental:                           |                         |                     |   |  |
| Other  | -                       | -                   | 552,752   | 552,752  |
| Charges for services                         | -                       | -                   | (40,350)  | (40,350)   |
| Investment earnings                          | 2,600                   | 2,600               | 2,284   | (316)  |
| Miscellaneous                                | 18,493                  | 18,493              | 32,502  | 14,009   |
| Transfers from other funds                   | 671,103                 | 671,103             | 671,103   | -  |
| Total inflows                                | <u>692,196</u>          | <u>692,196</u>      | <u>1,218,291</u>                                | <u>526,095</u>   |
| Amounts available for appropriation          | <u>939,094</u>          | <u>939,094</u>      | <u>1,465,189</u>                                | <u>526,095</u>   |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                         |                     |   |  |
| Human services                               | 932,686                 | 1,387,378           | 885,010   | (502,368)  |
| Total charges to appropriations              | <u>932,686</u>          | <u>1,387,378</u>    | <u>885,010</u>                                  | <u>(502,368)</u>   |
| Budgetary fund balance, June 30, 2012        | <u>\$ 6,408</u>         | <u>\$ (448,284)</u> | <u>\$ 580,179</u>                               | <u>\$ 1,028,463</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                                      | \$ 1,465,189      |
| 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    | (246,898)         |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis  | 104,381           |
| Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes                                   | (671,103)         |
| Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 651,569</u> |

**Uses/outflows or resources:**

|  |                   |
|--|-------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule  | \$ 885,010        |
| Differences - budget to GAAP:  |                   |
| The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis                                | (9,073)           |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                     | 27,549            |
| Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 903,486</u> |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
SECTION 8 HOUSING FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

|  | <u>Budgeted Amounts</u> |                    | <u>Actual<br/>Amounts<br/>(budgetary basis)</u> | <u>Variance with<br/>Final Budget<br/>Over<br/>(Under)</u> |
|--|-------------------------|--------------------|---|--|
|  | <u>Original</u>         | <u>Final</u>       |   |  |
| Budgetary fund balance, July 1, 2011         | \$ 197,788              | \$ 197,788         | \$ 197,788                                      | \$ -   |
| <b>RESOURCES (INFLOWS):</b>                  |                         |                    |   |  |
| Intergovernmental:                           |                         |                    |   |  |
| From federal government                      | 1,320,013               | 1,320,013          | 305,126   | (1,014,887)  |
| Other  | -                       | -                  | 31,989  | 31,989   |
| Total inflows                                | <u>1,320,013</u>        | <u>1,320,013</u>   | <u>337,115</u>                                  | <u>(982,898)</u>   |
| Amounts available for appropriation          | <u>1,517,801</u>        | <u>1,517,801</u>   | <u>534,903</u>                                  | <u>(982,898)</u>   |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                         |                    |   |  |
| Human services                               | 1,584,299               | 1,584,299          | 303,041   | (1,281,258)  |
| Transfers out                                | -                       | -                  | 464,390   | 464,390  |
| Total charges to appropriations              | <u>1,584,299</u>        | <u>1,584,299</u>   | <u>767,431</u>                                  | <u>(816,868)</u>   |
| Budgetary fund balance, June 30, 2012        | <u>\$ (66,498)</u>      | <u>\$ (66,498)</u> | <u>\$ (232,528)</u>                             | <u>\$ (166,030)</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                                      | \$ 534,903        |
| 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    | (197,788)         |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis  | 19,154            |
| Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 356,269</u> |

**Uses/outflows or resources:**

|  |                   |
|--|-------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule  | \$ 767,431        |
| Differences - budget to GAAP:  |                   |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                     | 53,228            |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes                           | (464,390)         |
| Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 356,269</u> |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
OTHER GRANTS FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual</u>                              | <u>Variance with</u>                                 |
|--|-------------------------|---------------------|--|--|
|  | <u>Original</u>         | <u>Final</u>        | <u>Amounts</u><br><u>(budgetary basis)</u> | <u>Final Budget</u><br><u>Over</u><br><u>(Under)</u> |
| Budgetary fund balance, July 1, 2011         | \$ 6,411,487            | \$ 6,411,487        | \$ 6,411,487                               | \$ -   |
| <b>RESOURCES (INFLOWS):</b>                  |                         |                     |  |  |
| Intergovernmental:                           |                         |                     |  |  |
| From federal government                      | 1,679,214               | 1,679,214           | 1,883,092                                  | 203,878  |
| Other  | 10,938,790              | 10,938,790          | 854,006                                    | (10,084,784)   |
| Charges for services                         | 1,216,415               | 1,216,415           | 283,748                                    | (932,667)  |
| Fines and forfeitures                        | 220,000                 | 220,000             | 235,615                                    | 15,615   |
| Investment earnings                          | 48,500                  | 48,443              | 26,261                                     | (22,182)   |
| Miscellaneous                                | 12,200                  | 12,200              | 106,543                                    | 94,343   |
| Transfers from other funds                   | 10,000                  | 10,000              | 10,000                                     | -  |
| Total inflows                                | <u>14,125,119</u>       | <u>14,125,062</u>   | <u>3,399,265</u>                           | <u>(10,725,797)</u>                                  |
| Amounts available for appropriation          | <u>20,536,606</u>       | <u>20,536,549</u>   | <u>9,810,752</u>                           | <u>(10,725,797)</u>                                  |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                         |                     |  |  |
| General government:                          |                         |                     |  |  |
| Mayor and council                            | -                       | -                   | 1,680                                      | 1,680  |
| Attorney                                     | 94,524                  | 94,524              | 71,874                                     | (22,650)   |
| City Manager                                 | 35,027                  | 39,617              | 39,617                                     | -  |
| Court  | 503,252                 | 472,639             | 293,856                                    | (178,783)  |
| Non-departmental                             | 10,000                  | 10,272              | 6,667                                      | (3,605)  |
| Culture and recreation                       | 473,136                 | 477,034             | 412,600                                    | (64,434)   |
| Police                                       | 946,914                 | 1,260,209           | 732,539                                    | (527,670)  |
| Fire   | 133,279                 | 204,484             | 120,175                                    | (84,309)   |
| Development services                         | 1,217,981               | 1,214,189           | 591,511                                    | (622,678)  |
| Public works                                 | 241,000                 | 280,272             | 213,890                                    | (66,382)   |
| Human Services                               | 1,180,596               | 1,180,596           | 326,560                                    | (854,036)  |
| Capital outlay                               | 810,755                 | 1,042,999           | 505,077                                    | (537,922)  |
| Contingencies                                | 8,329,001               | 7,208,384           | -  | (7,208,384)  |
| Transfers out                                | 293,029                 | 293,029             | 298,338                                    | 5,309  |
| Total charges to appropriations              | <u>14,268,494</u>       | <u>13,778,248</u>   | <u>3,614,384</u>                           | <u>(10,163,864)</u>                                  |
| Budgetary fund balance, June 30, 2012        | <u>\$ 6,268,112</u>     | <u>\$ 6,758,301</u> | <u>\$ 6,196,368</u>                        | <u>\$ (561,933)</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                                      | \$ 9,810,752        |
| <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    | (6,411,487)         |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis  | (217,972)           |
| 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>\$ 3,171,293</u> |

**Uses/outflows or resources:**

|  |                     |
|--|---------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule  | \$ 3,614,384        |
| <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                                | 210                 |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                     | (176,296)           |
| Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes   | (381,601)           |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes                           | (298,338)           |
| Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 2,758,359</u> |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

|  | <u>Budgeted Amounts</u> |                       | <u>Actual<br/>Amounts<br/>(budgetary basis)</u> | <u>Variance with<br/>Final Budget<br/>Over<br/>(Under)</u> |
|--|-------------------------|-----------------------|---|--|
|  | <u>Original</u>         | <u>Final</u>          |   |  |
| Budgetary fund balance, July 1, 2011         | \$ 1,744,145            | \$ 1,744,145          | \$ 1,744,145                                    | \$ -   |
| <b>RESOURCES (INFLOWS):</b>                  |                         |                       |   |  |
| Investment earnings                          | -                       | -                     | 4,863   | 4,863  |
| Transfers from other funds                   | 5,634,463               | 5,634,463             | 5,717,058                                       | 82,595   |
| Total inflows                                | <u>5,634,463</u>        | <u>5,634,463</u>      | <u>5,721,921</u>                                | <u>87,458</u>  |
| Amounts available for appropriation          | <u>7,378,608</u>        | <u>7,378,608</u>      | <u>7,466,066</u>                                | <u>87,458</u>  |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                         |                       |   |  |
| Contractual services                         | -                       | -                     | 1,517   | 1,517  |
| Debt service:                                |                         |                       |   |  |
| Principal payments                           | 3,430,470               | 5,885,965             | 5,885,965                                       | -  |
| Interest and other charges                   | 2,248,148               | 2,534,613             | 2,551,320                                       | 16,707   |
| Total charges to appropriations              | <u>5,678,618</u>        | <u>8,420,578</u>      | <u>8,438,802</u>                                | <u>18,224</u>  |
| Budgetary fund balance, June 30, 2012        | <u>\$ 1,699,990</u>     | <u>\$ (1,041,970)</u> | <u>\$ (972,736)</u>                             | <u>\$ 69,234</u>   |

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

**Sources/inflows of resources:**

|   |                 |
|---|-----------------|
| Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule                                      | \$ 7,466,066    |
| 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    | (1,744,145)     |
| Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes                                   | (5,717,058)     |
| Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 4,863</u> |

**Uses/outflows or resources:**

|  |                     |
|--|---------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule  | \$ 8,438,802        |
| Differences - budget to GAAP:  |                     |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                     | (18,585)            |
| Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 8,420,217</u> |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts<br/>(budgetary basis)</u> | <u>Variance with<br/>Final Budget<br/>Over<br/>(Under)</u> |
|--|-------------------------|---------------------|---|--|
|  | <u>Original</u>         | <u>Final</u>        |   |  |
| Budgetary fund balance, July 1, 2011         | \$ 8,552,831            | \$ 8,552,831        | \$ 8,552,831                                    | \$ -   |
| <b>RESOURCES (INFLOWS):</b>                  |                         |                     |   |  |
| Property Taxes                               | 2,148,025               | 2,148,025           | 2,181,517                                       | 33,492   |
| Investment earnings                          | 32,500                  | 32,500              | 27,191  | (5,309)  |
| Miscellaneous                                | 3,685,411               | 3,685,411           | 3,455,336                                       | (230,075)  |
| Transfers in                                 | 250,000                 | 250,000             | -   | (250,000)  |
| Total inflows                                | <u>6,115,936</u>        | <u>6,115,936</u>    | <u>5,664,044</u>                                | <u>(451,892)</u>   |
| Amounts available for appropriation          | <u>14,668,767</u>       | <u>14,668,767</u>   | <u>14,216,875</u>                               | <u>(451,892)</u>   |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                         |                     |   |  |
| Contractual services                         | 9,900                   | 9,900               | 3,291   | (6,609)  |
| Debt service:                                |                         |                     |   |  |
| Principal payments                           | 2,385,000               | 2,385,000           | 2,385,000                                       | -  |
| Interest and other charges                   | 3,113,337               | 3,113,337           | 3,108,336                                       | (5,001)  |
| Total charges to appropriations              | <u>5,508,237</u>        | <u>5,508,237</u>    | <u>5,496,627</u>                                | <u>(11,610)</u>  |
| Budgetary fund balance, June 30, 2012        | <u>\$ 9,160,530</u>     | <u>\$ 9,160,530</u> | <u>\$ 8,720,248</u>                             | <u>\$ (440,282)</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                                      | \$ 14,216,875       |
| 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    | (8,552,831)         |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis  | 61,688              |
| Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 5,725,732</u> |

**Uses/outflows or resources:**

|  |                     |
|--|---------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule  | \$ 5,496,627        |
| Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 5,496,627</u> |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL ASSESSMENT DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

|  | Budgeted Amounts  |                   | Actual<br>Amounts<br>(budgetary basis) | Variance with<br>Final Budget<br>Over<br>(Under) |
|--|-------------------|-------------------|--|--|
|  | Original          | Final             |  |  |
| Budgetary fund balance, July 1, 2011         | \$ 542,619        | \$ 542,619        | \$ 542,619                             | \$ -   |
| <b>RESOURCES (INFLOWS):</b>                  |                   |                   |  |  |
| Special assessments                          | 1,814,820         | 1,814,820         | 2,069,363                              | 254,543  |
| Investment earnings                          | 4,750             | 4,727             | 1,760                                  | (2,967)  |
| Total inflows                                | <u>1,819,570</u>  | <u>1,819,547</u>  | <u>2,071,123</u>                       | <u>251,576</u>                                   |
| Amounts available for appropriation          | <u>2,362,189</u>  | <u>2,362,166</u>  | <u>2,613,742</u>                       | <u>251,576</u>                                   |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                   |                   |  |  |
| Contractual services                         | -                 | -                 | 1,730                                  | 1,730  |
| Debt service:                                |                   |                   |  |  |
| Principal payments                           | 1,495,000         | 1,495,000         | 1,495,000                              | -  |
| Interest and other charges                   | 320,620           | 320,620           | 318,299                                | (2,321)  |
| Total charges to appropriations              | <u>1,815,620</u>  | <u>1,815,620</u>  | <u>1,815,029</u>                       | <u>(591)</u>                                     |
| Budgetary fund balance, June 30, 2012        | <u>\$ 546,569</u> | <u>\$ 546,546</u> | <u>\$ 798,713</u>                      | <u>\$ 252,167</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                                   | \$ 2,613,742        |
| 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 | (542,619)           |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis   | (146)               |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds                 | <u>\$ 2,070,977</u> |

**Uses/outflows or resources:**

|  |                     |
|--|---------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule                    | \$ 1,815,029        |
| Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 1,815,029</u> |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION (GO) BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

|  | <u>Budgeted Amounts</u> |                       | <u>Actual<br/>Amounts<br/>(budgetary basis)</u> | <u>Variance with<br/>Final Budget<br/>Over<br/>(Under)</u> |
|--|-------------------------|-----------------------|---|--|
|  | <u>Original</u>         | <u>Final</u>          |   |  |
| Budgetary fund balance, July 1, 2011         | \$ 35,675,898           | \$ 35,675,898         | \$ 35,675,898                                   | \$ -   |
| <b>RESOURCES (INFLOWS):</b>                  |                         |                       |   |  |
| Capital-related debt issued                  | 16,523,825              | 16,523,825            | 14,715,000                                      | (1,808,825)  |
| Premium on bonds issued                      | -                       | -                     | 645,188   | 645,188  |
| Investment earnings                          | 178,000                 | 178,000               | 227,985   | 49,985   |
| Total inflows                                | <u>16,701,825</u>       | <u>16,701,825</u>     | <u>15,588,173</u>                               | <u>(1,113,652)</u>   |
| Amounts available for appropriation          | <u>52,377,723</u>       | <u>52,377,723</u>     | <u>51,264,071</u>                               | <u>(1,113,652)</u>   |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                         |                       |   |  |
| Highways and streets                         | 1,945,092               | 1,526,046             | 589,918   | (936,128)  |
| Interest and fiscal charges                  | 163,602                 | 163,602               | 166,241   | 2,639  |
| Capital outlay                               | 48,952,473              | 51,051,335            | 13,646,480                                      | (37,404,855)   |
| Contingencies                                | 1,924,380               | 1,762,305             | -   | (1,762,305)  |
| Total charges to appropriations              | <u>52,985,547</u>       | <u>54,503,288</u>     | <u>14,402,639</u>                               | <u>(40,100,649)</u>  |
| Budgetary fund balance, June 30, 2012        | <u>\$ (607,824)</u>     | <u>\$ (2,125,565)</u> | <u>\$ 36,861,432</u>                            | <u>\$ 38,986,997</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                                   | \$ 51,264,071    |
| 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 | (35,675,898)     |
| Capital-related debt issued is a budgetary resource, but is not a revenue for financial reporting purposes                               | (14,715,000)     |
| Bond Premiums are a budgetary resource, but are not a revenue for financial reporting purposes   | (645,188)        |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis   | (145,474)        |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds                 | <u>\$ 82,511</u> |

**Uses/outflows or resources:**

|  |                      |
|--|----------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule                                      | \$ 14,402,639        |
| Differences - budget to GAAP:  |                      |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                   | 1,040,193            |
| Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes | (607,851)            |
| Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds                   | <u>\$ 14,834,981</u> |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual</u>                              | <u>Variance with</u>                                 |
|--|-------------------------|---------------------|--|--|
|  | <u>Original</u>         | <u>Final</u>        | <u>Amounts</u><br><u>(budgetary basis)</u> | <u>Final Budget</u><br><u>Over</u><br><u>(Under)</u> |
| Budgetary fund balance, July 1, 2011         | \$ 13,574,467           | \$ 13,574,467       | \$ 13,574,467                              | \$ -   |
| <b>RESOURCES (INFLOWS):</b>                  |                         |                     |  |  |
| Investment earnings                          | 68,500                  | 68,500              | 58,037                                     | (10,463)   |
| Total inflows                                | <u>68,500</u>           | <u>68,500</u>       | <u>58,037</u>                              | <u>(10,463)</u>                                      |
| Amounts available for appropriation          | <u>13,642,967</u>       | <u>13,642,967</u>   | <u>13,632,504</u>                          | <u>(10,463)</u>                                      |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                         |                     |  |  |
| Public works                                 | -                       | 17,000              | 17,000                                     | -  |
| Capital outlay                               | 13,560,630              | 13,563,630          | 716,837                                    | (12,846,793)   |
| Transfers to other funds                     | 250,000                 | 250,000             | -  | (250,000)  |
| Total charges to appropriations              | <u>13,810,630</u>       | <u>13,830,630</u>   | <u>733,837</u>                             | <u>(13,096,793)</u>                                  |
| Budgetary fund balance, June 30, 2012        | <u>\$ (167,663)</u>     | <u>\$ (187,663)</u> | <u>\$ 12,898,667</u>                       | <u>\$ 13,086,330</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                                      | \$ 13,632,504    |
| 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    | (13,574,467)     |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis  | (29,181)         |
| Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 28,856</u> |

**Uses/outflows or resources:**

|  |                   |
|--|-------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule  | \$ 733,837        |
| Differences - budget to GAAP:  |                   |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                     | 61,158            |
| Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 794,995</u> |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual<br/>Amounts<br/>(budgetary basis)</u> | <u>Variance with<br/>Final Budget<br/>Over<br/>(Under)</u> |
|--|-------------------------|-------------------|---|--|
|  | <u>Original</u>         | <u>Final</u>      |   |  |
| Budgetary fund balance, July 1, 2011         | \$ -                    | \$ -              | \$ -  | \$ -   |
| <b>RESOURCES (INFLOWS):</b>                  |                         |                   |   |  |
| Investment earnings                          | -                       | -                 | 12  | 12   |
| Capital related debt issued                  | 16,780,125              | 16,780,125        | -   | (16,780,125)   |
| Total inflows                                | <u>16,780,125</u>       | <u>16,780,125</u> | <u>12</u>                                       | <u>(16,780,113)</u>  |
| Amounts available for appropriation          | <u>16,780,125</u>       | <u>16,780,125</u> | <u>12</u>                                       | <u>(16,780,113)</u>  |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                         |                   |   |  |
| Culture and recreation                       | 449,095                 | 331,540           | 259   | (331,281)  |
| Capital outlay                               | 16,382,029              | 16,389,452        | 310   | (16,389,142)   |
| Transfers to other funds                     | -                       | -                 | -   | -  |
| Total charges to appropriations              | <u>16,831,124</u>       | <u>16,720,992</u> | <u>569</u>                                      | <u>(16,720,423)</u>  |
| Budgetary fund balance, June 30, 2012        | <u>\$ (50,999)</u>      | <u>\$ 59,133</u>  | <u>\$ (557)</u>                                 | <u>\$ (59,690)</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                                      | \$ 12        |
| Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 12</u> |

**Uses/outflows or resources:**

|  |               |
|--|---------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule  | \$ 569        |
| Differences - budget to GAAP:  |               |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                     | (310)         |
| Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 259</u> |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
NON-BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

|  | <b>Budgeted Amounts</b> |                     | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|--|-------------------------|---------------------|---|--|
|  | <b>Original</b>         | <b>Final</b>        |   |  |
| Budgetary fund balance, July 1, 2011         | \$ 26,786,231           | \$ 26,786,231       | \$ 26,786,231                                   | \$ -   |
| <b>RESOURCES (INFLOWS):</b>                  |                         |                     |   |  |
| Intergovernmental revenue:                   |                         |                     |   |  |
| From federal government                      | 997,000                 | 997,000             | -   | (997,000)  |
| Other governmental revenue                   | -                       | -                   | 9,647,953                                       | 9,647,953  |
| Investment earnings                          | 81,823                  | 81,823              | 153,583   | 71,760   |
| Miscellaneous                                | 11,794,488              | 11,794,488          | 906,114   | (10,888,374)   |
| Total inflows                                | <u>12,873,311</u>       | <u>12,873,311</u>   | <u>10,707,650</u>                               | <u>(2,165,661)</u>   |
| Amounts available for appropriation          | <u>39,659,542</u>       | <u>39,659,542</u>   | <u>37,493,881</u>                               | <u>(2,165,661)</u>   |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b> |                         |                     |   |  |
| Contractual services:                        |                         |                     |   |  |
| Highways and streets                         | 798,038                 | 2,651,692           | 977,787   | (1,673,905)  |
| Capital outlay                               | 31,593,609              | 28,206,525          | 1,730,542                                       | (26,475,983)   |
| Contingencies                                | 1,416,842               | 1,496,952           | -   | (1,496,952)  |
| Total charges to appropriations              | <u>33,808,489</u>       | <u>32,355,169</u>   | <u>2,708,329</u>                                | <u>(29,646,840)</u>  |
| Budgetary fund balance, June 30, 2012        | <u>\$ 5,851,053</u>     | <u>\$ 7,304,373</u> | <u>\$ 34,785,552</u>                            | <u>\$ 27,481,179</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                                   | \$ 37,493,881        |
| 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 | (26,786,231)         |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis   | 2,405,133            |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds                 | <u>\$ 13,112,783</u> |

**Uses/outflows or resources:**

|  |                     |
|--|---------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule                    | \$ 2,708,329        |
| Differences - budget to GAAP:  |                     |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                 | 480,929             |
| Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 3,189,258</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.

#### **Storm Drain Utility**

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

#### **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, 2012**

|   | <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                                      | \$ 32,641,807           | \$ 32,641,807          | \$ 33,649,782            | \$ 1,007,975         |
| Miscellaneous   | 170,000                 | 170,000                | 60                       | (169,940)            |
| Total operating revenues                                  | <u>32,811,807</u>       | <u>32,811,807</u>      | <u>33,649,842</u>        | <u>838,035</u>       |
| <b>OPERATING EXPENSES:</b>                                |                         |                        |                          |                      |
| Salaries, wages and benefits                              | 4,796,834               | 4,774,787              | 4,440,751                | (334,036)            |
| Contractual services, materials and supplies              | 16,411,441              | 16,482,334             | 15,412,523               | (1,069,811)          |
| Capital outlay  | 12,680,332              | 12,760,924             | 1,706,633                | (11,054,291)         |
| Contingencies   | 3,642,922               | 3,420,447              | -                        | (3,420,447)          |
| Total operating expenses                                  | <u>37,531,529</u>       | <u>37,438,492</u>      | <u>21,559,907</u>        | <u>(15,878,585)</u>  |
| Operating income (loss)                                   | <u>(4,719,722)</u>      | <u>(4,626,685)</u>     | <u>12,089,935</u>        | <u>16,716,620</u>    |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                  |                         |                        |                          |                      |
| Investment income   | 244,000                 | 244,000                | 187,105                  | (56,895)             |
| Proceeds from bonds or contracts payable                  | -                       | -                      | 17,092,176               | 17,092,176           |
| Interest expense  | (1,829,896)             | (1,537,612)            | (1,922,381)              | (384,769)            |
| Debt principal payments                                   | (3,254,498)             | (3,407,706)            | (19,960,120)             | (16,552,414)         |
| Total nonoperating revenues (expenses)                    | <u>(4,840,394)</u>      | <u>(4,701,318)</u>     | <u>(4,603,220)</u>       | <u>98,098</u>        |
| Income (loss) before contributions and transfers          | <u>(9,560,116)</u>      | <u>(9,328,003)</u>     | <u>7,486,715</u>         | <u>16,814,718</u>    |
| Capital contributions                                     | 1,080,670               | 1,080,670              | 1,904,299                | 823,629              |
| Transfers in  | 112,213                 | 112,213                | 112,213                  | -                    |
| Transfers (out)   | (3,896,367)             | (3,896,367)            | (4,618,000)              | (721,633)            |
| Excess (deficit) revenues over expenses - budgetary basis | <u>\$ (12,263,600)</u>  | <u>\$ (12,031,487)</u> | <u>\$ 4,885,227</u>      | <u>\$ 16,916,714</u> |

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

|  |                     |
|--|---------------------|
| The City budgets certain revenues on the cash basis, rather than on the accrual basis.   | 282,795             |
| Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.  | (71,238)            |
| 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. | (17,092,176)        |
| 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.   | 71,238              |
| The City budgets compensated absences on the cash basis, rather than the accrual basis.  | (77,022)            |
| The City budgets certain other expenditures on the cash basis, rather than the accrual basis.  | 69,785              |
| Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.  | 1,627,358           |
| Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.  | 6,493,136           |
| 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.  | 19,960,120          |
| Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.   | (8,790,374)         |
| 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.   | (54,631)            |
| The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.  | (2,798)             |
| Certain transfers in/(out) are not budgeted items, but are other financing sources(uses) for GAAP purposes.  | 16,650              |
| Change in net assets per the statement of revenues, expenses and changes in fund net assets  | <u>\$ 7,318,070</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, 2012**

|   | <u>Budgeted Amounts</u> |                       | <u>Actual</u>                              | <u>Variance with</u>                                 |
|---|-------------------------|-----------------------|--|--|
|   | <u>Original</u>         | <u>Final</u>          | <u>Amounts</u><br><u>(budgetary basis)</u> | <u>Final Budget</u><br><u>Over</u><br><u>(Under)</u> |
| <b>OPERATING REVENUES:</b>                                |                         |                       |  |  |
| Charges for services                                      | \$ 19,181,801           | \$ 19,181,801         | \$ 17,915,746                              | \$ (1,266,055)                                       |
| Miscellaneous   | 50,000                  | 50,000                | 49,213                                     | (787)  |
| Total operating revenues                                  | <u>19,231,801</u>       | <u>19,231,801</u>     | <u>17,964,959</u>                          | <u>(1,266,842)</u>                                   |
| <b>OPERATING EXPENSES:</b>                                |                         |                       |  |  |
| Salaries, wages and benefits                              | 2,366,421               | 2,369,045             | 2,282,636                                  | (86,409)   |
| Contractual services, materials and supplies              | 8,482,351               | 8,362,854             | 7,245,912                                  | (1,116,942)  |
| Capital outlay  | 9,874,560               | 10,040,688            | 2,676,668                                  | (7,364,020)  |
| Contingencies   | 1,103,748               | 1,082,957             | -  | (1,082,957)  |
| Total operating expenses                                  | <u>21,827,080</u>       | <u>21,855,544</u>     | <u>12,205,216</u>                          | <u>(9,650,328)</u>                                   |
| Operating income (loss)                                   | <u>(2,595,279)</u>      | <u>(2,623,743)</u>    | <u>5,759,743</u>                           | <u>8,383,486</u>                                     |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                  |                         |                       |  |  |
| Investment income   | 113,700                 | 113,680               | 60,084                                     | (53,596)   |
| Proceeds from bonds or contracts payable                  | -                       | -                     | 6,187,824                                  | 6,187,824  |
| Interest expense  | (2,780,888)             | (2,782,842)           | (2,810,464)                                | (27,622)   |
| Debt principal payments                                   | (5,191,687)             | (5,230,480)           | (8,250,477)                                | (3,019,997)  |
| Total nonoperating revenues (expenses)                    | <u>(7,858,875)</u>      | <u>(7,899,642)</u>    | <u>(4,813,033)</u>                         | <u>3,086,609</u>                                     |
| Income (loss) before contributions and transfers          | <u>(10,454,154)</u>     | <u>(10,523,385)</u>   | <u>946,710</u>                             | <u>11,470,095</u>                                    |
| Capital contributions                                     | 443,316                 | 443,316               | 916,117                                    | 472,801  |
| Transfers in  | 2,594,567               | 2,594,567             | 2,619,287                                  | 24,720   |
| Transfers out   | (63,285)                | (63,285)              | (91,490)                                   | (28,205)   |
| Excess (deficit) revenues over expenses - budgetary basis | <u>\$ (7,479,556)</u>   | <u>\$ (7,548,787)</u> | <u>\$ 4,390,624</u>                        | <u>\$ 11,939,411</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.   | 265,869           |
| 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. | (6,187,824)       |
| Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.  | (1,618,711)       |
| 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.   | 1,618,711         |
| The City budgets compensated absences on the cash basis, rather than the accrual basis.  | (36,339)          |
| The City budgets certain other expenditures on the cash basis, rather than the accrual basis.  | (193,649)         |
| Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.  | 1,938,401         |
| Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.  | 2,329,231         |
| 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.  | 8,250,477         |
| Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.   | (9,988,235)       |
| 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.  | (162,975)         |
| Certain transfers in/(out) are not budgeted items, but are other financing sources(uses) for GAAP purposes.  | (34,364)          |
| Change in net assets per the statement of revenues, expenses and changes in fund net assets  | <u>\$ 571,216</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, 2012**

|   | <u>Budgeted Amounts</u> |                     | <u>Actual</u>                              | <u>Variance with</u>                                 |
|---|-------------------------|---------------------|--|--|
|   | <u>Original</u>         | <u>Final</u>        | <u>Amounts</u><br><u>(budgetary basis)</u> | <u>Final Budget</u><br><u>Over</u><br><u>(Under)</u> |
| <b>OPERATING REVENUES:</b>                                |                         |                     |  |  |
| Charges for services                                      | \$ 12,982,418           | \$ 12,982,418       | \$ 12,799,964                              | \$ (182,454)   |
| Miscellaneous   | -                       | -                   | -  | -  |
| Total operating revenues                                  | <u>12,982,418</u>       | <u>12,982,418</u>   | <u>12,799,964</u>                          | <u>(182,454)</u>                                     |
| <b>OPERATING EXPENSES:</b>                                |                         |                     |  |  |
| Salaries, wages and benefits                              | 3,254,594               | 3,227,874           | 3,216,833                                  | (11,041)   |
| Contractual services, materials and supplies              | 7,373,422               | 7,400,226           | 6,970,426                                  | (429,800)  |
| Capital outlay  | 956,067                 | 956,067             | 968,908                                    | 12,841   |
| Contingencies   | 2,060,000               | 2,060,000           | -  | (2,060,000)  |
| Total operating expenses                                  | <u>13,644,083</u>       | <u>13,644,167</u>   | <u>11,156,167</u>                          | <u>(2,488,000)</u>                                   |
| Operating income (loss)                                   | <u>(661,665)</u>        | <u>(661,749)</u>    | <u>1,643,797</u>                           | <u>2,305,546</u>                                     |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                  |                         |                     |  |  |
| Investment income   | 12,000                  | 12,000              | 88,338                                     | 76,338   |
| Debt principal payments                                   | (5,310)                 | (5,310)             | (6,018)                                    | (708)  |
| Total nonoperating revenues (expenses)                    | <u>6,690</u>            | <u>6,690</u>        | <u>82,320</u>                              | <u>75,630</u>  |
| Income (loss) before contributions and transfers          | <u>(654,975)</u>        | <u>(655,059)</u>    | <u>1,726,117</u>                           | <u>2,381,176</u>                                     |
| Capital contributions                                     | 121,500                 | 121,500             | 70,434                                     | (51,066)   |
| Transfers in  | 85,668                  | 85,668              | 85,668                                     | -  |
| Transfers (out)   | (82,282)                | (82,282)            | (85,511)                                   | (3,229)  |
| Excess (deficit) revenues over expenses - budgetary basis | <u>\$ (530,089)</u>     | <u>\$ (530,173)</u> | <u>\$ 1,796,708</u>                        | <u>\$ 2,326,881</u>                                  |

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

|  |                     |
|--|---------------------|
| The City budgets certain revenues on the cash basis, rather than on the accrual basis.   | 15,801              |
| Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.                                  | (963,620)           |
| 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. | 963,620             |
| The City budgets compensated absences on the cash basis, rather than the accrual basis.  | (63,710)            |
| The City budgets certain other expenditures on the cash basis, rather than the accrual basis.  | (299,939)           |
| Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.  | 968,908             |
| 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.                            | 6,018               |
| Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.   | (1,071,610)         |
| The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.  | 5,651               |
| Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.  | (96,578)            |
| Change in net assets per the statement of revenues, expenses and changes in fund net assets  | <u>\$ 1,261,249</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, 2012**

|   | <u>Budgeted Amounts</u> |                       | <u>Actual</u>                              | <u>Variance with</u>                                 |
|---|-------------------------|-----------------------|--|--|
|   | <u>Original</u>         | <u>Final</u>          | <u>Amounts</u><br><u>(budgetary basis)</u> | <u>Final Budget</u><br><u>Over</u><br><u>(Under)</u> |
| <b>OPERATING REVENUES:</b>                                |                         |                       |  |  |
| Charges for services                                      | \$ 1,276,239            | \$ 1,276,239          | \$ 1,250,707                               | \$ (25,532)  |
| Rents   | 1,424,000               | 1,424,000             | 1,484,343                                  | 60,343   |
| Miscellaneous   | -                       | -                     | 2,750                                      | 2,750  |
| Total operating revenues                                  | <u>2,700,239</u>        | <u>2,700,239</u>      | <u>2,737,800</u>                           | <u>37,561</u>  |
| <b>OPERATING EXPENSES:</b>                                |                         |                       |  |  |
| Salaries, wages and benefits                              | 1,459,806               | 1,448,538             | 1,462,548                                  | 14,010   |
| Contractual services, materials and supplies              | 2,893,358               | 2,893,358             | 2,867,483                                  | (25,875)   |
| Contingencies   | 1,450,000               | 1,450,000             | -  | (1,450,000)  |
| Total operating expenses                                  | <u>5,803,164</u>        | <u>5,791,896</u>      | <u>4,330,031</u>                           | <u>(1,461,865)</u>                                   |
| Operating loss  | <u>(3,102,925)</u>      | <u>(3,091,657)</u>    | <u>(1,592,231)</u>                         | <u>1,499,426</u>                                     |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                  |                         |                       |  |  |
| Investment income   | 9,975                   | 9,975                 | 10,889                                     | 914  |
| Interest expense  | (6,438)                 | (12,104)              | (12,181)                                   | (77)   |
| Debt principal payments                                   | (53,399)                | (165,904)             | (165,904)                                  | -  |
| Total nonoperating revenues (expenses)                    | <u>(49,862)</u>         | <u>(168,033)</u>      | <u>(167,196)</u>                           | <u>837</u>   |
| Income (loss) before transfers                            | <u>(3,152,787)</u>      | <u>(3,259,690)</u>    | <u>(1,759,427)</u>                         | <u>1,500,263</u>                                     |
| Transfers in  | 2,056,232               | 2,056,232             | 2,177,039                                  | 120,807  |
| Transfers (out)   | (109,240)               | (109,240)             | (170,243)                                  | (61,003)   |
| Excess (deficit) revenues over expenses - budgetary basis | <u>\$ (1,205,795)</u>   | <u>\$ (1,312,698)</u> | <u>\$ 247,369</u>                          | <u>\$ (1,560,067)</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.   | 5,508               |
| Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.                                  | (33,689)            |
| The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules. | 33,689              |
| The City budgets compensated absences on the cash basis, rather than the accrual basis.  | (25,541)            |
| The City budgets certain other expenditures on the cash basis, rather than the accrual basis.  | (171,854)           |
| 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.                            | 165,904             |
| Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.   | (727,747)           |
| 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.                   | 7,352               |
| Change in net assets per the statement of revenues, expenses and changes in fund net assets  | <u>\$ (376,744)</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  
STORM DRAIN UTILITY FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

|   | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts<br/>(budgetary basis)</u> | <u>Variance with<br/>Final Budget<br/>Over<br/>(Under)</u> |
|---|-------------------------|---------------------|---|--|
|   | <u>Original</u>         | <u>Final</u>        |   |  |
| <b>OPERATING REVENUES:</b>                                |                         |                     |   |  |
| Charges for services                                      | \$ 801,000              | \$ 801,000          | \$ 798,700                                      | \$ (2,300)   |
| Total operating revenues                                  | <u>801,000</u>          | <u>801,000</u>      | <u>798,700</u>                                  | <u>(2,300)</u>   |
| <b>OPERATING EXPENSES:</b>                                |                         |                     |   |  |
| Salaries, wages and benefits                              | 294,709                 | 293,043             | 280,168   | (12,875)   |
| Contractual services, materials and supplies              | 470,957                 | 474,648             | 539,269   | 64,621   |
| Contingencies   | 154,870                 | 154,870             | -   | (154,870)  |
| Total operating expenses                                  | <u>920,536</u>          | <u>922,561</u>      | <u>819,437</u>                                  | <u>(103,124)</u>   |
| Operating income (loss)                                   | <u>(119,536)</u>        | <u>(121,561)</u>    | <u>(20,737)</u>                                 | <u>100,824</u>   |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                  |                         |                     |   |  |
| Investment income   | 4,000                   | 4,000               | 3,214   | (786)  |
| Total nonoperating revenues (expenses)                    | <u>4,000</u>            | <u>4,000</u>        | <u>3,214</u>                                    | <u>(786)</u>   |
| Income (loss) before contributions and transfers          | <u>(115,536)</u>        | <u>(117,561)</u>    | <u>(17,523)</u>                                 | <u>100,038</u>   |
| Transfers in  | 4,073                   | 4,073               | 4,073   | -  |
| Excess (deficit) revenues over expenses - budgetary basis | <u>\$ (111,463)</u>     | <u>\$ (113,488)</u> | <u>\$ (13,450)</u>                              | <u>\$ 100,038</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.        | 5,122           |
| The City budgets compensated absences on the cash basis, rather than the accrual basis.       | (16,581)        |
| The City budgets certain other expenditures on the cash basis, rather than the accrual basis. | 33,772          |
| Change in net assets per the statement of revenues, expenses and changes in fund net assets   | <u>\$ 8,863</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, 2012**

|   | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts<br/>(budgetary basis)</u> | <u>Variance with<br/>Final Budget<br/>Over<br/>(Under)</u> |
|---|-------------------------|---------------------|---|--|
|   | <u>Original</u>         | <u>Final</u>        |   |  |
| <b>OPERATING REVENUES:</b>                                |                         |                     |   |  |
| Rent  | -                       | -                   | 125,069   | 125,069  |
| From federal government                                   | -                       | -                   | 140,461   | 140,461  |
| Miscellaneous   | -                       | -                   | 6,321   | 6,321  |
| Total operating revenues                                  | <u>-</u>                | <u>-</u>            | <u>271,851</u>                                  | <u>271,851</u>   |
| <b>OPERATING EXPENSES:</b>                                |                         |                     |   |  |
| Contractual services, materials and supplies              | <u>327,871</u>          | <u>327,871</u>      | <u>318,664</u>                                  | <u>(9,207)</u>   |
| Total operating expenses                                  | <u>327,871</u>          | <u>327,871</u>      | <u>318,664</u>                                  | <u>(9,207)</u>   |
| Operating income (loss)                                   | <u>(327,871)</u>        | <u>(327,871)</u>    | <u>(46,813)</u>                                 | <u>281,058</u>   |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                  |                         |                     |   |  |
| Investment income   | <u>2,900</u>            | <u>2,900</u>        | <u>98</u>                                       | <u>(2,802)</u>   |
| Total nonoperating revenues (expenses)                    | <u>2,900</u>            | <u>2,900</u>        | <u>98</u>                                       | <u>(2,802)</u>   |
| Income (loss) before transfers                            | <u>(324,971)</u>        | <u>(324,971)</u>    | <u>(46,715)</u>                                 | <u>278,256</u>   |
| Excess (deficit) revenues over expenses - budgetary basis | <u>\$ (324,971)</u>     | <u>\$ (324,971)</u> | <u>\$ (46,715)</u>                              | <u>\$ 278,256</u>  |

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

|  |                     |
|--|---------------------|
| Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.                           | (85,211)            |
| The gain/loss on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes. |                     |
| Change in net assets per the statement of revenues, expenses and changes in fund net assets                            | <u>\$ (121,760)</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 programs, including liability and property damage, workers' compensation insurance, and employee health insurance. This fund provides the excess insurance coverage for claims over the self-insurance limits; claims under the limits are charged directly to the Self-Insurance Fund. Detailed Combining Schedules of the three self-insurance programs are provided in the Supplemental Information tab of this document.

### **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, 2012**

|   | <b>Motor Pool<br/>Fund</b> | <b>Self-<br/>Insurance<br/>Fund</b> | <b>Facilities<br/>Maintenance<br/>Fund</b> | <b>Information<br/>Technology<br/>Fund</b> | <b>Total</b>         |
|---|----------------------------|-------------------------------------|--|--|----------------------|
| <b>ASSETS</b>                                   |                            |                                     |  |  |                      |
| Current assets:                                 |                            |                                     |  |  |                      |
| Cash and cash equivalents                       | \$ 2,057,257               | \$ 2,652,307                        | \$ 12,152                                  | \$ 874,451                                 | \$ 5,596,167         |
| Investments                                     | 8,590,238                  | 11,076,864                          | 50,740                                     | 3,651,339                                  | 23,369,181           |
| Interest receivable                             | 5,650                      | 6,593                               | 234  | 1,658                                      | 14,135               |
| Supplies inventory                              | 160,518                    | -                                   | -  | -  | 160,518              |
| Total current assets                            | <u>10,813,663</u>          | <u>13,735,764</u>                   | <u>63,126</u>                              | <u>4,527,448</u>                           | <u>29,140,001</u>    |
| Non-current assets:                             |                            |                                     |  |  |                      |
| Capital assets:                                 |                            |                                     |  |  |                      |
| Buildings and improvements                      | -                          | -                                   | -  | 148,102                                    | 148,102              |
| Equipment                                       | 1,048,271                  | -                                   | 17,741                                     | 29,196,757                                 | 30,262,769           |
| Vehicles  | 22,771,962                 | -                                   | -  | -  | 22,771,962           |
| Furniture                                       | -                          | -                                   | -  | 30,745                                     | 30,745               |
| Less accumulated depreciation                   | (16,610,780)               | -                                   | (954)                                      | (22,694,372)                               | (39,306,106)         |
| Construction in progress                        | 446,428                    | -                                   | -  | 3,793,929                                  | 4,240,357            |
| Total capital assets, net                       | <u>7,655,881</u>           | <u>-</u>                            | <u>16,787</u>                              | <u>10,475,161</u>                          | <u>18,147,829</u>    |
| Total assets                                    | <u>18,469,544</u>          | <u>13,735,764</u>                   | <u>79,913</u>                              | <u>15,002,609</u>                          | <u>47,287,830</u>    |
| <b>LIABILITIES</b>                              |                            |                                     |  |  |                      |
| Current liabilities:                            |                            |                                     |  |  |                      |
| Accounts payable                                | 219,542                    | 1,023,303                           | 82,000                                     | 305,779                                    | 1,630,624            |
| Accrued payroll                                 | 10,914                     | 680                                 | 26,913                                     | 40,416                                     | 78,923               |
| Other current liabilities                       | 2,980                      | 238                                 | 10,122                                     | 15,265                                     | 28,605               |
| Current portion of claims payable               | -                          | 2,268,909                           | -  | -  | 2,268,909            |
| Current portion of compensated absences         | 61,780                     | 1,370                               | 162,220                                    | 254,130                                    | 479,500              |
| Total current liabilities                       | <u>295,216</u>             | <u>3,294,500</u>                    | <u>281,255</u>                             | <u>615,590</u>                             | <u>4,486,561</u>     |
| Non-current liabilities:                        |                            |                                     |  |  |                      |
| Long-term portion of claims payable             | -                          | 4,165,771                           | -  | -  | 4,165,771            |
| Compensated absences                            | 41,580                     | 460                                 | 95,250                                     | 80,200                                     | 217,490              |
| Total long-term liabilities                     | <u>41,580</u>              | <u>4,166,231</u>                    | <u>95,250</u>                              | <u>80,200</u>                              | <u>4,383,261</u>     |
| Total liabilities                               | <u>336,796</u>             | <u>7,460,731</u>                    | <u>376,505</u>                             | <u>695,790</u>                             | <u>8,869,822</u>     |
| <b>NET ASSETS</b>                               |                            |                                     |  |  |                      |
| Invested in capital assets, net of related debt | 7,655,881                  | -                                   | 16,787                                     | 10,475,161                                 | 18,147,829           |
| Restricted - trust purpose                      | -                          | 831,313                             | -  | -  | 831,313              |
| Unrestricted                                    | 10,476,867                 | 5,443,720                           | (313,379)                                  | 3,831,658                                  | 19,438,866           |
| Total net assets                                | <u>\$ 18,132,748</u>       | <u>\$ 6,275,033</u>                 | <u>\$ (296,592)</u>                        | <u>\$ 14,306,819</u>                       | <u>\$ 38,418,008</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, 2012**

|  | <b>Motor Pool<br/>Fund</b> | <b>Self-<br/>Insurance<br/>Fund</b> | <b>Facilities<br/>Maintenance<br/>Fund</b> | <b>Information<br/>Technology<br/>Fund</b> | <b>Total</b>         |
|--|----------------------------|-------------------------------------|--|--|----------------------|
| <b>OPERATING REVENUES</b>                    |                            |                                     |  |  |                      |
| Charges for services                         | \$ 6,028,297               | \$ 16,734,890                       | \$ 5,280,629                               | \$ 7,236,460                               | \$ 35,280,276        |
| From federal government                      | -                          | -                                   | -  | -  | -                    |
| Miscellaneous                                | 12,616                     | 188,008                             | -  | 12,063                                     | 212,687              |
| Total operating revenues                     | <u>6,040,913</u>           | <u>16,922,898</u>                   | <u>5,280,629</u>                           | <u>7,248,523</u>                           | <u>35,492,963</u>    |
| <b>OPERATING EXPENSES</b>                    |                            |                                     |  |  |                      |
| Salaries, wages and employee benefits        | 876,504                    | 126,093                             | 2,633,381                                  | 3,901,140                                  | 7,537,118            |
| Contractual services, materials and supplies | 4,189,777                  | 860,562                             | 2,847,371                                  | 3,430,156                                  | 11,327,866           |
| Insurance claims and expenses                | -                          | 17,812,117                          | -  | -  | 17,812,117           |
| Depreciation and amortization                | 2,177,738                  | -                                   | 954  | 3,211,060                                  | 5,389,752            |
| Total operating expenses                     | <u>7,244,019</u>           | <u>18,798,772</u>                   | <u>5,481,706</u>                           | <u>10,542,356</u>                          | <u>42,066,853</u>    |
| Operating income (loss)                      | <u>(1,203,106)</u>         | <u>(1,875,874)</u>                  | <u>(201,077)</u>                           | <u>(3,293,833)</u>                         | <u>(6,573,890)</u>   |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>     |                            |                                     |  |  |                      |
| Interest and investment income               | 40,225                     | 46,934                              | 1,247                                      | 11,927                                     | 100,333              |
| Gain (Loss) on sale of capital assets        | (703)                      | -                                   | -  | -  | (703)                |
| Total non-operating revenues                 | <u>39,522</u>              | <u>46,934</u>                       | <u>1,247</u>                               | <u>11,927</u>                              | <u>99,630</u>        |
| Income (loss) before transfers               | <u>(1,163,584)</u>         | <u>(1,828,940)</u>                  | <u>(199,830)</u>                           | <u>(3,281,906)</u>                         | <u>(6,474,260)</u>   |
| Capital contributions                        | 23,006                     | -                                   | -  | -  | 23,006               |
| Transfers in                                 | 326,881                    | -                                   | -  | 2,545,730                                  | 2,872,611            |
| Transfers out                                | (107,576)                  | (69,170)                            | (1,351,500)                                | (19,000)                                   | (1,547,246)          |
| Change in net assets                         | <u>(921,273)</u>           | <u>(1,898,110)</u>                  | <u>(1,551,330)</u>                         | <u>(755,176)</u>                           | <u>(5,125,889)</u>   |
| Total net assets - beginning                 | <u>19,054,021</u>          | <u>8,173,143</u>                    | <u>1,254,738</u>                           | <u>15,061,995</u>                          | <u>43,543,897</u>    |
| Total net assets - ending                    | <u>\$ 18,132,748</u>       | <u>\$ 6,275,033</u>                 | <u>\$ (296,592)</u>                        | <u>\$ 14,306,819</u>                       | <u>\$ 38,418,008</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, 2012**

|  | <b>Motor Pool<br/>Fund</b> | <b>Self-<br/>Insurance<br/>Fund</b> | <b>Facilities<br/>Maintenance<br/>Fund</b> | <b>Information<br/>Technology<br/>Fund</b> | <b>Total</b>        |
|--|----------------------------|-------------------------------------|--|--|---------------------|
| <b>Increase (decrease) in cash and cash equivalents</b>  |                            |                                     |  |  |                     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                            |                                     |  |  |                     |
| Receipts from customers  | \$ 6,040,913               | \$ 16,927,277                       | \$ 5,280,629                               | \$ 7,257,938                               | \$ 35,506,757       |
| Payments to suppliers  | (4,066,603)                | (740,073)                           | (2,945,353)                                | (3,575,578)                                | (11,327,607)        |
| Payments to employees  | (846,626)                  | (132,357)                           | (2,576,346)                                | (3,844,293)                                | (7,399,622)         |
| Self-insurance costs   | -                          | (14,532,437)                        | -  | -  | (14,532,437)        |
| Net cash provided (used) by operating activities   | <u>1,127,684</u>           | <u>1,522,410</u>                    | <u>(241,070)</u>                           | <u>(161,933)</u>                           | <u>2,247,091</u>    |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>  |                            |                                     |  |  |                     |
| Transfers in   | 326,881                    | -                                   | -  | 2,545,730                                  | 2,872,611           |
| Transfers out  | (107,576)                  | (69,170)                            | (1,351,500)                                | (19,000)                                   | (1,547,246)         |
| Net cash provided (used) by non-capital financing activities   | <u>219,305</u>             | <u>(69,170)</u>                     | <u>(1,351,500)</u>                         | <u>2,526,730</u>                           | <u>1,325,365</u>    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |                            |                                     |  |  |                     |
| Acquisition and construction of capital assets   | (1,222,226)                | -                                   | (17,741)                                   | (1,972,752)                                | (3,212,719)         |
| Disposal of capital assets   | 81,856                     | -                                   | -  | -  | 81,856              |
| Net cash flows used by capital and related financing activities  | <u>(1,140,370)</u>         | <u>-</u>                            | <u>(17,741)</u>                            | <u>(1,972,752)</u>                         | <u>(3,130,863)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                            |                                     |  |  |                     |
| Purchase of investments  | (13,120,625)               | (16,906,863)                        | (74,975)                                   | (5,585,638)                                | (35,688,101)        |
| Proceeds from sale of investments  | 11,084,231                 | 13,535,995                          | 1,077,698                                  | 4,532,526                                  | 30,230,450          |
| Interest received on investments   | 50,443                     | 58,881                              | 3,047                                      | 14,528                                     | 126,899             |
| Net cash provided (used) by investing activities   | <u>(1,985,951)</u>         | <u>(3,311,987)</u>                  | <u>1,005,770</u>                           | <u>(1,038,584)</u>                         | <u>(5,330,752)</u>  |
| Net increase (decrease) in cash and cash equivalents   | (1,779,332)                | (1,858,747)                         | (604,541)                                  | (646,539)                                  | (4,889,159)         |
| Cash and cash equivalents at beginning of year   | 3,836,589                  | 4,511,054                           | 616,693                                    | 1,520,990                                  | 10,485,326          |
| Cash and cash equivalents at end of year   | <u>\$ 2,057,257</u>        | <u>\$ 2,652,307</u>                 | <u>\$ 12,152</u>                           | <u>\$ 874,451</u>                          | <u>\$ 5,596,167</u> |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>     |                            |                                     |  |  |                     |
| Operating income (loss)  | \$ (1,203,106)             | \$ (1,875,874)                      | \$ (201,077)                               | \$ (3,293,833)                             | \$ (6,573,890)      |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                            |                                     |  |  |                     |
| Depreciation and amortization  | 2,177,738                  | -                                   | 954  | 3,211,060                                  | 5,389,752           |
| (Increase) decrease in assets:   |                            |                                     |  |  |                     |
| Accounts receivable  | -                          | 4,379                               | -  | 9,415                                      | 13,794              |
| Supplies inventory   | (1,047)                    | -                                   | -  | -  | (1,047)             |
| Increase (decrease) in liabilities:  |                            |                                     |  |  |                     |
| Accounts payable   | 124,221                    | 120,489                             | (97,982)                                   | (145,422)                                  | 1,306               |
| Accrued payroll  | 3,928                      | (512)                               | (557)                                      | (8,988)                                    | (6,129)             |
| Other liabilities  | 2,980                      | 238                                 | 10,122                                     | 15,265                                     | 28,605              |
| Claims payable   | -                          | 3,279,680                           | -  | -  | 3,279,680           |
| Compensated absences   | 22,970                     | (5,990)                             | 47,470                                     | 50,570                                     | 115,020             |
| Total adjustments  | <u>2,330,790</u>           | <u>3,398,284</u>                    | <u>(39,993)</u>                            | <u>3,131,900</u>                           | <u>8,820,981</u>    |
| Net cash provided (used) by operating activities   | <u>\$ 1,127,684</u>        | <u>\$ 1,522,410</u>                 | <u>\$ (241,070)</u>                        | <u>\$ (161,933)</u>                        | <u>\$ 2,247,091</u> |
| Non-cash investing, capital and financing activities:  |                            |                                     |  |  |                     |
| Capital assets acquired through contributions from developers  | \$ 23,006                  | \$ -                                | \$ -                                       | \$ -                                       | \$ 23,006           |
| Decrease in fair market value of investments   | (4,371)                    | (5,108)                             | (602)                                      | (1,161)                                    | (11,242)            |
| Total non-cash investing, capital and financing activities   | <u>\$ 18,635</u>           | <u>\$ (5,108)</u>                   | <u>\$ (602)</u>                            | <u>\$ (1,161)</u>                          | <u>\$ 11,764</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, 2012**

|   | <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                                      | \$ 6,308,203            | \$ 6,308,203        | \$ 6,050,463             | \$ (257,740)         |
| Miscellaneous   | -                       | -                   | 12,616                   | 12,616               |
| Total operating revenues                                  | <u>6,308,203</u>        | <u>6,308,203</u>    | <u>6,063,079</u>         | <u>(245,124)</u>     |
| <b>OPERATING EXPENSES:</b>                                |                         |                     |                          |                      |
| Salaries, wages and benefits                              | 892,098                 | 746,417             | 846,626                  | 100,209              |
| Contractual services, materials and supplies              | 3,728,224               | 4,224,820           | 4,088,769                | (136,051)            |
| Capital outlay  | 1,391,998               | 1,187,998           | 924,253                  | (263,745)            |
| Contingencies   | 750,000                 | 750,000             | -                        | (750,000)            |
| Total operating expenses                                  | <u>6,762,320</u>        | <u>6,909,235</u>    | <u>5,859,648</u>         | <u>(1,049,587)</u>   |
| Operating income (loss)                                   | <u>(454,117)</u>        | <u>(601,032)</u>    | <u>203,431</u>           | <u>804,463</u>       |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                  |                         |                     |                          |                      |
| Interest and investment income                            | 35,000                  | 35,000              | 50,443                   | 15,443               |
| Total nonoperating revenues (expenses)                    | <u>35,000</u>           | <u>35,000</u>       | <u>50,443</u>            | <u>15,443</u>        |
| Income (loss) before transfers                            | <u>(419,117)</u>        | <u>(566,032)</u>    | <u>253,874</u>           | <u>819,906</u>       |
| Capital Contributions                                     | -                       | -                   | -                        | -                    |
| Transfers in  | 220,224                 | 220,224             | 16,224                   | (204,000)            |
| Transfers (out)   | (37,412)                | (37,412)            | (58,303)                 | (20,891)             |
| Excess (deficit) revenues over expenses - budgetary basis | <u>\$ (236,305)</u>     | <u>\$ (383,220)</u> | <u>\$ 211,795</u>        | <u>\$ 595,015</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.   | (10,218)            |
| Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.                                  | (22,166)            |
| 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. | 22,166              |
| The City budgets compensated absences on the cash basis, rather than the accrual basis.  | (29,878)            |
| The City budgets certain other expenditures on the cash basis, rather than the accrual basis.  | (123,174)           |
| Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.  | 924,253             |
| Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.  | 23,006              |
| Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.   | (2,177,738)         |
| The gain on sale of capital assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.  | (703)               |
| Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.  | 261,384             |
| Change in net assets per the statement of revenues, expenses and changes in fund net assets  | <u>\$ (921,273)</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, 2012**

|   | <u>Budgeted Amounts</u> |                       | <u>Actual</u>            | <u>Variance with</u> |
|---|-------------------------|-----------------------|--------------------------|----------------------|
|   | <u>Original</u>         | <u>Final</u>          | <u>Amounts</u>           | <u>Final Budget</u>  |
|   |                         |                       | <u>(budgetary basis)</u> | <u>Over</u>          |
|   |                         |                       |                          | <u>(Under)</u>       |
| <b>OPERATING REVENUES:</b>                                |                         |                       |                          |                      |
| Charges for services                                      | \$ 16,743,215           | \$ 16,743,215         | \$ 16,739,269            | \$ (3,946)           |
| Miscellaneous   | -                       | -                     | 188,008                  | 188,008              |
| Total operating revenues                                  | <u>16,743,215</u>       | <u>16,743,215</u>     | <u>16,927,277</u>        | <u>184,062</u>       |
| <b>OPERATING EXPENSES:</b>                                |                         |                       |                          |                      |
| Salaries, wages and benefits                              | 155,755                 | 147,191               | 132,356                  | (14,835)             |
| Contractual services, materials and supplies              | 1,555,623               | 1,555,623             | 749,291                  | (806,332)            |
| Insurance claims and expenses                             | 15,201,544              | 16,931,850            | 14,523,219               | (2,408,631)          |
| Contingencies   | 2,050,000               | 1,484,694             | -                        | (1,484,694)          |
| Total operating expenses                                  | <u>18,962,922</u>       | <u>20,119,358</u>     | <u>15,404,866</u>        | <u>(4,714,492)</u>   |
| Operating loss  | <u>(2,219,707)</u>      | <u>(3,376,143)</u>    | <u>1,522,411</u>         | <u>4,898,554</u>     |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                  |                         |                       |                          |                      |
| Interest and investment income                            | 77,000                  | 76,690                | 58,881                   | (17,809)             |
| Total nonoperating revenues                               | <u>77,000</u>           | <u>76,690</u>         | <u>58,881</u>            | <u>(17,809)</u>      |
| Income (loss) before transfers                            | <u>(2,142,707)</u>      | <u>(3,299,453)</u>    | <u>1,581,292</u>         | <u>4,880,745</u>     |
| Excess (deficit) revenues over expenses - budgetary basis | <u>\$ (2,142,707)</u>   | <u>\$ (3,299,453)</u> | <u>\$ 1,581,292</u>      | <u>\$ 4,880,745</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.        | (16,326)              |
| The City budgets compensated absences on the cash basis, rather than the accrual basis.       | 6,263                 |
| The City budgets insurance claims on the cash basis, rather than the accrual basis.           | (3,279,680)           |
| The City budgets certain other expenditures on the cash basis, rather than the accrual basis. | (120,489)             |
| Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not   |                       |
| Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses)   |                       |
| for GAAP purposes.  | (69,170)              |
| Change in net assets per the statement of revenues, expenses and changes in fund net assets   | <u>\$ (1,898,110)</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, 2012**

|   | <b>Budgeted Amounts</b> |                       | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|---|-------------------------|-----------------------|---|--|
|   | <u>Original</u>         | <u>Final</u>          |   |  |
| <b>OPERATING REVENUES:</b>                                |                         |                       |   |  |
| Charges for services                                      | \$ 5,280,629            | \$ 5,280,629          | \$ 5,280,629                                    | \$ -   |
| Total operating revenues                                  | <u>5,280,629</u>        | <u>5,280,629</u>      | <u>5,280,629</u>                                | <u>-</u>   |
| <b>OPERATING EXPENSES:</b>                                |                         |                       |   |  |
| Salaries, wages and benefits                              | 2,693,723               | 2,659,355             | 2,576,346                                       | (83,009)   |
| Contractual services, materials and supplies              | 2,759,146               | 2,797,219             | 2,945,353                                       | 148,134  |
| Capital outlay  | 18,000                  | 18,000                | 17,741  | (259)  |
| Depreciation and amortization                             | -                       | -                     | -   | -  |
| Total operating expenses                                  | <u>5,470,869</u>        | <u>5,474,574</u>      | <u>5,539,440</u>                                | <u>64,866</u>  |
| Operating income (loss)                                   | <u>(190,240)</u>        | <u>(193,945)</u>      | <u>(258,811)</u>                                | <u>(64,866)</u>  |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                  |                         |                       |   |  |
| Interest and investment income                            | 5,000                   | 5,000                 | 3,047   | (1,953)  |
| Total nonoperating revenues                               | <u>5,000</u>            | <u>5,000</u>          | <u>3,047</u>                                    | <u>(1,953)</u>   |
| Income (loss) before transfers                            | <u>(185,240)</u>        | <u>(188,945)</u>      | <u>(255,764)</u>                                | <u>(66,819)</u>  |
| Transfers (out)   | <u>(1,351,500)</u>      | <u>(1,351,500)</u>    | <u>(1,351,500)</u>                              | <u>-</u>   |
| Excess (deficit) revenues over expenses - budgetary basis | <u>\$ (1,536,740)</u>   | <u>\$ (1,540,445)</u> | <u>\$ (1,607,264)</u>                           | <u>\$ (66,819)</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.                                    | (1,800)               |
| The City budgets compensated absences on the cash basis, rather than the accrual basis.                                   | (57,035)              |
| The City budgets certain other expenditures on the cash basis, rather than the accrual basis.                             | 97,982                |
| Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes. | 17,741                |
| Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes                               | (954)                 |
| Change in net assets per the statement of revenues, expenses and changes in fund net assets                               | <u>\$ (1,551,330)</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, 2012**

|   | <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                                      | \$ 7,265,093            | \$ 7,265,093        | \$ 7,274,508             | \$ 9,415             |
| Miscellaneous   | -                       | -                   | 12,063                   | 12,063               |
| Total operating revenues                                  | <u>7,265,093</u>        | <u>7,265,093</u>    | <u>7,286,571</u>         | <u>21,478</u>        |
| <b>OPERATING EXPENSES:</b>                                |                         |                     |                          |                      |
| Salaries, wages and benefits                              | 3,966,271               | 3,939,033           | 3,844,293                | (94,740)             |
| Contractual services, materials and supplies              | 3,922,555               | 3,922,555           | 3,588,605                | (333,950)            |
| Capital outlay  | 526,144                 | 526,144             | 327,674                  | (198,470)            |
| Contingencies   | 481,838                 | 481,838             | -                        | (481,838)            |
| Total operating expenses                                  | <u>8,896,808</u>        | <u>8,869,570</u>    | <u>7,760,572</u>         | <u>(1,108,998)</u>   |
| Operating loss  | <u>(1,631,715)</u>      | <u>(1,604,477)</u>  | <u>(474,001)</u>         | <u>1,130,476</u>     |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                  |                         |                     |                          |                      |
| Interest and investment income                            | 22,500                  | 22,500              | 14,528                   | (7,972)              |
| Total nonoperating revenues                               | <u>22,500</u>           | <u>22,500</u>       | <u>14,528</u>            | <u>(7,972)</u>       |
| Income before transfers                                   | <u>(1,609,215)</u>      | <u>(1,581,977)</u>  | <u>(459,473)</u>         | <u>1,122,504</u>     |
| Transfers in  | 2,035,046               | 2,035,046           | 2,035,046                | -                    |
| Transfers (out)   | (1,169,000)             | (1,169,000)         | (1,169,000)              | -                    |
| Excess (deficit) revenues over expenses - budgetary basis | <u>\$ (743,169)</u>     | <u>\$ (715,931)</u> | <u>\$ 406,573</u>        | <u>\$ 1,122,504</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.   | (12,016)            |
| The City budgets compensated absences on the cash basis, rather than the accrual basis.  | (56,847)            |
| Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.                                  | (28,633)            |
| 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. | 28,633              |
| The City budgets certain other expenditures on the cash basis, rather than the accrual basis.  | 145,422             |
| Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.  | 312,068             |
| Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.   | (3,211,060)         |
| Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.  | 1,660,684           |
| Change in net assets per the statement of revenues, expenses and changes in fund net assets  | <u>\$ (755,176)</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 NFP 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 NFP 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, 2012**

|                                     | <b>Terramar<br/>Infrastructure<br/>Fund</b> | <b>Neighborhood<br/>Pride<br/>NFP Fund</b> | <b>PLAY<br/>Peoria<br/>NFP Fund</b> | <b>Peoria<br/>Citizens Corp<br/>Council<br/>NFP Fund</b> | <b>Westside<br/>Fire<br/>Training<br/>IGA Fund</b> | <b>Total</b>   |
|-------------------------------------|---|--|-------------------------------------|--|--|----------------|
| <b>ASSETS</b>                       |   |  |                                     |  |  |                |
| Cash and cash equivalents           | \$ 74,382                                   | \$ -                                       | \$ 6,101                            | \$ 398   | \$ 5,350   | \$ 86,231      |
| Investments (pooled), at fair value | 310,588                                     | -  | 25,476                              | 1,661  | 22,340   | 360,065        |
| Total assets                        | <u>384,970</u>                              | <u>-</u>                                   | <u>31,577</u>                       | <u>2,059</u>   | <u>27,690</u>                                      | <u>446,296</u> |
| <b>LIABILITIES</b>                  |   |  |                                     |  |  |                |
| Accounts payable                    | -   | -  | 397                                 | -  | 27   | 424            |
| Other liabilities                   | 384,970                                     | -  | 31,180                              | 2,059  | 27,663   | 445,872        |
| Total liabilities                   | <u>384,970</u>                              | <u>-</u>                                   | <u>31,577</u>                       | <u>2,059</u>   | <u>27,690</u>                                      | <u>446,296</u> |

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

|  | Balance<br>June 30, 2011 | Additions      | Deductions     | Balance<br>June 30, 2012 |
|--|--------------------------|----------------|----------------|--------------------------|
| <b>Terramar Infrastructure Fund</b>          |                          |                |                |                          |
| Assets:                                      |                          |                |                |                          |
| Cash and cash equivalents                    | \$ 142,147               | \$ 242,823     | \$ 310,588     | \$ 74,382                |
| Investments                                  | 242,823                  | 310,588        | 242,823        | 310,588                  |
| Total Assets                                 | <u>384,970</u>           | <u>553,411</u> | <u>553,411</u> | <u>384,970</u>           |
| Liabilities:                                 |                          |                |                |                          |
| Other liabilities                            | <u>384,970</u>           | -              | -              | <u>384,970</u>           |
| <b>Neighborhood Pride NFP Fund</b>           |                          |                |                |                          |
| Assets:                                      |                          |                |                |                          |
| Cash and cash equivalents                    | 5,938                    | 35,341         | 41,279         | -                        |
| Investments                                  | 10,144                   | -              | 10,144         | -                        |
| Total Assets                                 | <u>16,082</u>            | <u>35,341</u>  | <u>51,423</u>  | <u>-</u>                 |
| Liabilities:                                 |                          |                |                |                          |
| Accounts payable                             | 153                      | 27,121         | 27,274         | -                        |
| Other liabilities                            | 15,929                   | 25,350         | 41,279         | -                        |
| Total Liabilities                            | <u>16,082</u>            | <u>52,471</u>  | <u>68,553</u>  | <u>-</u>                 |
| <b>PLAY Peoria NFP Fund</b>                  |                          |                |                |                          |
| Assets:                                      |                          |                |                |                          |
| Cash and cash equivalents                    | 3,631                    | 39,330         | 36,860         | 6,101                    |
| Investments                                  | 6,202                    | 25,476         | 6,202          | 25,476                   |
| Total Assets                                 | <u>9,833</u>             | <u>64,806</u>  | <u>43,062</u>  | <u>31,577</u>            |
| Liabilities:                                 |                          |                |                |                          |
| Accounts payable                             | -                        | 3,512          | 3,115          | 397                      |
| Other liabilities                            | 9,833                    | 29,272         | 7,925          | 31,180                   |
| Total Liabilities                            | <u>9,833</u>             | <u>32,784</u>  | <u>11,040</u>  | <u>31,577</u>            |
| <b>Peoria Citizens Corp Council NFP Fund</b> |                          |                |                |                          |
| Assets:                                      |                          |                |                |                          |
| Cash and cash equivalents                    | 2,041                    | 7,048          | 8,691          | 398                      |
| Investments                                  | 3,486                    | 1,661          | 3,486          | 1,661                    |
| Total Assets                                 | <u>5,527</u>             | <u>8,709</u>   | <u>12,177</u>  | <u>2,059</u>             |
| Liabilities:                                 |                          |                |                |                          |
| Accounts payable                             | -                        | -              | -              | -                        |
| Other liabilities                            | 5,527                    | 3,562          | 7,030          | 2,059                    |
| Total Liabilities                            | <u>5,527</u>             | <u>3,562</u>   | <u>7,030</u>   | <u>2,059</u>             |
| <b>Westside Fire Training IGA Fund</b>       |                          |                |                |                          |
| Assets:                                      |                          |                |                |                          |
| Cash and cash equivalents                    | 10,523                   | 23,157         | 28,330         | 5,350                    |
| Investments                                  | 17,976                   | 22,340         | 17,976         | 22,340                   |
| Total Assets                                 | <u>28,499</u>            | <u>45,497</u>  | <u>46,306</u>  | <u>27,690</u>            |
| Liabilities:                                 |                          |                |                |                          |
| Accounts payable                             | 69                       | 5,949          | 5,991          | 27                       |
| Other liabilities                            | 28,430                   | 3,181          | 3,948          | 27,663                   |
| Total Liabilities                            | <u>28,499</u>            | <u>9,130</u>   | <u>9,939</u>   | <u>27,690</u>            |
| <b>Totals - All Agency Funds</b>             |                          |                |                |                          |
| Assets:                                      |                          |                |                |                          |
| Cash and cash equivalents                    | 164,280                  | 347,699        | 425,748        | 86,231                   |
| Investments                                  | 280,631                  | 360,065        | 280,631        | 360,065                  |
| Total Assets                                 | <u>444,911</u>           | <u>707,764</u> | <u>706,379</u> | <u>446,296</u>           |
| Liabilities:                                 |                          |                |                |                          |
| Accounts payable                             | 222                      | 36,582         | 36,380         | 424                      |
| Other liabilities                            | 444,689                  | 61,365         | 60,182         | 445,872                  |
| Total Liabilities                            | <u>444,911</u>           | <u>97,947</u>  | <u>96,562</u>  | <u>446,296</u>           |

The accompanying notes are an integral part of the financial statements



# Supplemental Information Slip Sheet

## OTHER SUPPLEMENTARY INFORMATION

This section contains schedules which the City deems necessary to provide detailed schedules of the self-insurance programs, as well as 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> |
|--|-------------|
| Combining Detailed Schedules – Self-Insurance Fund                                   |             |
| Combining Detailed Schedule of Net Assets  | 136         |
| Combining Detailed Schedule of Revenues, Expenses, and<br>Changes in Fund Net Assets | 137         |
| <br>Federal Financial Data Schedule  | <br>138     |
| <br>Debt Service Schedules   |             |
| Schedule of Changes in Debt – Governmental Activities                                | 141         |
| Schedule of Changes in Debt – Business-type Activities                               | 142         |
| Schedule of Bonded Debt Service Requirements to Maturity                             | 143         |
| <br>Capital Assets Schedules   |             |
| Schedule of Capital Assets by Function and Classification                            | 146         |
| Schedule of Changes in Capital Assets by Function – Governmental Activities          | 148         |
| <br>Schedule of Interfund Transfers  | <br>149     |

**CITY OF PEORIA, ARIZONA**  
**COMBINING DETAILED SCHEDULE OF NET ASSETS**  
**SELF-INSURANCE FUND**  
**JUNE 30, 2012**

|   | Risk<br>Management<br>Fund | Employee Trust                   |                             | Total               |
|---|----------------------------|----------------------------------|-----------------------------|---------------------|
|   |                            | Workers'<br>Compensation<br>Fund | Health<br>Insurance<br>Fund |                     |
| <b>ASSETS</b>                           |                            |                                  |                             |                     |
| Current assets:                         |                            |                                  |                             |                     |
| Cash and cash equivalents               | \$ 1,680,570               | \$ 505,033                       | \$ 466,704                  | \$ 2,652,307        |
| Investments                             | 7,019,297                  | 2,108,807                        | 1,948,760                   | 11,076,864          |
| Interest receivable                     | 4,884                      | 472                              | 1,237                       | 6,593               |
| Total current assets                    | <u>8,704,751</u>           | <u>2,614,312</u>                 | <u>2,416,701</u>            | <u>13,735,764</u>   |
| Total assets                            | <u>8,704,751</u>           | <u>2,614,312</u>                 | <u>2,416,701</u>            | <u>13,735,764</u>   |
| <b>LIABILITIES</b>                      |                            |                                  |                             |                     |
| Current liabilities:                    |                            |                                  |                             |                     |
| Accounts payable                        | 113,874                    | 23,969                           | 885,460                     | 1,023,303           |
| Accrued payroll                         | 680                        | -                                | -                           | 680                 |
| Other current liabilities               | 238                        | -                                | -                           | 238                 |
| Current portion of claims payable       | 741,558                    | 814,828                          | 712,523                     | 2,268,909           |
| Current portion of compensated absences | 1,370                      | -                                | -                           | 1,370               |
| Total current liabilities               | <u>857,720</u>             | <u>838,797</u>                   | <u>1,597,983</u>            | <u>3,294,500</u>    |
| Non-current liabilities:                |                            |                                  |                             |                     |
| Compensated absences                    | 460                        | -                                | -                           | 460                 |
| Long-term portion of claims payable     | 2,402,851                  | 1,762,920                        | -                           | 4,165,771           |
| Total long-term liabilities             | <u>2,403,311</u>           | <u>1,762,920</u>                 | <u>-</u>                    | <u>4,166,231</u>    |
| Total liabilities                       | <u>3,261,031</u>           | <u>2,601,717</u>                 | <u>1,597,983</u>            | <u>7,460,731</u>    |
| <b>NET ASSETS</b>                       |                            |                                  |                             |                     |
| Restricted - trust purpose              | -                          | 12,595                           | 818,718                     | 831,313             |
| Unrestricted                            | 5,443,720                  | -                                | -                           | 5,443,720           |
| Total net assets                        | <u>\$ 5,443,720</u>        | <u>\$ 12,595</u>                 | <u>\$ 818,718</u>           | <u>\$ 6,275,033</u> |

**CITY OF PEORIA, ARIZONA**  
**COMBINING DETAILED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**SELF-INSURANCE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

|  | Risk<br>Management<br>Fund | Employee Trust                   |                             | Total               |
|--|----------------------------|----------------------------------|-----------------------------|---------------------|
|  |                            | Workers'<br>Compensation<br>Fund | Health<br>Insurance<br>Fund |                     |
| <b>OPERATING REVENUES</b>                    |                            |                                  |                             |                     |
| Charges for services                         | \$ 2,617,820               | \$ 949,498                       | \$ 13,167,572               | \$ 16,734,890       |
| Miscellaneous                                | 173,900                    | 7,333                            | 6,775                       | 188,008             |
| Total operating revenues                     | <u>2,791,720</u>           | <u>956,831</u>                   | <u>13,174,347</u>           | <u>16,922,898</u>   |
| <b>OPERATING EXPENSES</b>                    |                            |                                  |                             |                     |
| Salaries, wages and employee benefits        | 126,093                    | -                                | -                           | 126,093             |
| Contractual services, materials and supplies | 41,531                     | 172,606                          | 646,425                     | 860,562             |
| Insurance claims and expenses                | <u>3,246,156</u>           | <u>2,483,566</u>                 | <u>12,082,395</u>           | <u>17,812,117</u>   |
| Total operating expenses                     | <u>3,413,780</u>           | <u>2,656,172</u>                 | <u>12,728,820</u>           | <u>18,798,772</u>   |
| Operating income (loss)                      | (622,060)                  | (1,699,341)                      | 445,527                     | (1,875,874)         |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>     |                            |                                  |                             |                     |
| Interest and investment income               | <u>34,699</u>              | <u>3,508</u>                     | <u>8,727</u>                | <u>46,934</u>       |
| Total non-operating revenues                 | <u>34,699</u>              | <u>3,508</u>                     | <u>8,727</u>                | <u>46,934</u>       |
| Income (loss) before transfers               | (587,361)                  | (1,695,833)                      | 454,254                     | (1,828,940)         |
| Transfers in                                 | -                          | 1,750,000                        | -                           | 1,750,000           |
| Transfers out                                | <u>(1,819,170)</u>         | -                                | -                           | <u>(1,819,170)</u>  |
| Change in net assets                         | <u>(2,406,531)</u>         | <u>54,167</u>                    | <u>454,254</u>              | <u>(1,898,110)</u>  |
| Total net assets - beginning                 | <u>7,850,251</u>           | <u>(41,572)</u>                  | <u>364,464</u>              | <u>8,173,143</u>    |
| Total net assets - ending                    | <u>\$ 5,443,720</u>        | <u>\$ 12,595</u>                 | <u>\$ 818,718</u>           | <u>\$ 6,275,033</u> |

CITY OF PEORIA, ARIZONA  
 SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**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<br>Housing<br>14.850A &<br>14.872 | TOTAL<br>PROJECTS | Community<br>Development<br>Block Grant<br>14.218 | TOTAL<br>PROGRAMS |
|---------------------------------|--|--|-------------------|---|-------------------|
| <b>ASSETS:</b>                  |  |  |                   |   |                   |
| <b>Current Assets:</b>          |  |  |                   |   |                   |
| 111                             | Cash-unrestricted  | 498,458                                  | 498,458           | -   | -                 |
| 114                             | Cash-tenant security deposits                                    | 14,193                                   | 14,193            | -   | -                 |
| 100                             | <b>Total Cash</b>  | <b>512,651</b>                           | <b>512,651</b>    | -   | -                 |
| 122-020                         | Accounts receivable - HUD other projects - Capital fund          | 24,711                                   | 24,711            | -   | -                 |
| 122-030                         | Accounts receivable - HUD other projects - Other                 | -  | -                 | 193,618   | 193,618           |
| 122                             | <b>Accounts Receivable - HUD Other Projects</b>                  | <b>24,711</b>                            | <b>24,711</b>     | <b>193,618</b>                                    | <b>193,618</b>    |
| 125                             | Accounts receivable - miscellaneous                              | -  | -                 | -   | -                 |
| 126                             | Accounts receivable - tenants                                    | 8,962                                    | 8,962             | -   | -                 |
| 126.1                           | Allowance for doubtful accounts - tenants                        | (7,104)                                  | (7,104)           | -   | -                 |
| 126.2                           | Allowance for doubtful accounts - other                          | -  | -                 | -   | -                 |
| 120                             | <b>Total Receivables, Net of Allowance for Doubtful Accounts</b> | <b>26,569</b>                            | <b>26,569</b>     | <b>193,618</b>                                    | <b>193,618</b>    |
| 142                             | Prepaid expenses and other assets                                | 2,646                                    | 2,646             | -   | -                 |
| 143                             | Inventories  | 3,136                                    | 3,136             | -   | -                 |
| 143.1                           | Allowance for obsolete inventories                               | (314)                                    | (314)             | -   | -                 |
| 150                             | <b>Total Current Assets</b>                                      | <b>544,688</b>                           | <b>544,688</b>    | <b>193,618</b>                                    | <b>193,618</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   | (2,029,209)                              | (2,029,209)       | -   | -                 |
| 160                             | <b>Total Capital Assets, Net of Accumulated Depreciation</b>     | <b>1,690,923</b>                         | <b>1,690,923</b>  | -   | -                 |
| 180                             | <b>Total Non-current Assets</b>                                  | <b>1,690,923</b>                         | <b>1,690,923</b>  | -   | -                 |
| 190                             | <b>Total Assets</b>  | <b>2,235,611</b>                         | <b>2,235,611</b>  | <b>193,618</b>                                    | <b>193,618</b>    |
| <b>LIABILITIES AND EQUITY:</b>  |  |  |                   |   |                   |
| <b>LIABILITIES:</b>             |  |  |                   |   |                   |
| <b>Current Liabilities:</b>     |  |  |                   |   |                   |
| 311                             | Bank Overdraft   | -  | -                 | 121,148   | 121,148           |
| 312                             | Accounts payable <= 90 days                                      | -  | -                 | 72,470  | 72,470            |
| 321                             | Accrued wage/payroll taxes payable                               | -  | -                 | -   | -                 |
| 322                             | Accrued compensated absences - current portion                   | 8,133                                    | 8,133             | -   | -                 |
| 332                             | Accounts payable - HUD PHA Projects                              | -  | -                 | -   | -                 |
| 333                             | Accounts payable - other government                              | -  | -                 | -   | -                 |
| 341                             | Tenant security deposits   | 14,193                                   | 14,193            | -   | -                 |
| 310                             | <b>Total Current Liabilities</b>                                 | <b>22,326</b>                            | <b>22,326</b>     | <b>193,618</b>                                    | <b>193,618</b>    |
| <b>Non-current Liabilities:</b> |  |  |                   |   |                   |
| 354                             | Accrued compensated absences - non-current                       | 6,102                                    | 6,102             | -   | -                 |
| 350                             | <b>Total Non-current Liabilities</b>                             | <b>6,102</b>                             | <b>6,102</b>      | -   | -                 |
| 300                             | <b>Total Liabilities</b>   | <b>28,428</b>                            | <b>28,428</b>     | <b>193,618</b>                                    | <b>193,618</b>    |
| <b>EQUITY:</b>                  |  |  |                   |   |                   |
| 508.1                           | Invested in capital assets, net of related debt                  | 1,690,923                                | 1,690,923         | -   | -                 |
| 511.1                           | Restricted net assets  | -  | -                 | -   | -                 |
| 512.1                           | Unrestricted net assets  | 516,260                                  | 516,260           | -   | -                 |
| 513                             | <b>Total Equity/Net Assets</b>                                   | <b>2,207,183</b>                         | <b>2,207,183</b>  | -   | -                 |
| 600                             | <b>Total Liabilities and Equity/Net Assets</b>                   | <b>2,235,611</b>                         | <b>2,235,611</b>  | <b>193,618</b>                                    | <b>193,618</b>    |

(continued)

CITY OF PEORIA, ARIZONA  
SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| INCOME STATEMENT |   | Public<br>Housing<br>Capital<br>14.872 | Public<br>Housing<br>Operating<br>14.850A | TOTAL<br>PROJECTS | Community<br>Development<br>Block Grant<br>14.218 | TOTAL<br>PROGRAMS |
|------------------|---|--|---|-------------------|---|-------------------|
| <b>REVENUE:</b>  |   |  |   |                   |   |                   |
| 70300            | Net tenant rental revenue   | -                                      | 131,766                                   | 131,766           | -   | -                 |
| 70400            | Tenant revenue - other  | -                                      | 6,212                                     | 6,212             | -   | -                 |
| 70500            | <b>Total Tenant Revenue</b>   | -                                      | <b>137,978</b>                            | <b>137,978</b>    | -   | -                 |
| 70600-010        | Housing assistance payments   | -                                      | -   | -                 | -   | -                 |
| 70600-020        | Ongoing administrative fees earned                                      | -                                      | -   | -                 | -   | -                 |
| 70600            | HUD PHA operating grants  | 139,725                                | 280,187                                   | 419,912           | 521,234   | 521,234           |
| 71100-020        | Administrative fee  | -                                      | -   | -                 | -   | -                 |
| 71100            | Investment income - unrestricted  | -                                      | 98  | 98                | -   | -                 |
| 71400            | Fraud recovery  | -                                      | -   | -                 | -   | -                 |
| 71500            | Other revenue   | -                                      | 109                                       | 109               | -   | -                 |
| 7000             | <b>Total Revenue</b>  | <b>139,725</b>                         | <b>418,372</b>                            | <b>558,097</b>    | <b>521,234</b>                                    | <b>521,234</b>    |
| <b>EXPENSES:</b> |   |  |   |                   |   |                   |
| 91100            | Administrative salaries   | 7,438                                  | 67,482                                    | 74,920            | 74,726  | 74,726            |
| 91200            | Auditing fees   | -                                      | 1,671                                     | 1,671             | -   | -                 |
| 91300            | Management fee  | -                                      | 39,888                                    | 39,888            | -   | -                 |
| 91310            | Bookkeeping fee   | -                                      | 5,603                                     | 5,603             | -   | -                 |
| 91500            | Employee benefit contributions - administrative                         | -                                      | 14,290                                    | 14,290            | -   | -                 |
| 91600            | Office expenses   | -                                      | 26,413                                    | 26,413            | -   | -                 |
| 91800            | Travel  | -                                      | -   | -                 | 1,339   | 1,339             |
| 91900            | Other   | -                                      | -   | -                 | 13,900  | 13,900            |
| 91000            | <b>Total Operating - Administrative</b>                                 | <b>7,438</b>                           | <b>155,347</b>                            | <b>162,785</b>    | <b>89,965</b>                                     | <b>89,965</b>     |
| 93100            | Water   | -                                      | 10,601                                    | 10,601            | 2,903   | 2,903             |
| 93200            | Electricity   | -                                      | 4,712                                     | 4,712             | 7,097   | 7,097             |
| 93300            | Gas   | -                                      | 3,214                                     | 3,214             | -   | -                 |
| 93600            | Sewer   | -                                      | 2,999                                     | 2,999             | -   | -                 |
| 93000            | <b>Total Utilities</b>  | -                                      | <b>21,526</b>                             | <b>21,526</b>     | <b>10,000</b>                                     | <b>10,000</b>     |
| 94100            | Ordinary maintenance and operations - labor                             | 5,430                                  | 44,598                                    | 50,028            | -   | -                 |
| 94200            | Ordinary maintenance and operations - materials and other               | 8,166                                  | 146,234                                   | 154,400           | -   | -                 |
| 94300-010        | Ordinary maintenance and operations - garbage & trash removal contracts | -                                      | 4,877                                     | 4,877             | -   | -                 |
| 94300-020        | Ordinary maintenance and operations - heating & cooling contracts       | 13,475                                 | -   | 13,475            | 104,914   | 104,914           |
| 94300-050        | Ordinary maintenance and operations - landscape & grounds contracts     | 6,181                                  | 10,093                                    | 16,274            | -   | -                 |
| 94300-060        | Ordinary maintenance and operations - unit turnaround contracts         | 37,684                                 | -   | 37,684            | -   | -                 |
| 94300-070        | Ordinary maintenance and operations - electrical contracts              | -                                      | -   | -                 | 3,265   | 3,265             |
| 94300-080        | Ordinary maintenance and operations - plumbing contracts                | 1,808                                  | 447                                       | 2,255             | 29,429  | 29,429            |
| 94300-090        | Ordinary maintenance and operations - extermination contracts           | -                                      | 5,407                                     | 5,407             | -   | -                 |
| 94300-100        | Ordinary maintenance and operations - janitorial contracts              | -                                      | -   | -                 | -   | -                 |
| 94300-110        | Ordinary maintenance and operations - routine maintenance contracts     | 53,968                                 | -   | 53,968            | -   | -                 |
| 94300-120        | Ordinary maintenance and operations - misc contracts                    | 950                                    | 21,276                                    | 22,226            | 283,661   | 283,661           |
| 94300            | <b>Total Ordinary Maintenance and Operations Contracts</b>              | <b>114,066</b>                         | <b>42,100</b>                             | <b>156,166</b>    | <b>421,269</b>                                    | <b>421,269</b>    |
| 94500            | Employee benefit contribution - ordinary maintenance                    | -                                      | 19,994                                    | 19,994            | -   | -                 |
| 94000            | <b>Total Maintenance</b>  | <b>127,662</b>                         | <b>252,926</b>                            | <b>380,588</b>    | <b>421,269</b>                                    | <b>421,269</b>    |
| 95200            | Protective services - other contract costs                              | -                                      | 1,117                                     | 1,117             | -   | -                 |
| 95000            | <b>Total Protective Services</b>  | -                                      | <b>1,117</b>                              | <b>1,117</b>      | -   | -                 |
| 96130            | Workmen's Compensation  | -                                      | 2,290                                     | 2,290             | -   | -                 |
| 96140            | All other insurance   | -                                      | 477                                       | 477               | -   | -                 |
| 96100            | <b>Total Insurance Premiums</b>   | -                                      | <b>2,767</b>                              | <b>2,767</b>      | -   | -                 |
| 96200            | Other general expenses  | 4,625                                  | -   | 4,625             | -   | -                 |
| 96210            | Compensated absences  | -                                      | 14,235                                    | 14,235            | -   | -                 |
| 96300            | Payments in lieu of taxes   | -                                      | -   | -                 | -   | -                 |
| 96400            | Bad debt - tenant rents   | -                                      | 7,004                                     | 7,004             | -   | -                 |
| 96600            | Bad debt - other  | -                                      | -   | -                 | -   | -                 |
| 96000            | <b>Total Other General Expenses</b>                                     | <b>4,625</b>                           | <b>21,239</b>                             | <b>25,864</b>     | -   | -                 |
| 96900            | <b>Total Operating Expenses</b>   | <b>139,725</b>                         | <b>454,922</b>                            | <b>594,647</b>    | <b>521,234</b>                                    | <b>521,234</b>    |
| 97000            | <b>Excess Revenue Over Operating Expenses</b>                           | -                                      | <b>(36,550)</b>                           | <b>(36,550)</b>   | -   | -                 |
| 97300-050        | All other   | -                                      | -   | -                 | -   | -                 |
| 97300            | <b>Housing Assistance Payments</b>                                      | -                                      | -   | -                 | -   | -                 |
| 97400            | Depreciation expense  | -                                      | 85,211                                    | 85,211            | -   | -                 |
| 90000            | <b>Total Expenses</b>   | <b>139,725</b>                         | <b>540,133</b>                            | <b>679,858</b>    | <b>521,234</b>                                    | <b>521,234</b>    |
| 10010            | Operating transfer in   | -                                      | -   | -                 | -   | -                 |
| 10020            | Operating transfer out  | -                                      | -   | -                 | -   | -                 |
| 10100            | <b>Total Other Financing Sources (Uses)</b>                             | -                                      | -   | -                 | -   | -                 |
| 1000             | <b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>             | -                                      | <b>(121,761)</b>                          | <b>(121,761)</b>  | -   | -                 |

(continued)

CITY OF PEORIA, ARIZONA  
 SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| INCOME STATEMENT (continued) |  | Public<br>Housing<br>Capital<br>14.872 | Public<br>Housing<br>Operating<br>14.850A | TOTAL<br>PROJECTS | Community<br>Development<br>Block Grant<br>14.218 | TOTAL<br>PROGRAMS |
|------------------------------|--|--|---|-------------------|---|-------------------|
| <b>OTHER INFORMATION:</b>    |  |  |   |                   |   |                   |
| 11030                        | Beginning equity                                       | -                                      | 2,328,944                                 | 2,328,944         | -   | -                 |
| 11170-001                    | Administrative Fee Equity - Beginning Balance          | -                                      | -   | -                 | -   | -                 |
| 11170-010                    | Administrative Fee Revenue                             | -                                      | -   | -                 | -   | -                 |
| 11170-040                    | Investment Income                                      | -                                      | -   | -                 | -   | -                 |
| 11170-045                    | Fraud Recovery Revenue                                 | -                                      | -   | -                 | -   | -                 |
| 11170-050                    | Other Revenue  | -                                      | -   | -                 | -   | -                 |
| 11170-060                    | Total Admin Fee Revenues                               | -                                      | -   | -                 | -   | -                 |
| 11170-080                    | Total Operating Expenses                               | -                                      | -   | -                 | -   | -                 |
| 11170-100                    | Other 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                    | -                                      | -   | -                 | -   | -                 |
| 11180-015                    | Fraud Recovery Revenue                                 | -                                      | -   | -                 | -   | -                 |
| 11180-020                    | Other Revenue  | -                                      | -   | -                 | -   | -                 |
| 11180-030                    | Total HAP Revenues                                     | -                                      | -   | -                 | -   | -                 |
| 11180-080                    | Housing Assistance Payments                            | -                                      | -   | -                 | -   | -                 |
| 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>                              | -                                      | 813                                       | 813               | -   | -                 |
| 11270                        | <b>Excess Cash</b>                                     | -                                      | 478,984                                   | 478,984           | -   | -                 |

(concluded)

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF CHANGES IN DEBT**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Exhibit 1

|                                  | <u>Balances at<br/>June 30, 2011</u> | <u>Issued</u>     | <u>Retired</u>    | <u>Balances at<br/>June 30, 2012</u> |
|----------------------------------|--------------------------------------|-------------------|-------------------|--------------------------------------|
| Compensated absences             | \$ 6,165,410                         | 8,257,411         | 7,411,591         | 7,011,230                            |
| Contracts payable                | 67,383,993                           | 34,958            | 4,492,702         | 62,926,249                           |
| Total                            | <u>73,549,403</u>                    | <u>8,292,369</u>  | <u>11,904,293</u> | <u>69,937,479</u>                    |
|                                  |                                      |                   |                   |                                      |
| General obligation bonds:        |                                      |                   |                   |                                      |
| Series 2003                      | 15,790,000                           | -                 | 14,720,000        | 1,070,000                            |
| Series 2007                      | 67,325,000                           | -                 | 3,045,000         | 64,280,000                           |
| Series 2007 Ref                  | 13,860,000                           | -                 | 1,500,000         | 12,360,000                           |
| Series 2009A                     | 41,435,000                           | -                 | 1,720,000         | 39,715,000                           |
| Series 2010                      | 29,170,000                           | -                 | 4,040,000         | 25,130,000                           |
| Series 2012A                     | -                                    | 14,715,000        | -                 | 14,715,000                           |
| Series 2012B                     | -                                    | 13,690,000        | -                 | 13,690,000                           |
| Total                            | <u>167,580,000</u>                   | <u>28,405,000</u> | <u>25,025,000</u> | <u>170,960,000</u>                   |
|                                  |                                      |                   |                   |                                      |
| Municipal Development Authority: |                                      |                   |                   |                                      |
| Refunding bonds - series 2003    | 3,620,965                            | -                 | 3,620,965         | -                                    |
| Series 2006                      | 5,340,000                            | -                 | 260,000           | 5,080,000                            |
| Series 2008                      | 41,485,000                           | -                 | 2,005,000         | 39,480,000                           |
| Series 2011                      | 7,920,000                            | -                 | -                 | 7,920,000                            |
| Total                            | <u>58,365,965</u>                    | <u>-</u>          | <u>5,885,965</u>  | <u>52,480,000</u>                    |
|                                  |                                      |                   |                   |                                      |
| Special assessment:              |                                      |                   |                   |                                      |
| North Valley ID #8801            | 710,000                              | -                 | 425,000           | 285,000                              |
| Bell Road ID #8802               | 1,045,000                            | -                 | 500,000           | 545,000                              |
| 83rd Ave ID #9601                | 85,000                               | -                 | 85,000            | -                                    |
| Arrowhead Fountains ID #9603     | 185,000                              | -                 | 185,000           | -                                    |
| 99 Ave & Northern Ave ID #0601   | 4,130,000                            | -                 | 300,000           | 3,830,000                            |
| Total                            | <u>6,155,000</u>                     | <u>-</u>          | <u>1,495,000</u>  | <u>4,660,000</u>                     |
|                                  |                                      |                   |                   |                                      |
| Community Facilities District:   |                                      |                   |                   |                                      |
| Vistancia CFD Series 2002        | 16,400,000                           | -                 | 950,000           | 15,450,000                           |
| Vistancia CFD Series 2005        | 20,600,000                           | -                 | 825,000           | 19,775,000                           |
| Vistancia CFD Series 2006        | 21,615,000                           | -                 | 610,000           | 21,005,000                           |
| Total                            | <u>58,615,000</u>                    | <u>-</u>          | <u>2,385,000</u>  | <u>56,230,000</u>                    |
|                                  |                                      |                   |                   |                                      |
| Total bonds payable              | <u>290,715,965</u>                   | <u>28,405,000</u> | <u>34,790,965</u> | <u>284,330,000</u>                   |
|                                  |                                      |                   |                   |                                      |
| Total governmental debt          | <u>\$ 364,265,368</u>                | <u>36,697,369</u> | <u>46,695,258</u> | <u>354,267,479</u>                   |

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF CHANGES IN DEBT**  
**BUSINESS-TYPE ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Exhibit 2

|  | <u>Balance at<br/>June 30, 2011</u> | <u>Issued</u>     | <u>Retired</u>    | <u>Balances at<br/>June 30, 2012</u> |
|--|-------------------------------------|-------------------|-------------------|--------------------------------------|
| Compensated absences   | \$ 648,070                          | 952,640           | 798,760           | \$ 801,950                           |
| Less current portion   | <u>519,850</u>                      |                   |                   | <u>575,920</u>                       |
| Long-term portion of compensated absences                              | <u>\$ 128,220</u>                   |                   |                   | <u>\$ 226,030</u>                    |
| <br>   |                                     |                   |                   |                                      |
| Leases payable   | <u>\$ 18,619</u>                    | <u>\$ -</u>       | <u>\$ 18,619</u>  | <u>\$ -</u>                          |
| Contracts payable  | <u>\$ 7,116,374</u>                 | <u>\$ -</u>       | <u>\$ 180,024</u> | <u>\$ 6,936,350</u>                  |
| <br>   |                                     |                   |                   |                                      |
| 1995 Wastewater Management Authority                                   | 3,544,930                           | -                 | 2,858,270         | 686,660                              |
| 1997 Water Infrastructure Finance Authority                            | 5,992,880                           | -                 | 5,186,446         | 806,434                              |
| 2000 Water Infrastructure Finance Authority, Phase 1                   | 12,417,405                          | -                 | 11,339,403        | 1,078,002                            |
| 2000 Water Infrastructure Finance Authority, Phase 2                   | 9,327,429                           | -                 | 8,606,321         | 721,108                              |
| 2000 Water Infrastructure Finance Authority, Phase 3                   | 1,354,337                           | -                 | 90,445            | 1,263,892                            |
| 2003 Municipal Development Authority Refunding                         | 449,034                             | -                 | 449,034           | -                                    |
| 2006 Water Infrastructure Finance Authority, CW Phase 1                | 24,839,419                          | -                 | 1,226,095         | 23,613,324                           |
| 2006 Water Infrastructure Finance Authority, CW Phase 2                | 39,379,176                          | -                 | 1,764,749         | 37,614,427                           |
| 2006 Water Infrastructure Finance Authority, CW Phase 3                | 8,249,270                           | -                 | 337,323           | 7,911,947                            |
| 2009 Water Infrastructure Finance Authority, Northern Ave              | 694,092                             | -                 | 28,936            | 665,156                              |
| 2009 Water Infrastructure Finance Authority, DW Various                | 7,681,157                           | -                 | 356,166           | 7,324,991                            |
| 2009 Water Infrastructure Finance Authority, CW Various                | 3,568,277                           | -                 | 168,827           | 3,399,450                            |
| 2009 Water Infrastructure Finance Authority, CW Beardsley              | 4,207,080                           | -                 | 169,900           | 4,037,180                            |
| 2009 Water Infrastructure Finance Authority, Pinn. Peak                | 720,086                             | -                 | 38,751            | 681,335                              |
| 2010 Water and Wastewater Revenue Refunding Bonds                      | 15,780,000                          | -                 | 580,000           | 15,200,000                           |
| 2012 Water and Wastewater Revenue Refunding Bonds                      | -                                   | 23,280,000        | -                 | 23,280,000                           |
| Total bonds  | <u>138,204,572</u>                  | <u>23,280,000</u> | <u>33,200,666</u> | <u>128,283,906</u>                   |
| <br>   |                                     |                   |                   |                                      |
| Total business-type leases, contracts, loans and bonds payable         | <u>145,339,565</u>                  | <u>23,280,000</u> | <u>33,399,309</u> | <u>135,220,256</u>                   |
| Less current portion of leases, contracts, loans, and<br>bonds payable | <u>8,543,134</u>                    |                   |                   | <u>9,527,794</u>                     |
| <br>   |                                     |                   |                   |                                      |
| Long-term portion of bonds, contracts, loans & leases payable          | <u>\$ 136,796,431</u>               |                   |                   | <u>\$ 125,692,462</u>                |

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2012**

Exhibit 3

| Fiscal Year | General Obligation                              |                  |                     |                                     |                     |                       |                          |                     |                       |
|-------------|---|------------------|---------------------|-------------------------------------|---------------------|-----------------------|--------------------------|---------------------|-----------------------|
|             | General Facilities Purpose<br>6% Limitation (1) |                  |                     | Other Purpose<br>20% Limitation (1) |                     |                       | Total General Obligation |                     |                       |
|             | Principal                                       | Interest         | Total               | Principal                           | Interest            | Total                 | Principal                | Interest            | Total                 |
| 2013        | 1,070,000                                       | 63,491           | 1,133,491           | 7,515,000                           | 6,229,181           | 13,744,181            | 8,585,000                | 6,292,672           | 14,877,672            |
| 2014        | 1,315,000                                       | 21,150           | 1,336,150           | 8,240,000                           | 6,052,259           | 14,292,259            | 9,555,000                | 6,073,409           | 15,628,409            |
| 2015        | 350,000   | 3,500            | 353,500             | 9,545,000                           | 5,739,809           | 15,284,809            | 9,895,000                | 5,743,309           | 15,638,309            |
| 2016        | -   | -                | -                   | 10,265,000                          | 5,400,759           | 15,665,759            | 10,265,000               | 5,400,759           | 15,665,759            |
| 2017        | -   | -                | -                   | 10,210,000                          | 5,053,734           | 15,263,734            | 10,210,000               | 5,053,734           | 15,263,734            |
| 2018        | -   | -                | -                   | 10,010,000                          | 4,683,884           | 14,693,884            | 10,010,000               | 4,683,884           | 14,693,884            |
| 2019        | -   | -                | -                   | 10,385,000                          | 4,296,728           | 14,681,728            | 10,385,000               | 4,296,728           | 14,681,728            |
| 2020        | -   | -                | -                   | 10,735,000                          | 3,909,259           | 14,644,259            | 10,735,000               | 3,909,259           | 14,644,259            |
| 2021        | -   | -                | -                   | 11,160,000                          | 3,505,603           | 14,665,603            | 11,160,000               | 3,505,603           | 14,665,603            |
| 2022        | -   | -                | -                   | 10,370,000                          | 3,097,774           | 13,467,774            | 10,370,000               | 3,097,774           | 13,467,774            |
| 2023        | -   | -                | -                   | 10,770,000                          | 2,683,315           | 13,453,315            | 10,770,000               | 2,683,315           | 13,453,315            |
| 2024        | -   | -                | -                   | 9,590,000                           | 2,271,871           | 11,861,871            | 9,590,000                | 2,271,871           | 11,861,871            |
| 2025        | -   | -                | -                   | 9,980,000                           | 1,866,175           | 11,846,175            | 9,980,000                | 1,866,175           | 11,846,175            |
| 2026        | -   | -                | -                   | 10,390,000                          | 1,441,774           | 11,831,774            | 10,390,000               | 1,441,774           | 11,831,774            |
| 2027        | -   | -                | -                   | 10,835,000                          | 1,000,219           | 11,835,219            | 10,835,000               | 1,000,219           | 11,835,219            |
| 2028        | -   | -                | -                   | 5,430,000                           | 655,050             | 6,085,050             | 5,430,000                | 655,050             | 6,085,050             |
| 2029        | -   | -                | -                   | 5,665,000                           | 411,688             | 6,076,688             | 5,665,000                | 411,688             | 6,076,688             |
| 2030        | -   | -                | -                   | 2,585,000                           | 235,575             | 2,820,575             | 2,585,000                | 235,575             | 2,820,575             |
| 2031        | -   | -                | -                   | 2,690,000                           | 125,638             | 2,815,638             | 2,690,000                | 125,638             | 2,815,638             |
| 2032        | -   | -                | -                   | 915,000                             | 52,406              | 967,406               | 915,000                  | 52,406              | 967,406               |
| 2033        | -   | -                | -                   | 940,000                             | 17,622              | 957,622               | 940,000                  | 17,622              | 957,622               |
|             | <u>\$ 2,735,000</u>                             | <u>\$ 88,141</u> | <u>\$ 2,823,141</u> | <u>\$ 168,225,000</u>               | <u>\$58,730,323</u> | <u>\$ 226,955,323</u> | <u>\$170,960,000</u>     | <u>\$58,818,464</u> | <u>\$ 229,778,464</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         |
| 2012A            | 14,715,000              | 200,000           | 14,515,000         |
| 2012B            | 13,690,000              | 1,465,000         | 12,225,000         |
| Total            | <u>\$ 266,330,000</u>   | <u>37,620,000</u> | <u>228,710,000</u> |

(continued)

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2012**

| Fiscal Year | Municipal Development Authority (2) |                      |                      | Special Assessment (3) |                     |                     | Water and Sewer Revenue |                      |                       |
|-------------|-------------------------------------|----------------------|----------------------|------------------------|---------------------|---------------------|-------------------------|----------------------|-----------------------|
|             | Principal                           | Interest             | Total                | Principal              | Interest            | Total               | Principal               | Interest             | Total                 |
| 2013        | 2,760,000                           | 2,301,069            | 5,061,069            | 1,140,000              | 222,820             | 1,362,820           | 8,776,255               | 4,041,252            | 12,817,507            |
| 2014        | 2,895,000                           | 2,203,469            | 5,098,469            | 325,000                | 149,600             | 474,600             | 9,007,117               | 3,688,557            | 12,695,674            |
| 2015        | 3,025,000                           | 2,093,931            | 5,118,931            | 340,000                | 135,788             | 475,788             | 9,234,387               | 3,450,243            | 12,684,630            |
| 2016        | 3,150,000                           | 1,962,431            | 5,112,431            | 355,000                | 121,338             | 476,338             | 9,480,996               | 3,171,571            | 12,652,567            |
| 2017        | 3,280,000                           | 1,824,731            | 5,104,731            | 370,000                | 106,250             | 476,250             | 10,107,081              | 2,845,500            | 12,952,581            |
| 2018        | 3,420,000                           | 1,680,481            | 5,100,481            | 390,000                | 90,525              | 480,525             | 10,442,787              | 2,494,322            | 12,937,109            |
| 2019        | 3,570,000                           | 1,519,506            | 5,089,506            | 405,000                | 73,950              | 478,950             | 9,858,262               | 2,142,948            | 12,001,210            |
| 2020        | 3,725,000                           | 1,353,756            | 5,078,756            | 425,000                | 56,738              | 481,738             | 8,793,660               | 1,819,586            | 10,613,246            |
| 2021        | 3,885,000                           | 1,199,041            | 5,084,041            | 445,000                | 38,675              | 483,675             | 9,124,137               | 1,509,086            | 10,633,223            |
| 2022        | 4,050,000                           | 1,031,386            | 5,081,386            | 465,000                | 19,763              | 484,763             | 6,459,858               | 1,246,960            | 7,706,818             |
| 2023        | 4,230,000                           | 852,553              | 5,082,553            | -                      | -                   | -                   | 5,835,991               | 1,052,334            | 6,888,325             |
| 2024        | 4,405,000                           | 661,693              | 5,066,693            | -                      | -                   | -                   | 5,873,903               | 870,566              | 6,744,469             |
| 2025        | 4,605,000                           | 458,288              | 5,063,288            | -                      | -                   | -                   | 6,055,721               | 685,885              | 6,741,606             |
| 2026        | 4,805,000                           | 236,331              | 5,041,331            | -                      | -                   | -                   | 6,251,991               | 495,242              | 6,747,233             |
| 2027        | 675,000                             | 14,344               | 689,344              | -                      | -                   | -                   | 6,455,037               | 298,295              | 6,753,332             |
| 2028        | -                                   | -                    | -                    | -                      | -                   | -                   | 4,602,316               | 126,504              | 4,728,820             |
| 2029        | -                                   | -                    | -                    | -                      | -                   | -                   | 1,624,441               | 31,944               | 1,656,385             |
| 2030        | -                                   | -                    | -                    | -                      | -                   | -                   | 299,966                 | 4,549                | 304,515               |
| 2031        | -                                   | -                    | -                    | -                      | -                   | -                   | -                       | -                    | -                     |
| 2032        | -                                   | -                    | -                    | -                      | -                   | -                   | -                       | -                    | -                     |
| 2033        | -                                   | -                    | -                    | -                      | -                   | -                   | -                       | -                    | -                     |
|             | <u>\$ 52,480,000</u>                | <u>\$ 19,393,010</u> | <u>\$ 71,873,010</u> | <u>\$ 4,660,000</u>    | <u>\$ 1,015,447</u> | <u>\$ 5,675,447</u> | <u>\$ 128,283,906</u>   | <u>\$ 29,975,344</u> | <u>\$ 158,259,250</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, NE corner of Northern & 99th Ave (Parkwest) Improvement District Bonds

Exhibit 3

| Fiscal Year | Community Facilities District (4) |                      |                      | DEBT SERVICE REQUIREMENTS<br>GRAND TOTALS |                       |                       |
|-------------|-----------------------------------|----------------------|----------------------|---|-----------------------|-----------------------|
|             | Principal                         | Interest             | Total                | Principal                                 | Interest              | Total                 |
| 2013        | 2,505,000                         | 2,985,974            | 5,490,974            | 23,766,255                                | 15,843,787            | 39,610,042            |
| 2014        | 2,630,000                         | 2,854,633            | 5,484,633            | 24,412,117                                | 14,969,668            | 39,381,785            |
| 2015        | 2,765,000                         | 2,711,311            | 5,476,311            | 25,259,387                                | 14,134,582            | 39,393,969            |
| 2016        | 2,920,000                         | 2,555,713            | 5,475,713            | 26,170,996                                | 13,211,812            | 39,382,808            |
| 2017        | 3,080,000                         | 2,388,074            | 5,468,074            | 27,047,081                                | 12,218,289            | 39,265,370            |
| 2018        | 3,255,000                         | 2,207,674            | 5,462,674            | 27,517,787                                | 11,156,886            | 38,674,673            |
| 2019        | 3,440,000                         | 2,015,359            | 5,455,359            | 27,658,262                                | 10,048,491            | 37,706,753            |
| 2020        | 3,635,000                         | 1,810,671            | 5,445,671            | 27,313,660                                | 8,950,010             | 36,263,670            |
| 2021        | 3,850,000                         | 1,593,926            | 5,443,926            | 28,464,137                                | 7,846,331             | 36,310,468            |
| 2022        | 4,070,000                         | 1,362,718            | 5,432,718            | 25,414,858                                | 6,758,601             | 32,173,459            |
| 2023        | 4,310,000                         | 1,115,388            | 5,425,388            | 25,145,991                                | 5,703,590             | 30,849,581            |
| 2024        | 4,565,000                         | 862,431              | 5,427,431            | 24,433,903                                | 4,666,561             | 29,100,464            |
| 2025        | 4,815,000                         | 604,936              | 5,419,936            | 25,455,721                                | 3,615,284             | 29,071,005            |
| 2026        | 5,080,000                         | 357,175              | 5,437,175            | 26,526,991                                | 2,530,522             | 29,057,513            |
| 2027        | 5,310,000                         | 120,802              | 5,430,802            | 23,275,037                                | 1,433,660             | 24,708,697            |
| 2028        | -                                 | -                    | -                    | 10,032,316                                | 781,554               | 10,813,870            |
| 2029        | -                                 | -                    | -                    | 7,289,441                                 | 443,632               | 7,733,073             |
| 2030        | -                                 | -                    | -                    | 2,884,966                                 | 240,124               | 3,125,090             |
| 2031        | -                                 | -                    | -                    | 2,690,000                                 | 125,638               | 2,815,638             |
| 2032        | -                                 | -                    | -                    | 915,000                                   | 52,406                | 967,406               |
| 2033        | -                                 | -                    | -                    | 940,000                                   | 17,622                | 957,622               |
|             | <u>\$ 56,230,000</u>              | <u>\$ 25,546,785</u> | <u>\$ 81,776,785</u> | <u>\$ 412,613,906</u>                     | <u>\$ 134,749,050</u> | <u>\$ 547,362,956</u> |

(4) Vistancia Community Facilities District bonds

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF CAPITAL ASSETS  
BY FUNCTION AND CLASSIFICATION  
JUNE 30, 2012**

| <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)                             | \$ 17,129,035                 | \$ 5,206,432              | \$ 1,586,295              | \$ 470,848           | \$ -                        | \$ 104,960,624              |
| Land   | \$ 56,213,077                 | \$ 26,944,291             | \$ 1,059,975              | \$ 1,048,451         | \$ -                        | \$ 240,225,410              |
| Buildings and Improvements                         | \$ 46,152,465                 | \$ 80,908,537             | \$ 21,233,492             | \$ 21,040,863        | \$ 119,479                  | \$ 955,131                  |
| Furniture  | \$ 84,053                     | \$ 1,666,863              | \$ -                      | \$ 207,324           | \$ 65,914                   | \$ 57,229                   |
| Equipment  | \$ 3,684,707                  | \$ 31,986,801             | \$ 4,060,495              | \$ 2,585,920         | \$ 109,445                  | \$ 2,721,820                |
| Vehicles   | \$ 1,199,374                  | \$ 1,434,295              | \$ 6,006,088              | \$ 8,724,698         | \$ 276,218                  | \$ 3,531,496                |
| Surface Water System                               | \$ -                          | \$ -                      | \$ -                      | \$ -                 | \$ -                        | \$ -                        |
| Street System                                      | \$ 7,458,289                  | \$ 20,819                 | \$ -                      | \$ -                 | \$ -                        | \$ 529,341,488              |
| Park System  | \$ 60,082,646                 | \$ 260,431                | \$ -                      | \$ -                 | \$ -                        | \$ -                        |
| <b>Sub-total</b>                                   | <b>\$ 192,003,646</b>         | <b>\$ 148,428,469</b>     | <b>\$ 33,946,345</b>      | <b>\$ 34,078,104</b> | <b>\$ 571,056</b>           | <b>\$ 881,793,198</b>       |
| Less accumulated depreciation                      | (26,812,781)                  | (46,238,086)              | (11,986,399)              | (10,923,562)         | (410,359)                   | (168,602,763)               |
| Total governmental activities capital assets, net  | \$ 165,190,865                | \$ 102,190,383            | \$ 21,959,946             | \$ 23,154,542        | \$ 160,697                  | \$ 713,190,435              |
| <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)                             | \$ 23,497,031                 | \$ 10,628,039             | \$ -                      | \$ 229,106           | \$ -                        | \$ 34,354,176               |
| Land   | 6,028,939                     | 3,878,001                 | -                         | 6,703,349            | 410,350                     | 17,020,639                  |
| Water Rights                                       | 12,889,809                    | -                         | -                         | -                    | -                           | 12,889,809                  |
| Buildings and Improvements                         | 1,744,850                     | 7,659,795                 | 10,799                    | 25,781,679           | 3,276,922                   | 38,474,045                  |
| Furniture  | 186,058                       | 29,004                    | -                         | -                    | 9,613                       | 224,675                     |
| Equipment  | 2,417,810                     | 1,912,069                 | 28,430                    | 646,237              | 23,247                      | 5,027,793                   |
| Vehicles   | 1,711,132                     | 897,775                   | 9,085,534                 | 406,159              | -                           | 12,100,600                  |
| Water System                                       | 307,604,328                   | -                         | -                         | -                    | -                           | 307,604,328                 |
| Wastewater System                                  | -                             | 346,276,759               | -                         | -                    | -                           | 346,276,759                 |
| <b>Sub-total</b>                                   | <b>356,079,957</b>            | <b>371,281,442</b>        | <b>9,124,763</b>          | <b>33,766,530</b>    | <b>3,720,132</b>            | <b>773,972,824</b>          |
| Less accumulated depreciation                      | (70,350,832)                  | (67,545,023)              | (5,639,263)               | (12,767,372)         | (2,029,209)                 | (158,331,699)               |
| Total business-type activities capital assets, net | \$ 285,729,125                | \$ 303,736,419            | \$ 3,485,500              | \$ 20,999,158        | \$ 1,690,923                | \$ 615,641,125              |

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| <u>Public Works</u>   | <u>Human Services</u> | <u>Total</u>            |
|-----------------------|-----------------------|-------------------------|
| \$ 9,851,384          | \$ -                  | \$ 139,204,618          |
| \$ 10,892,151         | \$ 307,757            | \$ 336,691,112          |
| \$ 320,598            | \$ -                  | \$ 170,730,565          |
| \$ 50,392             | \$ -                  | \$ 2,131,775            |
| \$ 273,844            | \$ -                  | \$ 45,423,032           |
| \$ 1,363,782          | \$ 242,184            | \$ 22,778,135           |
| \$ 80,324,606         | \$ -                  | \$ 80,324,606           |
| \$ -                  | \$ -                  | \$ 536,820,596          |
| \$ -                  | \$ -                  | \$ 60,343,077           |
| <u>\$ 103,076,757</u> | <u>\$ 549,941</u>     | <u>\$ 1,394,447,516</u> |
| <u>(20,899,850)</u>   | <u>(157,280)</u>      | <u>(286,031,080)</u>    |
| <u>\$ 82,176,907</u>  | <u>\$ 392,661</u>     | <u>\$ 1,108,416,436</u> |

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Exhibit 5

| Department  | Balances<br>July 1, 2011 | Additions<br>and<br>Transfers | Deletions<br>and<br>Transfers | Balances<br>June 30, 2012 |
|---|--------------------------|-------------------------------|-------------------------------|---------------------------|
| Culture and Recreation                            | \$ 178,008,920           | \$ 14,077,261                 | \$ (82,535)                   | \$ 192,003,646            |
| General Government                                | 149,529,072              | 2,248,432                     | (3,349,035)                   | 148,428,469               |
| Police  | 32,784,046               | 1,327,030                     | (164,731)                     | 33,946,345                |
| Fire  | 33,732,095               | 670,236                       | (324,227)                     | 34,078,104                |
| Development Services                              | 585,706                  | -                             | (14,650)                      | 571,056                   |
| Highways & Streets                                | 861,847,743              | 19,945,455                    | -                             | 881,793,198               |
| Public Works                                      | 101,948,235              | 1,165,804                     | (37,282)                      | 103,076,757               |
| Human Services                                    | 549,941                  | -                             | -                             | 549,941                   |
| Sub-total governmental fixed assets               | <u>\$ 1,358,985,758</u>  | <u>\$ 39,434,218</u>          | <u>\$ (3,972,460)</u>         | <u>\$ 1,394,447,516</u>   |
| <b>Less accumulated depreciation</b>              |                          |                               |                               |                           |
| Culture and Recreation                            | (21,810,477)             | (5,083,588)                   | 81,284                        | (26,812,781)              |
| General Government                                | (39,994,874)             | (6,288,302)                   | 45,090                        | (46,238,086)              |
| Police  | (10,468,345)             | (1,610,518)                   | 92,464                        | (11,986,399)              |
| Fire  | (9,675,200)              | (1,572,589)                   | 324,227                       | (10,923,562)              |
| Development Services                              | (411,774)                | (13,235)                      | 14,650                        | (410,359)                 |
| Highways & Streets                                | (151,722,549)            | (16,880,214)                  | -                             | (168,602,763)             |
| Public Works                                      | (18,404,153)             | (2,532,979)                   | 37,282                        | (20,899,850)              |
| Human Services                                    | (122,682)                | (34,598)                      | -                             | (157,280)                 |
| Sub-total accumulated depreciation                | <u>(252,610,054)</u>     | <u>(34,016,023)</u>           | <u>594,997</u>                | <u>(286,031,080)</u>      |
| Total governmental activities capital assets, net | <u>\$ 1,106,375,704</u>  | <u>\$ 5,418,195</u>           | <u>\$ (3,377,463)</u>         | <u>\$ 1,108,416,436</u>   |

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2012**

Exhibit 6

| Fund Out                   | Purpose  | Transfers In     | Transfers Out     |
|----------------------------|--|------------------|-------------------|
| <b>Governmental Funds:</b> |  |                  |                   |
| General                    | Half-Cent - public safety subsidies                            | \$ 5,271,880     | \$ -              |
|                            | Half-Cent - capital assets                                     | 1,500            | -                 |
|                            | Highway User - capital assets                                  | 3,000            | -                 |
|                            | Non-major - Other Grants - employee wellness subsidy           | -                | 10,000            |
|                            | Non-major - Other Grants - grant expenditures                  | 43               | 10,841            |
|                            | Non-major - Other Grants - subsidize court appointed attorneys | 50,000           | -                 |
|                            | Non-major - CFD Debt Service - close completed IDs             | 131,383          | -                 |
|                            | Water utility - fund Meter Services - meter purchases          | 1,241,144        | -                 |
|                            | Water Utility - capital assets                                 | 13,700           | 467,275           |
|                            | Wastewater Utility - capital assets                            | 9,300            | -                 |
|                            | Solid Waste Utility - capital assets                           | 1,500            | -                 |
|                            | Sports Complex - capital assets                                | -                | 144,692           |
|                            | ISF - Motor Pool - capital assets                              | -                | 18,977            |
|                            | ISF - Facilities - return overage to operating funds           | 1,117,506        | -                 |
|                            | ISF - Facilities - capital assets                              | 1,500            | -                 |
|                            | ISF - IT Fund - capital assets                                 | 19,000           | 406,880           |
|                            | Fund Totals  | <u>7,861,456</u> | <u>1,058,665</u>  |
| Half-Cent Sales Tax        | General - public safety subsidies                              | -                | 5,271,880         |
|                            | General - capital assets                                       | -                | 1,500             |
|                            | Non-major - MDA Debt Service - debt payments                   | -                | 2,483,747         |
|                            | Stadium - debt service subsidy                                 | -                | 291,314           |
|                            | Stadium - operating subsidy                                    | -                | 1,860,000         |
|                            | ISF - IT Fund - radio project                                  | -                | 868,646           |
|                            | ISF - IT Fund - capital assets                                 | -                | 14,052            |
|                            | Fund Totals  | <u>-</u>         | <u>10,791,139</u> |
| Highway User               | General - capital assets                                       | -                | 3,000             |
|                            | Transportation Sales Tax - streets subsidy                     | 1,000,000        | -                 |
|                            | Non-major - MDA Debt Service - debt payments                   | -                | 298,087           |
|                            | ISF - Facilities - return overage to operating funds           | 25,418           | -                 |
|                            | Fund Totals  | <u>1,025,418</u> | <u>301,087</u>    |
| Transportation Sales Tax   | Highway User - Streets subsidy                                 | -                | 1,000,000         |
|                            | Non-major - Transit - subsidy                                  | -                | 666,775           |
|                            | Non-major - MDA Debt Service - debt payments                   | -                | 2,582,720         |
|                            | Fund Totals  | <u>-</u>         | <u>4,249,495</u>  |
| GO Bond Debt Service       | Non-major - GO Bond Capital Projects - transfer bond premium   | 164,808          | -                 |
| Non-major Governmental     |  |                  |                   |
| Public Transit             | Transportation Sales Tax - transit subsidy                     | 666,775          | -                 |
|                            | ISF - Facilities - return overage to operating funds           | 4,328            | -                 |
|                            | sub-total  | <u>671,103</u>   | <u>-</u>          |
| Other Grants               | General - employee wellness subsidy                            | 10,000           | -                 |
|                            | General - correct Homeland Security grant expenditures         | 10,841           | 43                |
|                            | General - subsidize court appointed attorneys                  | -                | 50,000            |
|                            | Non-major - MDA Debt Service - debt payments                   | -                | 248,338           |
|                            | ISF - Motor Pool - capital assets                              | -                | 222,510           |
|                            | ISF - IT Fund - capital assets                                 | -                | 159,091           |
|                            | sub-total  | <u>20,841</u>    | <u>679,982</u>    |

(continued)

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2012**

Exhibit 6

| <u>Fund Out</u>               | <u>Purpose</u>   | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------------------------|--|---------------------|----------------------|
| MDA Debt Service              | Half-Cent - debt service                                 | 2,483,747           | -                    |
|                               | Highway User - debt service                              | 298,087             | -                    |
|                               | Transportation Sales Tax - debt service                  | 2,582,720           | -                    |
|                               | Non-major - Other Grants - debt service                  | 248,338             | -                    |
|                               | Non-major - MDA Capital Projects - debt service          | 38,138              | -                    |
|                               | Water Utility - debt service                             | 831,184             | -                    |
|                               | Wastewater Utility - debt service                        | 128,105             | -                    |
|                               | Solid Waste Utility - debt service                       | 14,665              | -                    |
|                               | Stadium - debt service                                   | 277,084             | -                    |
|                               | ISF - Motor Pool - debt service                          | 94,893              | -                    |
|                               | sub-total  | 6,996,961           | -                    |
| Non-major Governmental (cont) |  |                     |                      |
| Special Assmt Debt Service    | General - close completed IDs                            | -                   | 131,383              |
| GO Bond Capital Projects      | Non-major - GO Bond Debt Service - transfer bond premium | -                   | 164,808              |
|                               | ISF - IT Fund - capital assets                           | -                   | 607,851              |
|                               | sub-total  | -                   | 772,659              |
| MDA Bonds-Capital Projects    | Water Utility - capital assets                           | -                   | 38,138               |
|                               | Non-major - MDA Debt Service - debt service              | -                   | 84,413               |
|                               | Sports Complex - capital assets                          | -                   | 122,551              |
|                               | sub-total  | -                   | 244,102              |
|                               | Non-major Fund Totals                                    | 7,688,905           | 1,706,575            |
|                               | Total Governmental Funds                                 | 16,740,587          | 18,106,961           |
| <b>Enterprise Funds:</b>      |  |                     |                      |
| Water Utility                 | General - capital assets                                 | 467,275             | 13,700               |
|                               | General - fund Meter Services - meter purchases          | -                   | 1,241,144            |
|                               | Non-major - MDA Debt Service - debt service              | -                   | 831,184              |
|                               | Wastewater Utility - capital assets                      | -                   | 39,691               |
|                               | Wastewater Utility - debt service                        | -                   | 2,585,441            |
|                               | ISF - Motor Pool - capital assets                        | 12,683              | -                    |
|                               | ISF - Facilities - return overage to operating funds     | 112,213             | -                    |
|                               | ISF - IT Fund - software purchases                       | -                   | 12,920               |
|                               | ISF - IT Fund - capital assets                           | -                   | 357,228              |
|                               | Fund Totals  | 592,171             | 5,081,308            |
| Wastewater Utility            | General - capital assets                                 | -                   | 9,300                |
|                               | Non-major - MDA Debt Service - debt service              | -                   | 128,105              |
|                               | Water Utility - capital assets                           | 39,691              | -                    |
|                               | Water Utility - debt service                             | 2,585,441           | -                    |
|                               | ISF - Facilities - return overage to operating funds     | 33,844              | -                    |
|                               | ISF - IT Fund - software purchase                        | -                   | 3,480                |
|                               | ISF - IT Fund - capital assets                           | -                   | 24,658               |
|                               | Fund Totals  | 2,658,976           | 165,543              |
| Enterprise (cont)             |  |                     |                      |
| Solid Waste Utility           | General - capital assets                                 | -                   | 1,500                |
|                               | Non-major - MDA Debt Service - debt service              | -                   | 14,665               |
|                               | ISF - Facilities - return overage to operating funds     | 10,668              | -                    |
|                               | ISF - IT Fund - computer equipment purchases             | -                   | 90,924               |
|                               | Fund Totals  | 10,668              | 107,089              |
| Storm Drainage                | ISF - Facilities - return overage to operating funds     | 4,073               | -                    |
|                               | sub-total  | 4,073               | -                    |

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2012**

**Exhibit 6**

| <b>Fund Out</b>                | <b>Purpose</b>   | <b>Transfers In</b> | <b>Transfers Out</b> |
|--------------------------------|--|---------------------|----------------------|
| Stadium                        | General - capital assets                               | 144,692             | -                    |
|                                | Half-Cent - operating subsidy                          | 1,860,000           | -                    |
|                                | Half-Cent - debt service subsidy                       | 291,314             | -                    |
|                                | Non-major - MDA Bond Debt Service - debt service       | -                   | 277,084              |
|                                | Non-major - MDA Bond Capital Projects - capital assets | 84,413              | -                    |
|                                | ISF - Facilities - return overage to operating funds   | 25,726              | -                    |
|                                | Fund Totals  | <u>2,406,145</u>    | <u>277,084</u>       |
|                                | Total Enterprise Funds                                 | <u>5,672,033</u>    | <u>5,631,024</u>     |
| <b>Internal Service Funds:</b> |  |                     |                      |
| Motor Pool                     | General Fund - capital assets                          | 18,977              | -                    |
|                                | Non-major - Other Grants - capital assets              | 222,510             | -                    |
|                                | Non-major - MDA Debt Service - debt service            | -                   | 94,893               |
|                                | Water Utility - capital assets                         | -                   | 12,683               |
|                                | ISF - Facilities - return overage to operating funds   | 16,224              | -                    |
|                                | ISF - Self-Insurance - capital assets                  | 69,170              | -                    |
|                                | Fund Totals  | <u>326,881</u>      | <u>107,576</u>       |
| Self-Insurance                 | ISF- Motor Pool - capital assets                       | -                   | 69,170               |
|                                | Fund Totals  | <u>-</u>            | <u>69,170</u>        |
| Facilities Maintenance         | General - return Facilities overage                    | -                   | 1,117,506            |
|                                | General - capital assets                               | -                   | 1,500                |
|                                | Highway User - return Facilities overage               | -                   | 25,418               |
|                                | Non major - Transit - return Facilities overage        | -                   | 4,328                |
|                                | Water Utility - return Facilities overage              | -                   | 112,213              |
|                                | Wastewater Utility - return Facilities overage         | -                   | 33,844               |
|                                | Storm Drainage Utility - return Facilities overage     | -                   | 4,073                |
|                                | Solid Waste - return Facilities overage                | -                   | 10,668               |
|                                | Sports Complex - return Facilities overage             | -                   | 25,726               |
|                                | ISF - Motor Pool - return Facilities overage           | -                   | 16,224               |
|                                | Fund Totals  | <u>-</u>            | <u>1,351,500</u>     |
| Information Technology         | General - capital assets                               | 406,880             | -                    |
|                                | General - capital assets                               | -                   | 19,000               |
|                                | Half-Cent -radio project                               | 868,646             | -                    |
|                                | Half-Cent - capital assets                             | 14,052              | -                    |
|                                | Non-major - GO Bond Capital Projects - capital assets  | 607,851             | -                    |
|                                | Non-major - Other Grants - capital assets              | 159,091             | -                    |
|                                | Water Utility - software purchases                     | 12,920              | -                    |
|                                | Water Utility - capital assets                         | 357,228             | -                    |
|                                | Wastewater Utility - software purchases                | 3,480               | -                    |
|                                | Wastewater Utility - capital assets                    | 24,658              | -                    |
|                                | Solid waste Utility - purchase new equipment           | 90,924              | -                    |
|                                | Fund Totals  | <u>2,545,730</u>    | <u>19,000</u>        |
|                                | Total Internal Service Funds                           | <u>2,872,611</u>    | <u>1,547,246</u>     |
|                                | Grand Totals   | <u>25,285,231</u>   | <u>25,285,231</u>    |

(concluded)



# Statistical Section Slip Sheet

# 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>  | 155         |
| 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>  | 165         |
| 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>   | 177         |
| 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>  | 188         |
| 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>   | 190         |
| 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   | 155         |
| II Changes in Net Assets  | 156         |
| III Program Revenues  | 158         |
| IV Fund Balances, Governmental Funds  | 159         |
| V Changes in Fund Balances, Governmental Funds  | 160         |
| VI Government-Wide Revenues By Function   | 161         |
| VII Tax Revenues By Source, Governmental Funds  | 162         |
| VIII Intergovernmental Revenues By Source, Governmental Funds   | 163         |
| IX Development/Expansion Fees By Type   | 164         |
| <b>Revenue Capacity</b>   |             |
| X City Transaction Privilege Taxes By Category  | 165         |
| XI Direct and Overlapping Sales Tax Rates   | 166         |
| XII Sales Tax Payers - By Category  | 167         |
| XIII Secondary Assessed Value and Full Cash Value of Taxable Property   | 168         |
| XIV Direct and Overlapping Property Tax Rates   | 169         |
| XV Direct and Overlapping Property Tax Levies   | 170         |
| XVI Principal Property Tax Payers   | 171         |
| XVII Property Tax Levies and Collections  | 172         |
| XVIII Utility Statistical Data  | 173         |
| <b>Debt Capacity</b>  |             |
| XIX Outstanding Debt By Type  | 177         |
| XX Ratio of Net General Bonded Debt to Full Cash Value and Net Bonded Debt<br>Per Capita                                  | 178         |
| XXI Direct and Overlapping Governmental Activities Debt – Current Fiscal Year   | 179         |
| XXII Direct and Overlapping Governmental Activities Debt – Last Ten Fiscal Years  | 180         |
| XXIII Legal Debt Margin   | 181         |
| XXIV Pledged Revenue Coverage - Municipal Development Authority Bonds –<br>Governmental Portion                           | 182         |
| XXV Pledged Revenue Coverage – Revenue Bonds  | 183         |
| XXVI Pledged Revenue Coverage - Special Assessment Bonds  | 184         |
| XXVII Special Assessment Collections  | 185         |
| XXVIII Ratio of Annual Debt Service Expenditures for Governmental Debt to<br>Total Governmental Expenditures and Revenues | 186         |
| XXIX Bond Authorizations – Issued and Unissued  | 187         |
| <b>Economic and Demographic Information</b>   |             |
| XXX Demographic and Economic Statistics   | 188         |
| XXXI Major Employers Within the City  | 189         |
| <b>Operating Information</b>  |             |
| XXXII Authorized Full-time Equivalent City Government Employees By Function   | 190         |
| XXXIII Building Permits and Home Sales  | 191         |
| XXXIV Schedule of Insurance in Force  | 192         |
| XXXV Property Insurance Schedule  | 193         |
| XXXVI Operating Indicators By Function/Program  | 194         |
| XXXVII Capital Asset Statistics By Function/Program   | 195         |

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

Table I

|  | Fiscal Year           |                       |                       |                         |                         |                         |                         |                         |                         |                         |
|--|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | <u>2003</u>           | <u>2004</u>           | <u>2005</u>           | <u>2006</u>             | <u>2007</u>             | <u>2008</u>             | <u>2009</u>             | <u>2010</u>             | <u>2011</u>             | <u>2012</u>             |
| <b>Governmental Activities</b>                   |                       |                       |                       |                         |                         |                         |                         |                         |                         |                         |
| Invested in capital assets, net of related debt  | \$ 275,314,371        | \$ 396,789,364        | \$ 412,711,011        | \$ 523,429,904          | \$ 591,763,494          | \$ 602,715,532          | \$ 690,708,494          | \$ 782,205,232          | \$ 803,835,704          | \$ 816,149,271          |
| Restricted                                       | 23,123,757            | 22,011,167            | 35,660,531            | 41,483,246              | 40,822,727              | 65,528,725              | 54,945,644              | 37,649,086              | 118,382,244             | 169,287,522             |
| Unrestricted                                     | 191,628,459           | 108,663,727           | 118,007,870           | 131,307,050             | 173,833,813             | 220,374,709             | 207,958,657             | 192,278,995             | 109,550,684             | 60,397,006              |
| <b>Total governmental activities net assets</b>  | <b>\$ 490,066,587</b> | <b>\$ 527,464,258</b> | <b>\$ 566,379,412</b> | <b>\$ 696,220,200</b>   | <b>\$ 806,420,034</b>   | <b>\$ 888,618,966</b>   | <b>\$ 953,612,795</b>   | <b>\$ 1,012,133,313</b> | <b>\$ 1,031,768,632</b> | <b>\$ 1,045,833,799</b> |
| <b>Business-type Activities</b>                  |                       |                       |                       |                         |                         |                         |                         |                         |                         |                         |
| Invested in capital assets, net of related debt  | \$ 186,811,252        | \$ 216,306,907        | \$ 273,024,663        | \$ 311,724,201          | \$ 369,615,117          | \$ 427,331,359          | \$ 429,764,018          | \$ 469,854,140          | \$ 478,230,446          | \$ 478,738,661          |
| Restricted                                       | 63,628,468            | 73,597,149            | 83,015,115            | 79,329,431              | 32,749,544              | 32,967,702              | 33,558,490              | 19,474,349              | 22,733,731              | 24,912,356              |
| Unrestricted                                     | 57,594,489            | 58,112,123            | 55,874,702            | 53,032,272              | 68,959,683              | 41,967,371              | 36,507,370              | 53,422,064              | 54,791,580              | 61,033,753              |
| <b>Total business-type activities net assets</b> | <b>\$ 308,034,209</b> | <b>\$ 348,016,179</b> | <b>\$ 411,914,480</b> | <b>\$ 444,085,904</b>   | <b>\$ 471,324,344</b>   | <b>\$ 502,266,432</b>   | <b>\$ 499,829,878</b>   | <b>\$ 542,750,553</b>   | <b>\$ 555,755,757</b>   | <b>\$ 564,684,770</b>   |
| <b>Primary Government</b>                        |                       |                       |                       |                         |                         |                         |                         |                         |                         |                         |
| Invested in capital assets, net of related debt  | \$ 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        | \$ 1,282,066,150        | \$ 1,294,887,932        |
| Restricted                                       | 86,752,225            | 95,608,316            | 118,675,646           | 120,812,677             | 73,572,271              | 98,496,427              | 88,504,134              | 57,123,435              | 141,115,975             | 194,199,878             |
| Unrestricted                                     | 249,222,948           | 166,775,850           | 173,882,572           | 184,339,322             | 242,793,496             | 262,342,080             | 244,466,027             | 245,701,059             | 164,342,264             | 121,430,759             |
| <b>Total primary government net assets</b>       | <b>\$ 798,100,796</b> | <b>\$ 875,480,437</b> | <b>\$ 978,293,892</b> | <b>\$ 1,140,306,104</b> | <b>\$ 1,277,744,378</b> | <b>\$ 1,390,885,398</b> | <b>\$ 1,453,442,673</b> | <b>\$ 1,554,883,866</b> | <b>\$ 1,587,524,389</b> | <b>\$ 1,610,518,569</b> |

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            |                       |                       |                       |                        |                        |                        |                        |                        |                        |
|--|------------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|  | 2003                   | 2004                  | 2005                  | 2006                  | 2007                   | 2008                   | 2009                   | 2010                   | 2011                   | 2012                   |
| <b>Expenses</b>  |                        |                       |                       |                       |                        |                        |                        |                        |                        |                        |
| <b>Governmental Activities</b>                         |                        |                       |                       |                       |                        |                        |                        |                        |                        |                        |
| General Government                                     | \$ 14,008,647          | \$ 16,794,131         | \$ 18,810,419         | \$ 21,608,973         | \$ 24,469,279          | \$ 17,077,115          | \$ 23,226,263          | \$ 24,518,718          | \$ 27,523,428          | \$ 20,935,141          |
| Culture & Recreation                                   | 12,488,931             | 13,580,663            | 15,135,836            | 16,304,875            | 17,947,721             | 21,834,144             | 23,185,665             | 21,167,750             | 21,066,722             | 23,499,906             |
| Police   | 18,400,046             | 19,519,868            | 21,844,025            | 25,725,922            | 28,548,401             | 34,513,465             | 37,084,671             | 35,140,959             | 35,536,887             | 35,905,144             |
| Fire   | 10,361,499             | 11,025,133            | 12,731,478            | 14,184,353            | 17,401,924             | 19,914,716             | 21,618,004             | 20,977,164             | 21,243,965             | 22,313,810             |
| Development Services                                   | 4,178,383              | 4,280,766             | 4,557,154             | 4,882,448             | 5,605,618              | 6,542,413              | 6,354,769              | 6,539,886              | 6,135,184              | 5,437,784              |
| Highways & Streets                                     | 16,423,295             | 16,554,235            | 21,839,566            | 18,713,722            | 23,031,544             | 22,909,823             | 24,046,432             | 22,414,044             | 25,598,067             | 31,778,203             |
| Public Works   | 4,647,879              | 4,460,277             | 5,187,303             | 5,791,128             | 6,288,446              | 7,782,967              | 7,688,062              | 9,642,355              | 8,441,912              | 7,416,026              |
| Human Services   | 2,551,175              | 1,665,219             | 1,869,601             | 2,054,042             | 2,316,358              | 2,887,625              | 2,382,604              | 2,188,730              | 1,992,977              | 1,655,935              |
| Interest on long-term debt                             | 6,186,918              | 6,884,380             | 6,017,664             | 7,223,963             | 8,065,449              | 11,168,041             | 12,610,988             | 12,571,503             | 12,616,562             | 12,595,752             |
| Unallocated Deprecation                                | 587,006                | 582,180               | 576,719               | 575,334               | 575,334                | 574,942                | 574,550                | 574,550                | 574,550                | 574,550                |
| <b>Total governmental activities expenses</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>\$ 160,730,254</b>  | <b>\$ 162,112,251</b>  |
| <b>Business-type Activities</b>                        |                        |                       |                       |                       |                        |                        |                        |                        |                        |                        |
| Water Utility  | \$ 18,886,650          | \$ 21,344,055         | \$ 23,815,912         | \$ 25,859,997         | \$ 27,058,901          | \$ 28,677,086          | \$ 32,164,325          | \$ 29,715,038          | \$ 29,582,708          | \$ 30,777,765          |
| Wastewater Utility                                     | 12,274,198             | 11,049,354            | 12,469,667            | 12,782,965            | 14,523,268             | 17,324,471             | 31,039,534             | 30,212,381             | 19,891,729             | 21,923,061             |
| Solid Waste Utility                                    | 7,787,634              | 7,798,343             | 8,462,126             | 8,688,437             | 9,458,194              | 13,250,526             | 10,624,589             | 9,985,889              | 9,773,553              | 10,859,872             |
| Stadium  | 3,916,869              | 4,341,127             | 4,623,886             | 5,442,993             | 5,448,667              | 6,921,044              | 5,235,258              | 5,186,732              | 5,019,605              | 5,284,940              |
| Storm Drain Utility                                    | -                      | -                     | -                     | -                     | -                      | -                      | -                      | -                      | -                      | 802,246                |
| Housing  | 347,606                | 357,785               | 344,030               | 369,052               | 371,540                | 382,067                | 331,785                | 368,007                | 367,644                | 400,405                |
| <b>Total business-type activities expenses</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>\$ 64,635,239</b>   | <b>\$ 70,048,289</b>   |
| <b>Total primary government expenses</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>\$ 225,365,493</b>  | <b>\$ 232,160,540</b>  |
| <b>Program Revenues</b>                                |                        |                       |                       |                       |                        |                        |                        |                        |                        |                        |
| <b>Governmental Activities</b>                         |                        |                       |                       |                       |                        |                        |                        |                        |                        |                        |
| Charges for services                                   | \$ 12,278,699          | \$ 14,305,895         | \$ 21,078,973         | \$ 22,666,481         | \$ 23,226,773          | \$ 25,523,896          | \$ 20,130,962          | \$ 17,489,464          | \$ 17,722,889          | \$ 17,331,656          |
| Operating grants and contributions                     | 10,818,544             | 10,450,539            | 10,836,600            | 12,117,734            | 13,954,308             | 14,382,484             | 12,574,749             | 13,096,036             | 13,709,669             | 11,071,988             |
| Capital grants and contributions                       | 19,620,729             | 27,215,210            | 37,599,732            | 103,368,209           | 59,793,946             | 41,598,499             | 51,366,296             | 55,978,635             | 34,932,888             | 30,063,998             |
| <b>Total governmental activities program revenues</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>\$ 66,365,446</b>   | <b>\$ 58,467,642</b>   |
| <b>Business-type Activities</b>                        |                        |                       |                       |                       |                        |                        |                        |                        |                        |                        |
| Charges for services                                   | \$ 44,627,823          | \$ 47,136,002         | \$ 47,962,423         | \$ 53,196,965         | \$ 61,918,282          | \$ 61,936,451          | \$ 59,577,008          | \$ 62,457,821          | \$ 60,595,686          | \$ 66,048,140          |
| Operating grants and contributions                     | 120,070                | 129,308               | 136,736               | 137,532               | 135,174                | 145,841                | 158,627                | 177,710                | 209,878                | 140,461                |
| Capital grants and contributions                       | 27,526,484             | 34,853,722            | 48,121,049            | 14,097,716            | 18,219,423             | 22,321,213             | 12,186,331             | 50,899,343             | 5,408,859              | 8,418,314              |
| <b>Total business-type activities program revenues</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>\$ 66,214,423</b>   | <b>\$ 74,606,915</b>   |
| <b>Total primary government program revenues</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>\$ 132,579,869</b>  | <b>\$ 133,074,557</b>  |
| <b>Net (Expense)/Revenue</b>                           |                        |                       |                       |                       |                        |                        |                        |                        |                        |                        |
| Governmental Activities                                | \$ (47,115,807)        | \$ (43,375,208)       | \$ (39,054,460)       | \$ 21,087,664         | \$ (37,275,047)        | \$ (63,700,372)        | \$ (74,700,001)        | \$ (69,171,524)        | \$ (94,364,808)        | \$ (103,644,609)       |
| Business-type Activities                               | 29,061,420             | 37,228,368            | 46,504,587            | 14,288,769            | 23,412,309             | 17,848,311             | (7,473,525)            | 38,066,827             | 1,579,184              | 4,558,626              |
| <b>Total primary government net expense</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> | <b>\$ (92,785,624)</b> | <b>\$ (99,085,983)</b> |

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

Table II

|  | Fiscal Year           |                      |                       |                       |                       |                       |                       |                       |                       |                       |
|--|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2003                  | 2004                 | 2005                  | 2006                  | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  |
| General Revenues and Other Changes in Net Assets |                       |                      |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental Activities                          |                       |                      |                       |                       |                       |                       |                       |                       |                       |                       |
| Taxes  |                       |                      |                       |                       |                       |                       |                       |                       |                       |                       |
| Property taxes, levied for general purposes      | \$ 2,697,682          | \$ 2,724,739         | \$ 2,926,017          | \$ 3,274,982          | \$ 3,722,092          | \$ 3,728,615          | \$ 3,629,629          | \$ 3,833,445          | \$ 3,628,286          | \$ 3,187,679          |
| Property taxes, levied for debt service          | 8,681,164             | 9,940,516            | 11,240,627            | 12,930,561            | 14,392,472            | 22,569,309            | 28,162,003            | 26,225,535            | 22,406,879            | 19,030,940            |
| Sales and use taxes                              | 35,932,415            | 40,579,522           | 45,535,559            | 61,156,870            | 68,873,970            | 68,466,910            | 59,004,816            | 56,276,937            | 58,082,217            | 60,719,648            |
| Franchise taxes                                  | 2,291,179             | 2,495,803            | 2,498,995             | 3,004,895             | 3,983,701             | 3,848,746             | 4,019,182             | 3,955,416             | 4,037,897             | 4,084,163             |
| State shared sales taxes - unrestricted          | 8,474,910             | 9,116,684            | 10,038,874            | 11,681,284            | 13,130,116            | 12,695,890            | 10,991,095            | 10,137,682            | 11,649,489            | 12,087,651            |
| Urban revenue sharing - unrestricted             | 11,386,513            | 9,786,943            | 10,076,455            | 11,707,782            | 15,996,992            | 19,539,768            | 20,395,663            | 17,469,936            | 13,408,996            | 13,231,006            |
| Auto in-lieu taxes - unrestricted                | 4,268,379             | 4,390,706            | 4,639,457             | 5,251,577             | 5,725,299             | 5,546,558             | 5,018,384             | 4,634,263             | 4,548,154             | 4,944,181             |
| Investment Earnings                              | 2,950,753             | 1,698,168            | 2,930,923             | 6,723,061             | 12,100,831            | 13,328,215            | 7,896,100             | 2,199,984             | 1,354,607             | 959,479               |
| Gain on sale of capital assets                   | 91,970                | 160,917              | 148,518               | 81,122                | 60,785                | 40,953                | 115,412               | 102,409               | 76,640                | 50,192                |
| Elimination of development agreement debt        | 135,068               | 839,099              | -                     | 17,279                | 23,941                | 2,358,431             | -                     | -                     | 801,394               | -                     |
| Miscellaneous                                    | 1,034,025             | 443,892              | 2,480,978             | 5,584,218             | 7,439,193             | 3,555,171             | 3,528,043             | 5,885,847             | 5,124,916             | 3,965,187             |
| Special Item: Close out of Section 8 Housing     | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | -                     | (464,390)             |
| Transfers in (out)                               | (2,755,444)           | (1,404,110)          | (14,546,789)          | (12,660,507)          | 2,025,489             | (9,779,262)           | (3,066,497)           | (3,029,412)           | (11,119,348)          | (3,335,912)           |
| Total governmental activities                    | <u>\$ 75,188,614</u>  | <u>\$ 80,772,879</u> | <u>\$ 77,969,614</u>  | <u>\$ 108,753,124</u> | <u>\$ 147,474,881</u> | <u>\$ 145,899,304</u> | <u>\$ 139,693,830</u> | <u>\$ 127,692,042</u> | <u>\$ 114,000,127</u> | <u>\$ 118,459,824</u> |
| Business-type Activities                         |                       |                      |                       |                       |                       |                       |                       |                       |                       |                       |
| Investment Earnings                              | \$ 2,379,114          | \$ 1,349,492         | \$ 2,846,925          | \$ 5,222,148          | \$ 5,851,620          | \$ 3,314,515          | \$ 1,970,474          | \$ 444,698            | \$ 306,672            | \$ 284,427            |
| Gain on sale of capital assets                   | 317,474               | -                    | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Forgiveness of debt                              | -                     | -                    | -                     | -                     | -                     | -                     | -                     | 1,379,738             | -                     | -                     |
| Transfers in (out)                               | 2,755,444             | 1,404,110            | 14,546,789            | 12,660,507            | (2,025,489)           | 9,779,262             | 3,066,497             | 3,029,412             | 11,119,348            | 3,335,912             |
| Total business-type activities                   | <u>\$ 5,452,032</u>   | <u>\$ 2,753,602</u>  | <u>\$ 17,393,714</u>  | <u>\$ 17,882,655</u>  | <u>\$ 3,826,131</u>   | <u>\$ 13,093,777</u>  | <u>\$ 5,036,971</u>   | <u>\$ 4,853,848</u>   | <u>\$ 11,426,020</u>  | <u>\$ 3,620,339</u>   |
| Total primary government                         | <u>\$ 80,640,646</u>  | <u>\$ 83,526,481</u> | <u>\$ 95,363,328</u>  | <u>\$ 126,635,779</u> | <u>\$ 151,301,012</u> | <u>\$ 158,993,081</u> | <u>\$ 144,730,801</u> | <u>\$ 132,545,890</u> | <u>\$ 125,426,147</u> | <u>\$ 122,080,163</u> |
| Change in Net Assets                             |                       |                      |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental Activities                          | \$ 28,072,807         | \$ 37,397,671        | \$ 38,915,154         | \$ 129,840,788        | \$ 110,199,834        | \$ 82,198,932         | \$ 64,993,829         | \$ 58,520,518         | \$ 19,635,319         | \$ 14,815,215         |
| Business-type Activities                         | 34,513,452            | 39,981,970           | 63,898,301            | 32,171,424            | 27,238,440            | 30,942,088            | (2,436,554)           | 42,920,675            | 13,005,204            | 8,178,965             |
| Total primary government                         | <u>\$ 173,238,809</u> | <u>\$ 77,379,641</u> | <u>\$ 102,813,455</u> | <u>\$ 162,012,212</u> | <u>\$ 137,438,274</u> | <u>\$ 113,141,020</u> | <u>\$ 62,557,275</u>  | <u>\$ 101,441,193</u> | <u>\$ 32,640,523</u>  | <u>\$ 22,994,180</u>  |

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>2003</u>           | <u>2004</u>           | <u>2005</u>           | <u>2006</u>           | <u>2007</u>           | <u>2008</u>           | <u>2009</u>           | <u>2010</u>           | <u>2011</u>           | <u>2012</u>           |
| <b>Program Revenues</b>                         |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental Activities                         |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Charges for services                            |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| General Government                              | \$ 1,468,973          | \$ 1,576,952          | \$ 3,122,641          | \$ 3,346,730          | \$ 2,747,370          | \$ 2,293,928          | \$ 3,635,662          | \$ 2,955,225          | \$ 3,111,713          | \$ 2,839,814          |
| Culture & Recreation                            | 4,156,225             | 4,278,605             | 5,117,914             | 5,793,176             | 6,927,760             | 8,111,802             | 8,035,499             | 7,133,645             | 6,642,642             | 6,810,891             |
| Police  | 231,147               | 603,702               | 1,123,337             | 828,053               | 1,283,559             | 790,269               | 1,326,404             | 813,032               | 1,050,490             | 1,112,621             |
| Fire  | 839,434               | 730,868               | 1,557,835             | 1,844,083             | 1,737,666             | 1,717,319             | 1,748,715             | 1,457,280             | 1,580,191             | 1,693,101             |
| Development Services                            | 3,816,666             | 4,121,816             | 5,840,631             | 5,660,591             | 4,614,166             | 3,526,784             | 1,568,529             | 1,231,534             | 1,323,358             | 1,720,697             |
| Highways & Streets                              | 142,242               | 176,195               | 205,291               | 104,654               | 433,400               | 345,417               | 348,351               | 445,074               | 516,778               | 424,505               |
| Public Works                                    | 1,578,903             | 2,709,759             | 3,987,875             | 4,950,541             | 5,318,686             | 8,607,833             | 3,336,840             | 3,310,544             | 3,350,178             | 2,687,325             |
| Human Services                                  | 45,109                | 107,998               | 123,449               | 138,653               | 164,166               | 130,544               | 130,962               | 143,130               | 147,539               | 42,702                |
| Operating grants and contributions              | 10,818,544            | 10,450,539            | 10,836,600            | 12,117,734            | 13,954,308            | 14,382,484            | 12,574,749            | 13,096,036            | 13,709,669            | 11,071,988            |
| Capital grants and contributions                | 19,620,729            | 27,215,210            | 37,599,732            | 103,368,209           | 59,793,946            | 41,598,499            | 51,366,296            | 55,978,635            | 34,932,888            | 30,063,998            |
| Total governmental activities program revenues  | <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>  | <u>\$ 66,365,446</u>  | <u>\$ 58,467,642</u>  |
| Business-type Activities                        |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Charges for services                            |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Water Utility                                   | \$ 24,364,355         | \$ 25,175,285         | \$ 24,932,796         | \$ 28,240,253         | \$ 33,511,407         | \$ 31,866,685         | \$ 30,104,254         | \$ 30,789,786         | \$ 30,004,279         | \$ 33,896,048         |
| Wastewater Utility                              | 10,623,544            | 10,971,239            | 11,608,902            | 12,227,879            | 14,907,360            | 15,423,188            | 15,331,781            | 16,994,511            | 15,933,154            | 16,624,110            |
| Solid Waste Utility                             | 7,277,520             | 7,728,124             | 8,330,792             | 9,715,409             | 10,395,273            | 11,216,061            | 11,166,354            | 11,764,271            | 11,904,142            | 11,873,744            |
| Stadium   | 2,225,211             | 3,133,022             | 2,961,792             | 2,859,794             | 2,953,365             | 3,279,780             | 2,866,609             | 2,800,976             | 2,629,765             | 2,711,665             |
| Storm Drain Utility                             | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | 804,487               |
| Housing   | 137,193               | 128,332               | 128,141               | 153,630               | 150,877               | 150,737               | 108,010               | 108,277               | 124,346               | 138,086               |
| Operating grants and contributions              | 120,070               | 129,308               | 136,736               | 137,532               | 135,174               | 145,841               | 158,627               | 177,710               | 209,878               | 140,461               |
| Capital grants and contributions                | 27,526,484            | 34,853,722            | 48,121,049            | 14,097,716            | 18,219,423            | 22,321,213            | 12,186,331            | 50,899,343            | 5,408,859             | 8,418,314             |
| Total business-type activities program revenues | <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> | <u>\$ 66,214,423</u>  | <u>\$ 74,606,915</u>  |
| Total primary government program revenues       | <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> | <u>\$ 132,579,869</u> | <u>\$ 133,074,557</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           |                      |                       |                       |                       |                       |                       |                       |                       |                       |
|--|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2003                  | 2004                 | 2005                  | 2006                  | 2007                  | 2008                  | 2009                  | 2010                  | 2011 *                | 2012                  |
| General Fund                                       |                       |                      |                       |                       |                       |                       |                       |                       |                       |                       |
| Reserved   | \$ 730,494            | \$ 3,061,807         | \$ 150,764            | \$ 948,135            | \$ 216,652            | \$ 264,489            | \$ 275,184            | \$ 241,678            | \$ -                  | \$ -                  |
| Unreserved   | 41,955,367            | 43,989,346           | 52,553,522            | 65,224,766            | 74,842,586            | 77,741,727            | 67,102,145            | 60,238,418            | -                     | -                     |
| Unspendable  | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 537,000               | 1,163,721             |
| Restricted   | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 30,671                | 70,016                |
| Committed  | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 34,288,769            | 33,590,254            |
| Assigned   | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 3,891,174             | 3,705,809             |
| Unassigned   | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 13,429,595            | 12,878,675            |
| Total General Fund                                 | <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>  | <u>\$ 52,177,209</u>  | <u>\$ 51,408,475</u>  |
| General Fund as % of current year revenues (1)     |                       |                      |                       |                       |                       |                       |                       |                       |                       |                       |
| Reserved   | 1.1%                  | 4.4%                 | 0.2%                  | 1.0%                  | 0.2%                  | 0.2%                  | 0.3%                  | 0.3%                  | 0.0%                  | 0.0%                  |
| Unreserved   | 64.4%                 | 62.6%                | 64.2%                 | 67.6%                 | 70.9%                 | 71.1%                 | 70.3%                 | 69.5%                 | 0.0%                  | 0.0%                  |
| Unspendable  | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 0.6%                  | 1.3%                  |
| Restricted   | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 0.0%                  | 0.1%                  |
| Committed  | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 39.7%                 | 38.3%                 |
| Assigned   | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 4.5%                  | 4.2%                  |
| Unassigned   | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 15.5%                 | 14.7%                 |
| Total General Fund                                 | <u>65.5%</u>          | <u>67.0%</u>         | <u>64.4%</u>          | <u>68.6%</u>          | <u>71.1%</u>          | <u>71.3%</u>          | <u>70.6%</u>          | <u>69.8%</u>          | <u>60.4%</u>          | <u>58.6%</u>          |
| General Fund as % of current year expenditures (2) |                       |                      |                       |                       |                       |                       |                       |                       |                       |                       |
| Reserved   | 1.2%                  | 4.7%                 | 0.2%                  | 1.1%                  | 0.2%                  | 0.2%                  | 0.3%                  | 0.2%                  | 0.0%                  | 0.0%                  |
| Unreserved   | 70.8%                 | 67.3%                | 68.2%                 | 76.4%                 | 72.0%                 | 70.2%                 | 61.1%                 | 57.0%                 | 0.0%                  | 0.0%                  |
| Unspendable  | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 0.5%                  | 1.2%                  |
| Restricted   | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 0.0%                  | 0.1%                  |
| Committed  | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 34.4%                 | 35.2%                 |
| Assigned   | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 3.9%                  | 3.9%                  |
| Unassigned   | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 13.5%                 | 13.5%                 |
| Total General Fund                                 | <u>72.0%</u>          | <u>72.0%</u>         | <u>68.4%</u>          | <u>77.5%</u>          | <u>72.2%</u>          | <u>70.4%</u>          | <u>61.4%</u>          | <u>57.2%</u>          | <u>52.3%</u>          | <u>53.9%</u>          |
| All Other Governmental Funds                       |                       |                      |                       |                       |                       |                       |                       |                       |                       |                       |
| Reserved   | \$ 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                              | 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                             | 9,533,035             | 8,300,215            | (4,566,517)           | (21,988,077)          | 18,917,375            | 23,589,696            | 29,428,677            | 22,203,699            | -                     | -                     |
| Unspendable  | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 108,919               | 95,828                |
| Restricted   | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 169,837,817           | 168,127,814           |
| Committed  | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 11,040,682            | 10,064,814            |
| Assigned   | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | 30,055,251            | 40,566,996            |
| Unassigned   | -                     | -                    | -                     | -                     | -                     | -                     | -                     | -                     | -                     | (84,673)              |
| Total All Other Governmental Funds                 | <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> | <u>\$ 211,042,669</u> | <u>\$ 218,770,779</u> |

\* The City implemented GASB Statement 54 - *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011. Previous years have not been restated to the new required format.

(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           |                        |                       |                        |                       |                        |                        |                        |                        |                       |
|--|-----------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|
|  | 2003                  | 2004                   | 2005                  | 2006                   | 2007                  | 2008                   | 2009                   | 2010                   | 2011                   | 2012                  |
| <b>Revenues</b>  |                       |                        |                       |                        |                       |                        |                        |                        |                        |                       |
| Taxes  | \$ 49,675,987         | \$ 55,774,213          | \$ 62,170,531         | \$ 80,238,340          | \$ 90,780,140         | \$ 98,358,262          | \$ 93,896,013          | \$ 90,783,641          | \$ 88,244,772          | \$ 87,203,131         |
| Intergovernmental  | 37,076,594            | 34,841,183             | 36,747,293            | 41,899,532             | 64,283,444            | 52,612,549             | 62,718,223             | 45,621,921             | 43,917,343             | 54,562,371            |
| Charges for services   | 14,719,159            | 18,430,649             | 30,768,591            | 34,863,016             | 39,290,401            | 37,609,937             | 18,479,664             | 18,137,718             | 16,356,566             | 18,359,757            |
| Licenses and Permits   | 3,022,495             | 3,597,522              | 5,041,680             | 4,807,840              | 3,878,132             | 3,020,436              | 1,802,759              | 1,599,957              | 1,672,072              | 2,106,545             |
| Fines and Forfeitures  | 1,093,438             | 1,086,327              | 1,823,626             | 2,112,799              | 2,203,756             | 2,666,731              | 3,733,047              | 2,755,104              | 3,068,861              | 2,757,022             |
| Rents  | 70,952                | 89,829                 | 174,837               | 228,492                | 249,069               | 358,215                | 395,834                | 421,289                | 403,321                | 486,932               |
| Investment Earnings  | 2,669,885             | 1,467,703              | 2,652,530             | 6,050,060              | 10,942,001            | 12,125,018             | 7,174,109              | 1,992,817              | 1,238,174              | 859,146               |
| Special assessments  | 3,142,875             | 2,598,445              | 2,252,142             | 2,262,770              | 1,971,991             | 1,803,344              | 2,200,782              | 2,214,167              | 2,201,463              | 2,069,613             |
| Miscellaneous  | 1,089,570             | 3,293,560              | 2,560,291             | 5,562,231              | 6,992,363             | 7,882,947              | 7,488,740              | 8,485,570              | 18,441,696             | 4,588,218             |
| <b>Total Revenues</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>\$ 175,544,268</b>  | <b>\$ 172,992,735</b> |
| <b>Expenditures</b>  |                       |                        |                       |                        |                       |                        |                        |                        |                        |                       |
| General Government   | \$ 13,094,326         | \$ 15,386,608          | \$ 18,144,444         | \$ 19,767,909          | \$ 22,833,440         | \$ 14,544,047          | \$ 17,798,947          | \$ 16,330,159          | \$ 15,818,173          | \$ 14,470,822         |
| Culture & Recreation   | 11,339,011            | 12,395,888             | 13,935,373            | 15,300,068             | 17,013,511            | 21,769,313             | 22,303,852             | 19,475,634             | 18,784,735             | 18,396,187            |
| Police   | 17,462,775            | 18,663,675             | 20,915,014            | 24,715,113             | 28,163,474            | 33,340,756             | 36,458,108             | 34,131,465             | 33,926,463             | 33,717,021            |
| Fire   | 9,633,471             | 10,440,007             | 12,206,093            | 13,422,870             | 16,522,036            | 19,120,991             | 20,516,345             | 19,745,446             | 19,463,905             | 20,673,956            |
| Development Services   | 4,095,448             | 4,253,710              | 4,575,963             | 4,986,442              | 5,526,599             | 6,669,979              | 6,489,199              | 6,529,594              | 6,051,667              | 5,328,403             |
| Highways & Streets   | 8,740,707             | 8,825,795              | 13,930,314            | 10,333,402             | 14,679,124            | 14,632,287             | 15,469,695             | 13,070,648             | 13,891,078             | 14,754,432            |
| Public Works   | 3,217,245             | 3,107,787              | 3,993,427             | 4,640,211              | 5,010,116             | 6,408,150              | 6,187,633              | 7,955,394              | 6,748,102              | 4,884,713             |
| Human Services   | 2,452,063             | 1,590,605              | 1,768,107             | 1,991,939              | 2,291,469             | 2,817,716              | 2,343,847              | 2,145,702              | 1,952,861              | 1,586,315             |
| Other  | 3,707                 | 16,823                 | 3,849                 | 539                    | 45,912                | -                      | -                      | -                      | -                      | -                     |
| Capital Outlay   | 24,209,115            | 52,502,380             | 33,148,181            | 34,944,336             | 76,919,805            | 74,142,416             | 77,515,142             | 60,269,181             | 29,176,335             | 26,336,595            |
| Debt Service   |                       |                        |                       |                        |                       |                        |                        |                        |                        |                       |
| Interest   | 6,918,514             | 6,299,626              | 7,046,576             | 6,747,072              | 8,099,492             | 10,340,704             | 11,917,582             | 13,166,242             | 12,658,032             | 13,098,263            |
| Principal  | 10,612,697            | 9,737,936              | 15,304,972            | 16,881,632             | 16,178,431            | 31,143,531             | 25,988,554             | 44,700,092             | 34,309,287             | 25,566,028            |
| <b>Total Expenditures</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>\$ 192,780,638</b>  | <b>\$ 178,812,735</b> |
| <b>Excess of Revenues over (under) Expenditures</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>\$ (17,236,370)</b> | <b>\$ (5,820,000)</b> |
| <b>Other Financing Sources (Uses)</b>                          |                       |                        |                       |                        |                       |                        |                        |                        |                        |                       |
| Proceeds from borrowing  | \$ 49,213,258         | \$ 164,548             | \$ 23,809,728         | \$ 6,722,550           | \$ 122,090,000        | \$ 47,000,000          | \$ 68,440,000          | \$ 29,170,000          | \$ 7,920,000           | \$ 14,715,000         |
| Proceeds from refunding  | 24,613,603            | -                      | -                     | -                      | 18,365,000            | -                      | -                      | -                      | -                      | 13,690,000            |
| Payments to bond refunding escrow agent                        | (22,255,141)          | -                      | -                     | -                      | (18,365,000)          | -                      | -                      | -                      | -                      | (13,690,000)          |
| Premium on bonds issued  | -                     | -                      | 75,552                | 20,559                 | 1,502,204             | 273,310                | 808,192                | 495,890                | 16,960                 | 645,188               |
| Special Item: Close out Section 8 Housing                      | -                     | -                      | -                     | -                      | -                     | -                      | -                      | -                      | -                      | (464,390)             |
| Transfers In   | 15,978,782            | 6,193,157              | 11,766,397            | 10,116,361             | 17,798,434            | 16,426,715             | 18,855,279             | 23,567,886             | 28,388,910             | 16,740,587            |
| Transfers Out  | (21,772,434)          | (11,266,511)           | (15,827,303)          | (26,870,128)           | (21,121,233)          | (36,035,044)           | (30,928,896)           | (20,963,066)           | (42,075,019)           | (18,106,961)          |
| <b>Total Other Financing Sources (Uses)</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>\$ (5,749,149)</b>  | <b>\$ 13,529,424</b>  |
| <b>Net Change in Fund Balance</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>\$ (22,985,519)</b> | <b>\$ 7,709,424</b>   |
| <b>Debt Service as a percentage of noncapital expenditures</b> | <b>20.02%</b>         | <b>17.68%</b>          | <b>19.99%</b>         | <b>19.89%</b>          | <b>17.80%</b>         | <b>25.80%</b>          | <b>22.91%</b>          | <b>32.65%</b>          | <b>28.71%</b>          | <b>25.36%</b>         |

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           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                       | 2003                  | 2004                  | 2005                  | 2006                  | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  |
| <b>Governmental Activities:</b>       |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| General Government                    | \$ 3,475,738          | \$ 3,842,493          | \$ 5,155,229          | \$ 5,471,741          | \$ 5,099,910          | \$ 3,872,997          | \$ 4,092,800          | \$ 3,512,654          | \$ 3,483,196          | \$ 3,138,886          |
| Culture & Recreation                  | 7,017,008             | 8,427,932             | 11,784,749            | 14,003,877            | 12,243,385            | 12,673,351            | 9,516,656             | 8,872,476             | 8,255,882             | 8,783,964             |
| Police                                | 1,147,435             | 1,697,650             | 2,579,817             | 3,128,006             | 5,271,968             | 3,468,250             | 2,844,901             | 2,228,397             | 1,920,702             | 2,249,525             |
| Fire                                  | 1,375,502             | 1,553,178             | 3,075,988             | 3,729,960             | 4,098,537             | 3,202,518             | 2,148,000             | 1,999,601             | 2,093,976             | 2,347,846             |
| Development Services                  | 4,735,581             | 4,756,969             | 6,545,647             | 6,459,264             | 5,437,544             | 4,148,578             | 2,195,564             | 2,077,759             | 2,188,283             | 2,243,301             |
| Highways & Streets                    | 19,439,898            | 24,079,992            | 34,210,694            | 98,404,102            | 57,310,910            | 42,357,347            | 58,042,435            | 61,824,066            | 41,466,907            | 35,542,046            |
| Public Works                          | 3,063,471             | 5,887,194             | 4,161,349             | 4,950,541             | 5,418,686             | 8,929,561             | 3,341,185             | 4,114,022             | 5,443,608             | 2,862,435             |
| Human Services                        | 2,463,339             | 1,726,236             | 2,001,832             | 2,004,933             | 2,094,087             | 2,852,277             | 1,890,466             | 1,935,160             | 1,512,892             | 1,299,639             |
| Unallocated General Revenues          | 77,944,058            | 82,176,989            | 92,516,403            | 121,413,631           | 145,449,392           | 155,678,566           | 142,760,327           | 130,721,454           | 125,119,475           | 121,795,736           |
| <b>Total Governmental Activities</b>  | <b>\$ 120,662,030</b> | <b>\$ 134,148,633</b> | <b>\$ 162,031,708</b> | <b>\$ 259,566,055</b> | <b>\$ 242,424,419</b> | <b>\$ 237,183,445</b> | <b>\$ 226,832,334</b> | <b>\$ 217,285,589</b> | <b>\$ 191,484,921</b> | <b>\$ 180,263,378</b> |
| <b>Business-type Activities:</b>      |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Water Utility                         | \$ 36,926,991         | \$ 45,639,906         | \$ 49,238,279         | \$ 36,888,294         | \$ 44,900,179         | 44,368,035            | 37,864,324            | 57,524,177            | 33,948,181            | 38,998,580            |
| Wastewater Utility                    | 24,833,732            | 24,595,006            | 34,300,518            | 16,668,034            | 21,116,119            | 24,784,247            | 19,647,683            | 41,038,763            | 17,276,923            | 19,869,458            |
| Solid Waste Utility                   | 8,031,180             | 8,493,458             | 9,454,742             | 10,732,529            | 11,017,165            | 11,674,865            | 11,276,713            | 11,884,971            | 12,025,330            | 11,944,178            |
| Stadium                               | 2,225,211             | 3,133,022             | 2,961,792             | 2,859,794             | 2,953,365             | 3,279,780             | 2,866,609             | 2,800,976             | 2,629,765             | 2,711,665             |
| Storm Drain Utility                   | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | 804,487               |
| Housing                               | 257,263               | 257,640               | 264,877               | 283,562               | 286,051               | 296,578               | 266,637               | 285,987               | 334,224               | 278,547               |
| Unallocated General Revenues          | 2,696,588             | 1,349,492             | 2,846,925             | 5,222,148             | 5,851,620             | 3,314,515             | 1,970,474             | 1,824,436             | 306,672               | 284,427               |
| <b>Total Business-type Activities</b> | <b>\$ 74,970,965</b>  | <b>\$ 83,468,524</b>  | <b>\$ 99,067,133</b>  | <b>\$ 72,654,361</b>  | <b>\$ 86,124,499</b>  | <b>\$ 87,718,020</b>  | <b>\$ 73,892,440</b>  | <b>\$ 115,359,310</b> | <b>\$ 66,521,095</b>  | <b>\$ 74,891,342</b>  |
| <b>Total Primary Government</b>       | <b>\$ 195,632,995</b> | <b>\$ 217,617,157</b> | <b>\$ 261,098,841</b> | <b>\$ 332,220,416</b> | <b>\$ 328,548,918</b> | <b>\$ 324,901,465</b> | <b>\$ 300,724,774</b> | <b>\$ 332,644,899</b> | <b>\$ 258,006,016</b> | <b>\$ 255,154,720</b> |

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>2003</u>          | <u>2004</u>          | <u>2005</u>          | <u>2006</u>          | <u>2007</u>          | <u>2008</u>          | <u>2009</u>          | <u>2010</u>          | <u>2011</u>          | <u>2012</u>          |
| Transaction Taxes (1)   | \$ 35,932,415        | \$ 40,579,522        | \$ 45,535,559        | \$ 61,156,870        | \$ 68,873,970        | \$ 68,466,910        | \$ 59,004,816        | \$ 56,276,937        | \$ 58,082,217        | \$ 60,719,648        |
| Franchise Taxes         | 2,291,179            | 2,495,803            | 2,498,995            | 3,004,895            | 3,983,701            | 3,848,746            | 4,019,182            | 3,955,416            | 4,037,897            | 4,084,163            |
| Property Taxes          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Primary Taxes           | 1,838,829            | 2,077,178            | 2,285,792            | 2,612,397            | 2,896,360            | 2,975,900            | 2,691,525            | 3,188,468            | 2,866,098            | 2,521,692            |
| Secondary Taxes         | 8,603,538            | 9,749,392            | 10,688,571           | 12,393,713           | 13,211,927           | 19,176,935           | 24,105,340           | 23,564,788           | 20,037,286           | 16,735,182           |
| Special District* Taxes | 834,891              | 619,973              | 868,197              | 796,821              | 1,571,936            | 3,633,664            | 3,729,995            | 3,554,681            | 2,978,348            | 2,895,288            |
| In Lieu Taxes           | 175,135              | 252,345              | 293,417              | 273,644              | 242,246              | 256,107              | 345,155              | 243,351              | 242,926              | 247,158              |
| Total Property Taxes    | <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>\$ 30,551,289</u> | <u>\$ 26,124,658</u> | <u>\$ 22,399,320</u> |
| Total Taxes             | <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> | <u>\$ 88,244,772</u> | <u>\$ 87,203,131</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>2003</u>          | <u>2004</u>          | <u>2005</u>          | <u>2006</u>          | <u>2007</u>          | <u>2008</u>          | <u>2009</u>          | <u>2010</u>          | <u>2011</u>          | <u>2012</u>          |
| State Shared Sales Tax          | \$ 8,474,910         | \$ 9,116,684         | \$ 10,038,874        | \$ 11,681,284        | \$ 13,130,116        | \$ 12,695,890        | \$ 10,991,095        | \$ 10,137,682        | \$ 11,649,489        | \$ 12,087,651        |
| County Shared Sales Tax         | -                    | -                    | -                    | -                    | -                    | -                    | 12,837,089           | -                    | -                    | -                    |
| Urban Revenue Sharing           | 11,386,513           | 9,786,943            | 10,076,455           | 11,707,782           | 15,996,992           | 19,539,768           | 20,395,663           | 17,469,936           | 13,408,996           | 13,231,006           |
| Auto in-Lieu                    | 4,268,379            | 4,390,706            | 4,639,457            | 5,251,577            | 5,725,299            | 5,546,558            | 5,018,384            | 4,634,263            | 4,548,154            | 4,944,181            |
| HURF Revenues                   | 7,020,920            | 7,501,918            | 7,878,977            | 8,475,784            | 9,870,460            | 9,488,625            | 8,287,891            | 7,852,103            | 8,018,271            | 7,714,173            |
| Local Transportation Aid        | 639,879              | 650,734              | 650,056              | 657,162              | 658,598              | 666,237              | 640,826              | 375,639              | -                    | -                    |
| Federal                         | 3,552,001            | 2,340,738            | 2,685,415            | 2,822,321            | 3,101,796            | 2,904,788            | 2,970,534            | 4,043,930            | 5,036,285            | 2,226,322            |
| Other                           | 1,733,992            | 1,053,460            | 778,059              | 1,303,622            | 15,800,183           | 1,770,683            | 1,576,741            | 1,108,368            | 1,256,148            | 14,359,038           |
| Total Intergovernmental Revenue | <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> | <u>\$ 43,917,343</u> | <u>\$ 54,562,371</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>2003</u>          | <u>2004</u>          | <u>2005</u>          | <u>2006</u>          | <u>2007</u>          | <u>2008</u>          | <u>2009</u>         | <u>2010</u>         | <u>2011</u>         | <u>2012</u>          |
| Governmental Activities:       |                      |                      |                      |                      |                      |                      |                     |                     |                     |                      |
| Streets                        | \$ 2,064,748         | \$ 2,740,580         | \$ 7,029,058         | \$ 8,460,281         | \$ 11,093,775        | \$ 8,950,451         | \$ 3,425,308        | \$ 3,941,479        | \$ 2,754,212        | \$ 4,521,099         |
| Parks/Recreation               | 2,089,955            | 2,778,480            | 5,045,791            | 5,113,046            | 4,020,306            | 3,647,109            | 883,944             | 1,162,332           | 1,040,832           | 1,425,820            |
| Library                        | 457,898              | 586,200              | 1,028,504            | 969,582              | 691,434              | 501,209              | 99,061              | 109,019             | 108,307             | 141,526              |
| Public Safety                  | 1,124,351            | 1,461,477            | 2,730,568            | 3,275,831            | 5,649,715            | 3,515,573            | 654,919             | 789,170             | 480,085             | 869,324              |
| General Government             | 1,012,151            | 1,381,237            | 2,020,208            | 2,105,106            | 2,167,340            | 1,413,319            | 326,373             | 391,226             | 239,759             | 184,101              |
| Total Governmental Activities  | <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> | <u>\$ 4,623,195</u> | <u>\$ 7,141,870</u>  |
| Business-type Activities:      |                      |                      |                      |                      |                      |                      |                     |                     |                     |                      |
| Water Expansion                | 7,013,267            | 7,025,548            | 7,671,535            | 6,972,529            | 4,973,097            | 3,297,819            | 1,073,071           | 898,045             | 1,111,092           | 1,531,494            |
| Water Resource                 | 887,389              | 1,287,101            | 1,801,486            | 1,550,288            | 1,133,833            | 659,750              | 321,008             | 258,463             | 225,007             | 372,805              |
| Wastewater Expansion           | 4,786,965            | 3,658,370            | 4,391,622            | 4,364,858            | 2,719,879            | 1,863,749            | 447,047             | 460,210             | 563,836             | 916,117              |
| Solid Waste Expansion          | 753,660              | 765,334              | 1,123,950            | 1,009,520            | 621,892              | 458,804              | 110,359             | 120,700             | 121,188             | 70,434               |
| Total Business-type Activities | <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> | <u>\$ 2,021,123</u> | <u>\$ 2,890,850</u>  |
| Total Primary Government       | <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> | <u>\$ 6,644,318</u> | <u>\$ 10,032,720</u> |

Source: City financial records

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

Table X

|                         | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                         | <u>2003</u>          | <u>2004</u>          | <u>2005</u>          | <u>2006</u>          | <u>2007</u>          | <u>2008</u>          | <u>2009</u>          | <u>2010</u>          | <u>2011</u>          | <u>2012</u>          |
| Retail Sales            | \$ 18,284,743        | \$ 19,946,715        | \$ 21,861,810        | \$ 26,832,950        | \$ 30,963,887        | \$ 30,721,220        | \$ 26,694,348        | \$ 26,857,263        | \$ 29,247,900        | \$ 31,483,859        |
| Contracting             | 5,372,308            | 6,147,387            | 7,871,565            | 14,022,558           | 13,910,951           | 11,271,722           | 7,014,131            | 4,550,512            | 3,611,614            | 3,305,409            |
| Rentals                 | 3,315,297            | 3,756,875            | 4,297,474            | 5,469,550            | 6,554,938            | 7,190,660            | 7,107,109            | 6,927,724            | 6,980,633            | 7,414,803            |
| Utilities               | 2,255,621            | 2,445,199            | 2,576,655            | 4,949,457            | 6,005,833            | 6,584,854            | 6,836,000            | 6,906,904            | 6,917,391            | 7,232,286            |
| Telecom/Cable TV        | 719,721              | 815,105              | 920,471              | 1,079,620            | 1,245,892            | 1,492,871            | 1,437,589            | 1,405,352            | 1,294,565            | 1,304,092            |
| Restaurant/Bar          | 3,944,702            | 4,432,723            | 5,052,224            | 5,986,135            | 6,782,852            | 7,032,488            | 7,026,265            | 7,114,625            | 7,469,189            | 7,776,190            |
| Amusement               | 373,416              | 443,680              | 549,702              | 655,728              | 814,307              | 838,550              | 727,023              | 814,694              | 856,274              | 896,320              |
| Use                     | 602,119              | 599,172              | 570,265              | 485,720              | 783,997              | 985,505              | 599,537              | 374,659              | 426,017              | 566,453              |
| Other                   | 1,064,488            | 1,992,666            | 1,835,393            | 1,675,151            | 1,811,313            | 2,349,040            | 1,562,814            | 1,325,204            | 1,278,634            | 740,236              |
| <b>Total</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>\$ 58,082,217</b> | <b>\$ 60,719,648</b> |
| <b>% Growth by Year</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Retail Sales            | 4.7%                 | 9.1%                 | 9.6%                 | 22.7%                | 15.4%                | -0.8%                | -13.1%               | 0.6%                 | 8.9%                 | 7.6%                 |
| Contracting             | 6.0%                 | 14.4%                | 28.0%                | 78.1%                | -0.8%                | -19.0%               | -37.8%               | -35.1%               | -20.6%               | -8.5%                |
| Rentals                 | 8.2%                 | 13.3%                | 14.4%                | 27.3%                | 19.8%                | 9.7%                 | -1.2%                | -2.5%                | 0.8%                 | 6.2%                 |
| Utilities               | 4.6%                 | 8.4%                 | 5.4%                 | 92.1%                | 21.3%                | 9.6%                 | 3.8%                 | 1.0%                 | 0.2%                 | 4.6%                 |
| Telecom/Cable TV        | 14.9%                | 13.3%                | 12.9%                | 17.3%                | 15.4%                | 19.8%                | -3.7%                | -2.2%                | -7.9%                | 0.7%                 |
| Restaurant/Bar          | 22.4%                | 12.4%                | 14.0%                | 18.5%                | 13.3%                | 3.7%                 | -0.1%                | 1.3%                 | 5.0%                 | 4.1%                 |
| Amusement               | 9.7%                 | 18.8%                | 23.9%                | 19.3%                | 24.2%                | 3.0%                 | -13.3%               | 12.1%                | 5.1%                 | 4.7%                 |
| Use                     | -32.9%               | -0.5%                | -4.8%                | -14.8%               | 61.4%                | 25.7%                | -39.2%               | -37.5%               | 13.7%                | 33.0%                |
| Other                   | 20.9%                | 87.2%                | -7.9%                | -8.7%                | 8.1%                 | 29.7%                | -33.5%               | -15.2%               | -3.5%                | -42.1%               |
| <b>Total</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>-17.8%</b>        | <b>3.2%</b>          | <b>4.5%</b>          |

Note: Includes all governmental fund types

Source: City financial records and reports

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

**Table XI**

|                         | <b>Year Taxes Are Payable</b> |             |             |             |             |             |             |             |             |             |
|-------------------------|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                         | <u>2003</u>                   | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| City Direct Rates:      |                               |             |             |             |             |             |             |             |             |             |
| Retail Sales            | 1.50%                         | 1.50%       | 1.50%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       |
| Contracting             | 1.50%                         | 1.50%       | 1.50%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       |
| Rental                  | 1.50%                         | 1.50%       | 1.50%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       |
| Hotel/Transient Lodging | 5.00%                         | 5.00%       | 5.00%       | 5.60%       | 5.60%       | 5.60%       | 5.60%       | 5.60%       | 5.60%       | 5.60%       |
| Utilities               | 3.00%                         | 3.00%       | 3.00%       | 3.30%       | 3.30%       | 3.30%       | 3.30%       | 3.30%       | 3.30%       | 3.30%       |
| Telecom/Cable TV        | 1.50%                         | 1.50%       | 1.50%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       |
| Restaurant/Bar          | 2.50%                         | 2.50%       | 2.50%       | 2.80%       | 2.80%       | 2.80%       | 2.80%       | 2.80%       | 2.80%       | 2.80%       |
| Amusement               | 2.50%                         | 2.50%       | 2.50%       | 2.80%       | 2.80%       | 2.80%       | 2.80%       | 2.80%       | 2.80%       | 2.80%       |
| Others                  | 1.50%                         | 1.50%       | 1.50%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       | 1.80%       |
| County Rate             |                               |             |             |             |             |             |             |             |             |             |
| Hotel/Transient Lodging | 1.77%                         | 1.77%       | 1.77%       | 1.77%       | 1.77%       | 1.77%       | 1.77%       | 1.77%       | 1.77%       | 1.77%       |
| All Others              | 0.70%                         | 0.70%       | 0.70%       | 0.70%       | 0.70%       | 0.70%       | 0.70%       | 0.70%       | 0.70%       | 0.70%       |
| State Rate              |                               |             |             |             |             |             |             |             |             |             |
| Hotel/Transient Lodging | 5.50%                         | 5.50%       | 5.50%       | 5.50%       | 5.50%       | 5.50%       | 5.50%       | 5.50%       | 5.50%       | 5.50%       |
| All Others              | 5.60%                         | 5.60%       | 5.60%       | 5.60%       | 5.60%       | 5.60%       | 5.60%       | 6.60%       | 6.60%       | 6.60%       |

Source: Model City Tax Code, ADOR 91-5312

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

**Table XII**

| Category             | 2012               |                                   |                       |   | 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         | 3,141              | 20.01%                            | \$ 31,483,859         | 51.9%   | 2,365              | 23.4%                             | \$ 21,861,810         | 48.0%   |
| Contracting          | 3,828              | 24.39%                            | 3,305,409             | 5.4%  | 3,216              | 31.8%                             | 7,871,565             | 17.3%   |
| Restaurant/Bar       | 360                | 2.29%                             | 7,776,190             | 12.8%   | 235                | 2.3%                              | 5,052,224             | 11.1%   |
| Rental               | 6,083              | 38.76%                            | 7,414,803             | 12.2%   | 2,867              | 28.3%                             | 4,297,474             | 9.4%  |
| Utilities            | 14                 | 0.09%                             | 7,232,286             | 11.9%   | 9                  | 0.1%                              | 2,576,655             | 5.7%  |
| Telecom/Cable TV Use | 130                | 0.83%                             | 1,304,092             | 2.1%  | 126                | 1.2%                              | 920,471               | 2.0%  |
| Amusement            | 1,991              | 12.69%                            | 566,453               | 0.9%  | 857                | 8.5%                              | 570,265               | 1.3%  |
| Others               | 60                 | 0.38%                             | 896,320               | 1.5%  | 45                 | 0.4%                              | 549,702               | 1.2%  |
|                      | 88                 | 0.56%                             | 740,236               | 1.2%  | 402                | 4.0%                              | 1,835,393             | 4.0%  |
| <b>Total</b>         | <u>15,695</u>      | <u>100.00%</u>                    | <u>\$ 60,719,648</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>2003</u>           | <u>2004</u>           | <u>2005</u>           | <u>2006</u>           | <u>2007</u>             | <u>2008</u>             | <u>2009</u>             | <u>2010</u>             | <u>2011</u>             | <u>2012</u>             |
| Residential (Owner occupied)                          | \$ 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        | \$ 818,535,888          | \$ 687,456,278          |
| Residential (Renter occupied)                         | 37,003,847            | 42,487,659            | 51,436,849            | 64,003,067            | 75,761,506              | 116,115,688             | 146,413,989             | 155,720,660             | 147,284,152             | 122,978,913             |
| Commercial, Industrial, Mines & Utilities             | 170,508,040           | 190,086,111           | 218,209,727           | 242,554,778           | 293,807,014             | 334,323,557             | 419,192,584             | 495,336,050             | 495,318,990             | 378,992,788             |
| Agriculture & Vacant                                  | 50,351,826            | 51,802,238            | 58,949,534            | 73,674,495            | 117,630,028             | 148,077,787             | 207,476,727             | 193,685,182             | 147,216,152             | 85,330,391              |
| Railroad  | 955,802               | 951,301               | 1,712,708             | 1,724,400             | 1,830,109               | 1,918,660               | 1,837,324               | 1,647,040               | 1,563,689               | 1,429,130               |
| Historic & Environmental                              | 28,555                | 190,782               | 30,780                | -                     | -                       | 58,450                  | 76,020                  | 64,530                  | 53,641                  | 140,493                 |
| Public Property Improvements                          | -                     | -                     | -                     | -                     | -                       | -                       | -                       | -                       | -                       | 7,869                   |
| Net Assessed Value                                    | <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> | <u>\$ 1,609,972,512</u> | <u>\$ 1,276,335,862</u> |
| % Growth  | 9.0%                  | 13.2%                 | 10.3%                 | 16.5%                 | 15.7%                   | 47.2%                   | 21.5%                   | -5.0%                   | -15.0%                  | -20.7%                  |
| Net Assessed Value Per Capita                         | \$ 5,226              | \$ 5,651              | \$ 6,039              | \$ 6,646              | \$ 7,264                | \$ 10,557               | \$ 12,524               | \$ 12,301               | \$ 10,377               | \$ 8,141                |
| Population  | 126,815               | 132,805               | 137,045               | 145,125               | 153,592                 | 155,560                 | 159,263                 | 154,065                 | 155,148                 | 156,780                 |
| Total Direct Secondary Tax Rate                       | 1.30                  | 1.30                  | 1.30                  | 1.30                  | 1.20                    | 1.25                    | 1.25                    | 1.25                    | 1.25                    | 1.25                    |
| Full Cash Value                                       | 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          | 14,588,623,722          | 11,862,384,776          |
| % Growth  | 8.6%                  | 14.9%                 | 11.6%                 | 16.1%                 | 14.4%                   | 51.2%                   | 20.9%                   | -6.1%                   | -15.0%                  | -18.7%                  |
| Full Cash Value Per Capita                            | \$ 46,278             | \$ 50,780             | \$ 54,914             | \$ 60,203             | \$ 65,103               | \$ 97,191               | \$ 114,778              | \$ 111,400              | \$ 94,030               | \$ 75,663               |
| Net Assessed Value as a Percentage of Full Cash Value | 11.3%                 | 11.1%                 | 11.0%                 | 11.0%                 | 11.2%                   | 10.9%                   | 10.9%                   | 11.0%                   | 11.0%                   | 10.8%                   |

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>Agriculture and</u> |
|--------------------|---------------------|-------------------------|-----------------------|------------------------|
|                    | <u>Property (b)</u> | <u>Industrial (c)</u>   | <u>Residential</u>    | <u>Vacant Land</u>     |
| 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%                    |
| 2011               | 17%                 | 21.0%                   | 10%                   | 16%                    |
| 2012               | 15%                 | 20.0%                   | 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>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| Total Direct City   |             |             |             |             |             |             |             |             |             |             |
| Primary             | \$ 0.29     | \$ 0.29     | \$ 0.29     | \$ 0.29     | \$ 0.28     | \$ 0.24     | \$ 0.19     | \$ 0.19     | \$ 0.19     | \$ 0.19     |
| Secondary           | 1.30        | 1.30        | 1.30        | 1.30        | 1.20        | 1.25        | 1.25        | 1.25        | 1.25        | 1.25        |
| School District (1) |             |             |             |             |             |             |             |             |             |             |
| Primary             | 4.41        | 4.56        | 4.46        | 4.13        | 4.29        | 3.82        | 3.77        | 2.99        | 3.24        | 3.71        |
| Secondary           | 4.28        | 4.04        | 3.90        | 3.80        | 3.31        | 2.72        | 1.90        | 2.46        | 2.09        | 1.68        |
| County (2)          |             |             |             |             |             |             |             |             |             |             |
| Primary             | 2.66        | 2.59        | 2.59        | 2.59        | 2.06        | 1.92        | 1.78        | 2.05        | 2.20        | 2.68        |
| Secondary           | 0.62        | 0.51        | 0.51        | 0.51        | 0.68        | 0.59        | 0.59        | 0.59        | 0.64        | 0.54        |
| State               |             |             |             |             |             |             |             |             |             |             |
| Primary             | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Secondary           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Total               |             |             |             |             |             |             |             |             |             |             |
| Primary             | 7.36        | 7.44        | 7.34        | 4.42        | 6.63        | 5.98        | 5.74        | 5.23        | 5.63        | 6.58        |
| Secondary           | 6.20        | 5.85        | 5.71        | 6.56        | 5.19        | 4.56        | 3.74        | 4.30        | 3.98        | 3.47        |

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

|           |             |
|-----------|-------------|
|           | Deer Valley |
| Primary   | \$ 3.86     |
| Secondary | 2.39        |

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

|                                |                |                |
|--------------------------------|----------------|----------------|
|                                | Primary        | Secondary      |
| Maricopa County                | \$ 1.24        | \$ -           |
| Education Equalization         | 0.43           | -              |
| Community College District     | 1.01           | 0.20           |
| West Maricopa Education Center | -              | 0.05           |
| County Flood Control District  | -              | 0.18           |
| Fire District Assistance       | -              | 0.01           |
| County Free Library            | -              | 0.05           |
| Central AZ Water Conservation  | -              | 0.10           |
| Special Health Care            | -              | 0.15           |
|                                | <u>\$ 2.68</u> | <u>\$ 0.74</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  |              |              |              |              |              |              |               |               |               |
|                     | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         | 2010          | 2011          | 2012          |
| Total Direct City   |              |              |              |              |              |              |              |               |               |               |
| Primary             | \$ 1,836,000 | \$ 2,077,622 | \$ 2,295,435 | \$ 2,640,883 | \$ 3,012,725 | \$ 3,002,150 | \$ 2,849,397 | \$ 3,202,665  | \$ 2,901,540  | \$ 2,411,739  |
| Secondary           | 8,616,211    | 9,755,580    | 10,759,238   | 12,538,103   | 13,387,442   | 20,527,343   | 24,932,399   | 23,689,548    | 20,124,656    | 15,954,198    |
| School District (1) |              |              |              |              |              |              |              |               |               |               |
| Primary             | 39,965,149   | 45,718,267   | 48,345,544   | 50,475,795   | 58,945,121   | 61,400,326   | 71,071,459   | 63,259,063    | 63,956,114    | 60,801,278    |
| Secondary           | 40,456,138   | 42,454,023   | 44,291,944   | 49,294,120   | 48,531,032   | 56,465,081   | 47,095,296   | 58,903,282    | 43,487,879    | 27,635,770    |
| County (2)          |              |              |              |              |              |              |              |               |               |               |
| Primary             | 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 | 1,030,448,332 | 1,031,164,830 |
| Secondary           | 144,920,909  | 145,100,016  | 145,100,016  | 167,896,576  | 240,972,424  | 272,271,935  | 312,172,569  | 312,960,824   | 295,233,122   | 264,170,408   |
| State               |              |              |              |              |              |              |              |               |               |               |
| Primary             | -            | -            | -            | -            | -            | -            | -            | -             | -             | -             |
| Secondary           | -            | -            | -            | -            | -            | -            | -            | -             | -             | -             |
| Total               |              |              |              |              |              |              |              |               |               |               |
| Primary             | 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 | 1,097,305,986 | 1,094,377,847 |
| Secondary           | 193,993,258  | 197,309,619  | 200,151,198  | 229,728,799  | 302,890,898  | 349,264,359  | 384,200,264  | 395,553,654   | 358,845,657   | 307,760,376   |

(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:

|           |            |
|-----------|------------|
| Primary   | 87,896,692 |
| Secondary | 54,602,359 |

(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                | \$ 477,571,468          | \$ -                  |
| Education Equalization         | 163,937,848             | -                     |
| Community College District     | 389,655,514             | 75,935,239            |
| West Maricopa Education Center | -                       | 6,834,877             |
| County Flood Control District  | -                       | 62,401,172            |
| Fire District Assistance       | -                       | 3,251,752             |
| County Free Library            | -                       | 19,070,066            |
| Central AZ Water Conservation  | -                       | 38,781,832            |
| Special Health Care            | -                       | 57,895,470            |
|                                | <u>\$ 1,031,164,830</u> | <u>\$ 264,170,408</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                              | 2012                                      |      |  | 2003                                      |      |  |
|---------------------------------------|---|------|--|---|------|--|
|                                       | Taxable<br>Secondary<br>Assessed<br>Value | Rank | Percentage<br>of Total City<br>Taxable<br>Secondary<br>Assessed<br>Value | Taxable<br>Secondary<br>Assessed<br>Value | Rank | Percentage<br>of Total City<br>Taxable<br>Secondary<br>Assessed<br>Value |
| Arizona Public Service                | \$ 23,195,396                             | 1    | 1.82%  | \$ 13,106,165                             | 1    | 1.98%  |
| Vestar Arizona XLVIII LLC             | 9,215,722                                 | 2    | 0.72%  | -   |      |  |
| Parke West LLC                        | 6,681,435                                 | 3    | 0.52%  | -   |      |  |
| Qwest Corporation                     | 5,418,735                                 | 4    | 0.42%  | 8,596,738                                 | 2    | 1.30%  |
| DDRA Arrowhead Crossing LLC           | 4,939,537                                 | 5    | 0.39%  | -   |      |  |
| Plaza III Limited Partnership         | 4,385,299                                 | 6    | 0.34%  | -   |      |  |
| Target Corporation                    | 4,259,111                                 | 7    | 0.33%  | 3,778,690                                 | 5    | 0.57%  |
| Sprint Nextel Wireless LP             | 4,106,418                                 | 8    | 0.32%  | 3,765,874                                 | 6    | 0.57%  |
| BCC Development Inc                   | 4,007,925                                 | 9    | 0.31%  | -   |      |  |
| Inland Western Glendale LLC           | 3,636,006                                 | 10   | 0.28%  | -   |      |  |
| Lake Pleasant Pavilion LLC            | 3,305,504                                 | 11   | 0.26%  | -   |      |  |
| Southwest Gas Corporation             | 3,304,493                                 | 12   | 0.26%  | 3,649,428                                 | 7    | 0.55%  |
| RES-AZ HP 160 LLC                     | 3,137,280                                 | 13   | 0.25%  | -   |      |  |
| Wal-Mart Stores Inc                   | 2,955,940                                 | 14   | 0.23%  | -   |      |  |
| PDG America Properties LLC            | 2,878,480                                 | 15   | 0.23%  | -   |      |  |
| Cox Communications                    | -   |      |  | 5,459,036                                 | 3    | 0.82%  |
| Developers Diversified Realty Corp    | -   |      |  | 5,384,272                                 | 4    | 0.81%  |
| Larry Miller Real Estate - Peoria LLC | -   |      |  | 3,464,260                                 | 8    | 0.52%  |
| Albertsons Inc                        | -   |      |  | 3,410,897                                 | 9    | 0.51%  |
| Freedom Plaza Limited Partner         | -   |      |  | 2,876,272                                 | 10   | 0.43%  |
| North Valley Shopping Center LLC      | -   |      |  | 2,813,788                                 | 11   | 0.42%  |
| Pivotal Realty AZ LLC                 | -   |      |  | 2,668,314                                 | 12   | 0.40%  |
| Lou Grubb Chevrolet                   | -   |      |  | 2,454,418                                 | 13   | 0.37%  |
| Peoria Sunset LLC                     | -   |      |  | 2,437,551                                 | 14   | 0.37%  |
| Harkins Phoenix Cinamas LLC           | -   |      |  | 2,331,739                                 | 15   | 0.35%  |
| Polar Ice Peoria Entertainment Inc    | -   |      |  | 2,326,337                                 | 16   | 0.35%  |
| Lowe's Home Improvement Warehouse     | -   |      |  | 2,270,878                                 | 17   | 0.34%  |
| <b>Total</b>                          | <b>\$ 85,427,281</b>                      |      | <b>6.69%</b>   | <b>\$ 70,794,657</b>                      |      | <b>10.68%</b>  |

Note - As a quasi-governmental entity, Salt River Project pays in-Lieu taxes, rather than property taxes. For Fiscal year 2012, the assessed value of Salt River Project property within the City of Peoria is \$16,627,408.

Source - Maricopa County Treasurer's Office

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

Table XVII

|  | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | <u>2003</u>   | <u>2004</u>   | <u>2005</u>   | <u>2006</u>   | <u>2007</u>   | <u>2008</u>   | <u>2009</u>   | <u>2010</u>   | <u>2011</u>   | <u>2012</u>   |
| Current Levy                                     | \$ 10,452,211 | \$ 11,833,202 | \$ 13,054,673 | \$ 15,178,986 | \$ 16,400,167 | \$ 23,529,493 | \$ 27,781,796 | \$ 26,892,213 | \$ 23,026,196 | \$ 18,365,937 |
| Current Tax Collections                          | 10,209,517    | 11,624,426    | 12,817,287    | 14,827,945    | 15,926,805    | 22,822,879    | 26,269,411    | 25,792,963    | 22,021,842    | 17,780,536    |
| Percent of Levy Collected                        | 97.7%         | 98.2%         | 98.2%         | 97.7%         | 97.1%         | 97.0%         | 94.6%         | 95.9%         | 95.6%         | 96.8%         |
| Delinquent Tax Collections                       | 325,376       | 251,331       | 143,034       | 91,070        | 52,195        | 55,670        | 71,715        | 235,378       | 466,091       | 519,216       |
| Total Tax Collections                            | \$ 10,534,893 | \$ 11,875,757 | \$ 12,960,321 | \$ 14,919,015 | \$ 15,979,000 | \$ 22,878,549 | \$ 26,341,126 | \$ 26,028,341 | \$ 22,487,933 | \$ 18,299,752 |
| Total Collection as<br>Percent of Current Levy * | 100.8%        | 100.4%        | 99.3%         | 98.3%         | 97.4%         | 97.2%         | 94.8%         | 96.8%         | 97.7%         | 99.6%         |

Notes: Collections include secured levies.

\* Since tax collections are done by the County, and detail of the tax year for delinquent tax collections are not provided to the City, all delinquent taxes 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

| <b>Average Utility Bill Amounts<br/>Last Ten Fiscal Years</b> |             |             |             |             |             |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| Water   |             |             |             |             |             |             |             |             |             |             |
| Average bill  | \$ 39.61    | \$ 39.06    | \$ 35.53    | \$ 34.59    | \$ 34.85    | \$ 35.59    | \$ 36.73    | \$ 35.46    | \$ 34.36    | \$ 38.00    |
| % Increase  | 4.87%       | -1.39%      | -9.04%      | -2.65%      | 0.75%       | 2.12%       | 3.20%       | -3.46%      | -3.10%      | 10.59%      |
| Wastewater  |             |             |             |             |             |             |             |             |             |             |
| Average bill  | 18.73       | 18.53       | 19.47       | 18.74       | 21.52       | 21.24       | 21.36       | 21.45       | 20.45       | 21.49       |
| % Increase  | 8.14%       | -1.07%      | 5.07%       | -3.75%      | 14.83%      | -1.30%      | 0.56%       | 0.42%       | -4.66%      | 5.09%       |
| Residential Solid Waste                                       |             |             |             |             |             |             |             |             |             |             |
| Average bill  | 12.49       | 12.49       | 13.32       | 14.58       | 14.91       | 14.85       | 15.18       | 15.36       | 15.35       | 15.40       |
| % Increase  | no change   | no change   | 6.65%       | 9.46%       | 2.26%       | -0.40%      | 2.22%       | 1.19%       | -0.07%      | 0.33%       |

| <b>Utility Service Connections<br/>Last Ten Fiscal Years</b> |             |             |             |             |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| Water  |             |             |             |             |             |             |             |             |             |             |
| #  | 37,664      | 38,818      | 42,673      | 44,221      | 45,630      | 46,146      | 46,902      | 47,606      | 47,793      | 48,509      |
| % Increase   | 3.98%       | 3.06%       | 9.93%       | 3.63%       | 3.19%       | 1.13%       | 1.64%       | 1.50%       | 0.39%       | 1.50%       |
| Wastewater   |             |             |             |             |             |             |             |             |             |             |
| #  | 39,806      | 40,984      | 43,824      | 45,933      | 47,831      | 48,759      | 49,923      | 50,383      | 50,715      | 51,527      |
| % Increase   | 4.40%       | 2.96%       | 6.93%       | 4.81%       | 4.13%       | 1.94%       | 2.39%       | 0.92%       | 0.66%       | 1.60%       |
| Residential Solid Waste                                      |             |             |             |             |             |             |             |             |             |             |
| #  | 38,546      | 39,747      | 42,467      | 44,198      | 46,309      | 47,146      | 48,006      | 48,382      | 48,752      | 49,506      |
| % Increase   | 4.24%       | 3.12%       | 6.84%       | 4.08%       | 4.78%       | 1.81%       | 1.82%       | 0.78%       | 0.76%       | 1.55%       |

**Charges for Water Services  
Base Minimum Monthly Bill  
As of June 30, 2012**

**Charges for Wastewater Services  
As of June 30, 2012**

| <u>Meter Size</u> | <u>All Customers</u> | <u>Monthly Base Fee (a)<br/>Meter Size</u> | <u>Monthly Volume Charge (b)<br/>All Customers</u> |
|-------------------|----------------------|--|--|
| 5/8"-3/4"         | \$ 15.54             | \$ 5.54                                    | 2.17   |
| 1"                | 18.39                | 5.54                                       |  |
| 1 1/2"            | 28.79                | 7.64                                       |  |
| 2"                | 40.16                | 9.94                                       |  |
| 3"                | 70.53                | 16.09                                      |  |
| 4"                | 104.65               | 22.99                                      |  |
| 6"                | 199.39               | 42.16                                      |  |
| 8"                | 313.10               | 65.17                                      |  |

Source: City customer service and billing records

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

Table XVIII

| <b>Volume Charges for Water Services<br/>Usage Per Month<br/>As of June 30, 2012</b> |  |  |   |                              | <b>Charges for Residential Solid Waste<br/>As of June 30, 2012</b> |       |
|--|--|--|---|------------------------------|--|-------|
| <b>Volume Consumption<br/>(gallons)</b>  | <b>Residential<br/>(per 1,000 gallons)</b> | <b>Multiplex<br/>(per 1,000 gallons)</b> | <b>Commercial<br/>(per 1,000 gallons)</b> |                              |  |       |
| 0 - 4,000  | \$ 1.00                                    | \$ -                                     | \$ -                                      |                              | Monthly fee  |       |
| 4,001 - 10,000   | 2.59                                       | -  | -   | Single container & recycling | \$   | 15.06 |
| 10,001 - 20,000  | 3.66                                       | -  | -   | Additional container         |  | 12.06 |
| 10,001 - 25,000  | 4.00                                       | -  | -   |                              |  |       |
| 0 - 10,000   |  | 1.00                                     | 1.00                                      |                              |  |       |
| 10,001 - 50,000  |  | 2.59                                     | 2.59                                      |                              |  |       |
| 50,001+  |  | 3.66                                     | 3.66                                      |                              |  |       |

**Water Meter Permit Charges  
As of June 30, 2012**

| <b>Meter Size</b>   | <b>Charge</b> |
|---------------------|---------------|
| 3/4"                | \$ 285        |
| 1 1/2"              | 463           |
| 2"                  | 586 - 983     |
| 3"                  | 1,666 - 2,545 |
| 4"                  | 2,305 - 3,306 |
| 6"                  | 3,397 - 5,310 |
| Hydrant meter       | 1,280         |
| Commercial accounts | By meter size |

**Charges for Storm Water  
As of June 30, 2012**

| <b>Monthly</b> | <b>All Customers</b> |
|----------------|----------------------|
| Base charge    | \$ 1.00              |

(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

|  | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Miscellaneous data on water utility</b>       |               |               |               |               |               |               |               |               |               |               |
| Annual consumption (000's gal)                   | 6,640,038     | 6,828,944     | 6,890,083     | 7,889,653     | 8,220,760     | 8,626,688     | 8,674,450     | 8,212,711     | 8,003,947     | 8,448,795     |
| Average gallons/household/month                  | 15,712        | 14,904        | 15,056        | 16,213        | 16,320        | 14,751        | 14,606        | 13,720        | 13,267        | 13,839        |
| Average gallons/household/year                   | 180,544       | 178,850       | 180,679       | 194,552       | 195,840       | 177,016       | 175,270       | 164,636       | 159,203       | 166,070       |
| Average daily demand (MGD)                       | 18.19         | 20.43         | 20.10         | 23.21         | 24.46         | 23.63         | 23.93         | 23.69         | 23.64         | 24.13         |
| Peak demand (MGD)                                | 28.82         | 30.00         | 32.00         | 32.00         | 34.40         | 33.39         | 34.84         | 35.40         | 32.45         | 32.45         |
| Number of active wells in system                 | 25            | 28            | 27            | 27            | 29            | 31            | 31            | 32            | 32            | 32.00         |
| Available storage capacity (million gallon)      | 22.2          | 37.3          | 40.0          | 40.0          | 40.0          | 41.8          | 42.0          | 42.0          | 42.0          | 40.0          |
| <b>Miscellaneous data on wastewater utility</b>  |               |               |               |               |               |               |               |               |               |               |
| Treatment plant capacity:                        |               |               |               |               |               |               |               |               |               |               |
| Beardsley treatment plant (million gallon/day)   | 4.00          | 4.00          | 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          | 0.75          | 0.75          | 0.75          | 2.25          | 2.25          | 2.25          | 2.25          | 2.25          |
| Tolleson regional plant (million gallon/day)     | 9.40          | 9.40          | 9.40          | 9.40          | 9.40          | 9.40          | N/A           | N/A           | N/A           | N/A           |
| Butler treatment plant (million gallon/day)      | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 10.00         | 10.00         | 10.00         | 10.00         | 10.00         |
| Annual wastewater treated:                       |               |               |               |               |               |               |               |               |               |               |
| Beardsley treatment plant (billion gallon)       | 0.531         | 0.606         | 0.674         | 0.763         | 0.851         | 0.870         | 1.007         | 1.018         | 0.966         | 0.918         |
| Jomax treatment plant (billion gallon)           | -             | -             | 0.0065        | 0.057         | 0.091         | 0.119         | 0.134         | 0.144         | 0.156         | 0.162         |
| Tolleson regional plant (billion gallon)         | 2.180         | 2.620         | 2.731         | 2.731         | 2.727         | 2.600         | 0.009         | N/A           | N/A           | N/A           |
| Butler treatment plant (billion gallon)          | -             | -             | -             | -             | -             | 0.036         | 2.732         | 2.546         | 2.381         | 2.527         |
| Average daily flow:                              |               |               |               |               |               |               |               |               |               |               |
| Beardsley treatment plant (million gallon/day)   | 1.46          | 1.67          | 1.85          | 2.09          | 2.33          | 2.40          | 2.75          | 2.78          | 2.65          | 2.52          |
| Jomax treatment plant (million gallon/day)       | -             | -             | 0.02          | 0.16          | 0.25          | 0.33          | 0.37          | 0.39          | 0.43          | 0.44          |
| Tolleson regional plant (million gallon/day)     | 7.12          | 7.19          | 7.48          | 7.88          | 7.47          | 7.12          | N/A           | N/A           | N/A           | N/A           |
| Butler treatment plant (million gallon/day)      | -             | -             | -             | -             | -             | 2.57          | 7.48          | 6.97          | 6.52          | 6.92          |
| Peak flow:                                       |               |               |               |               |               |               |               |               |               |               |
| Beardsley treatment plant (million gallon/day)   | 1.87          | 3.20          | 2.30          | 2.50          | 3.00          | 3.50          | 3.30          | 3.50          | 3.20          | 3.04          |
| Jomax treatment plant (million gallon/day)       | -             | -             | 0.278         | 0.278         | 0.33          | 0.26          | 0.53          | 0.67          | 0.63          | 0.66          |
| Tolleson regional plant (million gallon/day)     | 8.11          | 11.80         | 10.88         | 10.88         | 8.92          | 10.99         | N/A           | N/A           | N/A           | N/A           |
| Butler treatment plant (million gallon/day)      | -             | -             | -             | -             | -             | 7.50          | 10.16         | 8.50          | 8.35          | 11.34         |
| <b>Miscellaneous data on solid waste service</b> |               |               |               |               |               |               |               |               |               |               |
| Residential tonnage processed                    | 60,516        | 64,358        | 65,950        | 69,191        | 71,396        | 61,290        | 48,970        | 47,540        | 47,989        | 46,299        |
| Commercial tonnage processed                     | 19,642        | 19,157        | 18,436        | 22,943        | 25,260        | 20,519        | 22,856        | 21,981        | 20,340        | 19,700        |
| Recycling tonnage processed                      | 600           | 1,133         | 1,523         | 1,690         | 1,927         | 11,549        | 16,084        | 15,516        | 16,277        | 15,715        |
|  | <u>80,758</u> | <u>84,648</u> | <u>85,909</u> | <u>93,824</u> | <u>98,583</u> | <u>93,358</u> | <u>87,910</u> | <u>85,037</u> | <u>84,606</u> | <u>81,714</u> |

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 NINE YEARS AGO**

Table XVIII

| Entity                              | Type of User             | 2012                    |         |                                  | 2003                    |         |                                  |
|-------------------------------------|--------------------------|-------------------------|---------|----------------------------------|-------------------------|---------|----------------------------------|
|                                     |                          | Avg Monthly Water Usage | Ranking | % of Average Monthly Water Usage | Avg Monthly Water Usage | Ranking | % of Average Monthly Water Usage |
| City of Peoria Padre's Pump Station | Sports Complex           | 7,623                   | 1       | 1.08%                            | 3,438                   | 3       | 0.62%                            |
| Desert Harbor                       | Homeowner's Association  | 7,144                   | 2       | 1.01%                            | 7,236                   | 1       | 1.31%                            |
| Trilogy at Vistancia                | Commercial Landscape     | 2,682                   | 3       | 0.38%                            | -                       |         |                                  |
| Ventana Lakes N. of Beardsley Lake  | Homeowner's Association  | 2,401                   | 4       | 0.34%                            | -                       |         |                                  |
| Casa Del Sol East                   | Multi-Family Residential | 2,174                   | 5       | 0.31%                            | -                       |         |                                  |
| Sun Garden Park II H/O Assn.        | Homeowner's Association  | 1,966                   | 6       | 0.28%                            | 1,675                   | 6       | 0.30%                            |
| Centennial High School              | Public School            | 1,550                   | 7       | 0.22%                            | -                       |         |                                  |
| Sun Garden Mobilie Home Park        | Homeowner's Association  | 1,464                   | 8       | 0.21%                            | 1,565                   | 9       | 0.28%                            |
| Desert Harbor sprinklers            | Homeowner's Association  | 1,272                   | 9       | 0.18%                            | 1,245                   | 8       | 0.22%                            |
| Freedom Plaza LTD Partnership       | Health Care Facility     | 1,237                   | 10      | 0.18%                            | 2,108                   | 5       | 0.38%                            |
| Polynesian Village                  | Homeowner's Association  | -                       |         |                                  | 1,624                   | 7       | 0.29%                            |
| Greenway Water Treatment Plant      | Water Treatment Plant    | -                       |         |                                  | 4,114                   | 2       | 0.74%                            |
| Arizona American Water Co.          | Water Utility            | -                       |         |                                  | 2,413                   | 4       | 0.44%                            |
| MHC Operating Ltd. Partnership      | Homeowner's Association  | -                       |         |                                  | 1,330                   | 10      | 0.24%                            |

Source: City customer service and billing records

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

Table XIX

|                                       | Fiscal Year                  |                              |                              |                              |                              |                              |                              |                              |                              |                              |
|---------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                                       | 2003                         | 2004                         | 2005                         | 2006                         | 2007                         | 2008                         | 2009                         | 2010                         | 2011                         | 2012                         |
| Governmental Activities               |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| General Obligation Bonds              | \$ 68,629,389                | \$ 64,980,000                | \$ 55,380,000                | \$ 51,205,000                | \$ 142,835,000               | \$ 126,195,000               | \$ 183,060,000               | \$ 184,960,000               | \$ 167,580,000               | \$ 170,960,000               |
| Municipal Development Authority Bonds | 23,640,141                   | 22,255,141                   | 20,199,999                   | 24,628,578                   | 21,653,530                   | 65,795,653                   | 60,985,393                   | 55,943,338                   | 58,365,965                   | 52,480,000                   |
| Highway User Revenue Bonds            | 4,625,000                    | 4,305,000                    | 4,075,000                    | 3,830,000                    | 3,570,000                    | 3,295,000                    | 3,005,000                    | -                            | -                            | -                            |
| Special Assessment Bonds              | 15,444,341                   | 12,938,689                   | 11,431,553                   | 9,822,570                    | 13,292,064                   | 12,027,427                   | 10,402,812                   | 8,042,321                    | 6,155,000                    | 4,660,000                    |
| 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                   | 58,615,000                   | 56,230,000                   |
| Business-type Activities              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| Water and Sewer Revenue Bonds         | 30,740,000                   | 27,350,000                   | 25,395,000                   | 23,275,000                   | 21,050,000                   | 19,555,000                   | 18,000,000                   | 15,780,000                   | 15,780,000                   | 38,480,000                   |
| WIFA Bonds                            | 55,084,081                   | 52,606,867                   | 50,042,301                   | 47,387,253                   | 88,021,820                   | 127,917,495                  | 117,346,302                  | 130,298,508                  | 121,975,538                  | 89,803,906                   |
| Municipal Development Authority Bonds | 2,759,859                    | 2,759,859                    | 2,505,001                    | 2,226,422                    | 1,906,470                    | 1,579,347                    | 1,229,607                    | 861,662                      | 449,034                      | -                            |
| Long-Term Loan Payable                | -                            | -                            | -                            | -                            | -                            | 1,235,000                    | 1,064,632                    | 6,883,276                    | -                            | -                            |
| <b>Total Primary Government</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> | <b><u>\$ 428,920,537</u></b> | <b><u>\$ 412,613,906</u></b> |
| Total debt per capita                 | \$ 1,751.94                  | \$ 1,569.56                  | \$ 1,560.28                  | \$ 1,422.57                  | \$ 2,333.55                  | \$ 2,714.13                  | \$ 2,876.71                  | \$ 3,009.50                  | \$ 2,764.59                  | \$ 2,631.80                  |
| Total Debt as a % of Personal Income  | 6.0%                         | 5.1%                         | 4.8%                         | 4.2%                         | 6.7%                         | 7.8%                         | 8.4%                         | 8.7%                         | 7.7%                         | 7.3%                         |

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

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

Table XX

|  | Fiscal Year          |                      |                      |                      |                       |                      |                       |                       |                       |                       |
|--|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | <u>2003</u>          | <u>2004</u>          | <u>2005</u>          | <u>2006</u>          | <u>2007</u>           | <u>2008</u>          | <u>2009</u>           | <u>2010</u>           | <u>2011</u>           | <u>2012</u>           |
| Bonded Debt (1)                                  | \$ 68,629,389        | \$ 64,980,000        | \$ 55,380,000        | \$ 51,205,000        | \$ 142,835,000        | \$ 126,195,000       | \$ 183,060,000        | \$ 184,960,000        | \$ 167,580,000        | \$ 170,960,000        |
| Less:  |                      |                      |                      |                      |                       |                      |                       |                       |                       |                       |
| Debt Service Reserves (2)                        | <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>     | <u>31,849,469</u>     | <u>30,782,503</u>     |
| Net Bonded Debt                                  | <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> | <u>\$ 135,730,531</u> | <u>\$ 140,177,497</u> |
| Percentage of Net Bonded Debt to Full Cash Value | 0.9%                 | 0.7%                 | 0.5%                 | 0.3%                 | 1.1%                  | 0.6%                 | 0.8%                  | 0.9%                  | 0.9%                  | 1.2%                  |
| Net Bonded Debt Per Capita                       | \$420                | \$347                | \$276                | \$186                | \$704                 | \$577                | \$867                 | \$971                 | \$875                 | \$894                 |
| Net Bonded Debt as a % of Personal Income        | 1.43%                | 1.12%                | 0.85%                | 0.54%                | 2.01%                 | 1.66%                | 2.53%                 | 2.82%                 | 2.43%                 | 2.48%                 |

(1) Represents face value of general obligation debt outstanding

(2) Fund balance of GO Bond Debt Service Fund per the fund financial statements

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, 2012**

Table XXI

| Governmental Unit   | Secondary Assessed Valuation | General Obligation Debt Outstanding | Percentage Applicable to City of Peoria | Amount Applicable to City of Peoria (1) | Secondary Tax Rate per \$100 Assessed |
|---|------------------------------|-------------------------------------|---|---|---------------------------------------|
| Overlapping:  |                              |                                     |   |   |                                       |
| State of Arizona  | \$ 61,764,402,437            | \$ -                                | 2.07%                                   | \$ -                                    | \$ -                                  |
| Maricopa County   | 38,760,296,714               | -                                   | 3.29%                                   | -                                       | -                                     |
| Community College District                                  | 38,760,296,714               | 671,250,000                         | 3.29%                                   | 22,084,125                              | 0.20                                  |
| County Flood Control District                               | 35,056,838,356               | -                                   | 3.64%                                   | -                                       | 0.18                                  |
| County Free Library   | 38,760,296,714               | -                                   | 3.29%                                   | -                                       | 0.05                                  |
| Fire District Assistance                                    | 38,760,296,714               | -                                   | 3.29%                                   | -                                       | 0.01                                  |
| County Special Health Care                                  | 38,760,296,714               | -                                   | 3.29%                                   | -                                       | 0.15                                  |
| Central AZ Water Conservation                               | 38,781,832,368               | -                                   | 3.29%                                   | -                                       | 0.10                                  |
| West MEC Vocational District                                | 13,669,753,823               | -                                   | 9.33%                                   | -                                       | 0.05                                  |
| Sub-total - City-wide overlapping                           |                              |                                     |   | <u>22,084,125</u>                       |                                       |
| Total City-wide debt levies (1)                             |                              |                                     |   | 193,044,125                             |                                       |
| Unified School Districts:                                   |                              |                                     |   |   |                                       |
| Peoria No. 11   | 1,644,626,413                | 202,610,000                         | 87.72%                                  | 177,729,492                             | 1.68                                  |
| Deer Valley No. 97  | 2,287,639,525                | 214,365,000                         | 11.87%                                  | 25,445,126                              | 2.39                                  |
| Nadaburg No. 81   | 72,550,941                   | 1,560,000                           | 0.29%                                   | 4,524                                   | 0.86                                  |
|   |                              |                                     |   | <u>203,179,142</u>                      |                                       |
| Vistancia Community Facilities District                     | 102,606,002                  | 56,230,000                          | 100.00%                                 | <u>56,230,000</u>                       | 2.10                                  |
| Total overlapping   |                              |                                     |   | <u>281,493,267</u>                      |                                       |
| Direct:   |                              |                                     |   |   |                                       |
| City of Peoria  | \$ 1,276,335,862             | \$ 170,960,000                      | 100.00%                                 | <u>170,960,000</u>                      | \$ 1.25                               |
| Total direct and overlapping general obligation bonded debt |                              |                                     |   | <u>\$ 452,453,267</u>                   |                                       |

(1) - Percentage applicable to the City is determined from parcel tax codes assigned by Maricopa County for property taxation.

(2) - 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           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2003                  | 2004                  | 2005                  | 2006                  | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  |
| Overlapping:  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| State of Arizona  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  |
| Maricopa County   | 1,542,433             | 550,505               | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Community College District                                  | 8,102,375             | 71,257                | 11,690,706            | 11,594,345            | 10,710,280            | 18,505,348            | 17,301,999            | 21,354,408            | 23,908,932            | 22,084,125            |
| County Flood Control District                               | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| County Free Library   | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Fire District Assistance                                    | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Education Equalization                                      | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Central AZ Water Conservation                               | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Sub-total - City-wide overlapping                           | 9,644,808             | 621,762               | 11,690,706            | 11,594,345            | 10,710,280            | 18,505,348            | 17,301,999            | 21,354,408            | 23,908,932            | 22,084,125            |
| Total City-wide levies (1)                                  | 78,364,808            | 65,601,762            | 67,070,706            | 62,799,345            | 153,545,280           | 144,700,348           | 200,361,999           | 206,314,408           | 191,488,932           | 193,044,125           |
| Unified School Districts:                                   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Peoria No. 11   | 138,618,928           | 142,493,656           | 134,340,540           | 196,625,176           | 205,291,709           | 224,219,333           | 210,241,616           | 166,217,415           | 196,735,864           | 177,729,492           |
| Deer Valley No. 97  | 3,918,198             | 3,571,920             | 4,063,815             | 20,573,318            | 24,204,834            | 15,471,750            | 21,558,687            | 26,201,313            | 24,618,198            | 25,445,126            |
| Nadaburg No. 81   | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | 7,800                 | 4,524                 |
|   | 142,537,126           | 146,065,576           | 138,404,355           | 217,198,494           | 229,496,543           | 239,691,083           | 231,800,303           | 192,418,728           | 221,361,862           | 203,179,142           |
| 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            | 58,615,000            | 56,230,000            |
| Total overlapping   | <u>173,431,934</u>    | <u>167,937,338</u>    | <u>194,895,061</u>    | <u>272,867,839</u>    | <u>306,291,823</u>    | <u>322,806,431</u>    | <u>312,162,302</u>    | <u>274,663,136</u>    | <u>303,885,794</u>    | <u>281,493,267</u>    |
| Direct:   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| City of Peoria  | 68,720,000            | 64,980,000            | 55,380,000            | 51,205,000            | 142,835,000           | 126,195,000           | 183,060,000           | 184,960,000           | 167,580,000           | 170,960,000           |
| Total direct and overlapping general obligation bonded debt | <u>\$ 242,151,934</u> | <u>\$ 232,917,338</u> | <u>\$ 250,275,061</u> | <u>\$ 324,072,839</u> | <u>\$ 449,126,823</u> | <u>\$ 449,001,431</u> | <u>\$ 495,222,302</u> | <u>\$ 459,623,136</u> | <u>\$ 471,465,794</u> | <u>\$ 452,453,267</u> |

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

Sources:     - Exhibit 1 to the Financial Statements for City debt  
              - Maricopa County Treasurer for debt of other entities

**CITY OF PEORIA, ARIZONA  
LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS**

Table XXIII

|   | Fiscal Year          |                       |                       |                       |                       |                       |                       |                       |                       |                      |
|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
|   | <u>2003</u>          | <u>2004</u>           | <u>2005</u>           | <u>2006</u>           | <u>2007</u>           | <u>2008</u>           | <u>2009</u>           | <u>2010</u>           | <u>2011</u>           | <u>2012</u>          |
| Secondary Assessed Value  | \$ 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      | \$ 1,609,972,512      | \$ 1,276,335,862     |
| <b><u>6% Limitation</u></b>   |                      |                       |                       |                       |                       |                       |                       |                       |                       |                      |
| Debt limit  | \$ 39,767,126        | \$ 45,025,753         | \$ 49,658,019         | \$ 57,868,166         | \$ 66,937,209         | \$ 98,531,249         | \$ 119,675,515        | \$ 113,709,831        | \$ 96,598,351         | \$ 76,580,152        |
| Total net debt applicable to limit                                      | <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>      | <u>4,570,000</u>      | <u>2,735,000</u>     |
| Legal 6% Debt Margin  | <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> | <u>\$ 92,028,351</u>  | <u>\$ 73,845,152</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 70.4%                | 56.6%                 | 33.0%                 | 23.1%                 | 42.5%                 | 13.5%                 | 5.6%                  | 4.9%                  | 4.7%                  | 3.6%                 |
| <b><u>20% Limitation</u></b>  |                      |                       |                       |                       |                       |                       |                       |                       |                       |                      |
| Debt limit  | \$ 132,557,088       | \$ 150,085,844        | \$ 165,526,731        | \$ 192,893,886        | \$ 223,124,030        | \$ 328,437,495        | \$ 398,918,385        | \$ 379,032,770        | \$ 321,994,502        | \$ 255,267,172       |
| Total net debt applicable to limit                                      | <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>    | <u>163,010,000</u>    | <u>168,225,000</u>   |
| Legal 20% Debt Margin   | <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> | <u>\$ 158,984,502</u> | <u>\$ 87,042,172</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 30.7%                | 26.3%                 | 23.5%                 | 19.6%                 | 51.3%                 | 34.4%                 | 44.2%                 | 47.3%                 | 50.6%                 | 65.9%                |

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>2003</u>      | <u>2004</u>      | <u>2005</u>      | <u>2006</u>      | <u>2007</u>      | <u>2008</u>        | <u>2009</u>        | <u>2010</u>       | <u>2011</u>        | <u>2012</u>        |
| <b>MDA Debt other than Transportation</b> |                  |                  |                  |                  |                  |                    |                    |                   |                    |                    |
| Pledged Revenues (1)                      | \$ 71,409,403    | \$ 77,041,031    | \$ 89,807,396    | \$ 108,336,399   | \$ 117,980,567   | \$ 122,039,417     | \$ 105,935,592     | \$ 95,507,133     | \$ 96,318,307      | \$ 98,320,667      |
| Debt Service Requirements                 |                  |                  |                  |                  |                  |                    |                    |                   |                    |                    |
| Principal (2) & (6)                       | 4,558,797        | 1,385,000        | 2,310,000        | 2,524,999        | 3,295,000        | 3,185,000          | 3,400,000          | 3,575,000         | 3,990,001          | 1,569,999          |
| Interest (2) & (6)                        | 2,015,695        | 748,795          | 1,124,432        | 1,017,160        | 1,117,252        | 1,005,806          | 842,867            | 670,386           | 482,594            | 505,827            |
| Total Annual Requirements (2)             | <u>6,574,492</u> | <u>2,133,795</u> | <u>3,434,432</u> | <u>3,542,159</u> | <u>4,412,252</u> | <u>4,190,806</u>   | <u>4,242,867</u>   | <u>4,245,386</u>  | <u>4,472,595</u>   | <u>2,075,826</u>   |
| Estimated Coverage                        | 10.86            | 36.11            | 26.15            | 30.58            | 26.74            | 29.12              | 24.97              | 22.50             | 21.54              | 47.36              |
| <b>Transportation MDA Debt (3)</b>        |                  |                  |                  |                  |                  |                    |                    |                   |                    |                    |
| Net Pledged Revenues from above (4)       |                  |                  |                  |                  |                  | 117,848,611        | 101,692,725        | 91,261,747        | 91,845,712         | 96,244,841         |
| Additional Pledged Revenues (5)           |                  |                  |                  |                  |                  | 10,978,453         | 9,356,675          | 8,491,097         | 8,682,846          | 9,088,210          |
| Total                                     |                  |                  |                  |                  |                  | <u>128,827,064</u> | <u>111,049,400</u> | <u>99,752,844</u> | <u>100,528,558</u> | <u>105,333,051</u> |
| Debt Service Requirements                 |                  |                  |                  |                  |                  |                    |                    |                   |                    |                    |
| Principal                                 |                  |                  |                  |                  |                  | -                  | 1,760,000          | 1,835,000         | 1,920,000          | 2,005,000          |
| Interest                                  |                  |                  |                  |                  |                  | -                  | 1,659,171          | 2,005,188         | 1,940,963          | 1,873,763          |
| Total Annual Requirements                 |                  |                  |                  |                  |                  | <u>-</u>           | <u>3,419,171</u>   | <u>3,840,188</u>  | <u>3,860,963</u>   | <u>3,878,763</u>   |
| Estimated Coverage                        |                  |                  |                  |                  |                  | -                  | 32.48              | 25.98             | 26.04              | 27.16              |

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, rents, 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 all outstanding MDA issues other than the 2008 MDA Transportation issue discussed below. Although the debt service on some MDA bonds, including the 2011 MDA Bonds, are funded by Enterprise Funds, the pledged revenue for all MDA debt is excise tax.

(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.

(6) In fiscal year 2012 the City defeased the 2003 MDA Bonds, including \$2,760,000 principal and \$139,000 interest. These amounts have removed from the debt service requirements above so as not to distort the comparative information.

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          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2003                 | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 |
| Gross Revenue (1)                                 | \$ 37,049,975        | \$ 39,176,675        | \$ 39,037,367        | \$ 44,982,822        | \$ 53,290,996        | \$ 49,812,486        | \$ 46,956,831        | \$ 48,087,688        | \$ 46,141,098        | \$ 50,720,705        |
| Operating and Maintenance Expenses (2)            | 22,922,451           | 22,617,415           | 26,151,794           | 27,318,074           | 30,532,640           | 34,287,751           | 33,751,517           | 28,067,908           | 28,610,625           | 28,823,261           |
| Net Revenue Available for Debt Service            | <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> | <u>\$ 17,530,473</u> | <u>\$ 21,897,444</u> |
| Development Fee Revenue                           | 12,687,621           | 11,971,019           | 13,864,643           | 12,887,675           | 8,826,809            | 5,821,318            | 1,841,126            | 1,616,718            | 1,899,935            | 2,820,416            |
| Total Net Revenue                                 | <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> | <u>\$ 19,430,408</u> | <u>\$ 24,717,860</u> |
| Debt Service Requirements                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Principal (3)                                     | 5,110,212            | 5,867,214            | 4,425,405            | 4,672,124            | 4,855,563            | 4,220,006            | 4,372,224            | 7,362,889            | 7,025,129            | 7,941,123            |
| Interest (4)                                      | 3,366,046            | 3,301,391            | 3,139,142            | 2,961,997            | 2,641,850            | 3,316,344            | 4,852,315            | 4,332,089            | 4,501,266            | 4,242,754            |
| Total Debt Service Requirements                   | <u>\$ 8,476,258</u>  | <u>\$ 9,168,605</u>  | <u>\$ 7,564,547</u>  | <u>\$ 7,634,121</u>  | <u>\$ 7,497,413</u>  | <u>\$ 7,536,350</u>  | <u>\$ 9,224,539</u>  | <u>\$ 11,694,978</u> | <u>\$ 11,526,395</u> | <u>\$ 12,183,877</u> |
| Ratio of Total Net Revenue/<br>Total Bond Expense | 3.16                 | 3.11                 | 3.54                 | 4.00                 | 4.21                 | 2.83                 | 1.63                 | 1.85                 | 1.69                 | 2.03                 |
| Ratio of Net Available/<br>Total Bond Expense (5) | 1.67                 | 1.81                 | 1.70                 | 2.31                 | 3.04                 | 2.06                 | 1.43                 | 1.71                 | 1.52                 | 1.80                 |

Note 2

Note 6

- (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 amortization. For FY09 also excludes a one-time insurance claim (\$7,930,000) and a one-time charges from Central Arizona Project for back billed water capital recovery charges (\$3,670,364).
- (3) Includes principal for Water and Sewer Revenue bonds and Water Infrastructure Finance Authority bonds. Although some MDA bonds are financed by the Utility Funds, the pledged revenue is excise tax therefore the debt is included in the MDA Bond debt coverage calculations on Table 24.
- (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.
- (6) In FY2012 \$24,810,509 in principal and \$405,829 in interest were defeased. These additional debt payments have been removed from the FY12 debt service requirements so as not to distort the ratios.

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>2003</u>         | <u>2004</u>         | <u>2005</u>         | <u>2006</u>         | <u>2007</u>         | <u>2008</u>         | <u>2009</u>         | <u>2010</u>         | <u>2011</u>         | <u>2012</u>         |
| Pledged Revenues (1)      | \$ 5,876,529        | \$ 4,756,382        | \$ 3,547,789        | \$ 3,516,277        | \$ 3,216,095        | \$ 3,167,933        | \$ 3,365,342        | \$ 3,402,865        | \$ 2,645,451        | \$ 2,262,112        |
| Debt Service Requirements |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Principal                 | 1,889,351           | 2,505,652           | 1,507,136           | 1,608,983           | 1,480,506           | 1,264,637           | 1,624,615           | 2,360,492           | 1,887,322           | 1,495,000           |
| Interest (2)              | 1,091,160           | 972,553             | 828,532             | 747,720             | 638,657             | 697,840             | 675,958             | 559,205             | 432,302             | 316,720             |
| Total Annual Requirements | <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> | <u>\$ 2,319,624</u> | <u>\$ 1,811,720</u> |
| Estimated Coverage        | 1.97                | 1.37                | 1.52                | 1.49                | 1.52                | 1.61                | 1.46                | 1.17                | 1.14                | 1.25                |

(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>2003</u>         | <u>2004</u>         | <u>2005</u>         | <u>2006</u>         | <u>2007</u>         | <u>2008</u>         | <u>2009</u>         | <u>2010</u>         | <u>2011</u>         | <u>2012</u>         |
| Current Assessments Due                       | \$ 2,301,354        | \$ 2,088,695        | \$ 2,065,519        | \$ 1,987,461        | \$ 1,965,107        | \$ 1,749,724        | \$ 2,196,027        | \$ 2,211,609        | \$ 2,171,435        | \$ 1,849,026        |
| Assessments Collected                         | 2,291,817           | 2,069,962           | 2,057,821           | 1,983,885           | 1,961,724           | 1,749,246           | 2,193,992           | 2,211,599           | 2,171,435           | 1,848,788           |
| Prepaid Assessments Collected                 | 877,315             | 504,165             | 186,624             | 275,392             | 7,818               | 44,061              | 2,041               | 38,301              | -                   | 205,901             |
| Total Assessments Collected (1)               | <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>\$ 2,249,900</u> | <u>\$ 2,171,435</u> | <u>\$ 2,054,689</u> |
| Ratio of Current Collections<br>to Amount Due | 99.6%               | 99.1%               | 99.6%               | 99.8%               | 99.8%               | 100.0%              | 99.9%               | 100.0%              | 100.0%              | 100.0%              |
| Outstanding Assessment Principal (2)          | \$ 14,086,246       | \$ 12,345,284       | \$ 10,845,765       | \$ 9,243,866        | \$ 12,782,394       | \$ 11,476,365       | \$ 9,871,061        | \$ 8,141,515        | \$ 6,328,423        | \$ 4,551,324        |

(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 administrative charges, 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>2003</u>          | <u>2004</u>          | <u>2005</u>          | <u>2006</u>          | <u>2007</u>          | <u>2008</u>          | <u>2009</u>          | <u>2010</u>          | <u>2011</u>          | <u>2012</u>          |
| Principal Payments                                    | \$ 10,612,697        | \$ 9,737,936         | \$ 15,304,972        | \$ 16,881,632        | \$ 16,178,431        | \$ 31,143,531        | \$ 25,988,554        | \$ 44,700,092        | \$ 34,309,287        | \$ 25,566,028        |
| Interest and Other Charges                            | 6,918,514            | 6,299,626            | 7,046,576            | 6,747,072            | 8,099,492            | 10,340,704           | 11,917,582           | 13,166,242           | 12,658,032           | 13,098,263           |
| Total   | <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> | <u>\$ 46,967,319</u> | <u>\$ 38,664,291</u> |
| Total Governmental Expenditures                       | \$ 111,779,079       | \$ 143,220,840       | \$ 144,972,313       | \$ 153,731,533       | \$ 213,283,409       | \$ 234,929,890       | \$ 242,988,904       | \$ 237,519,557       | \$ 192,780,638       | \$ 178,812,735       |
| Ratio of Debt Service to<br>Governmental Expenditures | 15.68%               | 11.20%               | 15.42%               | 15.37%               | 11.38%               | 17.66%               | 15.60%               | 24.36%               | 24.36%               | 21.62%               |
| Ratio of Debt Service to<br>non-capital expenditures  | 20.02%               | 17.68%               | 19.99%               | 19.89%               | 17.80%               | 25.80%               | 22.91%               | 32.65%               | 28.71%               | 25.36%               |
| Total Governmental Revenues                           | \$ 112,560,955       | \$ 121,179,431       | \$ 144,191,521       | \$ 178,025,080       | \$ 220,591,297       | \$ 216,437,439       | \$ 197,889,171       | \$ 172,012,184       | \$ 175,544,268       | \$ 172,992,735       |
| Ratio of Debt Service to<br>Governmental Revenues     | 15.57%               | 13.23%               | 15.50%               | 13.27%               | 11.01%               | 19.17%               | 19.16%               | 33.64%               | 26.76%               | 22.35%               |

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, 2012

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 | \$ 43,723,426 | \$ 96,946,574 |
| Streets & Traffic Control                            | 17,935,000           | 17,461,940         | -                   | 473,060                 | Streets & traffic control               | 436,785,000    | 128,508,356   | 308,276,644   |
| Subtotal   | 22,080,000           | 21,487,440         | -                   | 592,560                 | Parks, open space, library              | 116,180,000    | 55,748,108    | 60,431,892    |
|  |                      |                    |                     |                         | Water system                            | 170,320,000    | 79,793,588    | 90,526,412    |
| <b>1994 Authorization</b>                            |                      |                    |                     |                         | Waterwater system                       | 88,150,000     | 40,767,776    | 47,382,224    |
| Police, Fire & Public Service                        | 5,975,000            | 1,506,590          | -                   | 4,468,410               | Solid waste                             | 1,000,000      | -             | 1,000,000     |
| Storm Sewer, Flood Protection & Bridges              | 15,375,000           | 15,364,256         | -                   | 10,744                  | Storm Sewer, Flood Protection & Bridges | 75,675,000     | 40,485,562    | 35,189,438    |
| Streets & Traffic Control                            | 23,700,000           | 23,485,561         | -                   | 214,439                 | Water, Wastewater & Drainage            | 202,480,000    | 82,155,284    | 120,324,716   |
| 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   | 75,150,000           | 63,149,343         | -                   | 12,000,657              |   |                |               |               |
|  |                      |                    |                     |                         |   |                |               |               |
| <b>1996 Authorization</b>                            |                      |                    |                     |                         |   |                |               |               |
| Water System   | 56,500,000           | 56,124,930         | -                   | 375,070                 |   |                |               |               |
| Wastewater System                                    | 19,050,000           | 4,255,202          | -                   | 14,794,798              |   |                |               |               |
| Subtotal   | 75,550,000           | 60,380,132         | -                   | 15,169,868              |   |                |               |               |
|  |                      |                    |                     |                         |   |                |               |               |
| <b>1996 WIFA Authorization</b>                       |                      |                    |                     |                         |   |                |               |               |
| Water/Wastewater                                     | 42,480,000           | 18,875,000         | -                   | 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           | 21,609,683         | -                   | 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           | 35,241,016         | -                   | 29,758,984              |   |                |               |               |
| Parks & Open Space                                   | 30,000,000           | 21,518,271         | 495,000             | 7,986,729               |   |                |               |               |
| Subtotal   | 282,000,000          | 146,410,799        | 495,000             | 135,094,201             |   |                |               |               |
|  |                      |                    |                     |                         |   |                |               |               |
| <b>2005 Authorization</b>                            |                      |                    |                     |                         |   |                |               |               |
| Public Safety & Municipal Operations                 | 52,000,000           | 19,897,587         | -                   | 32,102,413              |   |                |               |               |
| Water Treatment, Water System, Wastewater & Drainage | 160,000,000          | 67,825,284         | -                   | 92,174,716              |   |                |               |               |
| Streets, Bridges & Traffic Control                   | 109,000,000          | 39,930,494         | -                   | 69,069,506              |   |                |               |               |
| Parks, Recreation & Library                          | 35,000,000           | 12,267,597         | 8,775,000           | 13,957,403              |   |                |               |               |
| Subtotal   | 356,000,000          | 139,920,962        | 8,775,000           | 207,304,038             |   |                |               |               |
|  |                      |                    |                     |                         |   |                |               |               |
| <b>2008 Authorization</b>                            |                      |                    |                     |                         |   |                |               |               |
| Transportation & Drainage                            | 276,700,000          | 5,238,190          | 634,939             | 270,826,871             |   |                |               |               |
| Public Safety & Municipal Operations                 | 60,300,000           | 1,005,234          | 1,268,122           | 58,026,644              |   |                |               |               |
| Parks, Recreation & Trails                           | 41,000,000           | -                  | 3,541,939           | 37,458,061              |   |                |               |               |
| Subtotal   | 378,000,000          | 6,243,424          | 5,445,000           | 366,311,576             |   |                |               |               |
|  |                      |                    |                     |                         |   |                |               |               |
| <b>Grand Totals:</b>                                 | <b>1,231,260,000</b> | <b>456,467,100</b> | <b>14,715,000</b>   | <b>760,077,900</b>      |   |                |               |               |

Source: City financial records

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

Table XXX

|                              | <u>2003</u> | <u>2004</u> | <u>2005 *</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010 *</u> | <u>2011</u> | <u>2012</u> |
|------------------------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|---------------|-------------|-------------|
| City Of Peoria               |             |             |               |             |             |             |             |               |             |             |
| Population                   | 126,815     | 132,805     | 137,045       | 145,125     | 153,592     | 155,560     | 159,263     | 154,065       | 155,148     | 156,780     |
| % growth                     | 3.4%        | 4.7%        | 3.2%          | 5.9%        | 5.8%        | 1.3%        | 2.4%        | -3.3%         | 0.7%        | 1.1%        |
| Unemployment Rate            | 4.0%        | 3.2%        | 2.9%          | 2.2%        | 2.3%        | 2.4%        | 5.8%        | 6.3%          | 6.4%        | 6.8%        |
| Personal income (\$000's) ** | 3,717,962   | 4,102,612   | 4,442,177     | 4,965,452   | 5,377,256   | 5,394,043   | 5,459,854   | 5,307,847     | 5,592,620   | 5,651,449   |
| Maricopa County              |             |             |               |             |             |             |             |               |             |             |
| Population                   | 3,406,170   | 3,537,630   | 3,681,300     | 3,792,675   | 3,879,150   | 3,987,492   | 4,105,623   | 4,217,427     | 4,328,379   | 4,438,459   |
| % growth                     | 3.3%        | 3.9%        | 4.1%          | 3.0%        | 2.3%        | 2.8%        | 3.0%        | 2.7%          | 2.6%        | 2.5%        |
| Unemployment Rate            | 5.2%        | 3.9%        | 4.1%          | 3.8%        | 3.2%        | 4.2%        | 8.1%        | 8.8%          | 8.8%        | 7.3%        |
| Per Capita Income            | 29,912      | 31,523      | 33,178        | 35,046      | 36,135      | 37,168      | 35,319      | 37,352        | N/A         | N/A         |
| State of Arizona             |             |             |               |             |             |             |             |               |             |             |
| Population                   | 5,642,725   | 5,845,250   | 6,077,740     | 6,305,210   | 6,432,007   | 6,629,455   | 6,812,137   | 6,999,810     | 7,186,070   | 7,370,993   |
| % growth                     | 3.1%        | 3.6%        | 4.0%          | 3.7%        | 2.0%        | 3.1%        | 2.8%        | 2.8%          | 2.7%        | 2.6%        |
| Unemployment Rate            | 5.7%        | 5.0%        | 4.7%          | 4.4%        | 3.8%        | 5.0%        | 8.9%        | 9.6%          | 9.3%        | 8.2%        |
| Per Capita Income            | 26,975      | 28,564      | 30,019        | 31,936      | 33,029      | 32,953      | 33,244      | 34,999        | 35,062      | N/A         |
| United States of America     |             |             |               |             |             |             |             |               |             |             |
| Unemployment Rate            | 6.4%        | 5.6%        | 5.3%          | 4.6%        | 4.6%        | 5.5%        | 9.5%        | 9.5%          | 9.2%        | 8.2%        |
| Phoenix MSA                  |             |             |               |             |             |             |             |               |             |             |
| Per Capita Income            | 29,318      | 30,892      | 32,414        | 34,215      | 35,010      | 34,675      | 34,282      | 34,452        | 36,047      | 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 based on building permit activity.

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 NINE YEARS AGO**

**Table XXXI**

| <b>Employer</b>                                  | <b>2012</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                   | 3,500                 | 1           | 5.0%                                       | 4,100                 | 1           | 15.6%                                      |
| City of Peoria                                   | 1,132                 | 2           | 1.6%                                       | 889                   | 3           | 3.4%                                       |
| Plaza Del Rio Campus/Freedom Plaza & Care Center | 635                   | 3           | 0.9%                                       | 1,129                 | 2           | 4.3%                                       |
| Younger Brothers                                 | 580                   | 4           | 0.8%                                       | -                     | 0           | 0.0%                                       |
| Immanuel Care Campus                             | 348                   | 5           | 0.5%                                       | 378                   | 5           | 1.4%                                       |
| Antigua  | 271                   | 6           | 0.4%                                       | 210                   | 9           | 0.8%                                       |
| Northern Pipeline                                | 267                   | 7           | 0.4%                                       | -                     |             | 0.0%                                       |
| Forum At Desert Harbor                           | 182                   | 8           | 0.3%                                       | -                     |             | 0.0%                                       |
| Good Shepherd Care Center                        | 181                   | 9           | 0.3%                                       | 230                   | 10          | 0.9%                                       |
| Albertson's (2 Locations)                        | 175                   | 10          | 0.2%                                       | 297                   | 8           | 1.1%                                       |
| Fry's Food Stores (4 Locations)                  | -                     |             | 0.0%                                       | 415                   | 4           | 1.6%                                       |
| Arizona Training and Evaluation                  | -                     |             | 0.0%                                       | 310                   | 6           | 1.2%                                       |
| Target (3 Locations)                             | -                     |             | 0.0%                                       | 300                   | 7           | 1.1%                                       |
| Wal-Mart (2 locations)                           | -                     |             | 0.0%                                       | 280                   | 9           | 1.1%                                       |
| <b>Total</b>                                     | <b>7,271</b>          |             | <b>10.3%</b>                               | <b>7,958</b>          |             | <b>30.3%</b>                               |

Note: Beginning in fiscal year 2012, Peoria Economic Development Department no longer tracks employment for retail locations.

Sources: City of Peoria Economic Development Department  
Arizona Unemployment Statistics Program Special Employment Report [www.azstats.gov](http://www.azstats.gov)

**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, 2012 |                      |                      |                        |                        |                        |                        |                        |                        |                        |
|--------------------------|--|----------------------|----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|                          | <u>2003</u>  | <u>2004</u>          | <u>2005</u>          | <u>2006</u>            | <u>2007</u>            | <u>2008</u>            | <u>2009</u>            | <u>2010</u>            | <u>2011 *</u>          | <u>2012</u>            |
| General Government       |  |                      |                      |                        |                        |                        |                        |                        |                        |                        |
| Mayor & Council          | 4.00   | 4.00                 | 5.00                 | 5.00                   | 6.00                   | 6.00                   | 6.00                   | 6.00                   | -                      | -                      |
| City Manager             | 7.50   | 7.50                 | 8.50                 | 10.50                  | 12.00                  | 13.00                  | 13.00                  | 10.00                  | 15.00                  | 15.00                  |
| Office of Communications | 6.00   | 6.00                 | 7.50                 | 11.00                  | 12.50                  | 13.50                  | 9.50                   | 8.50                   | 8.00                   | 7.00                   |
| Human Resources          | 12.00  | 12.00                | 13.00                | 13.00                  | 14.00                  | 17.00                  | 17.00                  | 19.00                  | 18.00                  | 17.00                  |
| Attorney                 | 18.71  | 19.31                | 20.20                | 22.70                  | 23.80                  | 26.00                  | 26.00                  | 26.00                  | 26.00                  | 26.00                  |
| City Clerk               | 7.00   | 7.00                 | 8.00                 | 8.00                   | 8.00                   | 9.00                   | 9.00                   | 9.00                   | 9.00                   | 8.00                   |
| Court                    | 10.00  | 10.00                | 11.00                | 13.00                  | 16.00                  | 22.00                  | 22.00                  | 22.00                  | 21.00                  | 20.90                  |
| Economic Development     | 3.00   | 3.00                 | 3.00                 | 4.00                   | 4.00                   | 5.00                   | 5.00                   | 13.30                  | 27.80                  | 26.00                  |
| Budget                   | 5.00   | 5.00                 | 7.00                 | 7.00                   | 7.00                   | 9.00                   | 8.00                   | 7.00                   | 7.00                   | 7.00                   |
| Finance                  | 71.00  | 71.00                | 77.00                | 79.00                  | 82.00                  | 88.00                  | 88.00                  | 82.75                  | 79.75                  | 73.75                  |
| Culture & Recreation     | 99.90  | 103.78               | 111.36               | 109.36                 | 124.39                 | 131.74                 | 142.04                 | 125.47                 | 115.97                 | 113.57                 |
| Police                   | 200.00   | 208.00               | 226.00               | 250.00                 | 264.00                 | 286.00                 | 287.00                 | 271.00                 | 287.00                 | 289.00                 |
| Fire                     | 112.00   | 117.00               | 131.00               | 134.00                 | 157.00                 | 173.00                 | 170.00                 | 167.00                 | 164.00                 | 162.00                 |
| Community Development    | 46.50  | 46.50                | 49.50                | 50.80                  | 51.80                  | 53.80                  | 49.80                  | 51.00                  | 15.50                  | 12.50                  |
| Engineering              | 31.50  | 33.00                | 38.00                | 43.00                  | 47.00                  | 49.00                  | 45.25                  | 39.75                  | 39.75                  | 33.25                  |
| Highways & Streets       | 35.00  | 36.00                | 39.00                | 40.00                  | 44.00                  | 44.00                  | 43.00                  | 41.00                  | 44.00                  | 38.80                  |
| Public Works             | 52.50  | 56.50                | 59.50                | 61.50                  | 69.00                  | 70.50                  | 69.50                  | 63.75                  | 56.75                  | 57.95                  |
| Human Services           | 9.00   | 8.00                 | 8.00                 | 8.50                   | 14.50                  | 14.50                  | 14.50                  | 11.75                  | 10.00                  | 7.50                   |
| Water Utility            | 56.52  | 60.02                | 67.02                | 70.02                  | 72.00                  | 75.00                  | 72.75                  | 60.75                  | 57.75                  | 56.50                  |
| Wastewater Utility       | 16.00  | 17.50                | 17.50                | 16.50                  | 19.00                  | 25.00                  | 28.25                  | 29.25                  | 29.25                  | 29.50                  |
| Solid Waste Utility      | 39.00  | 40.00                | 40.00                | 40.00                  | 44.00                  | 47.00                  | 45.00                  | 45.00                  | 43.25                  | 45.00                  |
| Information Technology   | 33.00  | 33.00                | 38.00                | 39.00                  | 43.00                  | 47.00                  | 47.00                  | 46.00                  | 41.60                  | 39.00                  |
| Stadium                  | 14.00  | 13.00                | 14.00                | 14.00                  | 16.00                  | 19.00                  | 19.00                  | 19.00                  | 15.50                  | 15.50                  |
| <b>Total FTE</b>         | <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> | <u><u>1,131.87</u></u> | <u><u>1,100.72</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.

\* Interdepartmental reorganization is reflected in FY2011 numbers. This will explain some of the significant changes in departments such as Mayor and Council, City Manager, Economic Development and Community Development.

Source: City budget office (Schedule 6 in Annual Program Budget)

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

Table XXXIII

|                    |                          | <b>Building Permits</b> |                       |                       |                       |                       |                       |                      |                       |                      |                       |
|--------------------|--------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
|                    |                          | Fiscal Year             |                       |                       |                       |                       |                       |                      |                       |                      |                       |
|                    |                          | <u>2003</u>             | <u>2004</u>           | <u>2005</u>           | <u>2006</u>           | <u>2007</u>           | <u>2008</u>           | <u>2009</u>          | <u>2010</u>           | <u>2011</u>          | <u>2012</u>           |
| Commercial         | Number of Permits        | 180                     | 190                   | 177                   | 181                   | 244                   | 153                   | 60                   | 82                    | 27                   | 60                    |
|                    | Value                    | \$ 69,627,621           | \$ 47,808,957         | \$ 73,892,753         | \$ 64,990,575         | \$ 121,602,510        | \$ 38,162,527         | \$ 18,722,347        | \$ 35,940,280         | \$ 4,416,256         | \$ 14,130,283         |
| Residential        | Number of Dwelling Units | 1,525                   | 1,831                 | 2,927                 | 2,421                 | 1,338                 | 963                   | 383                  | 398                   | 404                  | 610                   |
|                    | Value                    | 199,491,258             | 241,885,416           | 373,716,048           | 320,780,556           | 213,028,399           | 154,975,128           | 47,217,878           | 42,714,995            | 50,318,368           | 79,951,361            |
| Other              | Number of Permits        | 1,399                   | 2,203                 | 2,000                 | 2,209                 | 2,110                 | 1,825                 | 1,043                | 1,017                 | 970                  | 1,701                 |
|                    | Value                    | 13,399,434              | 20,138,826            | 21,512,846            | 26,532,508            | 34,196,112            | 33,948,358            | 18,535,296           | 53,152,166            | 9,025,305            | 17,128,209            |
| <b>Total Value</b> |                          | <u>\$ 282,518,313</u>   | <u>\$ 309,833,199</u> | <u>\$ 469,121,647</u> | <u>\$ 412,303,639</u> | <u>\$ 368,827,021</u> | <u>\$ 227,086,013</u> | <u>\$ 84,475,521</u> | <u>\$ 131,807,441</u> | <u>\$ 63,759,929</u> | <u>\$ 111,209,853</u> |

Source: City Community Development Department

|        |                      | <b>Single Family Housing Sales</b> |             |             |             |             |             |             |             |             |             |
|--------|----------------------|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|        |                      | Calendar Year                      |             |             |             |             |             |             |             |             |             |
|        |                      | <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> | <u>2011</u> |
| New    | # of Units           | 1,810                              | 1,583       | 1,395       | 1,875       | 2,235       | 1,360       | 925         | 435         | 355         | 390         |
|        | Average Sale Amount  | \$ 202,365                         | \$ 215,825  | \$ 270,000  | \$ 323,190  | 395,650     | 350,000     | 282,885     | 253,350     | 236,505     | 243,780     |
|        | Avr price % increase | 10.00%                             | 6.65%       | 25.10%      | 19.70%      | 22.42%      | -11.54%     | -19.18%     | -10.44%     | -6.65%      | 3.08%       |
| Resale | # of Units           | 2,945                              | 3,515       | 4,575       | 5,055       | 2,930       | 2,415       | 3,635       | 5,000       | 5,305       | 5,355       |
|        | Average Sale Amount  | \$ 153,360                         | \$ 151,000  | \$ 175,000  | \$ 250,000  | \$ 270,000  | \$ 257,830  | \$ 210,000  | \$ 166,750  | \$ 159,000  | \$ 140,000  |
|        | Avr price % increase | 5.15%                              | -1.54%      | 15.89%      | 42.86%      | 8.00%       | -4.51%      | -18.55%     | -20.60%     | -4.65%      | -11.95%     |

|                 |  | <b>New Housing Starts</b> |             |             |             |             |             |             |             |             |             |
|-----------------|--|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                 |  | Calendar Year             |             |             |             |             |             |             |             |             |             |
|                 |  | <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> | <u>2011</u> |
| City of Peoria  |  | 2,183                     | 1,974       | 2,420       | 3,560       | 1,654       | 2,046       | 1,098       | 514         | 691         | 699         |
| Maricopa County |  | 43,826                    | 47,808      | 58,882      | 56,139      | 40,294      | 35,465      | 20,605      | 15,825      | 15,676      | 15,353      |

Notes: Information for bottom two tables is 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, 2011 THROUGH JUNE 30, 2012**

Table XXXIV

| Type of Insurance                                   | Annual<br>Renewal<br>Date | Insurance Carrier                             | Policy Number     | Limits   | Deductible<br>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<br>\$1,000,000 annual |                      | N/A                 |
| Excess liability -Primary                           | 7/1                       | Travelers Indemnity Company                   | GE06300060        | \$5 Million per occurrence                     | SIR above            | \$ 454,848          |
| Public Entity E & O                                 | 7/1                       | Travelers Indemnity Company                   | GP06302355        | \$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            | 71,000              |
| 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                             | EO00001256303     | \$1,000,000                                    | N/A                  | 5,934               |
| <b>2. Property (Real &amp; Personal)</b>            |                           |   |                   |  |                      |                     |
| City buildings and contents                         | N/A                       | Self-insured                                  | N/A               | \$500,000 per incident<br>\$500,000 annual     | N/A                  | N/A                 |
| Automobile & Equipment                              | 7/1                       | Travelers Indemnity Company                   | 8109157P24A       | \$25,000/\$100,000 (1)                         | N/A                  | 108,086             |
| Excess buildings and contents (see Note)            | 7/1                       | Travelers Indemnity Company                   | 297T228811        | \$267,000,000                                  | SIR above            | 295,453             |
| Storage Tank 3rd Party liability                    | 1/6                       | Great American Insurance                      | BTA557496107      | \$1,000,000                                    | 5,000                | 2,732               |
| <b>3. Boiler &amp; Machinery</b>                    | 7/1                       | Phoenix Insurance Company                     | 7733A918PHX11     | \$25,000,000                                   | 1,000                | 24,092              |
| <b>4. Workers' Compensation</b>                     |                           |   |                   |  |                      |                     |
| Excess Liability                                    | N/A                       | Self-insured<br>Safety National Casualty Corp | N/A<br>AGC4044177 | N/A  | N/A                  | N/A<br>135,192      |
| <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>                        |                           |   |                   |  |                      | 55,000              |
| <b>7. Cyber Liability</b>                           | 7/1                       | Axis Surplus Insurance Co.                    | ECN000032941101   | \$1,000,000                                    | SIR above            | 7,125               |
| <b>8. Identity Theft</b>                            | 7/1                       | Travelers Indemnity Company                   | 105639670         | \$10,000                                       | N/A                  | 4,463               |
| <b>9. Crime Coverages</b>                           | 7/1                       | Travelers Indemnity Company                   | 0705R496          | \$1 Million                                    | 10,000               | 5,527               |

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

(1) Vehicles with a value less than \$100,000 are self-insured by the City. Vehicles with a value in excess of \$100,000 have a \$5,000 deductible.

Source: City Risk Management and financial records

CITY OF PEORIA, ARIZONA  
PROPERTY INSURANCE SCHEDULE  
JUNE 30, 2012

Table XXXV

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**Property**

|   |                       |
|---|-----------------------|
| Building and contents - combined blanket limit -<br>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 |           |           |           |           |           |           |           |           |           |
|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | 2003        | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      |
| Governmental Activities:                |             |           |           |           |           |           |           |           |           |           |
| General Government                      |             |           |           |           |           |           |           |           |           |           |
| Registered Voters                       | 51,617      | 52,674    | 65,998    | 62,328    | 63,544    | 71,051    | 76,323    | 82,578    | 86,803    | 85,765    |
| Voter Participation (last election)     | 11.0%       | 11.0%     | 33.8%     | 25.4%     | 25.4%     | 60.6%     | 81.2%     | 29.2%     | 29.2%     | 29.2%     |
| Culture & Recreation                    |             |           |           |           |           |           |           |           |           |           |
| Recreation Participants                 | 65,725      | 65,928    | 69,206    | 75,145    | 77,602    | 119,620   | 131,372   | 132,391   | 134,661   | 136,200   |
| New Recreation Accounts                 | 4,149       | 4,998     | 5,492     | 5,160     | 4,923     | 6,692     | 6,237     | 5,903     | 5,968     | 6,106     |
| Special Event Participants              | *           | *         | *         | *         | *         | *         | *         | 46,578    | 60,715    | 65,347    |
| Public Safety                           |             |           |           |           |           |           |           |           |           |           |
| Police                                  |             |           |           |           |           |           |           |           |           |           |
| Calls for Service                       | 56,430      | 101,951   | 142,319   | 102,385   | 103,921   | **62,341  | 60,219    | 56,683    | 56,764    | 57,184    |
| Avg Response Time (minutes)             | 5.53        | 5.32      | 5.73      | 4.80      | 5.20      | 5.98      | 5.47      | 5.65      | 5.87      | 6.01      |
| Fire                                    |             |           |           |           |           |           |           |           |           |           |
| Number of Incidents                     | 10,268      | 11,014    | 11,618    | 12,445    | 12,788    | 13,649    | 13,361    | 14,874    | 15,403    | 17,717    |
| Avg Response Time (minutes)             | 4.20        | 4.30      | 4.30      | 4.30      | 4.40      | 4.40      | 4.43      | 5.02      | 5.19      | 5.08      |
| Development Services                    |             |           |           |           |           |           |           |           |           |           |
| Building Permits Issued                 | 3,104       | 4,224     | 5,104     | 4,811     | 3,692     | 2,943     | 1,486     | 1,497     | 1,401     | 2,371     |
| Value of Building Permits (millions \$) | \$ 282.5    | \$ 309.8  | \$ 469.1  | \$ 412.3  | \$ 368.8  | \$ 225.5  | \$ 84.5   | \$ 131.8  | \$ 63.8   | \$ 111.2  |
| Highways & Streets                      |             |           |           |           |           |           |           |           |           |           |
| Asphalt Used (in tons)                  | *           | *         | 6,654     | 5,035     | 7,999     | 8,365     | 2,441     | 2,832     | 2,677     | 2,038     |
| Centerline Miles Swept                  | *           | *         | 9,807     | 8,697     | 8,496     | 7,604     | 7,526     | 5,935     | 6,159     | 6,202     |
| Miles Assessed ***                      | *           | *         | 277       | 218       | 275       | 381       | 423       | 422       | 85        | 163       |
| Public Works                            |             |           |           |           |           |           |           |           |           |           |
| Number of Vehicle Work Orders           | *           | 4746      | 5,056     | 5,920     | 5,787     | 5,679     | 5,917     | 5,697     | 5,856     | 5,608     |
| Human Services                          |             |           |           |           |           |           |           |           |           |           |
| Number of Dial-a-Ride users             | 5,478       | 5,814     | 6,010     | 5,147     | 5,310     | 5,750     | 6,174     | 899       | 747       | 759       |
| Number of Annual Trips                  | 32,256      | 29,382    | 34,428    | 42,232    | 47,244    | 45,451    | 43,263    | 31,568    | 27,440    | 31,082    |
| Section 8 Unit Months Available         | 984         | 984       | 984       | 984       | 984       | 984       | 984       | 984       | 984       | ****      |
| Section 8 Unit Months Leased            | 897         | 819       | 858       | 773       | 788       | 916       | 846       | 793       | 911       | ****      |
| Business-type Activities                |             |           |           |           |           |           |           |           |           |           |
| Water Utility                           |             |           |           |           |           |           |           |           |           |           |
| Annual Consumption (000's gal)          | 6,640,038   | 6,828,944 | 6,890,083 | 7,889,653 | 8,220,760 | 8,626,688 | 8,674,450 | 8,212,711 | 8,003,947 | 8,448,795 |
| Average Gallons/Household/Year          | 180,544     | 178,850   | 180,679   | 194,552   | 195,840   | 177,016   | 175,270   | 164,636   | 159,203   | 166,070   |
| Wastewater Utility                      |             |           |           |           |           |           |           |           |           |           |
| Wastewater Treated (billion gal)        | 2.71        | 3.23      | 3.41      | 3.55      | 3.67      | 3.60      | 3.90      | 3.70      | 3.50      | 3.61      |
| Solid Waste Utility                     |             |           |           |           |           |           |           |           |           |           |
| Residential Tonnage Processed           | 60,516      | 64,358    | 65,950    | 69,191    | 71,396    | 61,290    | 48,970    | 47,540    | 47,989    | 46,299    |
| Commercial Tonnage Processed            | 19,642      | 19,157    | 18,436    | 22,943    | 25,260    | 20,519    | 22,856    | 21,981    | 20,340    | 19,700    |
| Recycle Tonnage Processed               | 600         | 1,133     | 1,523     | 1,690     | 1,927     | 11,549    | 16,084    | 15,516    | 16,277    | 15,715    |
| Stadium                                 |             |           |           |           |           |           |           |           |           |           |
| Spring Training Attendance              | 169,932     | 222,927   | 225,316   | 200,153   | 220,357   | 230,434   | 211,243   | 200,029   | 188,244   | 190,643   |
| Sporting Rentals Days                   | *           | *         | *         | *         | 195       | 234       | 246       | 208       | 336       | 350       |
| Non-Sporting Rentals Days               | *           | *         | *         | *         | 54        | 83        | 66        | 74        | 108       | 134       |
| Public Housing                          |             |           |           |           |           |           |           |           |           |           |
| Unit Months Available                   | 840         | 840       | 840       | 840       | 840       | 840       | 840       | 840       | 840       | 840       |
| Number of Unit Months Leased            | 822         | 819       | 828       | 831       | 827       | 812       | 796       | 745       | 787       | 813       |

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.

\*\*\* Changed from lane miles to center line miles in FY11 to be consistent with other highway measurements

\*\*\*\*City discontinued participation in Section 8 housing programs as of 6/30/11.

Source: Various City Departments

**CITY OF PEORIA, ARIZONA  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Table XXXVII

|                                  | Fiscal Year |             |             |             |             |             |             |             |             |             |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                  | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| Governmental Activities:         |             |             |             |             |             |             |             |             |             |             |
| General Government               |             |             |             |             |             |             |             |             |             |             |
| Annexed Area (square miles)      | 170.9       | 176.3       | 177.9       | 177.9       | 177.9       | 177.9       | 177.9       | 179.0       | 179.1       | 179.1       |
| Culture & Recreation             |             |             |             |             |             |             |             |             |             |             |
| # of Neighborhood Parks          | 23          | 24          | 24          | 26          | 26          | 26          | 28          | 28          | 28          | 32          |
| Total Park Acreage               | 223         | 233         | 240         | 264         | 264         | 264         | 314         | 322         | 322         | 338         |
| Ramadas                          | 60          | 74          | 78          | 87          | 87          | 87          | 87          | 90          | 90          | 96          |
| Basketball Hoops                 | 42          | 71          | 74          | 82          | 82          | 82          | 82          | 41          | 41          | 45          |
| Tennis Courts                    | 21          | 22          | 24          | 25          | 25          | 25          | 24          | 25          | 25          | 26          |
| Volleyball Courts                | 8           | 10          | 10          | 12          | 12          | 12          | 12          | 12          | 12          | 12          |
| Multi-Purpose Fields             | *           | 12          | 37          | 30          | 31          | 31          | 31          | 31          | 31          | 34          |
| Swimming Pools                   | 2           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| Urban Lakes                      | 0           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Skate Parks                      | 0           | 1           | 1           | 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)   | 61          | 80          | 86          | 90          | 101         | 103         | 92          | 86          | 86          | 86          |
| Fire                             |             |             |             |             |             |             |             |             |             |             |
| Stations (full-time / part-time) | 5 / 0       | 5 / 2       | 5 / 2       | 6 / 1       | 7 / 1       | 7 / 1       | 7 / 1       | 7 / 1       | 7 / 1       | 7 / 1       |
| Number of Fire Engines           | *           | 8           | 7           | 8           | 9           | 9           | 9           | 9           | 7           | 7           |
| Number of Ladder Trucks          | *           | 1           | 1           | 1           | 1           | 1           | 2           | 2           | 2           | 2           |
| Highways & Streets               |             |             |             |             |             |             |             |             |             |             |
| Streets (miles maintained)       | 444         | 471         | 487         | 518         | 537         | 538         | 551         | 554         | 584         | 590         |
| Public Works                     |             |             |             |             |             |             |             |             |             |             |
| Street Lights                    | 11,186      | 11,829      | 12,000      | 12,000      | 12,737      | 13,618      | 13,726      | 13,901      | 14,093      | 14,333      |
| Vehicles in Fleet                | *           | 543         | 599         | 621         | 661         | 720         | 683         | 670         | 673         | 687         |
| Human Services                   |             |             |             |             |             |             |             |             |             |             |
| Dial-a-Ride Buses                | 9           | 9           | 9           | 9           | 11          | 11          | 11          | 9           | 7           | 7           |
| Business-type Activities         |             |             |             |             |             |             |             |             |             |             |
| Water Utility                    |             |             |             |             |             |             |             |             |             |             |
| Number of Water Accounts         | 37,664      | 38,818      | 42,673      | 44,221      | 45,630      | 46,146      | 46,902      | 47,606      | 47,793      | 48,509      |
| Storage Capacity (million gal)   | 22.2        | 37.3        | 40.0        | 40.0        | 40.0        | 41.8        | 42.0        | 42.0        | 42.0        | 40.0        |
| Wastewater Utility               |             |             |             |             |             |             |             |             |             |             |
| Number of Wastewater Accounts    | 39,806      | 40,984      | 43,824      | 45,933      | 47,831      | 48,759      | 49,923      | 50,383      | 50,715      | 51,527      |
| Treatment Capacity (billion gal) | 13.40       | 13.40       | 14.15       | 14.15       | 14.15       | 25.70       | 16.25       | 16.25       | 16.25       | 16.25       |
| Solid Waste Utility              |             |             |             |             |             |             |             |             |             |             |
| Number of Solid Waste Accounts   | 38,546      | 39,747      | 42,467      | 44,198      | 46,309      | 47,146      | 48,006      | 43,382      | 48,752      | 49,506      |
| 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



# Appendix Slip Sheet



## Glossary

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

|       |   |
|-------|---|
| APB   | Accounting Principles Board                         |
| AICPA | American Institute of Certified Public Accountants  |
| CAFR  | 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 unit 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 of 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.

**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 required 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 GASAC 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 GAAP.

**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 or 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 or 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 required 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 separate opinion in the independent auditor's report.

**Major program** – Term used in the context 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 tested.

**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 basic 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 or material non-compliance with major federal award programs.

**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) revenues 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 repay the principal of such debt. [SGAS 44]

**Net pension/OPEB obligation** – The cumulative difference between annual pension/OPEB costs and the 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 flows 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 measures 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, revenues 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 types of public-entity risk pools. 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 required 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 basic 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 basic 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]

Office's publication *Governmental Auditing Standards*, the source of GAGAS.

**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 auditor that financial statements are fairly presented in all material respects.

**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