

# *Comprehensive Annual Financial Report*

For Fiscal Year Ended  
June 30, 2008

**City of Peoria, Arizona**



**City Council:**

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

**Administrative Staff:**

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

**Prepared By:**

**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.

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# City of Peoria

8401 West Monroe Street, Peoria, Arizona 85345

October 7, 2008

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, 2008. The report was prepared by the Financial Services Division of the Finance Department.

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

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

## **THE FINANCIAL REPORTING ENTITY**

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

The City encompasses approximately 179 square miles in the northwestern portion of Maricopa County, and is one of several major cities comprising the greater Phoenix metropolitan area. Between the 1990 census and the 2000 census the City's population increased by over 100 percent, from approximately 50,600 to approximately 108,300. The estimated current population is approximately 158,227. 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 26 parks encompassing 264 acres. In addition, the Peoria Sports Complex operated by the City is the nation's first two-team baseball spring training facility - home to the San Diego Padres and Seattle Mariners. Lake Pleasant, in northern Peoria, is the second largest lake in

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

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

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

### **For The Year**

In fiscal year 2008 the City continued to invest in programs and amenities that keep Peoria a very livable community. Emphasis was placed on public safety, parks and open space, neighborhood preservation, and human services. The following are some of the service efforts and accomplishments of the City during the fiscal year:

#### Police

- Re-districted the department patrol beats to provide more efficient and effective use of personnel and resources.
- Began operation of a red light enforcement camera program. To date four intersections are monitored by red light enforcement cameras.
- Enhanced the Strategic analysis Section to provide more timely statistical analysis for resource deployment, crime suppression and public information through the media.
- Participant in the valley-wide Unified Command for Super Bowl XLII.

#### Fire

- Fire Station #7 was opened in October 2007 to serve the citizens of northern Peoria. The 11,000 square foot station is the second fire station to open in northern Peoria in two years and has a unique architectural design to compliment the surrounding communities.
- The Peoria Fire Department assisted in providing emergency medical response teams and terrorism liaison officer support for Super Bowl XLII.
- The Emergency Management Division implemented new National Incident Management System (NIMS) software to track safety training classes for all city employees and ensure the City remains in compliance with Federal Emergency Management Administration (FEMA) guidelines.
- Peoria firefighters were deployed to nine wildfires throughout the western United States as part of the Central Arizona Wildland Response Team (CAWRT).
- The Fire Department hosted the sixth annual Peoria Regional Battalion Chief Academy with former Marshal University football coach Jack Lengyell as the keynote speaker.

#### Communications and Public Affairs

- Completed equipping a 4,000 square foot television studio for Peoria Channel 11. The studio features state-of-the-art video production equipment including high definition cameras, switchers, a news set, and editing equipment. The newly equipped studio will be utilized for filming and broadcasting news and information to Peoria residents about city programs and services.
- The Marketing and Special Event Division won an AZTEC Gold Medal Award from the Arizona Festival and Events Association for a public service announcement created to promote on television Peoria's Pioneer Days event.

- The department dedicated two new public art sculptures in the fall of 2007. The Peoria Pioneer Memorial, a bronze sculpture created by artist Emanuel Martinez, is located at a major focal point in Old Town Peoria. The project involved a grassroots fundraising effort by the Peoria Historical Society. The second sculpture is entitled "Leading the Way" by artist Ann LaRose and depicts a farmer, his wife, and child in a garden area in front of City Hall.
- Peoria Channel 11 received three Telly Awards in 2008. Telly Awards honor the best local, regional and cable television commercials and programs. Peoria Channel 11 earned the awards for two public service announcements, "Festival of the Arts" and "Spring Training 2008," and a video short, "Building Peoria."

#### Engineering

- In collaboration with MCDOT the intersection of 91<sup>st</sup> Ave and Pinnacle Peak Road was widened and signalized.
- Completed the installation of the signal at the intersection of 91<sup>st</sup> Ave and Monroe Street.
- Completed construction of the Rose Garden channel drainage improvements.
- Completed construction of the sound wall adjacent to the Parkridge subdivisions.
- Installed 7 additional CCTV cameras surrounding the sports complex to assist with managing event traffic.
- Purchased 4 portable trailers with dynamic message signs.

#### Public Works

- Implemented Curbside recycling service to all City residents. The recycling diversion rate exceeds 20 percent and contamination rate is very low.
- Completed renovation of the City's Municipal Operation Center including a new Administration Building a new Warehouse and a Vehicle Wash Building.
- Completed the construction of a new 75,000 square foot Development and Community Services Building.
- Began construction of the City's new branch library.
- Maintained compliance with PM-10 air quality requirements by sweeping approximately 19,000 miles of street and removing 2,100 tons of debris.
- Applied pavement preservative seals to over 40 miles of streets.
- Expanded the City's fiber optic traffic signal system by 23 miles.
- Began a process of self-assessment as the initial step toward accreditation through the American Public Works Association.

#### Finance

- Partnered with Information Technology and Human Resource departments to complete a major upgrade to the human resource and payroll system.
- Completed an upgrade to the Utility Billing System to provide encryption of customer credit card information and ensure compliance with Payment Card Industry (PCI) standards.
- Implemented an Accounts Receivable module to the Utility Billing System to assist in the collection process for miscellaneous customer accounts.
- Teamed with the Budget Office to facilitate a Citizens Bond Committee process for the review and recommendation of capital projects to City Council for an upcoming bond election.
- Began a project to restructure the City's meter reading and utility billing processes to more evenly distribute internal staff workloads and provide enhanced customer service.

#### Human Resources

- Teamed with Finance and Information Technology departments on the implementation of the benefits administration module for the PeopleSoft HRMS software system.
- Implementation of the Water's Classification and Compensation study covering all technical/professional staff of the City.

#### Community Development

- Adopted a new comprehensive list of design guidelines.
- Continued Neighborhood Grant Program to allow neighborhoods to complete improvement projects that enhance the neighborhoods.

- Awarded the Mercedes Benz of Arrowhead the City's first Environmental Stewardship Award for their LEED Silver dealership facility.
- Took action to reduce the impacts of home foreclosures on our neighborhoods through the City's Foreclosure Task Force.
- Received Community Housing Development Funds grant from Maricopa County to assist in redeveloping multi-family housing units.
- Developed and administered a down-payment assistance program to assist first-time home buyers.
- Assisted 7,234 persons through services funded with Community Development Block Grant funds.

#### Community Services

- Completion of the Rio Vista Recreation Center, Veterans Memorial Wall and pedestrian bridge over New River and Rio Vista Community Park.
- Completed construction of four miles of Sunrise Mountain Trail and 3.5 miles of West Wing Mountain Trail and began construction of two miles of New River Trail between Grand Avenue and Olive Avenue.
- Completed five miles of the Lake Pleasant Parkway median landscape improvements.
- Peoria Sports Complex was named Westmarc's "Best of the West" in the Attractions, Destinations and Tourism category.
- The Rio Vista Recreation Center received the Gold Award from the Construction Owners Association of America and was named the Southwest Contractor Arizona Best of 2007 for project management.
- Recreation program attendance continued to grow with 118,550 participants.
- The Peoria Public Library System circulated over one million items and had 1.1 million visitors, either virtually or physically.

#### Utilities

- The Utilities Department received nine safety awards from the Arizona Water & Pollution Control Association (AWPCA).
- The wastewater collection section was recognized by the American Water Works Association (AWWA) for best practice in maintaining a wastewater collection system.
- Began operation of the new Butler Water Reclamation Facility.
- Developed "Principles of Sound Water Management", an integrated set of 17 policies designed to demonstrate leadership in the stewardship of our limited water resources while emphasizing the importance of water conservation and a redundant and replenishable water supply, maintaining compliance with state and federal water quality and management laws, as well as a guide for long-term planning.
- Completed construction of the expansion of the Jomax Water Reclamation Facility.
- Development of a 3D radio path model for the Utilities Department's remote sites, which has led to significant savings in consulting fees and staff time.

#### Information Technology

- The City's Intranet website was enhanced and redesigned. The new features include an Enouncements section, an events calendar with rollover popups, a condensed and reorganized main menu, and a web based internal phone directory. The site also includes online employee access to the City's policies, procedures, forms, and various reports.
- The 2008 Impact Fee Calculator was published to the public website. The calculator allows developers and other interested parties to estimate impact fees for various project sizes and complexities, with many selectable variables.
- Channel 11's new live streaming project was launched, which includes live and archived City Council meetings. A portal page provides links to on-demand and live, 24/7 streaming video from Channel 11.
- Wireless access points have been installed in most buildings across the City Hall campus and other City facilities. The wireless network is available for employees as well as guests.
- Implemented the Mobile Computing Solution for Public Works linking the City's Geographical Information System (GIS) and Computerized Maintenance Management System (CMMS). This allows field staff to update spatial information (redline) as appropriate; open, close, and initiate work orders; and open, close, and initiate service requests in the field and update wirelessly from the field.

- The new Citywide Electronic Document Management System was implemented in the City Clerk's Office. Work continues to implement this system with other City departments and systems, including Utilities, Fire, and Finance.
- The new Capital Improvement Process (CIP) project management system was implemented and is being used citywide for CIP projects.

#### Economic Development

- Park West 1<sup>st</sup> phase opened during the 1<sup>st</sup> quarter of 2008. Construction will continue and the remaining phase is scheduled to open within the upcoming year.
- Construction of Empire Business Park is completed and offers 500,000 square feet of commercial and light industrial space.
- Construction of Mack Rio Vista Business Park is completed and offers over 600,000 square feet of commercial and light industrial space.
- Super Wal-Mart located in northern Peoria is completed and offers over 200,000 square feet of retail space.
- Lake Pleasant Town Center and Lake Pleasant Crossing are completed and open for business. Lake Pleasant Pavilions and Lake Pleasant Towne Center are currently under construction and will open by 1<sup>st</sup> quarter 2009.
- Peoria Place multi-use development is currently in the planning stage and construction is anticipated to start by the 1<sup>st</sup> quarter 2009.

#### For The Future

The Council utilizes a process to assist in the identification, prioritization, and management of emerging strategic issues that, by virtue of their scope, complexity, and/or potential impact, require a coordinated multi-departmental action plan and budget. The City Council works closely with City management to implement specific objectives and tasks designed to meet these goals.

The following summarizes the goals identified by the City Council in the 12-Month Business Plan:

- Economic Development
  - Support a State Land Reform bill.
  - Continue efforts to support and protect Luke Air Force Base and assure its future mission.
  - Develop a strategy to create new large spec office space per Greater Phoenix Economic Council (GPEC) recommendations.
- Growth and Development in Peoria
  - Further advance the Loop 303 economic development strategy.
  - Collaborate with State lands to improve on a disposition /development plan for strategic Loop 303 State Lands property in Peoria.
  - Develop a fast-track permitting system for high value economic development projects.
  - Develop and implement a strategy to bring one or more colleges to Peoria.
  - Identify and acquire key properties for purchase throughout the city as a catalyst for development, redevelopment or for future municipal needs.
- Communities and Neighborhood
  - Develop a strategic plan for aesthetic improvements and passive recreational opportunities along high voltage transmission corridors.
  - Develop and implement a program to improve street right-of-way quality and maintenance.
  - Develop neighborhood programs to do additional right-of-way beautification.
- Transportation
  - Create a comprehensive multi-modal transportation plan that incorporates regional connections.
  - Identify and develop a new truck route for west of the Agua Fria River.
- Downtown Redevelopment
  - Develop a redevelopment study/strategy for the Grand Avenue Corridor and Downtown to include Grand Avenue, Peoria Avenue old town and rail opportunities.
  - Implement the Historic Preservation Program.
  - Implement the façade program.

- Creating the Preferred Peoria
  - Implement the City of Peoria identity project.

## **LOCAL ECONOMIC CONDITION AND OUTLOOK**

Peoria continues to face many important growth issues, and its citizens and municipal government are committed to finding solutions for the future. This commitment has helped to make 2008 another successful year and continues to provide a foundation for success in the years to come.

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

The City experienced a downturn in the overall economy in fiscal year 2008. However, the City is continuing to attract and develop major commercial and retail areas. The ongoing development of a major retail center located at Happy Valley Road and Lake Pleasant Road is continuing to reach completion. This area will offer approximately 1.5 million square feet of retail space. Also, two major commercial areas (Empire Business Park and Mack Rio Vista) located in central Peoria have been completed and offer over 1.2 million square feet of commercial and light industrial space. These areas will offer employment opportunities in the City in the upcoming years. Two more auto dealerships, Mercedes and Infiniti, opened in the City in fiscal year 2008. Also, a Volkswagen dealership is planned in the near future.

Southern Peoria, which is considered south of Bell Road, is somewhat reaching maturity and saturation for future developments. New opportunities for this area are limited due to the lack of available land to develop. However, a few new developments did come into play during this fiscal year. Park West, which is considered a major upscale retail center, opened this year and supports high end shops and restaurants. When completed, this center will offer over 450,000 square feet of retail and office space. Other potential commercial projects include 50,000 square feet of office at 75<sup>th</sup> Avenue and Paradise Lane and 90,000 square feet of office space at Skunk Creek and 83<sup>rd</sup> Avenue.

Growth in northern Peoria is slowing due to the reduced number of new housing starts. However, some new office commercial developments totaling 90,000 square feet have recently been completed. Also, a hospital is being planned for the area. The hospital will be built in two phases. The first phase will start within the next 6 months and consist of 77,000 square feet of hospital space and 30,000 square feet of medical support facilities. The second phase, still being planned, will consist of approximately 300,000 square feet of support medical office space.

### **Economic Outlook**

The regional economy has remained subdued during fiscal year 2008 with continued declines in housing construction and home prices. Because construction employment accounts for a larger share of Arizona's economy than for the nation as a whole, job growth has been stagnate with only moderate gains in the business, healthcare and education sectors. Employment growth in the Phoenix metro area slowed to a 3% pace, down from the previously brisk 6-7% growth rates. In June 2008, the unemployment rate in the metropolitan Phoenix region was 4.3%, which remains below the state (4.4%) and national (5.5%) unemployment rates. Locally, Peoria has maintained a steady level of commercial construction, continuing to provide services and facilities to the new neighborhoods developed over the last several years. New housing construction in Peoria has continued at a slower pace than in previous

years as the state's housing market continues to self-adjust home values down to more realistic and affordable levels. Specific revenues are described in further detail in the following paragraphs.

Retail Sales: The City of Peoria, like all Arizona cities, places significant reliance on City-collected sales tax. Overall, sales tax revenues comprise over 34% of General Fund revenues in fiscal year 2008. The City's sales tax rate (including the .03% transportation sales tax discussed below) is currently at 1.8%, with a 5.6% charge on hotel/motel service, 3.3% on utilities and 2.8% for restaurant/bar and amusement activities. Over 44% of sales tax collection is derived through retail sales. Over the last few years, strong automobile sales along with commercial development along the Bell Road corridor and several new power centers in northern Peoria have generated significant revenues for the City. Retail store and restaurant activity near the Peoria Sports Complex area, as well as the 91<sup>st</sup> Avenue and Northern area and the Jomax and Lake Pleasant area, have helped the City support its current service standards. Looking forward, new commercial activity has slowed significantly with the credit crunch and lower consumer confidence is having an impact on sales tax revenues, especially in the sale of automobiles. Fiscal year 2009 sales tax revenues are anticipated to be flat, or below, fiscal 2008 levels.

Dedicated City Sales Tax for Transportation: During fiscal year 2005, a Citizens' Bond Committee recommended to City Council that voters be asked to consider an increase to the sales tax rate of .03% (three-tenths of one percent) to be dedicated to transportation needs of the City. This includes construction and maintenance of streets as well as expansion of the City's transit program. On September 13, 2005, the citizens approved the sales tax increase by an affirmative vote of 68%. The dedicated transportation sales tax, which became effective January 1, 2006, generated \$10.3 million in revenue in fiscal year 2008. As with other sales tax revenues, little or no growth is expected in fiscal year 2009.

State Shared Revenues: The City of Peoria receives significant revenue allocations from the State. These "State Shared Revenues" include allocations of the state-collected income tax, sales tax, gas tax and motor vehicle in-lieu taxes. Much of this revenue is placed in the City's General Fund, where it helps support the City's day-to-day activities. The City projects an overall increase of 2% in these revenues in fiscal year 2009, reflective of a sluggish statewide economy. As the State continues to deal with budget shortages, changes to the formulas used to allocate revenues to the cities are part of the budget balancing conversations. To date, the state legislature has not looked to these revenues to balance the state budget at the expense of the cities.

Property Tax: The City's property tax rate was \$1.49 per \$100 of assessed valuation for fiscal year 2008. Of this, \$.24, or about 16% of the total, was levied as the City's primary property tax. The primary tax can be used for any general government purpose, but is limited in size by State statute. The primary tax generated \$3.3 million in revenue for the General Fund in fiscal year 2008.

After a reduction in the total tax rate of \$.11 in fiscal year 2007 (\$.01 primary and \$.10 secondary), the City maintained the \$1.49 tax rate for fiscal year 2008. However, City Council approved adjusting five cents from the primary property tax rate to the secondary property tax rate for fiscal year 2008. The primary rate was decreased an additional \$.05 for fiscal year 2009, making the overall tax rate \$1.44. With the decreased tax rate and increasing assessed value, primary property tax revenue projections for fiscal year 2009 are \$2.8 million. Based on current development patterns, as well as expected decreases in the assessed value of existing properties, primary property tax revenue is expected to decrease over the next several years.

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

## **FINANCIAL CONTROLS**

### **Internal Controls**

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

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

### **Budgetary Controls**

The City of Peoria, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget capacity. At a general election held in March 2003 the citizens of Peoria approved a permanent adjustment of the expenditure base from the original 1979-80 base of \$3,247,857 to a new base of \$18,247,857. The permanent adjustment eliminated the need for voter approval every four years. After adjustment for inflation and population growth, the city's expenditure limitation for fiscal year 2008 was \$639.7 million. The City may utilize the additional expenditure authority for any local budgetary purposes.

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

## **OTHER MATTERS**

### **Employee Pension Plans**

The City maintains two employee pension plans and a pension plan for elected officials. The general employee plan is administered through the Arizona State Retirement System. The Public Safety Pension Plan and the Elected Officials Retirement Plan are administered by the Arizona Public Safety Personnel Retirement System. Both the employee and the employer make contributions directly to these organizations. Financial information about these plans can be found in Note 17 of the notes to the financial statements included in the Financial Section of this report. The City also administers a small pension fund that provides retirement income for volunteer firemen. The City no longer utilizes volunteer firemen, and only six former members currently receive payments under the plan. The plan for volunteer firemen is sufficiently funded with assets of \$229,909 at June 30, 2008. For fiscal year 2008, investment income and other revenues were \$11,552 while expenditures for retirement payments and administrative expenses were \$34,475.

## Debt Administration

Under current State Statutes, cities can issue general obligation bonds for purposes of water, sewer, artificial lighting, open space, parks, playground and recreational facilities, public safety and transportation up to an amount not exceeding 20 percent of the secondary assessed valuation. Cities can also issue general obligation bonds for all other purposes up to an amount not exceeding 6 percent of the secondary assessed valuation. As of June 30, 2008, the City's general obligation debt of \$126,195,000 was below the combined legal limit of \$426,968,744. A detailed computation of this legal debt margin is included in Table XXIII in the statistical section of this report.

Two standard indicators of a City's debt position and debt burden include: 1) the ratio of general obligation bonded debt, supported by the City's general tax revenues, to secondary assessed valuation, and 2) the amount of bonded debt per capita. The following is a summary of these two indicators at June 30, 2008.

### Percent of General Obligation Debt to Secondary Assessed Value:

General Obligation Debt	\$	126,195,000
Secondary Assessed Value	\$	1,642,187,476
G.O. debt to secondary assessed value		7.7%

### Bonded Debt Per Capita:

General Obligation Debt	\$	126,195,000
Estimated Population		158,227
G.O. debt per capita	\$	797.56

In June 2003, the City received an upgrade to its Utility Revenue Bonds from Moody's from A2 to A1. In September 2006, the City received an upgrade to its Municipal Development Authority bond rating from Standard & Poor's from AA to AA+. In February 2007, the City received an upgrade to its General Obligation bond rating from Standard & Poor's from AA- to AA as well as its Utility Revenue Bonds from A+ to AA-. In March 2007, the City received ratings for its Improvement District bond ratings from each of the rating agencies. Moody's rated them at A1, Standard & Poor's upgraded the rating from A- to A, and Fitch upgraded the rating from A+ to AA-. In September 2007, Fitch upgraded the Water and Wastewater bond rating for the City from A+ to AA-. In February 2008, the City issued Municipal Development Authority Transportation Sales Tax Revenue Bonds and received initial ratings of AA from Standard & Poor's, A+ from Fitch Ratings and Aa3 from Moody's Investors Service. Also in February 2008, the City received an upgrade from A1 to Aa3 for its existing Municipal Development Authority debt and an upgrade from Aa3 to Aa2 for its existing General Obligation debt from Moody's Investors Service. All of the City's bonds are rated in the "A" or better category. The City is diligent in its efforts to maintain or improve its bond ratings. General obligation debt is serviced by secondary property taxes. Revenue supported debt is serviced with the user fees associated with the particular fund activity. The City's bond ratings are indicated in the table below.

	Moody's Investors Service	Standard & Poor's	Fitch Ratings
General Obligation Bonds			
Current rating	Aa2	AA	AA
Prior rating	Aa3	AA-	AA
Date of current rating	2/15/2008	2/2/2007	2/5/2007
Water & Wastewater Bonds			
Current rating	A1	AA-	AA-
Prior rating	A2	A+	A+
Date of current rating	6/2/2003	2/6/2007	9/5/2007

	Moody's Investors Service	Standard & Poor's	Fitch Ratings
Municipal Development Authority (Utility) Bonds			
Current rating	Aa3	AA+	AA-
Prior rating	A1	AA	AA-
Date of current rating	2/15/2008	9/26/2006	2/13/2006
Municipal Development Authority (Transportation) Bonds			
Current rating	Aa3	AA	A+
Prior rating	Not rated	Not rated	Not rated
Date of current rating	2/15/2008	2/15/2008	2/15/2008
Highway User Revenue Bonds			
Current rating	A	A	A+
Prior rating	not rated	not rated	A-
Date of current rating	6/25/1988	2/10/1988	3/13/2000
Improvement District Bonds			
Current rating	A1	A	AA-
Prior rating	Not rated	A-	A+
Date of current rating	3/23/2007	3/26/2007	3/26/2007

## Cash Management

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

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

Temporary idle cash during the year was invested in the State Treasurer's Investment Pool and overnight repurchase agreements collateralized by U.S. Government securities. The average yield on unrestricted investments was 3.39% for the year ended June 30, 2008. The book value of the City's unrestricted investment portfolio at June 30, 2008 was \$335,368,051. For further information on the City's investments please refer to Note 4 of the notes to the financial statements.

## Risk Management

The City is exposed to various risks of loss related to public and property liability and workers' compensation. Public liability includes public officials' errors and omissions, automobile and general liability. During fiscal year 2008 the City was self-insured for the first \$500,000 of each public liability claim. Coverage in excess of these amounts up to \$40,000,000 was provided through the purchase of commercial insurance.

During the fiscal year ended June 30, 2008 there was no significant reduction in excess insurance coverage. The Risk Management Division of the City Attorney's Office administers the City's liability insurance program. Workers' compensation claims are reviewed by the Human Resources Department and handled through the State Compensation Fund.

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

on risk management and insurance coverage, please refer to Note 1.P of the notes to the financial statements and Tables XXXIV and XXXV in the statistical section of this report.

## **OTHER INFORMATION**

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

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

The basic financial statements and related notes have been audited by an independent firm of certified public accountants, Heinfeld, Meech & Co., P.C., whose report is included herein. The audit satisfies Article VI, Section 7, of the City Charter, which requires an annual audit of all accounts of the City by an independent certified public accountant. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Peoria, Arizona for the fiscal year ended June 30, 2008, 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, 2008, 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, 2008 found no instances of material weakness in the internal control, or violations of applicable laws and regulations with respect to major programs. The reports from Heinfeld, Meech & Co., P.C. are available in the City of Peoria, Arizona's separately issued Single Audit Report.

## **Award**

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Peoria, Arizona for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. This is the 23<sup>rd</sup> 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 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, 2007

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.



*Charles S. Cox*

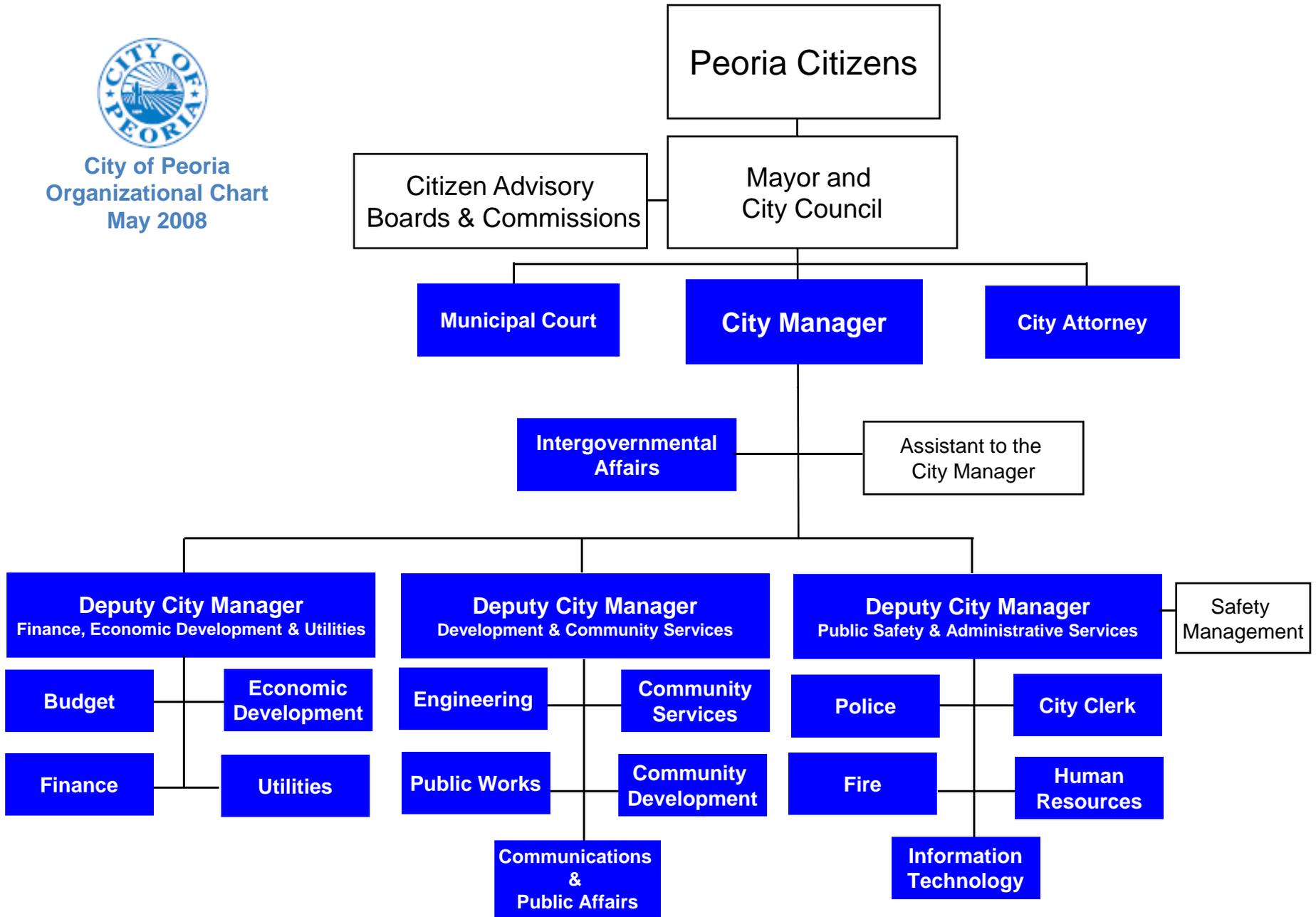
President

*Jeffrey R. Emer*

Executive Director



City of Peoria  
Organizational Chart  
May 2008



# City of Peoria Principal Officials of the City Fiscal Year 2008

**Bob Barrett**  
Mayor

**Cathy Carlat**  
Vice-Mayor

**Joan Evans**  
Councilmember

**Carlo Leone**  
Councilmember



**Ron Aames**  
Councilmember

**Vicki Hunt**  
Councilmember

**Dave Pearson**  
Councilmember

**Carl Swenson**  
City Manager

**John Wenderski**  
*Deputy City Manager – Finance & Economic Development*  
**Susan Thorpe**  
*Deputy City Manager – Safety & Administrative Services*  
**Susan Daluddung**  
*Deputy City Manager – Development & Community Services*

**George Anagnost**  
*Municipal Judge*

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

**Wynette Reed**  
*Human Resources Director*

**Robert McKibben**  
*Fire Chief*

**Mary Jo Kief**  
*City Clerk*

**Stephen Bontrager**  
*Utilities Director*

**Bill Mattingly**  
*Public Works Director*

**Sandy Teetsel**  
*Information Technology Director*

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

**Dan Nissen**  
*Acting Engineering Director*

**Glen Van Nimwegen**  
*Community Development Director*

**Larry Ratcliff**  
*Chief of Police*

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

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

**Steve Prokopek**  
*Economic Development Director*

**Jeff Tyne**  
*Budget Director*

## Mayor and City Council



**Mayor Bob Barrett**



**Vicki Hunt**  
*Acacia District*



**Cathy Carlat**  
*Mesquite District*



**Dave Pearson**  
*Ironwood District*



**Ron Aames**  
*Palo Verde District*



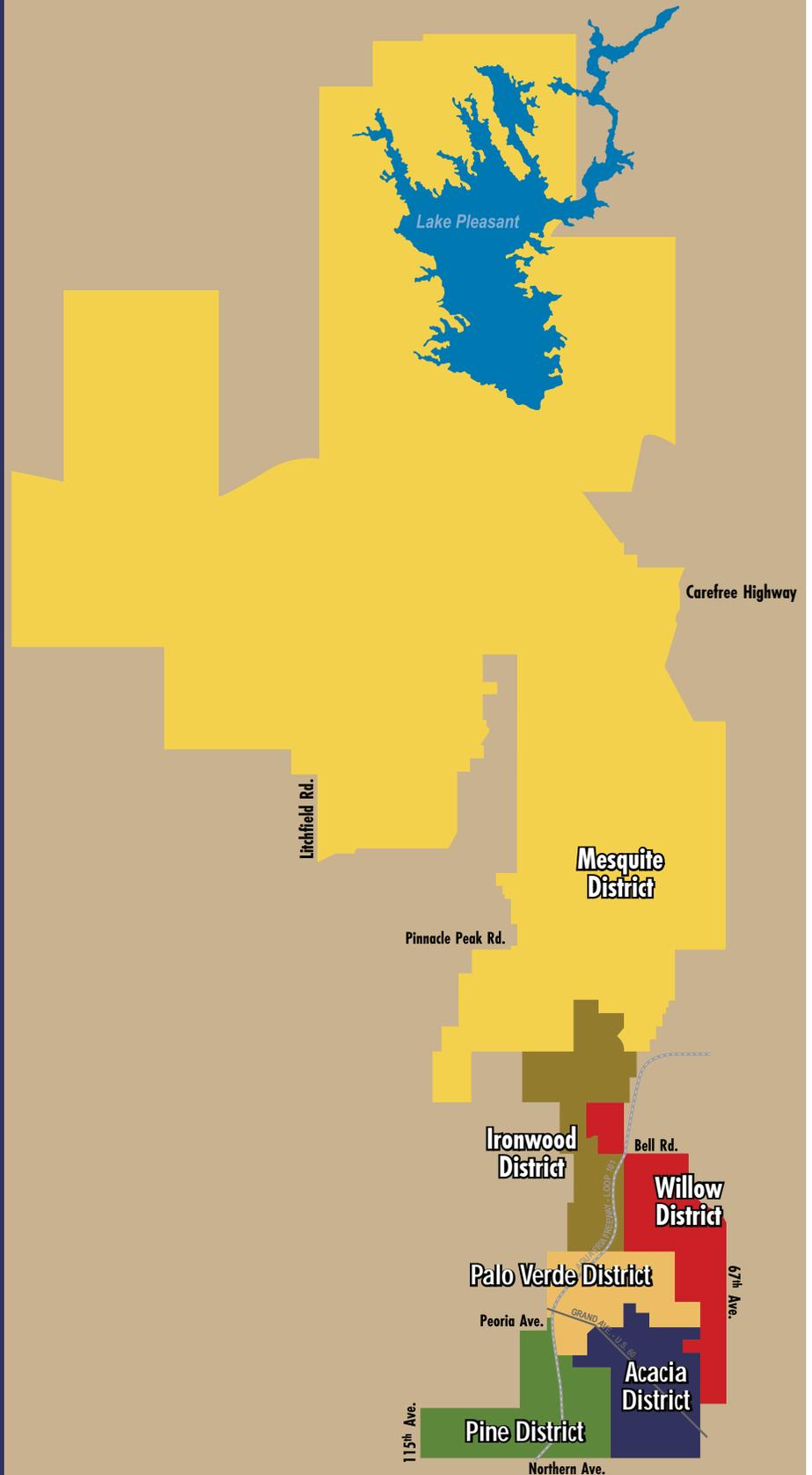
**Carlo Leone**  
*Pine District*



**Joan Evans**  
*Willow District*

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

## City Council Districts





## Bob Barrett

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

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



## Cathy Carlat

### Vice Mayor

### Mesquite District

Cathy Carlat was elected to the Peoria City Council representing the Mesquite District in 2005. She was born and raised in the Valley, graduating from Paradise Valley High School. Councilor Carlat moved to Texas in 1984 and has been a Peoria resident since returning to Arizona in 2001. Cathy and her husband Dennis have two children Adam, 20 and Natalie, 13. As a businesswoman, Councilor Carlat has spent many years in management, including positions as a District Manager for a Fortune 500 Company and Vice President of a real estate leasing firm. She was also the owner of her own

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



## Vicki Hunt

### Acacia District

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

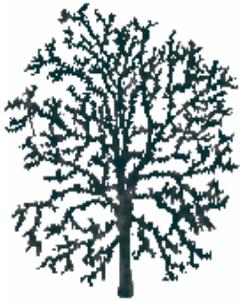
advanced graduate work at Bread Loaf School of English in Vermont and Oxford University in England. Councilor Hunt's family includes her husband Tom, three grown children and four beautiful grandchildren. Councilor Hunt's past and current community involvement includes: State Participation: Arizona English Teachers Association - 1984-2000; Regional Participation: Commissioner, WESTMARC Enterprise Zone Commission - 2005-Present; Peoria Participation: Board of Directors, Theater Works - 2003-2005; Member, Peoria Historical Society - 1998-Present; Member, Peoria Women's Club - 2001-Present; President, Peoria Main Street Partnership - 2002-2003; Board of Directors, Friends of Peoria Public Library - 2002-Present; Member, Peoria Rotary Club - 2003-Present; City Participation: Co-Chair, Central Peoria Revitalization Ad Hoc Committee - 2001-2003; Graduate, City of Peoria's Inaugural Leadership Institute - Spring 2002; Member, Not-for-Profit Funding subcommittee - 2004-Present; Member, Boards and Commissions subcommittee - 2003-Present; Council Liaison, Economic Development Advisory Board - 2004-Present; Chair - Ethic Committee.



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

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

Councilor Pearson is currently a teacher/librarian in the Peoria Unified School District where he has been an educator for 26 years. Prior to teaching, Mr. Pearson was a newspaper reporter and editor. He holds a bachelor's degree in journalism and elementary education from Arizona State University and holds a school library endorsement from the State of Arizona. He is a 19 year resident of Peoria where he and his wife have raised three children.



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

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

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



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

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

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



**Joan Evans**  
**Councilmember**  
**Willow District**

Councilor Evans was elected to her first four-year term on the Peoria City Council in November 2004 and re-elected in 2008. Education, personal growth and continuous learning are accurate words to describe the experience of Councilor Joan Evans of the Willow District. With a bachelor's degree from Arizona State University in Elementary Education and a master's degree from Northern Arizona University in Educational Leadership, Councilor Evans has devoted herself to education. After teaching 4<sup>th</sup> and 5<sup>th</sup> grades for 18 years in the Peoria Unified School District (PUSD), she served five years in educational administration as an Assistant Principal. Now retired from primary education and PUSD, Councilor Evans is a certified Myers-Briggs Type Indicator Consultant. She is also involved with the Northwest Valley Young Life Committee, a faith based ministry for youth, as well as the Women's Ministry Team at Trinity Bible Church. Currently, Councilor Evans is involved in many aspects of the City of Peoria. She serves on the Peoria City Council Ethics Committee, the Ad Hoc Recycling Committee, and the Boards and Commissions Subcommittee. Councilor Evans has raised her family in the Phoenix area for the past 53 years, with the last 11 years being spent in Peoria. Now in her 40th year of marriage to husband David, Councilor Evans enjoys spending time with her family which includes two married daughters and seven grandchildren. Natalie and husband Arvid have four children while Lisa and husband Christopher have three children.





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

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Nancy A. Meech, CPA, CGFM  
Jennifer L. Shields, CPA  
Corey Arvizu, CPA

Scott W. Kies, CPA  
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## 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, 2008, 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, 2008, 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Half-cent Sales Tax, Highway User Revenue, Development Fee and Transportation Sales Tax Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental, internal service, and fiduciary funds of the City of Peoria, Arizona, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 to 17 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

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

October 7, 2008

## 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, 2008. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any material deviations from the financial plan (the approved annual budget), and (5) identify individual fund issues or concerns.

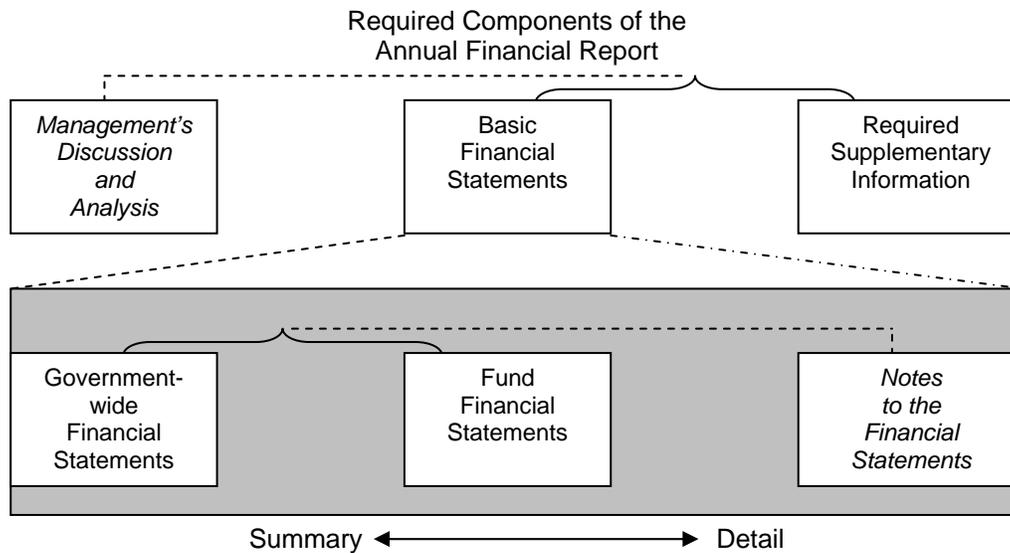
This discussion and analysis (MD&A) has a different focus and purpose than the transmittal letter presented on pages v-xv of this report and is designed to be read in conjunction with the transmittal letter as well as the financial statements beginning on page 19 and the accompanying notes to the financial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

### Financial Highlights

- ◆ The City's total net assets increased \$113.1 million (8.9%) in fiscal year 2008, \$82.2 million (a 10.2% increase) in governmental activities and \$30.9 million (a 6.6% increase) in business-type activities.
- ◆ Total net assets of the City are \$1,390.9 million, of which \$262.4 million is unrestricted (up \$19.6 million, 8.1%, from last year's \$242.8 million unreserved net assets).
- ◆ The governmental activities program revenues decreased by approximately \$15.4 million (15.9%) from the previous year due primarily to decreased capital grants in highways and streets.
- ◆ The business-type activities program revenues increased by approximately \$4.2 million (5.2%) over the previous year.
- ◆ At June 30, 2008, total fund balance of the governmental funds was \$307.4 million, up \$9.2 million (3.1%) from the previous year. Of this, \$63.8 million (up 22.6%) was unreserved/undesignated (available for spending at the government's discretion).
- ◆ General Fund inflows (on a budgetary basis) were less than budgeted inflows by \$2.8 million for fiscal year 2008. Budgetary basis outflows of the General Fund were only 82.1% (\$27.5 million in savings) of the final budgeted outflows.
- ◆ At June 30, 2008, unreserved/undesignated fund balance for the General Fund was \$33.9 million, or 30.5% of General Fund expenditures for fiscal year 2008.
- ◆ During fiscal year 2008, the City issued \$47.0 million in Municipal Development Authority (MDA) Bonds and \$42.7 million in Water Infrastructure Financing Authority (WIFA) debt.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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



### Government-wide Financial Statements

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

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

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

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

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

## Fund Financial Statements

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

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

Since the governmental fund financial statements focus on near-term spendable resources, while the governmental activities on the government-wide financial statements have a longer-term focus, it may be useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. To facilitate this comparison, reconciliations of the differences between the two are provided immediately following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances and in Note 2 (pages 59-63).

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Half-Cent Sales Tax Fund, Highway User Revenue Fund, Development Fee Fund, Transportation Sales Tax Fund, GO Bond Debt Service Fund, Special Assessment Debt Service Fund, and General Obligation Bond Capital Projects Fund, which are considered to be major funds of the City. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements (page 96-99).

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

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

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

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

**Notes to the financial statements** – The notes to the financial statements (pages 47-85 provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended June 30, 2008, 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, 2008, compared to the prior year.

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2008	2007	2008	2007	2008	2007	
Current and other assets	\$ 393.5	\$ 378.3	\$ 102.2	\$ 135.5	\$ 495.7	\$ 513.8	(3.5)%
Capital assets	867.0	767.8	564.6	461.5	1,431.6	1,229.3	16.5
Total assets	<u>1,260.5</u>	<u>1,146.1</u>	<u>666.8</u>	<u>597.0</u>	<u>1,927.3</u>	<u>1,743.1</u>	10.6
Other liabilities	53.7	48.9	9.3	9.5	63.0	58.4	7.9
Long-term liabilities outstanding	318.2	290.8	155.2	116.2	473.4	407.0	16.3
Total liabilities	<u>371.9</u>	<u>339.7</u>	<u>164.5</u>	<u>125.7</u>	<u>536.4</u>	<u>465.4</u>	15.3
Net assets:							
Invested in capital assets, net of related debt	602.7	591.8	427.3	369.6	1,030.0	961.4	7.1
Restricted	65.5	40.8	33.0	32.7	98.5	73.5	34.0
Unrestricted	220.4	173.8	42.0	69.0	262.4	242.8	8.1
Total net assets	<u>\$ 888.6</u>	<u>\$ 806.4</u>	<u>\$ 502.3</u>	<u>\$ 471.3</u>	<u>\$ 1,390.9</u>	<u>\$ 1,277.7</u>	8.9

The net assets of the City increased \$113.1 million (8.9%) in fiscal year 2008. Of this increase, \$82.2 million was in the governmental activities, a 10.2% increase, and \$30.9 million was in the business-type activities, a 6.6% increase.

Net Assets consists of three components. The largest portion of net assets (\$1,030.0 million or 74.0%) 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 \$68.6 million in fiscal year 2008 primarily as a result of the purchase, construction and donation of additional capital assets, notably the completion of the Butler Water Reclamation Facility.

The second portion of the City's net assets (\$98.5 million or 7.1%) represents resources that are subject to external restrictions on how they may be used. The increase of \$25.0 million is primarily due to an increase of \$14.9 million in restricted for capital projects in the governmental activities and \$8.9 million in net assets restricted for development fees in the governmental activities.

The third portion consists of Unrestricted Net Assets of \$262.4 million (18.9%). These net assets may be used to meet the City's ongoing obligations to citizens and creditors. This category increased \$19.6 million (8.1%) in fiscal year 2008. 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 \$46.6 million, while unrestricted net assets of business-type activities decreased \$27.1 million. Much of the increase in unrestricted net assets comes from the following funds: general fund \$2.9 million, half-cent sales tax fund \$1.3 million, highway user revenue fund \$1.6 million, and transportation sales tax fund \$9.7 million.

### Changes in Net Assets

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

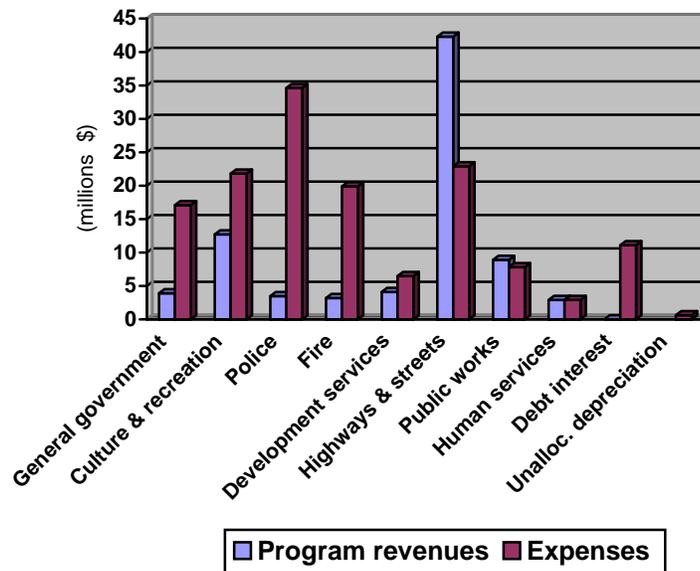
	Changes in Net Assets							
	(in millions of dollars)							
	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change	
2008	2007	2008	2007	2008	2007			
<b>REVENUES:</b>								
Program revenues:								
Fees, fines & charges for services	\$ 25.5	\$ 23.2	\$ 62.0	\$ 61.9	\$ 87.5	\$ 85.1	2.8%	
Federal grants	2.9	3.1	.1	.1	3.0	3.2	(6.3)	
Other grants and entitlements	33.4	49.2	-	-	33.4	49.2	(32.1)	
Capital contributions	19.7	21.4	22.3	18.2	42.0	39.6	6.1	
General revenues:								
Property taxes	26.3	18.1	-	-	26.3	18.1	45.3	
Sales and use taxes	68.5	68.9	-	-	68.5	68.9	(0.6)	
Franchise taxes	3.8	4.0	-	-	3.8	4.0	(5.0)	
State shared sales tax	12.7	13.1	-	-	12.7	13.1	(3.1)	
Urban revenue sharing	19.5	16.0	-	-	19.5	16.0	21.9	
Auto-in-lieu taxes	5.6	5.7	-	-	5.6	5.7	(1.8)	
Miscellaneous	6.0	7.5	-	-	6.0	7.5	(20.0)	
Investment earnings	13.3	12.1	3.3	5.9	16.6	18.0	(7.8)	
Total revenues	<u>237.2</u>	<u>242.3</u>	<u>87.7</u>	<u>86.1</u>	<u>324.9</u>	<u>328.4</u>	(1.1)	
<b>EXPENSES:</b>								
Program activities:								
Governmental activities:								
General government	17.1	24.5	-	-	17.1	24.5	(30.2)%	
Culture and recreation	21.8	17.9	-	-	21.8	17.9	21.8	
Police	34.5	28.5	-	-	34.5	28.5	21.1	
Fire	19.9	17.4	-	-	19.9	17.4	14.4	
Development services	6.5	5.6	-	-	6.5	5.6	16.1	
Highways and streets	22.9	23.0	-	-	22.9	23.0	(0.4)	
Public works	7.8	6.3	-	-	7.8	6.3	23.8	
Human services	2.9	2.3	-	-	2.9	2.3	26.1	
Interest expense on debt	11.2	8.1	-	-	11.2	8.1	38.3	
Unallocated depreciation	.6	.6	-	-	.6	.6	-	
Business-type activities:								
Water utility	-	-	28.7	27.1	28.7	27.1	5.9	
Wastewater utility	-	-	17.3	14.5	17.3	14.5	19.3	
Solid Waste utility	-	-	13.3	9.5	13.3	9.5	40.0	
Stadium	-	-	6.9	5.4	6.9	5.4	27.8	
Housing	-	-	.4	.4	.4	.4	-	
Total expenses	<u>145.2</u>	<u>134.2</u>	<u>66.6</u>	<u>56.9</u>	<u>211.8</u>	<u>191.1</u>	10.8	
Excess before transfers	<u>92.0</u>	<u>108.1</u>	<u>21.1</u>	<u>29.2</u>	<u>113.1</u>	<u>137.3</u>	(17.6)	
Transfers	(9.8)	2.0	9.8	(2.0)	-	-	-	
Increase (decrease) in net assets	<u>\$ 82.2</u>	<u>\$ 110.1</u>	<u>\$ 30.9</u>	<u>\$ 27.2</u>	<u>\$ 113.1</u>	<u>\$ 137.3</u>	(17.6)	

The general revenues of governmental activities increased \$10.3 million (7.1%) from the previous year. This increase is due to increased secondary property tax revenues (restricted for GO Bond debt service) and Urban revenue sharing revenues. Secondary property tax revenues increased by \$8.2 million (56.8%) in fiscal year 2008. Urban revenue sharing revenues increased by \$3.5 million (22.1%). The program revenues of governmental activities decreased \$15.4 million (15.9%) largely due to a decrease in donations of capital assets in the highways and streets function. Charges for services increased by \$2.3 million in fiscal year 2008, due to one-time public works repayment zone revenues of \$4.4 million. Without these one-time revenues, charges for services decreased \$2.1 million (9.1%) as follows: \$1.1 million in development services, \$1.1 million in public works, and \$1.1 million in other functions while culture and recreation increased \$1.2 million. The program revenues of business-type activities increased \$4.2 million (5.2%). The increase of \$4.1 million in capital contributions (impact fees and donations of capital assets) almost entirely accounts for this increase.

For fiscal year 2008, total governmental revenues decreased \$5.1 million (2.1%) and total business-type revenues increased \$1.6 million (1.9%). Expenses increased \$11.0 million (8.2%) and \$9.7 million (17.0%) for the governmental activities and business-type activities, respectively. Culture and recreation expenses increased by \$3.9 million (21.8%), police expenses increased by \$6.0 million (21.1%), fire expenses increased by \$2.5 million (14.4%), interest expense on debt increased \$3.1 million (38.3%), while general government expenses decreased by \$7.4 million (30.2%).

The following graph shows the functional revenues and expenses of governmental activities to demonstrate the extent to which the governmental functions produce direct revenues to offset the program costs. It should be noted that this is not intended to represent full cost allocation to these functions. Expenses not covered by direct program revenues are covered by general revenues of the City, primarily taxes and state shared revenues. In the governmental activities, the program revenues of \$81.5 million are 56.1% of the governmental expenses for fiscal year 2008, down from 72.2% in fiscal year 2007. Much of this decrease is due to an \$18.2 million decrease in governmental activities capital grants and contributions from fiscal year 2007 to fiscal year 2008. This is a direct result of decreased new development during fiscal year 2008.

### Governmental Activities Program Revenues & Expenses



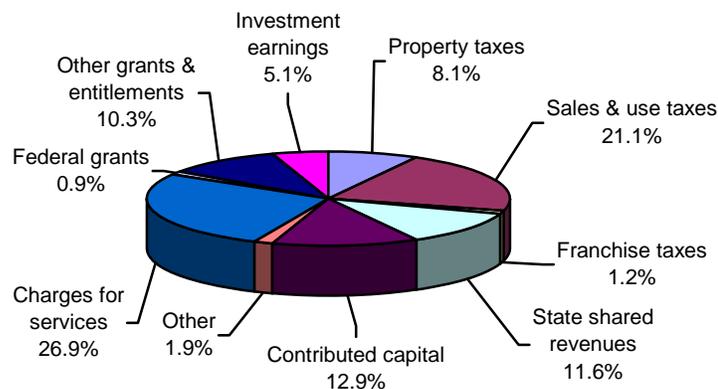
In the business-type activities, program revenues of \$84.4 million are 126.7% of the business-type expense for fiscal year 2008. This compares to \$80.2 million and 140.9% in fiscal year 2007.

Governmental activities account for 73.0% of the total revenues of the City and 68.6% of the total expenses in fiscal year 2008. These percentages were 73.8% and 70.2% respectively in fiscal year 2007.

As seen in the following graph, one of the largest financing sources for the City is charges for services (26.9%), primarily because this is the major funding source of the business-type activities (70.7% of business-type revenues). Contributed capital represents 12.9% of the fiscal year 2008 revenues, of which approximately \$35.7 million (85.0%) is non-spendable resources. The major funding sources of the governmental activities are taxes (30.4% of total revenues, 41.6% of governmental revenues) and state shared revenues (11.6% of total revenues, 15.9% of governmental revenues).

Property taxes increased 45.3% from fiscal year 2007 to fiscal year 2008. The city's primary assessed valuation increased 20.4%, while the secondary assessed valuation increased 47.2%. Meanwhile, the primary tax rate decreased from \$.28 per \$100 assessed value to \$.24 per \$100 assessed value for fiscal year 2008 while the secondary tax rate increased from \$1.20 per \$100 assessed value to \$1.25 per \$100 assessed value for fiscal year 2008. The increase in property taxes resulted primarily from the secondary tax rate increase, combined with the increase in the secondary assessed valuation.

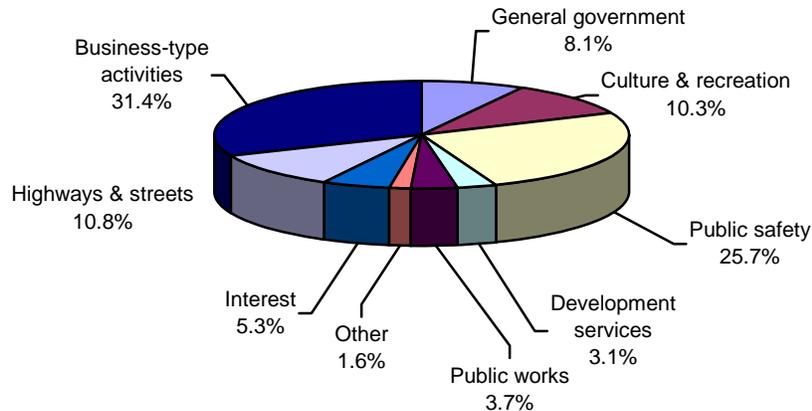
### Government-Wide Revenue Sources Fiscal Year 2008



Business-type activities account for 31.4% of the functional expenses of the City for fiscal year 2008, while governmental activities account for 68.6% of the functional expenses. For the governmental activities, the largest users of resources are public safety (25.7% of total expense, 37.5% of governmental expenses), highways and streets (10.8% of total expenses, 15.8% of governmental expenses), culture and recreation (10.3% of total expenses, 15.0% of governmental expenses), and general government (8.1% of total expenses, 11.8% of governmental expenses).

Total government-wide expenses (not including transfers out) of the City increased \$20.7 million (10.8%) in fiscal year 2008. Expenses of the governmental activities increased \$11.0 million (8.2%). This includes increases of \$8.5 million (18.5%) for public safety (police and fire), \$3.9 million (21.8%) for culture and recreation, \$3.1 million (38.3%) for interest expense, \$1.5 for public works (23.8%), \$.9 for development services (16.1%), \$.5 million for human services (24.7%) and a decrease of \$7.4 million (30.2%) for general government. The increases reflect the Council's goals of public safety, transportation, and recreational opportunities. Expenses in Business-type activities increased \$9.7 million (17.0%). The increase is primarily caused by the following: sanitation supplies increased by \$2.8 million due to costs associated with instituting the recycling program; sewage disposal services increased \$.9 million; other utility costs increased \$.6 million; service charges from governmental activities increased by \$2.7 million; personnel costs increased by \$1.4 million and depreciation expense increased by \$1.0 million. The remaining \$.3 million of the increase is numerous small changes.

## Government-Wide Functional Expenses Fiscal Year 2008



### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

#### Governmental funds

The focus of the governmental fund financial statements (pages 22-27) is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discretely presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the non-major funds may be found on pages 96-99.

The fund balance of the governmental funds is \$307.4, an increase of \$9.2 million, or 3.1%, from the previous year. Of this, \$143.9 million (down \$11.3 million (7.3%) from the previous year) is classified as "Reserved" because it is not appropriable for expenditure or is legally segregated for a specific future use. The increase in total fund balance is primarily due to increased property tax revenues which are a result of increased assessed values and continued new growth and increased urban revenue sharing.

An additional \$99.7 million of the governmental fund balance (up \$8.7 million (9.6%) from the previous year) has been designated or committed for specific purposes by council policy or administrative action. These designations include encumbrances (\$35.1 million), economic stabilization reserves (\$38.0 million), debt service reserves (\$1.0 million), and current capital projects and equipment replacement reserves (\$25.6 million). The designations are further described in Note 11 to the financial statements (pages 69-70).

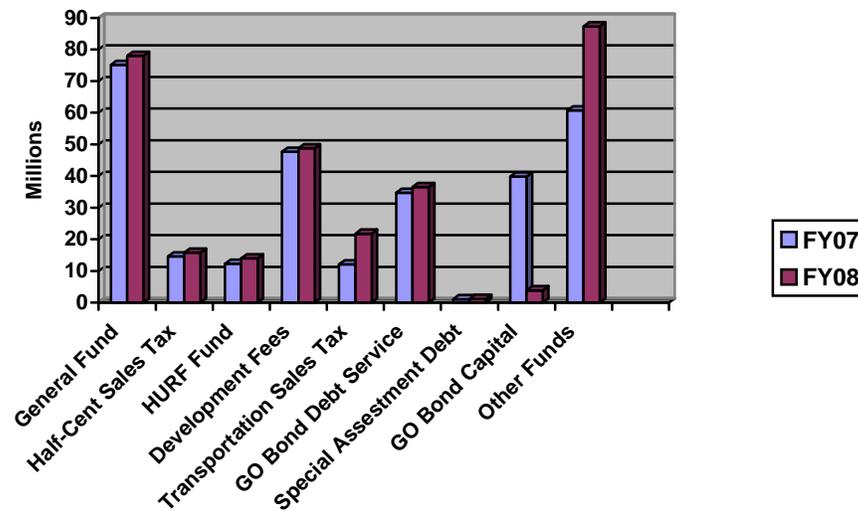
The remaining \$63.8 million of governmental fund balance is classified as "Unreserved, Undesignated". This balance may serve as a useful indicator of a government's net resources available for spending at the end of the year. By Council policy, these resources are used to fund one-time needs of the City including capital facilities and transportation improvements. The unreserved, undesignated fund balance increased 22.6% during fiscal year 2008, primarily due to an \$11.4 million increase in the unreserved, undesignated fund balance of the General Fund.

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 \$3.8 million (3.6%) over the previous year. Urban revenue sharing increased \$3.5 million (22.1%) while charges for service increased \$2.0 million due to repayment zone revenues. Much of the repayment zones revenues are likely one-time

revenues. The City's sales tax revenues in the General Fund decreased \$1.3 million (3.2%) while state shared sales tax revenues decreased \$434,226 (3.3%). General Fund expenditures increased \$6.8 million (6.5%). Personnel costs increased \$8.4 million while other costs (contractual, commodities and capital out lay) decreased. The increased personnel costs are due to the following: the City granted a 2.5% increase in salaries and wages in fiscal year 2008, plus eligible employees received salary step increases; employer retirement contributions, health insurance and other personnel benefit costs continued to increase in fiscal year 2008; there were 69 additional employees approved in the General Fund for fiscal year 2008. The unreserved/undesignated fund balance of the General Fund was 30.5% of expenditures at June 30, 2008 compared to 21.6% at June 30, 2007. The increase was largely due to a decrease in fiscal year 2008 designations for encumbrances (leaving more fund balance undesignated).

The Half-Cent Sales Tax Fund tracks the revenues from certain sales taxes designated for specific purposes by Council policy. Revenues in this fund increased \$74,772 (0.4%) from the previous year primarily due to increased investment earnings. Expenditures in this fund decreased \$7.0 million (59.9%) due to a \$6.8 million decrease in capital outlay expenditures with the completion of the Community and Development Services Building (CDSB). Total fund balance of the Half-Cent Sales Tax Fund increased by \$1.3 million (8.6%) in fiscal year 2008 while the unreserved/undesignated fund balance increased \$3.8 million.

### Governmental Funds - Fund Balance



The Highway User Revenue Fund (HURF Fund) is required by state statute to track the receipt of the state allocation of gasoline taxes and other state revenues shared with local governments and required to be used for transportation purposes. Also, there is a sales tax on utilities and property tax revenues from street light improvement districts included in this fund. Revenues decreased by \$86,909 (0.6%) due to increased sales tax (\$279,457 or 10.3%) and decreased highway user revenues (\$381,835). The sales tax revenue in this fund is the tax on utilities, which has not been impacted as strongly by the economic slow down as sales taxes in other funds. Expenditures increased by \$1.2 million (9.6%) in fiscal year 2008. The increased expenditures are split between personnel costs, contractual services, and commodities costs. Fund balance increased \$1.7 million (13.6%) in fiscal year 2008.

Another major governmental fund of the City is the Development Fee Fund, which collects governmental impact fees for parks and recreational facilities, public safety, streets and intersections and general government. Revenues in the Development Fee Fund decreased \$6.2 million (23.3%) with slower, but continuing development, while expenditures decreased \$6.1 million (24.0%) in fiscal year 2008 due to decreased capital outlay. Fund balance increased \$1.1 million in fiscal year 2008. All fund balance in this fund is restricted or designated (encumbrances).

The Transportation Sales Tax Fund tracks the collection and expenditure of the .3% voter approved sales tax to fund transportation issues. Revenues in this fund increased \$914,108 (9.1%) while expenditures decreased \$761,847 (68.8 %) with lower capital outlay expenditures. The fund balance increased \$9.7 million (80.6%) in the first full year of this fund.

The GO Bond Debt Service Fund accounts for the payment of general obligation bonds and the related interest. Revenues in this fund increased \$8.5 million (57.7%) due to increased property taxes. The secondary assessed value of the City increased 47.2% in fiscal year 2008 coupled with a \$.05 increase in the secondary property tax rate. Expenditures increased by \$15.8 million (280.2%) due to the issuance of \$94.4 million of GO Bonds in fiscal year 2007. Debt payments were required on these new bonds in fiscal year 2008. Fund balance increased \$1.7 million (5.0%) in fiscal year 2008.

The Special Assessment Debt Service Fund collects special assessments levied through improvement districts and pays the debt service on the improvement district bonds. Both revenues and expenditures in this fund dropped slightly in fiscal year 2008 as the debt payments decreased. The fund balance increased \$.1 million due to investment earnings and some early payoffs of assessments.

The GO Bond Capital Projects Fund accounts for bond proceeds of general obligation bonds and the expenditure of those proceeds. Revenues in the fund increased \$739,085 with higher investment earnings while expenditures increased by \$942,275 primarily due to increased capital outlays. Fund balance decreased \$35.9 million as the 2007 bond proceeds are expended.

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 Public Housing Fund does not meet the GASB 34 criteria of a major fund, the City has chosen to present it as a major fund.

Total net assets of the enterprise funds increased \$30.6 million (6.5%) in fiscal year 2008. The increase is due to a \$57.7 million (15.6%) increase in net assets invested in capital assets, net of related debt, and a decrease in unrestricted net assets of \$27.3 million (39.8%). The Water Utility and the Wastewater Utility Funds experienced increases in total net assets of \$.5 million (.2%) and \$31.8 million (16.5%) respectively, while the Solid Waste Fund decreased \$1.5 million (7.8%), the Stadium Fund decreased \$19,957 (0.1%) and the Public Housing Fund decreased \$75,698 (2.9%). The Water Utility unrestricted net assets decreased \$20.9 million (47.7%), and the Wastewater Utility unrestricted net assets decreased \$7.3 million (42.2%).

Operating revenues of the enterprise funds decreased \$.1 million (0.1%) in fiscal year 2008. The Water Utility had one-time miscellaneous revenue of \$3.7 million in fiscal year 2007. This caused a decrease in operating revenues of \$1.7 million in the Water Utility in fiscal year 2008 from the fiscal year 2007 level. Without the one-time revenue shown in fiscal year 2007, the Water Utility would have shown an increase in operating revenues of \$2.0 million. The Wastewater and Solid Waste Utility Funds, as well as the Stadium Fund, experienced increased operating revenues in fiscal year 2008 of \$.5 million (3.5%), \$.7 million (6.9%), and \$.3 million (11.0%), respectively.

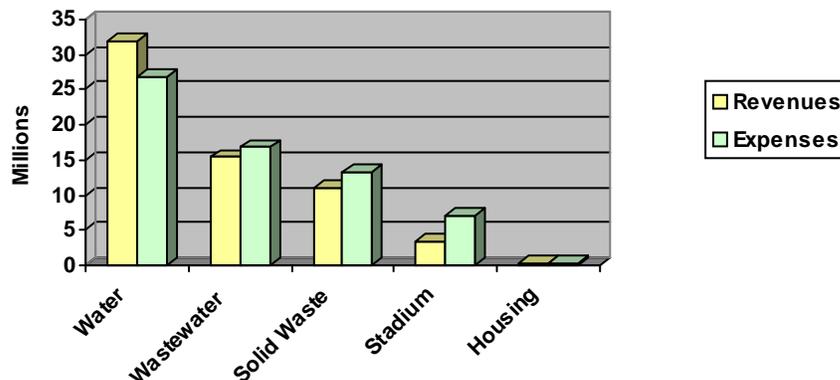
Operating expenses of the enterprise funds increased \$9.4 million (17.1%) in fiscal year 2008. In 2008 in the Water Utility Fund, contractual services/commodities expenses increased by \$.6 million (4.3%), while personnel expenses increased by \$.5 million (9.8%). The contractual services/commodities expenses increase is primarily explained by the General Fund service charge increase of \$.4 million and internal service fund service charge increases of \$.3 million. The Wastewater Utility Fund contractual services/commodities expenses increased by \$2.2 million (24.7%), while personnel expenses increased by \$.4 million (28.6%). In the Wastewater Utility Fund, sewage disposal costs increased \$.9 million in fiscal year 2008, administrative service charges increased \$.8 million, and utility costs increased \$.3

million. Contractual services/commodities expenses increased \$3.0 million (50.0%) in the Solid Waste Fund, due to initial recycling container purchases of \$2.8 million. In the Stadium Fund, contractual services/commodities expenses increased by \$1.3 million (37.4%), due increases of \$.6 million for facilities service charges, \$.2 million for General Fund service charges, and \$.4 million for repairs and maintenance.

Operating income for the Water Utility Fund decreased \$3.2 million (38.9%) compared to 2007, due to the fiscal year 2007 \$3.7 million one-time revenue discussed earlier. Operating income for the Wastewater Utility decreased \$2.3 million (252.9%) as a result of operating expense increases previously mentioned. The Solid Waste Utility Fund operating income decreased \$2.8 million (428.5%) due to recycling expenses previously discussed. The Stadium Fund and Public Housing Fund had operating losses in fiscal year 2008 of \$3.7 million (a \$1.1 million increase from the previous fiscal year) and \$85,489, respectively. 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 due solely to depreciation costs associated with capital assets.

The following graph shows the operating revenues and expenses for the enterprise funds for fiscal year 2008.

### Fiscal year 2008 Enterprise Fund Operating Revenues and Expenses



### BUDGETARY HIGHLIGHTS

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

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

budget. Instead, the City budgets contingency accounts to allow for later transfer to operational budgets if and when the funding is received.

No amendments increasing the City's total adopted budget of \$690 million occurred during fiscal year 2008. 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 \$130.8 million, on a budgetary basis, fell below budgeted inflows of \$133.6 million by \$2.8 million (2.1%) while budgetary basis outflows (expenditures and other uses) of \$126.0 million were only 82.1% of final budgeted outflows. The excess of General Fund inflows over budgeted amounts is primarily due to lower than budgeted sales and use taxes, state shared sales taxes, and licenses and permits. Reduced General Fund outflows resulted primarily from delayed capital projects and unspent contingency.

During the fiscal year, the original General Fund expenditures and other uses budget of \$155.9 million was amended by \$2.4 million to the final expenditure and other uses budget of \$153.5 million. Notable General Fund transfers are as follows:

- Carryover transfers netted to \$11.2 million transferred from other funds back to the General Fund contingency for items budgeted in the prior year. Of that, \$3.9 million was transferred from the General Fund to other funds, mostly for capital projects, but some for operational purposes. \$15.1 million represents appropriation transferred back to contingency, frequently because the project completed earlier than expected when carryovers were originally programmed into the fiscal year 2008 budget.
- Appropriation of \$1.7 million was returned to General Fund contingency for trail improvements that will be done by the state rather than by the City through a grant.
- General Fund contingency of \$1.3 million was returned due to correcting recycling program grant and lease appropriations.
- Trail improvements appropriation of \$.7 million was transferred back to the General Fund from the Development Fee Fund.
- Contingency appropriation of \$10.1 million was transferred from the General Fund to the MDA Bond Fund to accelerate beginning the Happy Valley Road project from fiscal year 2009 to fiscal year 2008.
- Appropriations of \$2.5 were transferred to the Non-Bond Capital Projects Fund from the General Fund contingency for projects funded by outside sources.
- A transfer of \$2.0 million was transferred from General Fund contingency to the Development Fee Fund for payment to a developer for the construction and dedication of a fire station.
- Grant-funded expenditures resulted in General Fund contingency of \$.6 million being transferred to the Other Grants Fund.
- Wastewater effluent volume required a \$.6 million transfer from General Fund contingency to the Wastewater Utility Fund.
- General Fund contingency of \$.5 million was transferred to Non-Bond Capital Projects Fund for an interchange improvements project being funded by HELP loan proceeds.
- Appropriation of \$.4 million was transferred from General Fund Contingency to the Motor Pool Fund for increased fuel and other operating costs and for a new ethanol tank.
- General Fund contingency of \$.3 million was transferred to the Stadium Fund for increased utility costs, team payouts, and maintenance costs.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2008, the City had \$1,030 million invested in various capital assets, net of accumulated depreciation and related debt, up 7.1% from the previous year. The capital assets of the City (net of depreciation, but not capital debt) are \$1.43 billion. This is a net increase of \$202.3 million from June 30, 2007. Of the increase, \$99.2 million resulted from governmental activities and \$103.1 million resulted from business-type activities.

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

- ✓ The City spent an additional \$72.7 million on the construction of the Butler Drive Water Reclamation Facility. This 10 million gallon per day (MGD) reclamation facility is designed to redirect all of Peoria's wastewater flow from the regional Tolleson Wastewater Treatment Plant to a city facility. It will also provide an additional 6 MGD of capacity for future growth. Total costs of phase I of this project are expected to be \$136.2 million with an additional \$3.5 million for phase II expansion.
- ✓ The City finished the construction of the 52,000 square foot Recreation Center at the City's first large community park, Rio Vista Park. This center includes fitness equipment, reception rooms, basketball facilities, a rock climbing wall and a day care. The Recreation Center opened in early fiscal year 2008. An additional \$1.7 million was spent on the project during fiscal year 2008.
- ✓ Acquisition, design and construction of a northern branch library commenced in fiscal year 2008. The 25,000 square feet branch library is in response to citizens' desire for a full service library in the northern portion of the city. The total cost of the project, including funds to purchase the books for the new branch is estimated at \$9.6 million. In fiscal year 2008, the city spent \$2.2 million on the project.
- ✓ The City spent \$8.5 million in fiscal year 2008 to purchase additional water supplies. This additional land will address the identifiable future shortage of renewable water resources. Water from this land will assist the City to maintain its designation as an Assured Water Supplier by the Arizona Department of Water Resources. This project was approved for Bonds in 2000 for a total of \$13.6 million.
- ✓ The City spent an additional \$3.9 million on the renovation and expansion of the Municipal Operations Center (total expected costs \$15.6 million). This project both expands the facility and brings the 20 year old facility up to current regulatory standards for municipal facilities.

The following table provides a breakdown of the capital assets of the City at June 30, 2008 and 2007. Additional information on the City's capital assets may be found in Note 12 on pages 70-71.

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2008	2007	2008	2007	2008	2007	
	Buildings and building improvements	\$ 116.7	\$ 56.6	\$ 27.4	\$ 18.9	\$ 144.1	
Furniture	1.2	.9	.1	.1	1.3	1.0	30.0
Equipment	21.4	12.3	1.6	1.7	23.0	14.0	64.3
Vehicles	9.2	8.7	5.1	6.1	14.3	14.8	-3.4
Storm drainage system	44.0	41.2	-	-	44.0	41.2	6.8
Street system	241.3	222.1	-	-	241.3	222.1	8.6
Park system	19.3	15.4	-	-	19.3	15.4	25.3
Water system	-	-	202.9	184.2	202.9	184.2	10.2
Wastewater system	-	-	250.3	120.1	250.3	120.1	108.4
Land	298.6	283.7	25.3	16.7	323.9	300.4	7.8
Work in progress	115.2	126.8	51.9	113.7	167.1	240.5	-30.5
<b>Total</b>	<b>\$ 866.9</b>	<b>\$ 767.7</b>	<b>\$ 564.6</b>	<b>\$ 461.5</b>	<b>\$ 1,431.5</b>	<b>\$ 1,229.2</b>	<b>16.5</b>

The City has adopted a ten year capital improvement plan budgeted at \$1.02 billion, including \$340.5 million in fiscal year 2009. Anticipated funding for this plan is through a combination of impact fees (9%), utility revenue bonds (7%), general obligation bonds (48%), municipal development authority bonds (3%), operating revenues (17%), City (6%) and County (2%) transportation sales taxes and other outside funding sources (8%). The estimated operating budget impact of the capital improvement program over the next five fiscal years is expected to be \$36.6 million. The capital improvement plan is updated annually as part of the City's budget process.

## Long-term Debt

The City's outstanding non-current long-term debt, including bonds, loans, notes, contracts, compensated absences, and net of deferred loss on bond refunding, was \$434.8 million at June 30, 2008. Of this total, \$285.8 million was in governmental activities and \$149.0 million was in business-type activities. The City's outstanding non-current debt increased \$68.3 million in fiscal year 2008. Water Infrastructure Finance Authority Revenue Bonds were issued in the amount of \$42.7 million for the acquisition of a public water infrastructure and construction of the Butler Water Reclamation Facility. In addition, Municipal Development Authority (MDA) Bonds in the amount of \$47.0 million were issued for Happy Valley Road and 83<sup>rd</sup> Avenue street improvements, and a long-term loan of \$1.2 million was secured for new recycling containers and trucks.

Of the total outstanding bonds of \$421.0 million, \$126.2 million is general obligation bonds backed by the full faith and credit of the City. An additional \$12.0 million is special assessment bonds where the City is contingently liable in the event that the assessment revenues are insufficient to pay the debt payments. The outstanding debt also includes \$64.6 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, 2008 is \$85.2 million in the 6% category and \$215.6 million in the 20% category. Additional information on the debt limitations and capacities may be found in Note 14 (page 72) and also in Table XXIII in the statistical section of this report (page 175).

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2008 and 2007. Further detail on the City's outstanding debt may be found in Note 14 on pages 72-77.

### Outstanding Debt (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2008	2007	2008	2007	2008	2007	
General obligation debt	\$ 126.2	\$ 142.8	\$ -	\$ -	\$ 126.2	\$ 142.8	(11.6%)
Municipal Development Authority debt	65.8	21.6	1.6	1.9	67.4	23.5	186.8
Highway User Revenue bonds	3.3	3.6	-	-	3.3	3.6	(8.3)
Special assessment debt	12.0	13.3	-	-	12.0	13.3	(9.8)
Water/Sewer Revenue bonds	-	-	147.5	109.1	147.5	109.1	35.2
Community Facilities District bonds	64.6	66.1	-	-	64.6	66.1	(2.3)
Long-term loan payable	-	-	1.2	-	1.2	-	-
Contracts payable	42.5	40.3	4.3	4.7	46.8	45.0	4.0
Compensated absences	4.9	4.4	.6	.6	5.5	5.0	10.0
Total	<u>\$ 319.3</u>	<u>\$ 292.1</u>	<u>\$ 155.2</u>	<u>\$ 116.3</u>	<u>\$ 474.5</u>	<u>\$ 408.4</u>	16.2

The City currently maintains the following ratings on its general obligation debt: "AA" from Standard & Poor's, "Aa2" from Moody's and "AA" from Fitch. For the water and sewer revenue bonds, the ratings are "AA" from Standard & Poor's, "A1" from Moody's and "AA-" from Fitch.

## **ECONOMIC FACTORS**

The unemployment rate in the metropolitan Phoenix region for June 2008 was 4.3%, which remains below both the state (4.4%) and national average (5.5%). The regional economy remains subdued with slower building activity and population growth. Overall employment growth for the Phoenix area slowed to a 3% pace with some moderate gains realized in the business, healthcare and education sectors, which has helped to offset job losses within the construction and financial services industries. Within Peoria, the local economy has remained stable with decreased residential construction and slower but steady commercial activity continuing to provide services to the neighborhoods and planned communities that have developed over the past few years.

The adopted fiscal year 2009 budget is \$680 million, a decrease of 1.4% from 2008. The operating budget totals \$233.9 million, which is an increase of 1.9% over 2008. The capital projects portion of the budget, \$340.5 million, is divided in the following manner: \$31.3 million for drainage projects, \$30.7 for operational facilities, \$42.3 million for parks, trails and open space, \$11.6 million for public safety projects, \$162.0 million for streets projects, \$4.8 million for traffic control projects, \$27.8 million for wastewater projects, \$29.4 million for water projects, \$0.6 million for other projects. In the context of a slowing economy and a previously overheated housing market, with the ensuing credit crunch, the 2009 budget was developed to slow the growth of services and spending, while maintaining basic core service levels. The budget included a \$.05 reduction in the City's Primary Property tax rate, which follows a similar reduction in the primary rate in fiscal year 2008. Even including all these factors, the budget is balanced, whereby all expenditures are supported by revenues.

Overall, there are 12.7 new FTE (full-time equivalent) staff positions in the fiscal year 2009 budget. Of the additional positions, 4.95 are to staff the new branch library currently under construction, 3 in the Stadium Fund, 1 in Police, 1 in Traffic Engineering, 1.5 in Facilities, .25 in Transit, and 1 in the Water Utility.

The City has built cash balances over the last few years, both for financial stability and in anticipation of the capital and ongoing operational needs of an ever-changing city. The City has established Economic Stabilization Reserves within the General Fund and Half-Cent Sales Tax Fund in accordance with the City's adopted financial policies – The Principles of Sound Financial Management. These reserves totaled \$32.4 million in the General Fund and \$5.6 million in the Half-Cent Sales Tax Fund at June 30, 2008. The City also maintains a working capital policy reserve in the Utility Funds. At June 30, 2008, those reserves were \$16.0 million in the Water Utility, \$7.8 million in the Wastewater Utility, and \$1.45 million in the Solid Waste Utility.

## **FINANCIAL CONTACT**

This financial report is designed to provide a general overview of the City of Peoria, Arizona's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to the City's 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, 2008**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 113,812,571	\$ 30,485,196	\$ 144,297,767
Cash with fiscal agents	3,487,675	387,779	3,875,454
Investments	159,781,977	42,711,643	202,493,620
Accounts receivable, net	8,793,208	9,626,003	18,419,211
Interest receivable	1,839,291	436,926	2,276,217
Internal balances	(759,561)	759,561	-
Due from other governments	5,707,354	105,734	5,813,088
Prepaid items	317,924	221,672	539,596
Supply inventories	255,385	200,296	455,681
Deferred bond issuance costs, net	3,487,494	497,945	3,985,439
Restricted cash and cash equivalents	38,770,339	16,200,000	54,970,339
Restricted investments	41,477,174	-	41,477,174
Other assets	5,100,000	540,671	5,640,671
Special assessments receivable	11,477,307	-	11,477,307
Capital assets:			
Non-depreciable	413,738,801	77,177,173	490,915,974
Depreciable (net)	453,243,758	487,454,469	940,698,227
Total assets	<u>1,260,530,697</u>	<u>666,805,068</u>	<u>1,927,335,765</u>
<b>LIABILITIES</b>			
Accounts payable	19,720,212	4,786,143	24,506,355
Accrued payroll	2,256,713	321,746	2,578,459
Interest payable	5,881,282	2,018,904	7,900,186
Due to other governments	2,288,338	250,888	2,539,226
Claims payable	3,100,000	-	3,100,000
Customer deposits	3,317	1,136,971	1,140,288
Unearned revenue	10,462,031	18,600	10,480,631
Arbitrage liability	722,493	-	722,493
Unamortized bond premium	3,105,604	145,028	3,250,632
Other liabilities	6,187,652	656,376	6,844,028
Non-current liabilities:			
Due within one year:			
Current portion of compensated absences	4,460,990	563,460	5,024,450
Current portion of contracts payable	8,088,716	564,185	8,652,901
Current portion of loans payable	-	170,368	170,368
Current portion of bonds payable	19,849,874	4,851,181	24,701,055
Due in more than one year:			
Noncurrent portion of compensated absences	444,660	58,310	502,970
Noncurrent portion of contracts payable	34,450,715	3,798,980	38,249,695
Noncurrent portion of loans payable	-	1,064,632	1,064,632
Noncurrent portion of bonds payable	252,073,206	144,200,661	396,273,867
Less: Deferred loss on bond refunding	(1,184,072)	(67,797)	(1,251,869)
Total liabilities	<u>371,911,731</u>	<u>164,538,636</u>	<u>536,450,367</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	602,715,532	427,331,359	1,030,046,891
Restricted for:			
Capital projects	14,875,126	20,061,642	34,936,768
Development fees	48,826,365	-	48,826,365
Revenue bond retirement	-	12,438,769	12,438,769
Grant purposes	1,827,234	467,291	2,294,525
Unrestricted	220,374,709	41,967,371	262,342,080
Total net assets	<u>\$ 888,618,966</u>	<u>\$ 502,266,432</u>	<u>\$ 1,390,885,398</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, 2008**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</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	\$ 17,077,115	\$ 2,293,928	\$ 165,750	\$ 1,413,319
Culture and recreation	21,834,144	8,111,802	415,247	4,146,302
Police	34,513,465	790,269	621,895	2,056,086
Fire	19,914,716	1,717,319	25,712	1,459,487
Development services	6,542,413	3,526,784	621,794	-
Highways and streets	22,909,823	345,417	9,488,625	32,523,305
Public works	7,782,967	8,607,833	321,728	-
Human services	2,887,625	130,544	2,721,733	-
Interest on long-term debt	11,168,041	-	-	-
Unallocated depreciation	574,942	-	-	-
Total governmental activities	145,205,251	25,523,896	14,382,484	41,598,499
Business-type activities:				
Water Utility	28,677,086	31,866,685	-	12,501,350
Wastewater Utility	17,324,471	15,423,188	-	9,361,059
Solid Waste Utility	13,250,526	11,216,061	-	458,804
Stadium	6,921,044	3,279,780	-	-
Housing programs	382,067	150,737	145,841	-
Total business-type activities	66,555,194	61,936,451	145,841	22,321,213
<b>Total primary government</b>	<b>\$ 211,760,445</b>	<b>\$ 87,460,347</b>	<b>\$ 14,528,325</b>	<b>\$ 63,919,712</b>

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

Elimination of development agreement debt

Miscellaneous

Transfers in (out)

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

The accompanying notes are an integral part of the financial statements

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (13,204,118)	\$ -	\$ (13,204,118)
(9,160,793)	-	(9,160,793)
(31,045,215)	-	(31,045,215)
(16,712,198)	-	(16,712,198)
(2,393,835)	-	(2,393,835)
19,447,524	-	19,447,524
1,146,594	-	1,146,594
(35,348)	-	(35,348)
(11,168,041)	-	(11,168,041)
(574,942)	-	(574,942)
<u>(63,700,372)</u>	<u>-</u>	<u>(63,700,372)</u>
-	15,690,949	15,690,949
-	7,459,776	7,459,776
-	(1,575,661)	(1,575,661)
-	(3,641,264)	(3,641,264)
-	(85,489)	(85,489)
<u>-</u>	<u>17,848,311</u>	<u>17,848,311</u>
<u>\$ (63,700,372)</u>	<u>\$ 17,848,311</u>	<u>\$ (45,852,061)</u>
\$ 3,728,615	\$ -	\$ 3,728,615
22,569,309	-	22,569,309
68,466,910	-	68,466,910
3,848,746	-	3,848,746
12,695,890	-	12,695,890
19,539,768	-	19,539,768
5,546,558	-	5,546,558
13,328,215	3,314,515	16,642,730
40,953	-	40,953
2,358,431	-	2,358,431
3,555,171	-	3,555,171
(9,779,262)	9,779,262	-
<u>145,899,304</u>	<u>13,093,777</u>	<u>158,993,081</u>
<u>82,198,932</u>	<u>30,942,088</u>	<u>113,141,020</u>
<u>806,420,034</u>	<u>471,324,344</u>	<u>1,277,744,378</u>
<u>\$ 888,618,966</u>	<u>\$ 502,266,432</u>	<u>\$ 1,390,885,398</u>

**CITY OF PEORIA, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Half-Cent Sales Tax Fund</b>	<b>Highway User Revenue Fund</b>	<b>Development Fee Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 34,299,384	\$ 6,051,442	\$ 5,882,135	\$ 20,242,308
Cash with fiscal agents	-	-	-	-
Investments	47,247,726	8,599,122	8,358,537	28,764,396
Accounts receivable, net	4,312,708	1,297,241	243,579	-
Interest receivable	442,645	115,901	78,462	296,411
Due from other governments	3,277,222	-	792,843	-
Prepaid items	141,394	4,783	-	111,747
Supply inventories	123,095	-	49,495	-
Restricted cash and cash equivalents	-	-	-	-
Restricted investments	-	-	-	-
Special assessments receivable	-	-	-	-
Total assets	<u>\$ 89,844,174</u>	<u>\$ 16,068,489</u>	<u>\$ 15,405,051</u>	<u>\$ 49,414,862</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,620,399	\$ 257,110	\$ 1,241,371	\$ 588,497
Accrued payroll	1,930,365	-	82,601	-
Due to other governments	2,283,523	-	-	-
Claims/deposits payable	3,317	-	-	-
Deferred revenue	790,020	-	-	-
Arbitrage liability	-	-	-	-
Other liabilities	4,210,334	-	63,946	-
Total liabilities	<u>\$ 11,837,958</u>	<u>\$ 257,110</u>	<u>\$ 1,387,918</u>	<u>\$ 588,497</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-
Development fees	-	-	-	40,610,712
Grant purposes	-	-	-	-
Supply inventories	123,095	-	49,495	-
Prepaid items	141,394	4,783	-	111,747
Unreserved, designated (see note 11):				
General fund	43,839,827	-	-	-
Capital projects funds	-	-	-	-
Special revenue funds	-	7,027,841	124,933	8,103,906
Unreserved, undesignated, reported in:				
General fund	33,901,900	-	-	-
Capital projects funds	-	-	-	-
Special revenue funds	-	8,778,755	13,842,705	-
Total fund balance	<u>78,006,216</u>	<u>15,811,379</u>	<u>14,017,133</u>	<u>48,826,365</u>
Total liabilities and fund balance	<u>\$ 89,844,174</u>	<u>\$ 16,068,489</u>	<u>\$ 15,405,051</u>	<u>\$ 49,414,862</u>

The accompanying notes are an integral part of the financial statements

<b>Transportation Sales Tax Fund</b>	<b>GO Bond Debt Service Fund</b>	<b>Special Assessment Debt Service Fund</b>	<b>GO Bond Capital Projects Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 8,676,789	\$ 14,836,180	\$ 494,585	\$ 1,380,371	\$ 9,343,452	\$ 101,206,646
-	-	-	-	3,487,675	3,487,675
12,329,750	21,082,268	702,808	1,961,513	12,822,790	141,868,910
779,352	361,468	-	-	1,795,008	8,789,356
86,315	144,941	7,121	26,071	481,488	1,679,355
-	401,521	-	-	1,235,768	5,707,354
-	-	-	60,000	-	317,924
-	-	-	-	-	172,590
-	-	-	8,409,320	30,361,019	38,770,339
-	-	-	5,022,850	36,454,324	41,477,174
-	-	11,477,307	-	-	11,477,307
<u>\$ 21,872,206</u>	<u>\$ 36,826,378</u>	<u>\$ 12,681,821</u>	<u>\$ 16,860,125</u>	<u>\$ 95,981,524</u>	<u>\$ 354,954,630</u>
\$ 47,687	\$ 530	\$ -	\$ 11,271,848	\$ 2,849,219	\$ 18,876,661
-	-	-	-	42,241	2,055,207
-	-	-	-	4,620	2,288,143
-	-	-	-	-	3,317
-	361,468	11,476,365	-	4,826,086	17,453,939
-	-	-	722,493	-	722,493
-	-	-	918,685	994,687	6,187,652
<u>\$ 47,687</u>	<u>\$ 361,998</u>	<u>\$ 11,476,365</u>	<u>\$ 12,913,026</u>	<u>\$ 8,716,853</u>	<u>\$ 47,587,412</u>
\$ -	\$ 36,464,380	\$ 1,205,456	\$ -	\$ 11,253,338	\$ 48,923,174
-	-	-	-	52,200,274	52,200,274
-	-	-	-	-	40,610,712
-	-	-	-	1,640,458	1,640,458
-	-	-	-	-	172,590
-	-	-	60,000	-	317,924
-	-	-	-	-	43,839,827
-	-	-	3,887,099	19,775,860	23,662,959
14,728,493	-	-	-	2,254,752	32,239,925
-	-	-	-	-	33,901,900
-	-	-	-	(73,263)	(73,263)
7,096,026	-	-	-	213,252	29,930,738
<u>21,824,519</u>	<u>36,464,380</u>	<u>1,205,456</u>	<u>3,947,099</u>	<u>87,264,671</u>	<u>307,367,218</u>
<u>\$ 21,872,206</u>	<u>\$ 36,826,378</u>	<u>\$ 12,681,821</u>	<u>\$ 16,860,125</u>	<u>\$ 95,981,524</u>	<u>\$ 354,954,630</u>



**CITY OF PEORIA, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2008**

Fund balances - total governmental funds balance sheet		\$ 307,367,218
<p>Amounts reported for governmental activities in the statements of net assets are different because (also see note 2):</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 1,015,498,666	
Less accumulated depreciation	<u>(176,086,190)</u>	839,412,476
<p>Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Deferred bond issuance costs	3,487,494	
Deferred loss on bond refunding	<u>1,184,072</u>	4,671,566
<p>Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Governmental bonds payable	271,923,080	
Governmental contracts payable	42,539,431	
Compensated absences	<u>4,375,190</u>	(318,837,701)
<p>Certain long-term debt is offset by an intangible asset (goodwill) for government-wide reporting</p>		
		5,100,000
<p>Deferred revenue for long-term special assessments is shown on the governmental funds balance sheet, but is not deferred on the statement of net assets</p>		
		6,526,366
<p>Bond premiums are recognized at the time of issuance in the governmental funds, but is deferred and recognized over the life of the bonds for government-wide reporting</p>		
		(3,105,604)
<p>Property tax revenue earned but not received within 60 days of year-end is deferred for the governmental statements, but is recognized as revenue for the government-wide statements</p>		
		465,542
<p>Interest payable on long-term debt is not reported in the governmental funds.</p>		
		(5,881,282)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds that are reported with the governmental activities.</p>		
		<u>52,900,385</u>
Net assets of governmental activities - statement of net assets		<u>\$ 888,618,966</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, 2008**

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Half-Cent Sales Tax Fund</b>	<b>Highway User Revenue Fund</b>	<b>Development Fee Fund</b>
<b>REVENUES:</b>				
Taxes:				
Sales and use taxes	\$ 37,881,888	\$ 17,269,938	\$ 2,993,427	\$ -
Property taxes	3,286,331	-	556,960	-
Franchise taxes	3,848,746	-	-	-
Intergovernmental:				
State shared sales taxes	12,695,890	-	-	-
Urban revenue sharing	19,539,768	-	-	-
Auto in-lieu taxes	5,546,558	-	-	-
Highway user revenue	-	-	9,488,625	-
Local transportation aid	-	-	-	-
From federal government	5,000	-	-	-
Other	292,786	-	34,384	-
Charges for services	16,063,108	-	74,339	18,060,416
Licenses and permits	3,020,436	-	-	-
Fines and forfeitures	2,404,459	-	-	-
Rents	358,215	-	-	-
Investment earnings	3,291,328	874,363	569,582	2,243,791
Special assessments	-	-	-	-
Miscellaneous	1,153,930	-	-	-
Total revenues	<u>109,388,443</u>	<u>18,144,301</u>	<u>13,717,317</u>	<u>20,304,207</u>
<b>EXPENDITURES:</b>				
Current:				
General government	13,856,153	496,546	-	53,989
Culture and recreation	21,266,822	-	-	102,634
Police	33,038,321	-	-	26,550
Fire	19,081,561	-	-	36,289
Development services	6,078,175	-	-	-
Highways and streets	-	-	12,337,123	1,307,428
Public works	5,620,571	-	-	-
Human services	-	-	-	-
Debt service:				
Principal payments	42,420	1,847,756	275,000	6,740,841
Interest and other charges	-	16,040	195,560	-
Capital outlay	11,752,771	2,300,873	527,144	10,919,971
Total expenditures	<u>110,736,794</u>	<u>4,661,215</u>	<u>13,334,827</u>	<u>19,187,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,348,351)</u>	<u>13,483,086</u>	<u>382,490</u>	<u>1,116,505</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Capital-related debt issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers in	8,719,517	1,047,888	1,765,900	-
Transfers out	(4,424,188)	(13,273,531)	(472,392)	(23,801)
Total other financing sources and uses	<u>4,295,329</u>	<u>(12,225,643)</u>	<u>1,293,508</u>	<u>(23,801)</u>
Net change in fund balances	<u>2,946,978</u>	<u>1,257,443</u>	<u>1,675,998</u>	<u>1,092,704</u>
Fund balances - beginning	75,059,238	14,553,936	12,341,135	47,733,661
Fund balances - ending	<u>\$ 78,006,216</u>	<u>\$ 15,811,379</u>	<u>\$ 14,017,133</u>	<u>\$ 48,826,365</u>

The accompanying notes are an integral part of the financial statements

<u>Transportation Sales Tax Fund</u>	<u>GO Bond Debt Service Fund</u>	<u>Special Assessment Debt Service Fund</u>	<u>GO Bond Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 10,321,657	\$ -	\$ -	\$ -	\$ -	\$ 68,466,910
-	20,425,846	-	-	1,773,469	26,042,606
-	-	-	-	-	3,848,746
-	-	-	-	-	12,695,890
-	-	-	-	-	19,539,768
-	-	-	-	-	5,546,558
-	-	-	-	-	9,488,625
-	-	-	-	666,237	666,237
-	-	-	-	2,899,788	2,904,788
-	-	-	-	1,443,513	1,770,683
1,392	1,675,245	-	-	1,735,437	37,609,937
-	-	-	-	-	3,020,436
-	-	-	-	262,272	2,666,731
-	-	-	-	-	358,215
655,404	1,086,344	54,300	739,085	2,610,821	12,125,018
-	-	1,803,344	-	-	1,803,344
-	-	-	-	6,729,017	7,882,947
<u>10,978,453</u>	<u>23,187,435</u>	<u>1,857,644</u>	<u>739,085</u>	<u>18,120,554</u>	<u>216,437,439</u>
-	-	22	-	137,337	14,544,047
-	-	-	-	399,857	21,769,313
-	-	-	-	275,885	33,340,756
-	-	-	-	3,141	19,120,991
-	-	-	-	591,804	6,669,979
120,923	-	-	617,864	248,949	14,632,287
-	-	-	-	787,579	6,408,150
-	-	-	-	2,817,716	2,817,716
-	16,640,000	1,264,637	-	4,332,877	31,143,531
-	4,810,086	702,035	-	4,616,983	10,340,704
225,039	-	-	28,634,980	19,781,638	74,142,416
<u>345,962</u>	<u>21,450,086</u>	<u>1,966,694</u>	<u>29,252,844</u>	<u>33,993,766</u>	<u>234,929,890</u>
<u>10,632,491</u>	<u>1,737,349</u>	<u>(109,050)</u>	<u>(28,513,759)</u>	<u>(15,873,212)</u>	<u>(18,492,451)</u>
-	-	-	-	47,000,000	47,000,000
-	-	-	-	273,310	273,310
-	-	217,574	-	4,675,836	16,426,715
(893,096)	-	-	(7,387,546)	(9,560,490)	(36,035,044)
<u>(893,096)</u>	<u>-</u>	<u>217,574</u>	<u>(7,387,546)</u>	<u>42,388,656</u>	<u>27,664,981</u>
<u>9,739,395</u>	<u>1,737,349</u>	<u>108,524</u>	<u>(35,901,305)</u>	<u>26,515,444</u>	<u>9,172,530</u>
12,085,124	34,727,031	1,096,932	39,848,404	60,749,227	298,194,688
<u>\$ 21,824,519</u>	<u>\$ 36,464,380</u>	<u>\$ 1,205,456</u>	<u>\$ 3,947,099</u>	<u>\$ 87,264,671</u>	<u>\$ 307,367,218</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, 2008**

Net change in fund balances - total governmental funds	\$ 9,172,530
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.	(480,980)
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.	(2,018,478)
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.	(699,581)
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 (\$74,826,477) exceeded depreciation (\$18,656,579) in the current period.	56,169,898
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 fixed 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.	31,094
Gains/losses on sales of capital assets are not shown in the governmental funds, but are revenues or expenses, on the statement of activities.	(77,548)
Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.	19,653,768
A development agreement (long-term debt) expired during the year. This had no effect on the governmental financial statements, but creates an other financing source on the statement of activities.	2,358,431
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.	(47,000,000)
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets. No effect on net assets.	31,143,531
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.	(401,066)
Interfund transactions between governmental activities are eliminated in the statement of activities unless the transfers are between governmental and business-type activities.	9,726,162
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.	4,621,171
Change in net assets of governmental activities- statement of activities	\$ 82,198,932

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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
Budgetary fund balance, July 1, 2007	\$ 62,898,576	\$ 62,898,576	\$ 62,898,576	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	41,877,000	41,877,000	38,406,470	(3,470,530)
Property taxes	3,182,802	3,182,802	3,274,117	91,315
Franchise taxes	3,815,000	3,815,000	3,830,605	15,605
Intergovernmental:				
State shared sales taxes	13,807,200	13,807,200	12,741,737	(1,065,463)
Urban revenue sharing	19,357,750	19,357,750	19,440,867	83,117
Auto in-lieu taxes	5,768,500	5,768,500	5,863,642	95,142
From federal government	-	-	37,205	37,205
Other	224,642	224,642	290,421	65,779
Charges for services	27,813,185	27,813,185	28,744,164	930,979
Licenses and permits	4,225,380	4,225,380	3,020,436	(1,204,944)
Fines and forfeitures	2,463,990	2,463,990	2,404,459	(59,531)
Rents	494,850	494,850	367,307	(127,543)
Investment earnings	2,150,165	2,150,165	3,191,890	1,041,725
Miscellaneous	279,966	279,966	1,153,930	873,964
Transfers from other funds	8,135,415	8,135,415	8,063,206	(72,209)
Total inflows	<u>133,595,845</u>	<u>133,595,845</u>	<u>130,830,456</u>	<u>(2,765,389)</u>
Amounts available for appropriation	<u>196,494,421</u>	<u>196,494,421</u>	<u>193,729,032</u>	<u>(2,765,389)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government:				
Mayor and council	1,169,727	1,169,727	1,090,316	(79,411)
City manager	3,973,744	3,965,344	3,588,715	(376,629)
Human resources	2,711,781	2,814,171	2,441,615	(372,556)
Attorney	3,017,601	3,024,611	2,830,197	(194,414)
City clerk	1,108,545	1,114,809	1,037,225	(77,584)
Court	2,406,104	2,406,104	1,985,758	(420,346)
Economic development	662,706	662,706	592,430	(70,276)
Finance	12,339,857	12,482,512	10,915,937	(1,566,575)
Non-departmental	1,838,163	2,015,298	2,021,355	6,057
Culture and recreation	21,983,859	22,280,689	20,944,520	(1,336,169)
Police	34,690,425	34,735,894	32,546,401	(2,189,493)
Fire	20,487,493	20,588,384	18,796,958	(1,791,426)
Development services	6,803,766	6,780,058	5,988,016	(792,042)
Public works	6,634,019	6,756,422	5,537,200	(1,219,222)
Capital outlay	18,231,752	19,938,149	11,266,680	(8,671,469)
Contingencies	13,385,000	8,324,360	-	(8,324,360)
Transfers to other funds	4,458,400	4,458,400	4,457,905	(495)
Total charges to appropriations	<u>155,902,942</u>	<u>153,517,638</u>	<u>126,041,228</u>	<u>(27,476,410)</u>
Budgetary fund balance, June 30, 2008	<u>\$ 40,591,479</u>	<u>\$ 42,976,783</u>	<u>\$ 67,687,804</u>	<u>\$ 24,711,021</u>

The accompanying notes are an integral part of the financial statements

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 193,729,032
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	(62,898,576)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(8,063,206)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules	(13,259,181)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(119,626)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 109,388,443</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 126,041,228
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	430,330
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	1,284,638
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	697,684
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(13,259,181)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(4,457,905)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 110,736,794</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON STATEMENT  
HALF-CENT SALES TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2007	\$ 14,900,187	\$ 14,900,187	\$ 14,900,187	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	18,451,180	18,451,180	17,420,254	(1,030,926)
Investment earnings	479,000	479,000	864,109	385,109
Total inflows	<u>18,930,180</u>	<u>18,930,180</u>	<u>18,284,363</u>	<u>(645,817)</u>
Amounts available for appropriation	<u>33,830,367</u>	<u>33,830,367</u>	<u>33,184,550</u>	<u>(645,817)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government- non-departmental	539,933	505,984	416,237	(89,747)
Debt service:				
Principal payments	2,444,599	2,444,599	1,845,576	(599,023)
Interest and other charges	19,724	19,724	15,914	(3,810)
Capital outlay	9,756,031	8,796,053	2,551,512	(6,244,541)
Contingencies	3,000,000	3,012,561	-	(3,012,561)
Transfers to other funds	12,732,909	12,732,909	13,019,348	286,439
Total charges to appropriations	<u>28,493,196</u>	<u>27,511,830</u>	<u>17,848,587</u>	<u>(9,663,243)</u>
Budgetary fund balance, June 30, 2008	<u>\$ 5,337,171</u>	<u>\$ 6,318,537</u>	<u>\$ 15,335,963</u>	<u>\$ 9,017,426</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	\$ 33,184,550
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(14,900,187)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(140,062)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 18,144,301</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 17,848,587
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	86,159
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(254,183)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(13,019,348)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,661,215</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2007	\$ 12,084,395	\$ 12,084,395	\$ 12,084,395	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	3,240,000	3,240,000	2,977,194	(262,806)
Property taxes	554,371	554,371	579,609	25,238
Intergovernmental:				
Highway user revenue	9,796,787	9,796,787	9,594,351	(202,436)
Other	-	-	34,384	34,384
Charges for services	405,000	405,000	431,385	26,385
Licenses and permits	3,500	3,500	-	(3,500)
Investment earnings	550,600	550,600	568,637	18,037
Transfers from other funds	2,320,271	2,320,271	2,320,269	(2)
Total inflows	<u>16,870,529</u>	<u>16,870,529</u>	<u>16,505,829</u>	<u>(364,700)</u>
Amounts available for appropriation	<u>28,954,924</u>	<u>28,954,924</u>	<u>28,590,224</u>	<u>(364,700)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Highways and streets	10,372,767	10,373,776	9,224,781	(1,148,995)
Debt service:				
Principal payments	275,000	275,000	275,000	-
Interest and other charges	295,510	295,510	195,560	(99,950)
Capital outlay	4,736,296	4,753,548	3,231,381	(1,522,167)
Contingencies	1,000,000	975,729	-	(975,729)
Transfers to other funds	1,014,762	1,014,762	1,013,897	(865)
Total charges to appropriations	<u>17,694,335</u>	<u>17,688,325</u>	<u>13,940,619</u>	<u>(3,747,706)</u>
Budgetary fund balance, June 30, 2008	<u>\$ 11,260,589</u>	<u>\$ 11,266,599</u>	<u>\$ 14,649,605</u>	<u>\$ 3,383,006</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 28,590,224
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	(12,084,395)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(2,320,269)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB 34's allocation rules.	(290,000)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(178,243)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 13,717,317</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 13,940,619
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	16,907
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	681,669
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(471)
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(290,000)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(1,013,897)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 13,334,827</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON STATEMENT  
DEVELOPMENT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2007	\$ 48,086,732	\$ 48,086,732	\$ 48,086,732	\$ -
<b>RESOURCES (INFLOWS):</b>				
Impact/expansion fees	12,675,793	12,675,793	17,684,086	5,008,293
Investment earnings	1,585,600	1,585,600	2,609,065	1,023,465
Total inflows	<u>14,261,393</u>	<u>14,261,393</u>	<u>20,293,151</u>	<u>6,031,758</u>
Amounts available for appropriation	<u>62,348,125</u>	<u>62,348,125</u>	<u>68,379,883</u>	<u>6,031,758</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government-non departmental	74,045	66,869	67,173	304
Culture and recreation	328,221	275,004	111,564	(163,440)
Police	77,532	98,697	31,311	(67,386)
Fire	-	17,697	48,758	31,061
Highways and streets	42,065	269,831	1,317,444	1,047,613
Debt service:				
Principal payments	5,835,853	7,835,853	8,336,403	500,550
Capital outlay	36,652,831	34,379,549	15,528,143	(18,851,406)
Contingencies	3,140,000	2,147,417	-	(2,147,417)
Total charges to appropriations	<u>46,150,547</u>	<u>45,090,917</u>	<u>25,440,796</u>	<u>(19,650,121)</u>
Budgetary fund balance, June 30, 2008	<u>\$ 16,197,578</u>	<u>\$ 17,257,208</u>	<u>\$ 42,939,087</u>	<u>\$ 25,681,879</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	\$ 68,379,883
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	(48,086,732)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	11,056
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 20,304,207</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 25,440,796
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(6,229,293)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(23,801)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 19,187,702</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
Budgetary fund balance, July 1, 2007	\$ 9,071,643	\$ 9,071,643	\$ 9,071,643	\$ -
<b>RESOURCES (INFLOWS):</b>				
Taxes:				
Sales and use taxes	11,129,404	11,129,404	10,404,348	(725,056)
Charges for service	-	-	1,392	1,392
Investment earnings	275,000	275,000	616,846	341,846
Total inflows	<u>11,404,404</u>	<u>11,404,404</u>	<u>11,022,586</u>	<u>(381,818)</u>
Amounts available for appropriation	<u>20,476,047</u>	<u>20,476,047</u>	<u>20,094,229</u>	<u>(381,818)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Highways and streets	84,889	195,948	120,923	(75,025)
Capital outlay	4,855,006	4,816,875	296,218	(4,520,657)
Contingencies	1,000,000	836,634	-	(836,634)
Transfers to other funds	889,046	889,046	889,046	-
Total charges to appropriations	<u>6,828,941</u>	<u>6,738,503</u>	<u>1,306,187</u>	<u>(5,432,316)</u>
Budgetary fund balance, June 30, 2008	<u>\$ 13,647,106</u>	<u>\$ 13,737,544</u>	<u>\$ 18,788,042</u>	<u>\$ 5,050,498</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 20,094,229
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(9,071,643)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(44,133)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 10,978,453</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,306,187
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(67,129)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(4,050)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(889,046)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 345,962</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2008**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 16,250,089	\$ 7,308,196	\$ 6,036,202	\$ 500,882
Restricted cash with fiscal agents	195,106	49,402	-	143,271
Investments	23,044,320	10,384,973	8,577,466	704,884
Accounts receivable, net	5,443,815	2,426,337	1,735,761	2,872
Interest receivable	290,045	46,594	93,291	6,996
Due from other governments	-	-	33,916	-
Prepaid items	74,481	147,191	-	-
Supplies inventory	176,141	-	24,155	-
Total current assets	<u>45,473,997</u>	<u>20,362,693</u>	<u>16,500,791</u>	<u>1,358,905</u>
Non-current assets:				
Restricted assets:				
Cash equivalents	16,200,000	-	-	-
Capital assets:				
Buildings and improvements	1,642,283	7,659,795	10,799	25,781,679
Distribution and collection systems	244,287,111	292,830,380	-	-
Equipment	1,686,837	1,076,558	43,338	749,922
Vehicles	1,944,774	922,694	7,030,795	406,380
Furniture	126,603	29,004	8,013	-
Less accumulated depreciation	(43,704,563)	(43,401,627)	(3,299,548)	(9,992,086)
Land and improvements	14,287,029	3,878,001	-	6,703,349
Construction in progress	21,882,982	30,015,462	-	-
Capital assets, net	<u>242,153,056</u>	<u>293,010,267</u>	<u>3,793,397</u>	<u>23,649,244</u>
Unamortized bonds costs	188,380	307,351	-	2,214
Other assets	415,023	125,648	-	-
Total non-current assets	<u>258,956,459</u>	<u>293,443,266</u>	<u>3,793,397</u>	<u>23,651,458</u>
Total assets	<u>304,430,456</u>	<u>313,805,959</u>	<u>20,294,188</u>	<u>25,010,363</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,755,061	2,525,760	360,907	144,415
Accrued payroll	157,745	65,781	66,071	32,149
Accrued interest payable	1,026,929	953,777	24,144	14,054
Due to other governments	250,618	-	-	270
Other current liabilities	291,080	360,135	-	5,161
Claims payable	-	-	-	-
Current portion of compensated absences	285,930	95,490	119,350	62,690
Current portion of bonds, contracts & notes payable	3,750,018	1,536,131	170,368	129,217
Total current liabilities	<u>7,517,381</u>	<u>5,537,074</u>	<u>740,840</u>	<u>387,956</u>
Non-current liabilities:				
Deposits payable	1,125,399	-	-	-
Unearned revenue	3,000	-	-	15,600
Deferred bond premium	72,969	18,476	-	53,583
Compensated absences	29,830	9,340	12,810	6,330
Long-term portion of bonds, contracts & notes payable	63,599,576	83,670,028	1,340,371	454,298
Less: Deferred loss on bond refunding	(27,774)	(7,034)	-	(32,989)
Total non-current liabilities	<u>64,803,000</u>	<u>83,690,810</u>	<u>1,353,181</u>	<u>496,822</u>
Total liabilities	<u>72,320,381</u>	<u>89,227,884</u>	<u>2,094,021</u>	<u>884,778</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	190,984,395	207,813,091	3,438,439	23,069,756
Restricted:				
Capital projects	12,440,939	-	7,106,959	513,744
Revenue bond retirement	5,713,696	6,725,073	-	-
Grant purpose	-	-	-	-
Unrestricted	22,971,045	10,039,911	7,654,769	542,085
Total net assets	<u>\$ 232,110,075</u>	<u>\$ 224,578,075</u>	<u>\$ 18,200,167</u>	<u>\$ 24,125,585</u>

Some amounts reported for *business-type activities* in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities.

Net Assets of business-type activities

The accompanying notes are an integral part of the financial statements

Public Housing Fund	Total	Governmental Activities - Internal Service Funds
\$ 389,827	\$ 30,485,196	\$ 12,605,925
-	387,779	-
-	42,711,643	17,913,067
17,218	9,626,003	3,852
-	436,926	159,936
71,818	105,734	-
-	221,672	-
-	200,296	82,795
<u>478,863</u>	<u>84,175,249</u>	<u>30,765,575</u>
-	16,200,000	-
3,276,922	38,371,478	148,102
-	537,117,491	-
136,523	3,693,178	32,007,301
-	10,304,643	19,708,958
9,613	173,233	72,701
(1,807,730)	(102,205,554)	(28,097,953)
410,350	25,278,729	-
-	51,898,444	3,730,974
<u>2,025,678</u>	<u>564,631,642</u>	<u>27,570,083</u>
-	497,945	-
-	540,671	-
<u>2,025,678</u>	<u>581,870,258</u>	<u>27,570,083</u>
<u>2,504,541</u>	<u>666,045,507</u>	<u>58,335,658</u>
-	4,786,143	843,551
-	321,746	201,506
-	2,018,904	-
-	250,888	195
-	656,376	-
-	-	3,100,000
-	563,460	476,600
-	5,585,734	-
<u>-</u>	<u>14,183,251</u>	<u>4,621,852</u>
11,572	1,136,971	-
-	18,600	-
-	145,028	-
-	58,310	53,860
-	149,064,273	-
-	(67,797)	-
<u>11,572</u>	<u>150,355,385</u>	<u>53,860</u>
<u>11,572</u>	<u>164,538,636</u>	<u>4,675,712</u>
2,025,678	427,331,359	27,570,083
-	20,061,642	-
-	12,438,769	-
467,291	467,291	-
-	41,207,810	26,089,863
<u>\$ 2,492,969</u>	<u>\$ 501,506,871</u>	<u>\$ 53,659,946</u>
	759,561	
	<u>\$ 502,266,432</u>	

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
<b>OPERATING REVENUES</b>				
Charges for services	\$ 31,476,024	\$ 15,423,087	\$ 11,066,957	\$ 1,542,628
Rents	-	-	-	1,727,079
From federal government	-	-	-	-
Miscellaneous	364,576	101	-	8,090
Total operating revenues	<u>31,840,600</u>	<u>15,423,188</u>	<u>11,066,957</u>	<u>3,277,797</u>
<b>OPERATING EXPENSES</b>				
Salaries, wages and employee benefits	5,897,927	1,790,293	3,205,188	1,338,378
Contractual services, materials and supplies	15,504,173	11,095,358	9,144,996	4,888,264
Insurance claims and expenses	-	-	-	-
Depreciation and amortization	5,353,362	3,904,280	875,585	748,546
Total operating expenses	<u>26,755,462</u>	<u>16,789,931</u>	<u>13,225,769</u>	<u>6,975,188</u>
Operating income (loss)	<u>5,085,138</u>	<u>(1,366,743)</u>	<u>(2,158,812)</u>	<u>(3,697,391)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	2,194,782	353,916	703,345	52,681
Interest expense	(2,064,061)	(567,420)	(53,386)	(24,520)
Gain (loss) on sale of capital assets	26,085	-	149,104	(7,498)
Total non-operating revenues (expenses)	<u>156,806</u>	<u>(213,504)</u>	<u>799,063</u>	<u>20,663</u>
Income (loss) before contributions and transfers	5,241,944	(1,580,247)	(1,359,749)	(3,676,728)
Capital contributions	12,501,350	9,361,059	458,804	-
Transfers in	284,311	24,247,256	36,066	3,999,038
Transfers out	(17,499,286)	(263,868)	(681,988)	(342,267)
Change in net assets	<u>528,319</u>	<u>31,764,200</u>	<u>(1,546,867)</u>	<u>(19,957)</u>
Total net assets - beginning	231,581,756	192,813,875	19,747,034	24,145,542
Total net assets - ending	<u><u>\$ 232,110,075</u></u>	<u><u>\$ 224,578,075</u></u>	<u><u>\$ 18,200,167</u></u>	<u><u>\$ 24,125,585</u></u>

Some amounts reported for *business-type activities* on the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

Change in net assets of business-type activities

Public Housing Fund	Total	Governmental Activities - Internal Service Funds
\$ -	\$ 59,508,696	\$ 26,844,128
146,682	1,873,761	-
145,841	145,841	-
4,055	376,822	217,609
<u>296,578</u>	<u>61,905,120</u>	<u>27,061,737</u>
-	12,231,786	8,840,071
296,578	40,929,369	12,589,444
-	-	1,993,966
85,489	10,967,262	4,089,655
<u>382,067</u>	<u>64,128,417</u>	<u>27,513,136</u>
(85,489)	(2,223,297)	(451,399)
9,791	3,314,515	1,203,197
-	(2,709,387)	-
-	167,691	(77,547)
<u>9,791</u>	<u>772,819</u>	<u>1,125,650</u>
(75,698)	(1,450,478)	674,251
-	22,321,213	-
-	28,566,671	11,987,822
-	(18,787,409)	(2,158,755)
<u>(75,698)</u>	<u>30,649,997</u>	<u>10,503,318</u>
2,568,667	470,856,874	43,156,628
<u>\$ 2,492,969</u>	<u>\$ 501,506,871</u>	<u>\$ 53,659,946</u>

292,091

\$ 30,942,088

**CITY OF PEORIA, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 32,520,916	\$ 15,407,798	\$ 10,924,351	\$ 3,300,110
Payments to suppliers	(15,087,532)	(9,591,596)	(6,566,468)	(3,752,437)
Payments to employees	(5,827,741)	(1,724,053)	(3,190,184)	(1,334,273)
Self-insurance costs	-	-	-	-
Payments to internal service funds	(1,841,540)	(477,571)	(3,300,357)	(1,075,013)
Net cash provided (used) by operating activities	<u>9,764,103</u>	<u>3,614,578</u>	<u>(2,132,658)</u>	<u>(2,861,613)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	284,311	24,247,256	36,066	3,999,038
Transfers out	(17,499,286)	(263,868)	(681,988)	(342,267)
Net cash provided (used) by non-capital financing activities	<u>(17,214,975)</u>	<u>23,983,388</u>	<u>(645,922)</u>	<u>3,656,771</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Net acquisition and construction of capital assets	(11,365,120)	(86,486,149)	210,388	(114,013)
Capital contributions	3,957,569	1,864,274	458,804	-
Proceeds from sale of bonds	-	42,741,541	-	-
Proceeds (reduction) from contracts payable	532,088	(5,877)	1,235,000	-
Principal payments on capital debt	(3,210,300)	(2,195,166)	(33,062)	(120,862)
Interest paid on capital debt	(2,131,100)	126,332	(29,242)	(31,659)
Net cash provided (used) by capital and related financing activities	<u>(12,216,863)</u>	<u>(43,955,045)</u>	<u>1,841,888</u>	<u>(266,534)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	83,125,471	37,498,010	30,906,563	2,563,341
Proceeds from sale of investments	(59,734,189)	(37,555,760)	(27,323,293)	(2,756,017)
Interest received on investments	2,350,946	528,177	731,531	53,469
Net cash provided (used) by investing activities	<u>25,742,228</u>	<u>470,427</u>	<u>4,314,801</u>	<u>(139,207)</u>
Net increase (decrease) in cash and cash equivalents	6,074,493	(15,886,652)	3,378,109	389,417
Cash and cash equivalents at beginning of year	26,570,702	23,244,250	2,658,093	254,736
Cash and cash equivalents at end of year	<u>\$ 32,645,195</u>	<u>\$ 7,357,598</u>	<u>\$ 6,036,202</u>	<u>\$ 644,153</u>
Classified as:				
Cash and cash equivalents	\$ 16,250,089	\$ 7,308,196	\$ 6,036,202	\$ 500,882
Restricted cash with fiscal agents	195,106	49,402	-	143,271
Non-current restricted cash and cash equivalents	16,200,000	-	-	-
Totals	<u>\$ 32,645,195</u>	<u>\$ 7,357,598</u>	<u>\$ 6,036,202</u>	<u>\$ 644,153</u>

The accompanying notes are an integral part of the financial statements

<u>Public Housing Fund</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 221,614	\$ 62,374,789	\$ 27,057,885
(296,578)	(35,294,611)	(12,442,799)
-	(12,076,251)	(8,745,125)
-	-	(1,993,966)
-	(6,694,481)	-
<u>(74,964)</u>	<u>8,309,446</u>	<u>3,875,995</u>
-	28,566,671	11,987,822
-	(18,787,409)	(2,158,755)
<u>-</u>	<u>9,779,262</u>	<u>9,829,067</u>
-	(97,754,894)	(12,586,494)
-	6,280,647	-
-	42,741,541	-
-	1,761,211	-
-	(5,559,390)	-
<u>-</u>	<u>(2,065,669)</u>	<u>-</u>
-	(54,596,554)	(12,586,494)
-	154,093,385	64,669,420
-	(127,369,259)	(59,442,410)
9,791	3,673,914	1,202,391
<u>9,791</u>	<u>30,398,040</u>	<u>6,429,401</u>
(65,173)	(6,109,806)	7,547,969
455,000	53,182,781	5,057,956
<u>\$ 389,827</u>	<u>\$ 47,072,975</u>	<u>\$ 12,605,925</u>
\$ 389,827	\$ 30,485,196	\$ 12,605,925
-	387,779	-
-	16,200,000	-
<u>\$ 389,827</u>	<u>\$ 47,072,975</u>	<u>\$ 12,605,925</u>

(continued)

**CITY OF PEORIA, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008**

	<b>Business-type Activities - Major Enterprise Funds</b>			
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund	Stadium Fund
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ 5,085,138	\$ (1,366,743)	\$ (2,158,812)	\$ (3,697,391)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	5,353,362	3,904,280	875,585	748,546
(Increase) decrease in assets:				
Accounts receivable	604,626	(15,390)	(108,690)	12,638
Due from other governments	-	-	(33,916)	-
Prepaid items	(6,589)	(147,191)	-	-
Supplies inventory	31,228	-	(20,020)	-
Other assets	-	(20,143)	-	443
Increase (decrease) in liabilities:				
Accounts payable	(1,640,294)	833,429	41,423	60,169
Accrued payroll	47,006	42,530	8,944	5,675
Due to other governments	83,467	(39)	-	177
Other liabilities	107,289	360,135	(743,232)	25
Deposits payable	72,690	-	-	-
Deferred revenue	3,000	-	-	9,675
Compensated absences	23,180	23,710	6,060	(1,570)
Total adjustments	<u>4,678,965</u>	<u>4,981,321</u>	<u>26,154</u>	<u>835,778</u>
Net cash provided (used) by operating activities	<u>\$ 9,764,103</u>	<u>\$ 3,614,578</u>	<u>\$ (2,132,658)</u>	<u>\$ (2,861,613)</u>
Non-cash investing, capital and financing activities:				
Capital assets acquired through contributions from developers	\$ 8,543,781	\$ 7,496,785	\$ -	\$ -
Increase (decrease) in fair market value of investments	(10,489)	4,919	(4,340)	(385)
Total non-cash investing, capital and financing activities	<u>\$ 8,533,292</u>	<u>\$ 7,501,704</u>	<u>\$ (4,340)</u>	<u>\$ (385)</u>

The accompanying notes are an integral part of the financial statements

<u>Public Housing Fund</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ (85,489)	\$ (2,223,297)	\$ (451,399)
85,489	10,967,262	4,089,655
(2,066)	491,118	(3,852)
(71,818)	(105,734)	-
-	(153,780)	-
-	11,208	(12,749)
-	(19,700)	-
-	(705,273)	159,199
-	104,155	46,616
-	83,605	195
-	(275,783)	-
(1,080)	71,610	-
-	12,675	-
-	51,380	48,330
<u>10,525</u>	<u>10,532,743</u>	<u>4,327,394</u>
<u>\$ (74,964)</u>	<u>\$ 8,309,446</u>	<u>\$ 3,875,995</u>
\$ -	\$ 16,040,566	\$ -
-	(10,295)	(9,631)
<u>\$ -</u>	<u>\$ 16,030,271</u>	<u>\$ (9,631)</u>

**CITY OF PEORIA, ARIZONA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2008**

	<b>Firemen's Pension Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 94,194	\$ 195,274
Investments (pooled), at fair value	133,849	277,485
Due from other governments	386	-
Interest receivable	1,480	-
Total assets	229,909	472,759
<b>LIABILITIES</b>		
Accounts payable	-	1,922
Other liabilities	-	470,837
Total liabilities	-	472,759
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	\$ 229,909	

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, 2008**

	<u>Firemen's Pension Fund</u>
<b>ADDITIONS</b>	
Contributions:	
State insurance premium tax rebate	\$ 386
Total contributions	<u>386</u>
Investment earnings:	
Interest and investment income	\$ 11,291
Total investment earnings	<u>11,291</u>
Less investment expenses:	
Investment management fees	<u>125</u>
Net investment earnings	<u>11,166</u>
Total additions	<u>11,552</u>
 <b>DEDUCTIONS</b>	
Retirement payments	<u>34,475</u>
Total deductions	<u>34,475</u>
Change in net assets	(22,923)
Net assets - beginning of the year	<u>252,832</u>
Net assets - end of the year	<u><u>\$ 229,909</u></u>

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.

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CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

The following is a summary of other significant accounting policies:

**A. Financial Reporting Entity**

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

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

**Individual Component Units - Blended**

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

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

**Vistancia Community Facilities District**

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

**B. Basic Financial Statements**

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

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

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

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

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

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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particular functions or segments are included as general revenues. State shared revenues, such as sales taxes, urban revenue sharing and auto-in-lieu taxes, that are not restricted for use in any function, are included as general revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

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

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

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

The proprietary fund and fiduciary fund financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary fund financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds may be eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary fund financial statements. The net costs/income of the internal service funds are also partially allocated to the business-type activities column on the government-wide financial statements. A reconciliation of the total enterprise funds on the fund financial statements to the business-type activities column on the government-wide financial statements is provided on the face of the fund statements.

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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**C. Basis of Presentation**

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

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

**Governmental Funds**

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

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

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

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

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

**Proprietary Funds**

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

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

The enterprise funds of the City are as follows:

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

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

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

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

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

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

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

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

### **Fiduciary Funds**

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

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

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

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

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

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

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

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

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

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

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

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, 2008

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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 2008.
- The maximum legal expenditure permitted for the year is the total budget as adopted. The expenditure appropriations in the adopted budget are maintained in the City's financial system by department within individual funds. Departmental appropriations may be amended during the year, within administrative guidelines and adopted Council policies.
- The initial budget for the fiscal year may be amended during the year in a legally permissible manner.
- The City Manager is generally authorized to transfer budgeted amounts within any specific department's expenditure appropriation. Any budget revisions requiring a transfer between departments must be approved by the City Council. Additionally, budget revisions involving personnel or capital asset expenditures/expenses must be approved by the City Council.
- All unencumbered expenditure appropriations expire at the end of the fiscal year.
- Encumbered amounts are re-budgeted in the following year as deemed appropriate and necessary after review by the Budget Office staff. Budgetary carry forwards are approved by the City Council.
- All funds of the City, except the agency funds, have legally adopted budgets. Formal integration of these budgets into the City's financial systems is employed as a management control device during the year for all funds.

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

**F. Expenditure Limitation**

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

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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 2007-2008, including the permanent base adjustment, was \$639,664,707.

### **G. Encumbrances**

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

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

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

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

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

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

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

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

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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, 2008, the City capitalized net interest costs of \$800,615 in the business-type activities of the government-wide financial statements (also in the Enterprise Funds on the proprietary fund statements). Total interest incurred of the business-type activities (and the Enterprise Funds on the proprietary fund statements) before capitalization was \$3,454,348.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful life (Years)</u>
Buildings and improvements	40
Water and sewer systems	40
Storm drainage systems	40
Street system	40
Park facilities and streetscape	25
Streetlights and traffic control devices	10
Equipment	7-15
Furniture and fixtures	7-15
Vehicles	3-12
Computers/software	3

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. Transactions Between Funds**

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

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

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.

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**L. 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.

**M. Restricted Assets**

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

**N. Long-Term Obligations**

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

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

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

**O. Compensated Absences**

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

For the governmental fund financial statements, 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 are recorded as a liability. Compensated absences are liquidated when mature by the various operating funds accruing the liability.

City employees are granted one sick leave day per month. The maximum an employee may accumulate varies according to union status; however, the City makes no payment on the unused portion upon employment termination except on the condition of retirement. The City is not able to reasonably estimate any potential liability for retiree sick time payout, therefore, no sick leave obligation is accrued. Any sick time accrued above the maximum allowed to be carried is paid out annually in May at a rate of 25% and the employees' sick leave is reduced to the allowable maximum.

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**P. Risk Management**

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

The claims liability of \$3,100,000 reported in the Self-Insurance Fund at June 30, 2008 is based on the requirements of Governmental Accounting Standards Board Statement #10 which requires that liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The City is self-insured for property and public liability up to \$500,000 and for damage to City vehicles valued up to \$50,000. Vehicles with a value in excess of \$50,000 have a \$5,000 deductible. Excess coverage insurance policies purchased through commercial insurance carriers cover individual claims in excess of these amounts up to \$40,000,000. For additional information on insurance amounts, see Table XXXIV on page 186. The claims liability includes an estimated amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. Non-incremental claims adjustment expenses are not included in the calculation. During the fiscal year ended June 30, 2008, there was no significant reduction in excess insurance coverage. Additionally, settlements for each of the last three fiscal years have not exceeded the City's insurance coverage. Changes in the Self-Insurance Fund's claims liability amount in fiscal years 2007 and 2008 were:

Years Ended, June 30	Beginning of Fiscal Year Liability	Changes in Estimates	Current Year Claims	Claim Payments	Balance at Fiscal Year-end
2007	\$3,100,000	\$ -	\$490,535	\$ (490,535)	\$3,100,000
2008	3,100,000	-	727,954	\$ (727,954)	3,100,000

**Q. Cash Equivalents**

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

**R. New Accounting Standards**

During fiscal year 2008, the City implemented the following new accounting standard issued by the Governmental Accounting Standards Board:

Statement No. 48 – “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”. See footnote 16 further detail.

**S. Use of Estimates**

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

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

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

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

	<b>Total Governmental Funds</b>	<b>Long-term Assets/ Liabilities (1)</b>	<b>Internal Service Funds (2)</b>	<b>Statement of Net Assets Totals</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 101,206,646	-	12,605,925	113,812,571
Cash with fiscal agents	3,487,675	-	-	3,487,675
Investments	141,868,910	-	17,913,067	159,781,977
Accounts receivable, net	8,789,356	-	3,852	8,793,208
Interest receivable	1,679,355	-	159,936	1,839,291
Internal balances	-	-	(759,561)	(759,561)
Due from other governments	5,707,354	-	-	5,707,354
Prepaid items	317,924	-	-	317,924
Supply inventories	172,590	-	82,795	255,385
Deferred bond issuance costs, net	-	3,487,494	-	3,487,494
Other assets	-	5,100,000	-	5,100,000
Restricted cash/cash equivalents	38,770,339	-	-	38,770,339
Restricted investments	41,477,174	-	-	41,477,174
Special assessment receivables	11,477,307	-	-	11,477,307
Capital assets	-	839,412,476	27,570,083	866,982,559
Total assets	<u>\$ 354,954,630</u>	<u>847,999,970</u>	<u>57,576,097</u>	<u>1,260,530,697</u>
<b>Liabilities</b>				
Accounts payable	\$ 18,876,661	-	843,551	19,720,212
Accrued payroll	2,055,207	-	201,506	2,256,713
Interest payable	-	5,881,282	-	5,881,282
Due to other governments	2,288,143	-	195	2,288,338
Claims/deposits payable	3,317	-	3,100,000	3,103,317
Deferred revenue	17,453,939	(6,991,908)	-	10,462,031
Arbitrage liability	722,493	-	-	722,493
Other liabilities	6,187,652	-	-	6,187,652
Unamortized bond premium	-	3,105,604	-	3,105,604
Compensated absences-current	-	3,984,390	476,600	4,460,990
Current bonds/contracts payable	-	27,938,590	-	27,938,590
Long-term liabilities (net of deferred loss)	-	285,730,649	53,860	285,784,509
Total liabilities	<u>\$ 47,587,412</u>	<u>319,648,607</u>	<u>4,675,712</u>	<u>371,911,731</u>
<b>Fund Balance/Net Assets</b>				
Total fund balance/net assets	<u>\$ 307,367,218</u>	<u>528,351,363</u>	<u>52,900,385</u>	<u>888,618,966</u>
Total liabilities and fund balance/net assets	<u>\$ 354,954,630</u>	<u>847,999,970</u>	<u>57,576,097</u>	<u>1,260,530,697</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	\$ 1,015,498,666
Accumulated depreciation	(176,086,190)
	<u>\$ 839,412,476</u>

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expense when paid.	Interest payable	<u>\$ 5,881,282</u>
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Bond issuance costs are expensed when incurred in governmental funds, but are deferred and amortized over the life of the bonds in the statement of net assets.	<u>\$ 3,487,494</u>
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Bond premiums are recognized at the time of issuance in the governmental funds, but are deferred and amortized over the life of the bonds on the statement of net assets	<u>\$ 3,105,604</u>
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**CITY OF PEORIA, ARIZONA**  
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly are not reported as fund liabilities in the governmental fund statement. All liabilities, both current and long-term are reported in the statement of net assets.

Contracts payable	\$ 42,539,431
Bonds payable	271,923,080
Compensated absences	<u>4,375,190</u>
Subtotal	<u>318,837,701</u>
Less: current compensated absences	3,984,390
current portion of bonds/contracts	<u>27,938,590</u>
	<u>\$ 286,914,721</u>

Loss on refunding bonds is expensed at the time of issuance in the governmental funds, but is deferred and expensed over the life of the bonds on the statement of net assets. \$ (1,184,072)

Certain long-term debt obligations that are booked for the government-wide statements are offset by goodwill. \$ 5,100,000

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

Deferred special assessment revenue	\$ (6,526,366)
Deferred property tax revenue	<u>(465,542)</u>
	<u>\$ (6,991,908)</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>\$ 52,900,385</u>
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**Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities:**

	<b>Total Governmental Funds</b>	<b>Long-term Revenues/ Expenses(1)</b>	<b>Capital- related Items(2)</b>	<b>Internal Service Funds(3)</b>	<b>Long-term Debt Transactions(4)</b>	<b>Eliminations and Adjustments(5)</b>	<b>Statement of Activities</b>
<b>Revenues and Other Sources</b>							
<b>Taxes:</b>							
Sales and use taxes	\$ 68,466,910	-	-	-	-	-	68,466,910
Property taxes	26,042,606	151,204	-	-	-	104,114	26,297,924
Franchise taxes	3,848,746	-	-	-	-	-	3,848,746
<b>Intergovernmental:</b>							
State shared sales taxes	12,695,890	-	-	-	-	-	12,695,890
Urban revenue sharing	19,539,768	-	-	-	-	-	19,539,768
Auto-in-lieu taxes	5,546,558	-	-	-	-	-	5,546,558
Highway user revenue	9,488,625	-	-	-	-	-	9,488,625
Local transportation aid	666,237	-	-	-	-	-	666,237
From federal government	2,904,788	-	-	-	-	-	2,904,788
Other	1,770,683	-	-	-	-	-	1,770,683
Charges for services	37,609,937	(2,016)	-	-	-	2,884,277	40,492,198
Licenses and permits	3,020,436	-	-	-	-	113	3,020,549
Fines and forfeitures	2,666,731	-	-	-	-	(14,230)	2,652,501
Rents	358,215	-	-	-	-	-	358,215
Investment earnings	12,125,018	-	-	1,203,197	-	-	13,328,215
Special assessments	1,803,344	(1,306,029)	-	-	-	-	497,315
Miscellaneous	7,882,947	(381,637)	31,094	-	-	(3,977,233)	3,555,171
<b>Other sources:</b>							
Gain on sale of capital assets	-	-	40,953	-	-	-	40,953
Capital contributions	-	-	19,653,768	-	-	-	19,653,768
Capital-related debt issued	47,000,000	-	-	-	(47,000,000)	-	-
Premium on bonds issued	273,310	-	-	-	(273,310)	-	-
Expired debt agreement	-	-	-	-	2,358,431	-	2,358,431
Transfers in	16,426,715	-	11,130,249	419,652	47,408,826	(73,686,993)	1,698,449
<b>Total revenues and other sources</b>	<b>280,137,464</b>	<b>(1,538,478)</b>	<b>30,856,064</b>	<b>1,622,849</b>	<b>2,493,947</b>	<b>(74,689,952)</b>	<b>238,881,894</b>

CITY OF PEORIA, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
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	Total Governmental Funds	Long-term Revenues/ Expenses(1)	Capital- related Items(2)	Internal Service Funds(3)	Long-term Debt Transactions(4)	Eliminations and Adjustments(5)	Statement of Activities
<b>Expenditures/Expenses</b>							
Current:							
General government	14,544,047	569,900	2,049,495	(210,720)	-	124,393	17,077,115
Culture and recreation	21,769,313	35,580	1,622,751	(475,385)	-	(1,118,115)	21,834,144
Police	33,340,756	246,170	1,865,228	(928,386)	-	(10,303)	34,513,465
Fire	19,120,991	25,860	1,432,395	(675,201)	-	10,671	19,914,716
Development services	6,669,979	23,490	62,734	(213,444)	-	(346)	6,542,413
Highways and streets	14,632,287	12,950	8,954,951	(692,800)	-	2,435	22,909,823
Public works	6,408,150	37,040	1,456,200	(106,729)	-	(11,694)	7,782,967
Human services	2,817,716	9,990	72,323	(12,404)	-	-	2,887,625
Debt service:							
Principal payments	31,143,531	-	-	-	(31,143,531)	-	-
Interest and other charges	10,340,704	699,581	-	-	127,756	-	11,168,041
Capital outlay	74,142,416	-	(74,142,416)	-	-	-	-
Unallocated depreciation	-	-	574,942	-	-	-	574,942
Total expenditures/ expenses	<u>234,929,890</u>	<u>1,660,561</u>	<u>(56,051,397)</u>	<u>(3,315,069)</u>	<u>(31,015,775)</u>	<u>(1,002,959)</u>	<u>145,205,251</u>
<b>Other financing uses/changes in net assets</b>							
Transfers out	36,035,044	-	11,130,249	316,747	47,408,826	(83,413,155)	11,477,711
Total expenditures/expenses & other financing uses	<u>270,964,934</u>	<u>1,660,561</u>	<u>(44,921,148)</u>	<u>(2,998,322)</u>	<u>16,393,051</u>	<u>(84,416,114)</u>	<u>156,682,962</u>
Net change for the year	<u>\$ 9,172,530</u>	<u>(3,199,039)</u>	<u>75,777,212</u>	<u>4,621,171</u>	<u>(13,899,104)</u>	<u>9,726,162</u>	<u>82,198,932</u>

- (1) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.
- |   |                   |
|---|-------------------|
| Accrual of long-term compensated absences | <u>\$ 480,980</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                  | \$ 887,090        |
| Amortization of loss on refunding | 155,220           |
| Amortization of bond premium      | <u>(342,729)</u>  |
|                                   | <u>\$ 699,581</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>\$ 151,204</u> |
|--|-------------------|
- Revenues earned, but not expected to be received within six months, are deferred in the governmental operating statement, but recognized when earned on the statement of activities. When revenues are subsequently received, they are recognized in the governmental operating statement and reversed in the statement of activities.
- |  |                     |
|--|---------------------|
|  | <u>\$ (381,637)</u> |
|--|---------------------|
- Certain development agreements received in the governmental funds are deferred in the government-wide statements until the matching assets are accepted.
- |  |                   |
|--|-------------------|
|  | <u>\$ (2,016)</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>\$ (1,306,029)</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>\$ 480,000</u> |
|--|-------------------|

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- (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	\$ (74,142,416)
Other capital	(684,061)
Depreciation expense	<u>18,656,579</u>
	<u>\$ (56,169,898)</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>\$ 31,094</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>\$ 19,653,768</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	\$ 40,953
Losses	<u>(118,501)</u>
	<u>\$ (77,548)</u>

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

Transfers out	\$ (11,130,249)
Transfers in	<u>11,130,249</u>
	<u>\$ -</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	\$ 1,622,849
Expenditures and other uses	<u>2,998,322</u>
Change in net assets	<u>\$ 4,621,171</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>\$ (31,143,531)</u>
-------------------------	------------------------

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

Bonds issued	<u>\$ (47,000,000)</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	\$ 135,516
Amortization of bond issuance costs	(263,272)
Bond premium	<u>(273,310)</u>
	<u>\$ (401,066)</u>

A development agreement (long term debt not carried in the governmental funds) expired without meeting the revenue requirements necessary to cause the City to pay out the entire amount of the agreement. This transaction has no effect on the governmental fund statements, but creates an other financing source on the statement of activities.

	<u>\$ 2,358,431</u>
--	---------------------

Certain debt transactions caused transfers to occur between funds.

Transfers out	\$ 47,408,826
Transfers in	<u>(47,408,826)</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

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governmental funds or between business-type activities are eliminated in the statement of activities and only net transactions between governmental and business-type activities remain.

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

Bad debt expense	\$ 114,501
Allowance for uncollectible accounts receivable	(114,501)
	<u>\$ -</u>

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

Interfund charges for services revenue	\$ 1,117,460
Interfund service charges	(1,117,460)
	<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	\$ 83,413,155
Transfers in	(73,686,993)
	<u>\$ 9,726,162</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, 2008, the carrying amount of the City's deposits was \$11,974,960 and the bank balance was \$14,921,065. The entire bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name or in the Municipal Development Authority, Inc.'s trust name. The difference of \$2,946,105 represents deposits in transit, outstanding checks and other reconciling items.

**B. Investments**

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

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

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*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, 2008, 66.4% of the City's investments have a maturity of less than one year and 4.4% 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, 2008 was 328 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, 2008, the City's investments include \$25.9 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.

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>S&amp;P Rating</u>	<u>% of Investments</u>
Federal Farm Credit Bank - Agency Note	Aaa	AAA	3.4
Federal Home Loan Bank - Agency Note	Aaa	AAA	21.2
Federal Home Loan Bank - Callable Agency Note	Aaa	AAA	.5
Federal Home Loan Mortgage Corp - Agency Note	Aaa	AAA	17.2
Federal National Mortgage Assoc-Agency Note	Aaa	AAA	11.9
Federal National Mortgage Assoc-Callable Agency Note	Aaa	AAA	2.5
Federal National Mortgage Assoc-Discount Note	P-1	A-1	3.4

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, 2008, 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, 2008, the City's investments include 56.7% invested in U.S. Agency Coupon securities, 3.4% in U.S. Agency Discount Notes, 1.2% in U.S. Treasury Notes, 5.9% in Commercial Paper, and 32.8% in City of Peoria Improvement District Bonds, money market funds, cash with fiscal agent, and the Arizona State Investment Pool.

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

The City's investment in the State of Arizona's local government investment pool is stated at fair value, which also approximates the value of the investment upon withdrawal.

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At June 30, 2008, the City's investments included the following:

	Investment Maturities in Years				Fair Value
	Less than 1	1-2	2-3	Over 3	
<u>Unrestricted Investments:</u>					
City of Peoria Bonds	\$ 264,615	280,492	297,320	-	\$ 842,428
U.S. Treasury notes and strips	5,012,500	-	-	-	5,012,500
Agency coupon securities	69,892,054	61,019,088	55,683,933	19,115,930	205,711,005
Agency discount notes	14,932,335	-	-	-	14,932,335
Commercial Paper	14,918,021	-	-	-	14,918,021
					<u>241,416,289</u>
State of Arizona local					
government investment pool	2,983,155	-	-	-	2,983,155
Mutual fund-money market	90,968,607	-	-	-	90,968,607
Total unrestricted investments	198,971,287	61,299,580	59,981,254	19,115,930	335,368,051
Less: amount included in cash and cash equivalents					<u>132,463,097</u>
Unrestricted investments, net					\$ <u>202,904,954</u>
Total investments per statement of net assets					\$ 202,493,620
Investments in Fiduciary Funds					<u>411,334</u>
Total unrestricted investments					\$ <u><u>202,904,954</u></u>
<u>Restricted Assets (1):</u>					
Agency coupon securities	31,433,267	10,043,907	-	-	\$ 41,477,174
Commercial paper	10,977,798	-	-	-	10,977,798
Mutual fund-money market	31,802,943	-	-	-	31,802,943
Subtotal Restricted Assets	74,214,008	10,043,907	-	-	\$ 84,257,915
Water Infrastructure loans not yet drawn					16,200,000
Less amount due to cash and cash equivalents					<u>134,948</u>
Total Restricted Assets					\$ <u>100,322,967</u>

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

Cash and cash equivalents at June 30, 2008 consisted of the following:

Investments included in cash and cash equivalents	\$ 132,463,097
Carrying amount of City deposits	11,974,960
Amounts due from restricted cash	134,948
Petty cash on hand	14,230
Total cash and cash equivalents	<u>144,587,235</u>
Less: Cash and cash equivalents of Fiduciary funds	289,468
Total cash and cash equivalents per statement of net assets	\$ <u><u>144,297,767</u></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.

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Investment income comprises the following for the year ended June 30, 2008:

Net interest and dividends	\$ 16,756,936
Net decrease in the fair value of investments	<u>(103,040)</u>
Total net investment income	16,653,896
Less: net investment income of Fiduciary funds	<u>11,166</u>
Total net investment income per statement of activities	<u>\$ 16,642,730</u>

The net decrease in the fair value of investments during fiscal year 2007-2008 was approximately \$103,040. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at June 30, 2008 was approximately \$234,037.

**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 2008 are \$1,250,895,733 and \$1,642,187,476 respectively.

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

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

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

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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, 2008:

<b>Governmental activities:</b>	
General Fund:	
Due from Maricopa County for:	
Property tax	\$ 61,278
Due from State of Arizona for:	
State shared sales tax	1,047,165
State revenue sharing	1,718,985
Auto lieu tax	257,785
Miscellaneous other	102,706
Due from Peoria Unified School District	89,303
Subtotal	<u>3,277,222</u>
Highway User Revenue Fund:	
Due from State of Arizona (Highway user revenue)	783,675
Due from Maricopa County – Property tax (SLIDS)	9,168
Subtotal	<u>792,843</u>
GO Bond Debt Service Fund:	
Due from Maricopa County (Property tax)	401,521
Subtotal	<u>401,521</u>
Non-major Governmental Fund:	
Due from US Department of Housing & Urban Development	191,131
Due from US Department of Transportation	38,840
Due from US Department of Homeland Security	403,635
Due from other Federal agencies	173,109
Due from Maricopa County:	
Home grant	12,594
Property tax	40,632
Other	56,047
Due from State of Arizona	319,780
Subtotal	<u>1,235,768</u>
Total governmental activities	<u>\$ 5,707,354</u>
<b>Proprietary activities</b>	
Solid Waste Fund:	
Due from Other Municipality	\$ 33,916
Subtotal	<u>33,916</u>
Public Housing Fund:	
Due from US Department of Housing & Urban Development	71,818
Subtotal	<u>71,818</u>
Total proprietary activities	<u>\$ 105,734</u>

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

Accounts receivable are recorded in the various funds and displayed in the financial statements net of an allowance for uncollectible accounts as follows at June 30, 2008.

Fund	Receivables	Allowance	Net
<b>Governmental funds:</b>			
General Fund	\$ 4,457,916	145,208	4,312,708
Half-Cent Sales Tax Fund	1,297,241	-	1,297,241
Highway User Revenue Fund	263,895	20,316	243,579
Transportation Sales Tax Fund	779,352	-	779,352
GO Bond Debt Service Fund	672,219	310,751	361,468

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Other Governmental Funds	1,856,741	61,733	1,795,008
Total governmental funds	<u>\$ 9,327,364</u>	<u>538,008</u>	<u>8,789,356</u>
<u>Fund</u>	<u>Receivables</u>	<u>Allowance</u>	<u>Net</u>
Enterprise funds:			
Water Utility Fund	\$ 6,556,141	1,112,326	5,443,815
Wastewater Utility Fund	2,769,187	342,850	2,426,337
Solid Waste Utility Fund	1,985,576	249,815	1,735,761
Stadium Fund	10,962	8,090	2,872
Public Housing Fund	17,218	-	17,218
Total enterprise funds	<u>11,339,084</u>	<u>1,713,081</u>	<u>9,626,003</u>
Internal Service funds	3,852	-	3,852
Grand totals	<u>\$ 20,670,300</u>	<u>2,251,089</u>	<u>18,419,211</u>

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

Net interfund receivables and payables between governmental activities and business-type activities of \$759,561 are included in the government-wide financial statements at June 30, 2008. These internal balances are between the proprietary funds (business-type activities) and the internal service funds (governmental activities). Other interfund payables and receivables, if any, shown on the financial statements are primarily represent short-term cash loans at year end. All such balances are expected to be repaid in the next fiscal year.

The net transfers of \$9,779,262 from business-type activities to governmental activities on the government-wide statement of activities are primarily debt service and operational subsidies from the General Fund and Half-Cent Sales Tax Fund to the Stadium Fund. The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2008:

<u>Fund</u>	<u>Transfers out</u>	<u>Transfers in</u>
Governmental funds:		
General Fund	\$ 4,424,188	8,719,517
Half-Cent Sales Tax Fund	13,273,531	1,047,888
Highway User Revenue Fund	472,392	1,765,900
Development Fee Fund	23,801	-
Transportation Sales Tax Fund	893,096	-
Special Assessment Debt Service Fund	-	217,574
GO Bond Capital Projects Fund	7,387,546	-
Non-Major Governmental Funds	<u>9,560,490</u>	<u>4,675,836</u>
Total governmental funds	<u>36,035,044</u>	<u>16,426,715</u>
Enterprise funds:		
Water Utility Fund	17,499,286	284,311
Wastewater Utility Fund	263,868	24,247,256
Solid Waste Utility Fund	681,988	36,066
Stadium Fund	<u>342,267</u>	<u>3,999,038</u>
Total enterprise funds	<u>18,787,409</u>	<u>28,566,671</u>
Internal Service funds	<u>2,158,755</u>	<u>11,987,822</u>
Grand totals	<u>\$ 56,981,208</u>	<u>56,981,208</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 2008 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 141-145.

**9. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

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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, 2008, the Improvement District Bonds Capital Projects Fund had a fund deficit of \$73,263. The City intends to remedy this situation in the next fiscal year.

For the year ended June 30, 2008, expenditures, including capital outlay and transfers, did not exceed budget at the department level (i.e. the level of budgetary control) in any funds.

**11. FUND BALANCE/NET ASSETS RESERVATIONS AND DESIGNATIONS**

Only restrictions imposed by external sources are shown as Restricted Net Assets on the government-wide financial statements. Additionally, reserves for encumbrances, inventories and pre-paid items are shown on the governmental fund financial statements. Reservations or designations of fund balances imposed by the reporting government, whether by administrative policy or legislative action of the reporting government, are shown in aggregate on the governmental fund financial statements, but not on the proprietary fund financial statements. The City does, however, reserve or designate portions of net assets in other funds to demonstrate the government's intended use of those net assets. Reservations are created by legislative action of the City Council while designations are created by administrative policy. The following are the reservations or designations of fund balance/net assets included in unreserved fund balance/net assets at June 30, 2008:

General Fund:	
Designated for economic stabilization reserve	\$ 32,400,000
Designated for encumbrances	2,276,825
Designated for capital construction	1,923,500
Designated for branch library equipment	110,010
Designated for economic development	571,242
Designated for municipal office complex reserve	<u>6,558,250</u>
	43,839,827
Half-Cent Sales Tax Fund:	
Designated for economic stabilization reserve	\$ 5,600,000
Designated for encumbrances	427,841
Designated for debt service retirement	<u>1,000,000</u>
	7,027,841
Highway User Revenue Fund:	
Designated for encumbrances	<u>\$ 124,933</u>
Development Fee Fund:	
Designated for encumbrances	<u>\$ 8,103,906</u>
Transportation Sales Tax Fund:	
Designated for capital construction	\$ 14,231,351
Designated for encumbrances	<u>497,142</u>
	14,728,493
GO Bond Capital Projects Fund:	
Designated for encumbrances	<u>\$ 3,887,099</u>
Non-major Funds:	
Other Grants Fund:	
Designated for encumbrances	\$ 188,680
Designated for arts capital	<u>2,066,072</u>
sub-total	<u>2,254,752</u>
MDA Bonds Capital Projects Fund:	
Designated for encumbrances	<u>17,350,370</u>

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Non-Bond Capital Projects Fund:	
Designated for encumbrances	2,284,721
Designated for capital construction	<u>140,769</u>
sub-total	<u>2,425,490</u>
Non-major funds total	<u>22,030,612</u>
Total governmental funds	<u>\$ 99,742,711</u>
Water Utility Fund:	
Designated for working capital policy reserve	\$ 16,000,000
Designated for capital equipment replacement	2,165,676
Designated for capital construction	<u>2,044,739</u>
	20,210,415
Wastewater Utility Fund:	
Designated for working capital policy reserve	<u>7,800,000</u>
Solid Waste Utility Fund:	
Designated for working capital policy reserve	1,450,000
Designated for capital equipment replacement	<u>6,030,738</u>
	7,480,738
Stadium Fund:	
Designated for capital equipment replacement	<u>540,474</u>
Total proprietary funds	<u>\$ 36,031,627</u>
Internal Service Funds:	
Designated for capital equipment replacement	<u>\$ 17,890,491</u>

**12. CAPITAL ASSETS**

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2008 follows:

	<u>Balances June 30, 2007</u>	<u>Additions/ Transfers in</u>	<u>Disposals/ Transfers out</u>	<u>Balances June 30, 2008</u>
<b>Governmental activities:</b>				
Non-depreciable assets:				
Work in Progress – Parks	\$ 32,833,533	4,075,182	(10,025,523)	26,883,192
Work in Progress – Buildings	39,881,098	3,018,114	(39,589,756)	3,309,456
Work in Progress – Storm drains	9,977,817	7,610,436	(2,440,550)	15,147,703
Work in Progress – Streets	39,341,979	30,480,771	(6,256,399)	63,566,351
Work in Progress – Technology	4,740,769	1,081,368	(1,793,746)	4,028,391
Work in Progress – Vehicles	-	366,114	-	366,114
Work in Progress – CFD	-	1,853,271	-	1,853,271
Land	<u>283,691,070</u>	<u>14,893,253</u>	<u>-</u>	<u>298,584,323</u>
Total non-depreciable assets	410,466,266	63,378,509	(60,105,974)	413,738,801
Depreciable assets:				
Buildings & Improvements	77,054,426	62,034,483	-	139,088,909
Furniture	2,742,390	544,482	-	3,286,872
Equipment	39,050,326	12,238,110	(104,353)	51,184,083
Vehicles	17,828,238	2,901,783	(1,014,889)	19,715,132
Storm drain system	53,404,941	4,000,963	-	57,405,904
Street system	332,745,518	28,426,714	-	361,172,232
Park system	<u>20,919,069</u>	<u>4,655,702</u>	<u>-</u>	<u>25,574,771</u>
Total depreciable assets at historical cost	<u>543,744,908</u>	<u>114,802,237</u>	<u>(1,119,242)</u>	<u>657,427,903</u>
Less accumulated depreciation for:				
Buildings & Improvements	(20,488,961)	(1,863,725)	-	(22,352,686)
Furniture	(1,808,826)	(231,790)	-	(2,040,616)
Equipment	(26,736,643)	(3,099,661)	87,310	(29,748,994)
Vehicles	(9,129,366)	(2,179,035)	810,500	(10,497,901)
Storm drain system	(12,173,829)	(1,263,129)	-	(13,436,958)
Street system	(110,608,020)	(9,232,544)	-	(119,840,564)
Park system	<u>(5,479,731)</u>	<u>(786,695)</u>	<u>-</u>	<u>(6,266,426)</u>
Total accum. depreciation assets, net	<u>(186,425,376)</u>	<u>(18,656,579)</u>	<u>897,810</u>	<u>(204,184,145)</u>
Governmental activities capital assets, net	<u>\$ 767,785,798</u>	<u>159,524,166</u>	<u>(60,327,405)</u>	<u>866,982,559</u>

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**Business-type activities:**

Non-depreciable assets:				
Work in Progress - Water	\$ 36,014,165	1,790,340	(15,921,523)	21,882,982
Work in Progress - Wastewater	77,742,429	12,203,833	(59,930,800)	30,015,462
Land	16,654,772	8,623,957	-	25,278,729
Total non-depreciable assets	<u>130,411,366</u>	<u>22,618,130</u>	<u>(75,852,323)</u>	<u>77,177,173</u>
Depreciable assets:				
Buildings & improvements	29,157,431	9,214,047	-	38,371,478
Furniture	158,880	14,353	-	173,233
Equipment	3,385,843	367,079	(59,744)	3,693,178
Vehicles	11,229,347	381,588	(1,306,292)	10,304,643
Water system	220,803,327	23,483,784	-	244,287,111
Wastewater system	158,953,176	133,877,204	-	292,830,380
Total depreciable assets at historical cost	<u>423,688,004</u>	<u>167,338,055</u>	<u>(1,366,036)</u>	<u>589,660,023</u>
Less accumulated depreciation for:				
Buildings & improvements	(10,243,515)	(729,520)	-	(10,973,035)
Furniture	(60,784)	(22,206)	-	(82,990)
Equipment	(1,727,834)	(384,106)	45,438	(2,066,502)
Vehicles	(5,153,350)	(1,230,504)	1,179,887	(5,203,967)
Water system	(36,606,093)	(4,798,774)	-	(41,404,867)
Wastewater system	(38,828,380)	(3,645,813)	-	(42,474,193)
Total accum. depreciation	<u>(92,619,956)</u>	<u>(10,810,923)</u>	<u>1,225,325</u>	<u>(102,205,554)</u>
Total depreciable assets, net	<u>331,068,048</u>	<u>156,527,132</u>	<u>(140,711)</u>	<u>487,454,469</u>
Business-type activities capital assets, net	<u>\$ 461,479,414</u>	<u>179,145,262</u>	<u>(75,993,034)</u>	<u>564,631,642</u>

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

General government	\$ 2,051,431
Culture and recreation	1,673,304
Police	1,821,049
Fire	1,432,395
Development services	62,734
Highways and streets	9,561,445
Public works	1,406,956
Human services	72,323
Unallocated	<u>574,942</u>
Total depreciation expense	<u>\$ 18,656,579</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.

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**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, 2008, 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, 2008 was \$85,221,249 and \$215,552,495 for the 6 percent and 20 percent debt limits, respectively. Also see Table XXIII in the Statistical Section.

**B. Revenue bonds**

**Highway User Revenue Bonds:** Highway User Revenue Bonds are used to construct street and highway projects. The debt service is repaid through the Highway User Revenue Fund, a special revenue fund, from the City's share of the gasoline taxes that are collected by the State of Arizona and distributed to cities and towns based on a formula of population and gasoline sales within the county.

**Water and Sewer Revenue Bonds:** Water and Wastewater Revenue Bonds are issued, pursuant to voter authorization, for the construction, acquisition, and equipping of water and wastewater facilities and related systems and infrastructure. The bonds are backed by the revenues of the water and wastewater utilities. Also see Table XXV in the Statistical Section of this report.

**C. Municipal Development Authority bonds**

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

**D. Special assessment bonds**

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

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contingently liable on special assessment bonds to the extent that proceeds from auction sales are insufficient to retire outstanding bonds.

At June 30, 2008, special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, are adequate to meet the scheduled maturities of the bonds payable and related interest. Special assessment receivables that were delinquent at June 30, 2008 totaled \$942. 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, 2008. In September 1996, the voters authorized \$75,550,000 in either general obligation bonds or utility revenue bonds. To date, the City has not issued general obligation bonds against this authorization; however, \$58,292,154 in utility revenue bonds has been issued against the 1996 authorization, leaving \$17,257,846 unissued against the authorization. In September 2000, the voters authorized \$282,000,000 in bonds as follows: \$164,000,000 in general obligation, utility revenue bonds or Water Infrastructure Finance Authority of Arizona Revolving Fund Loan for the acquisition and construction of water and wastewater facilities; \$22,300,000 in general obligation or utility revenue bonds for storm drainage projects; \$47,150,000 in general obligation or highway user revenue bonds for street, bridges and traffic control projects; and \$48,550,000 in general obligation bonds for parks, open space, public safety and public service projects. General obligation bonds in the amount of \$21,681,456 in 2003 and \$59,472,631 in 2007 and water infrastructure debt of \$13,965,546 in 2008 have been issued against the 2000 authorization, leaving \$186,880,367 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 bonds for water treatment, water system, wastewater and storm drainage projects. General obligation bonds in the amount of \$24,087,416 were issued in 2007, leaving \$171,912,584 unissued at June 30, 2008. Water infrastructure debt of \$40,831,066 in 2007 and \$28,775,995 in 2008 have been issued against the 2006 authorizations, leaving \$90,392,939 of the authorization unissued at June 30, 2008.

Additionally, in 1996 the citizens of Peoria approved \$42,480,000 in Water Infrastructure Finance Authority of Arizona revolving fund loan for the acquisition and construction of water and wastewater facilities. These projects are financed by utility rates for water and wastewater. \$28,150,000 remains available of this authorization at June 30, 2008. 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, 2008.

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**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, 2008. The City has an arbitrage liability of \$722,493 at June 30, 2008.

Bonds and loans payable at June 30, 2008 are comprised of the following:

Delivery Date	Description	Purpose	Maturity Dates	Net Interest Rate	Ave. Life (Yrs)	Original Principal Balance	Principal Balance Outstanding
<b>CLASSIFIED IN GOVERNMENTAL ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:</b>							
<b>General Obligation Bonds</b>							
03/30/93	Series 1993	Refunding portions of Series 1985, 1986, 1989, 1990A	7/1/93-11	5.84	10.5	\$ 9,900,000	\$ 2,555,000
07/01/98	Series A (1998)	Various improvements	7/1/99-18	4.82	12.2	5,930,000	3,995,000
07/01/98	Series B (1998)	Refunding portions of Series 1994, 1992A/B	7/1/99-14	4.64	9.8	4,030,000	1,815,000
04/02/03	Series A (2003)	Various improvements	7/1/04-22	4.04	9.5	27,570,000	18,775,000
03/01/07	Series A (2007)	Various improvements	7/1/07-26	4.27	20	94,380,000	80,915,000
03/01/07	Series B (2007)	Refunding portions of Series 1995, 1996, 2000	7/1/07-20	4.00	14	18,365,000	18,140,000
		Total General Obligation Bonds				170,870,000	126,195,000
<b>Municipal Development Authority Bonds</b>							
06/12/03	Series 2003	Refunding 1993 MDA & MSCA Series B	7/1/04-13	2.74	5.1	22,255,141	12,735,653
03/09/06	Series 2006	Revenue Bonds MDA Series 2006	7/1/06-25	4.2	10.9	6,675,000	6,060,000
03/12/08	Series 2008	Revenue Bonds MDA Series 2008	7/1/08-26	4.6	10.5	47,000,000	47,000,000
						75,930,141	65,795,653
<b>Highway User Revenue Bonds</b>							
07/10/96	Series C (1996)	Street, bridge, traffic signal improvements	7/1/97-16	5.81	14.1	4,600,000	3,295,000
<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	1,975,000
12/30/92	ID# 8802	Bell Road ID-Street improvements	1/1/95-13	7.20	13.3	5,610,000	2,315,000
11/21/91	ID# 9002	Sunny Boy Water & Sewer ID-acquire private water company	1/1/93-11	6.35	12.4	2,575,000	205,000
09/17/97	ID# 9601	83rd Ave ID-Water, wastewater & street improvements	1/1/99-12	5.30	8.7	2,285,000	685,000
08/13/97	ID# 9603	Arrowhead Fountains ID-Water, wastewater & street improvements	1/1/99-12	5.20	8.7	3,800,000	1,055,000
08/28/01	ID# 9303	75th Ave & Paradise Ln ID-Street & bridge improvements	1/1/03-11	6.00	5.7	2,270,000	842,427
04/01/07	ID# 0601	99 <sup>th</sup> Ave & Northern ID-Street improvements	7/1/07-22	4.25	15	4,950,000	4,950,000
		Total Improvement District Bonds				26,505,000	12,027,427
<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	19,000,000
04/27/05	Series 2005	Vistancia Community Facilities District infrastructure	7/15/07-24	5.47	13.2	23,550,000	22,850,000
12/28/06	Series 2006	Vistancia Community Facilities District Infrastructure	7/15/09-26	4.26	20	22,760,000	22,760,000
		Total Community Facilities District Bonds				67,560,000	64,610,000
Total bonds payable recorded in governmental activities							271,923,080
Less current portion							(19,849,874)
Long-term portion of bonds payable recorded in governmental activities							\$252,073,206
<b>CLASSIFIED IN BUSINESS-TYPE ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:</b>							
<b>Municipal Development Authority Bonds</b>							
06/12/03	Series 2003	Refunding 1993 MDA & MSCA Series B	7/1/04-13	2.74	5.1	\$ 2,759,859	\$ 1,579,347
<b>Revenue Bonds</b>							
08/24/95	WIFA Series 1995	Wastewater treatment facilities	7/1/96-15	3.15	11.5	11,405,081	5,422,385
08/06/97	WIFA Series 1997	Beardsley wastewater treatment plant & assoc. improvements	7/1/98-17	2.95	11.5	14,330,000	8,210,864
09/10/98	Series A (1998)	Water system improvements	7/1/01-18	4.73	12.7	16,730,000	11,940,000
07/06/00	Series 2000	Water & wastewater system improvements	7/1/02-20	5.33	12.6	16,590,000	7,615,000
07/07/00	WIFA Series 2000 (ph 1)	Greenway water treatment plant construction	7/1/02-20	3.94	11.8	20,150,000	15,298,839
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	11,254,909
07/26/02	WIFA Series 2000 (ph 3)	Water system improvements	7/1/03-22	3.94	11.8	1,964,789	1,605,615
12/08/06	WIFA Series 2006 DW	Acquisition of Public Water Infrastructure	7/1/07-26	3.27	20	16,200,000	16,200,000
12/07/06	WIFA Series 2006 CW 1	Butler Water Treatment Plant	7/1/07-26	3.06	20	27,183,342	27,183,342
02/15/08	WIFA Series 2006 CW 2	Butler Water Treatment Plant	1/1/08-27	3.06	20	42,741,541	42,741,541
		Total Revenue Bonds				181,794,753	147,472,495

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Agreement Date	Type	Nature of Improvements	Expiration Date	Interest Rate	Interest Cap	Original Amount	Principal Balance Outstanding
<b>Loans Payable</b>							
02/29/08	Suntrust Leasing	Recycle containers	1/15/08-14	3.91	7	1,235,000	1,235,000
Total bonds and loans payable recorded in business-type activities							150,286,842
Less current portion							(5,021,549)
Long-term portion of bonds and loans payable recorded in business-type activities							145,265,293
Total long-term portion of bonds and loans payable							<u>\$397,338,499</u>
<b>Reconciliation to total bonded debt principal:</b>							
Total long-term portion of bonds and loans payable							\$397,338,499
Add:							
Current portion of bonds and loans payable							<u>24,871,423</u>
Total bonded debt principal as of June 30, 2008							<u>\$422,209,922</u>

**Contracts Payable**

Other debt at June 30, 2008 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	08/28/18	Prime	10.5	\$ 13,137,805	\$ 3,849,164
02/20/92	Planned area retail project	Offsite improvements-Bell Rd-ID 8802	01/20/11	Prime	9.0	5,305,975	821,667
06/01/94	Planned area retail project	Offsite improvements-Bell Rd & Paradise Ln-IDs 8802 and 9303	06/20/17	Prime	7.0	4,538,097	1,365,570
03/16/99	Master-planned community	Street & infrastructure improvements-Westwing Pkwy	03/16/14	-	-	1,103,272	234,331
01/02/01	Planned area retail project	Street & infrastructure improvements-91 <sup>st</sup> Ave & Northern Fire station building, equipment & land; Street & infrastructure improvements-parts of El Mirage Road, Ridgeline Rd, Vistancia Blvd, Jomax Rd, Ln Mtn Rd, Westland Rd	02/09/09	-	-	900,000	84,130
10/22/01	Master-planned community	Modular building at Municipal Operations Center	10/22/26	-	-	18,219,667	8,349,136
08/07/02	Capital lease	Modular building at Municipal Operations Center	09/01/07	4.95	-	122,925	0
07/01/03	Planned area retail project	Offsite improvements-91 <sup>st</sup> Ave & Bell Rd	05/20/20	-	-	2,400,000	2,135,389
11/18/03	Planned area retail project	Offsite improvements-91 <sup>st</sup> Ave & Bell Rd	04/30/14	-	-	1,800,000	1,479,489
02/17/04	Residential development	Neighborhood park land & improvements; Right of way land on 67 <sup>th</sup> Ave	02/18/14	-	-	1,093,379	279,565
03/17/04	Capital lease	Sixteen Copiers	03/01/09	-	-	164,548	24,682
10/19/04	Residential development	Street & infrastructure improvements; Right of way land	-	-	-	1,006,311	1,082,013
10/24/04	Capital lease	Pay Printers & Copiers	07/15/11	-	-	47,550	19,416
12/14/04	Planned area retail project	Offsite improvements-92 <sup>nd</sup> Ave & Bell Rd	07/29/18	-	-	1,800,000	1,800,000
01/21/05	Capital lease	Modular building at Beardsley Treatment Plant	01/21/10	4.00	-	259,728	87,922
2/11/05	Master-planned community	Offsite improvements; Right of way land	2/11/15	-	-	7,056,354	6,784,720
09/14/05	Residential development	Offsite improvements-Lake Pleasant Pkwy, Deer Valley to Williams	09/14/10	-	-	559,184	354,645
12/22/05	Planned area retail project	Street & infrastructure improvements; Right of way land	-	-	-	81,597	138,036
08/22/06	Residential development	Street & infrastructure improvements; Right of way land	-	-	-	3,457,084	6,700,931
10/12/06	Planned area retail project	Offsite improvements & Right of way land-Peoria east of 83 <sup>rd</sup> Ave	10/01/16	-	-	5,343,820	6,743,603
04/19/07	Residential development	Street & infrastructure improvements; Right of way land	-	-	-	72,613	72,613
11/24/07	Planned area retail project	Street & infrastructure improvements; Right of way land	-	-	-	472,483	132,409
Total contracts payable recorded in governmental activities							42,539,431
Less estimated current portion							(8,088,716)
Long-term portion of contracts payable in governmental activities							<u>34,450,715</u>

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Agreement Date	Type	Nature of Improvements	Expiration Date	Interest Rate	Interest Cap	Original Amount	Principal Balance Outstanding
<b>CLASSIFIED IN BUSINESS-TYPE ACTIVITIES ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS:</b>							
12/14/00	Master-planned community	Water and wastewater treatment plant facilities and lift stations	-	-	-	661,005	626,568
10/22/01	Master-planned community	Water rights-4,200 acre feet of assured water supply	10/22/26	-	-	4,841,000	2,921,177
02/17/04	Residential development	Wastewater infrastructure improvements	02/18/14	-	-	1,243,129	249,990
02/11/05	Master-planned community	Offsite improvements; Right of way land	02/11/15	-	-	308,801	275,739
08/22/06	Residential development	Water rights-947 acre feet water allocation	-	-	-	255,248	289,691
Total contracts payable recorded in business-type activities							4,363,165
Less estimated current portion							(564,185)
Long-term portion of contracts payable							<u>3,798,980</u>
Total long-term contracts payable as of June 30, 2008							<u>\$ 38,249,695</u>

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 142,835,000	-	16,640,000	126,195,000	11,575,000
MDA Bonds	21,653,530	47,000,000	2,857,877	65,795,653	4,810,260
Highway user revenue bonds	3,570,000	-	275,000	3,295,000	290,000
Special assessment bonds	13,292,064	-	1,264,637	12,027,427	1,624,614
CFD bonds	66,085,000	-	1,475,000	64,610,000	1,550,000
Total bonds payable	247,435,594	47,000,000	22,512,514	271,923,080	19,849,874
Contracts payable	40,264,731	13,264,148	10,989,448	42,539,431	8,088,716
Compensated absences	4,376,340	5,192,625	4,663,315	4,905,650	4,460,990
Governmental activities totals	<u>\$ 292,076,665</u>	<u>65,456,773</u>	<u>38,165,277</u>	<u>319,368,161</u>	<u>32,399,580</u>
<b>Business-type activities:</b>					
Bonds payable:					
MDA bonds	\$ 1,906,470	-	327,123	1,579,347	349,740
Revenue bonds	109,071,820	42,741,541	4,340,866	147,472,495	4,501,441
Total bonds payable	110,978,290	42,741,541	4,667,989	149,051,842	4,851,181
Loans payable	-	1,235,000	-	1,235,000	170,368
Contracts payable	4,728,355	526,211	891,401	4,363,165	564,185
Compensated absences	570,390	1,096,731	1,045,351	621,770	563,460
Business-type activities totals	<u>\$ 116,277,035</u>	<u>45,599,483</u>	<u>6,604,741</u>	<u>155,271,777</u>	<u>6,149,194</u>

The following is a summary of bond debt service requirements, including interest requirements, to maturity for long-term debt at June 30, 2008:

Fiscal Year	General Obligation Bonds	Municipal Development Authority Bonds	Highway User Revenue Bonds	Special Assessment Bonds	Revenue Bonds	Community Facilities District Bonds	Long Term Loans	Total
2009	\$16,621,885	7,686,227	469,810	2,300,572	8,678,559	4,966,955	217,007	40,941,015
2010	11,022,470	8,110,219	468,295	2,432,844	13,569,757	5,499,455	217,007	41,320,047
2011	11,051,938	8,359,319	470,574	2,481,152	12,233,557	5,497,392	217,007	40,310,939
2012	10,630,612	5,832,469	466,702	2,034,995	12,226,599	5,493,336	217,007	36,901,720
2013	10,290,228	5,850,269	466,663	1,550,595	12,216,340	5,490,974	217,007	36,082,076
2014	10,298,197	5,833,944	470,244	474,600	12,207,560	5,484,633	217,007	34,986,185
2015	10,304,040	4,417,381	467,531	475,788	12,195,318	5,476,311	108,504	33,444,873
2016	10,014,231	4,409,306	468,525	476,338	12,189,570	5,475,713	-	33,033,683
2017	9,616,216	4,402,831	468,080	476,250	12,483,632	5,468,074	-	32,915,083
2018	9,065,066	4,402,681	-	480,525	12,471,812	5,462,674	-	31,882,758
2019	9,076,363	4,388,981	-	478,950	11,540,776	5,725,359	-	31,210,429
2020	8,593,796	4,378,931	-	481,738	10,156,300	5,445,671	-	29,056,436
2021	8,617,900	4,383,141	-	483,675	10,174,858	5,443,926	-	29,103,500
2022	7,448,739	4,382,486	-	484,763	7,249,456	5,432,718	-	24,998,162

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Fiscal Year	General Obligation Bonds	Municipal Development Authority Bonds	Highway User Revenue Bonds	Special Assessment Bonds	Revenue Bonds	Community Facilities District Bonds	Long Term Loans	Total
2023	7,439,338	4,386,453	-	-	6,205,784	5,425,388	-	23,456,963
2024	5,713,288	4,374,193	-	-	6,062,221	5,427,431	-	21,577,133
2025	5,708,500	4,370,288	-	-	6,059,661	5,419,936	-	21,558,385
2026	5,717,500	4,349,237	-	-	6,057,020	5,437,175	-	21,560,932
2027	5,732,400	-	-	-	6,054,298	5,430,802	-	17,217,500
2028	-	-	-	-	4,094,761	-	-	4,094,761
Less Interest	(46,767,707)	(26,943,356)	(921,424)	(3,085,358)	(46,655,344)	(38,893,923)	(175,546)	(163,442,658)
	<u>\$126,195,000</u>	<u>67,375,000</u>	<u>3,295,000</u>	<u>12,027,427</u>	<u>147,472,495</u>	<u>64,610,000</u>	<u>1,235,000</u>	<u>422,209,922</u>

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

The following table discloses the bond debt service requirements as of June 30, 2008, segregating principal and interest, for the next five years and in five-year increments thereafter.

Fiscal year	Principal	Interest	Total
2009	\$ 24,871,423	16,069,592	40,941,015
2010	24,463,105	16,856,942	41,320,047
2011	25,062,535	15,248,404	40,310,939
2012	22,655,310	14,246,410	36,901,720
2013	22,773,158	13,308,918	36,082,076
2014-2018	113,784,002	52,478,580	166,262,582
2019-2023	109,413,054	28,412,436	137,825,490
2024-2028	<u>79,187,335</u>	<u>6,821,376</u>	<u>86,008,711</u>
Totals	<u>\$ 422,209,922</u>	<u>163,442,658</u>	<u>585,652,580</u>

The City had no outstanding variable rate bonds at June 30, 2008. The City had \$6,036,400 in variable rate outstanding contracts payable at June 30, 2008. 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, 2008.

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

**15. ADVANCE REFUNDINGS**

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

Prior Years Refundings (amounts not yet callable)

2000	Water/Sewer Revenue Bonds (partially defeased)	\$ 5,475,000
2007	General Obligation Bonds (partially defeased)	<u>11,385,000</u>
		<u>\$ 16,860,000</u>

**16. PLEDGED REVENUES**

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

The City has pledged future water utility and wastewater utility revenues, net of specific operating expenses, to repay \$2,759,859 in Municipal Development Refunding Bonds issued in 2003, as well as

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\$33,320,000 in Revenue Bonds issued in 1998 and 2000 and \$148,474,753 in Water Infrastructure Financing Authority Bonds issued in 1995-2008. 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, 2008, \$149,051,842 in bonds remain outstanding to be repaid by future water and wastewater revenues. For the fiscal year ended June 30, 2008, the net revenues available for service of this debt were \$15,516,366. The debt principal and interest paid on this debt in fiscal year 2008 was \$7,924,103 (51.1% of available net pledged revenues). For further information on long-term debt, refer to Note 14. For additional information on pledged revenues for revenue bonds, refer to Table XXV (page 177).

The City has pledged certain revenues for the repayment of \$28,930,141 in Municipal Development Authority (MDA) Bonds issued in 2003 and 2006. Pledged revenues for these bonds include excise taxes and state shared revenues not specifically reserved by law or other regulation to be expended for other purposes. At June 30, 2008, \$18,795,653 in bonds remain outstanding to be repaid by these future revenues. The bonds were issued to construct various City operational facilities. For the fiscal year ended June 30, 2008, the net revenues available to service this debt were \$122,039,417. The debt principal and interest paid on this debt in fiscal year 2008 was \$3,803,053 (3.2% of available pledged revenues). For further information on long-term debt, refer to Note 14. For additional information on pledged revenues for MDA bonds, refer to Table XXIV (page 176).

The City has pledged certain revenues for the repayment of \$47,000,000 in Municipal Development Authority Bonds issued in 2008. The bonds were issued to construct transportation infrastructure. The bonds have a senior lien on the .03% transportation sales tax and a secondary lien on the excise taxes and state shared revenues not specifically reserved by law or other regulation to be expended for other purposes (secondary after the MDA Bonds discussed above). At June 30, 2008, all of the bonds remain outstanding to be repaid by future revenues. For the fiscal year ended June 30, 2008, the net revenues available to service this debt were \$129,214,817. No debt principal or interest was paid on this debt in fiscal year 2008. For further information on long-term debt, refer to Note 14. For additional information on pledged revenues for revenue bonds, refer to Table XXIV (page 176).

## **17. RETIREMENT AND PENSION PLANS**

All full-time employees of the City are covered by one of three pension plans. Benefits are established by state statute and the plans generally provide retirement, long-term disability, and health insurance benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees average compensation. Long-term disability benefits vary by circumstances, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are generally paid as a flat dollar amount per month towards the retiree's health care insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

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

### **Arizona State Retirement System:**

#### **a. Plan Description**

All of the City's full-time employees, other than those covered by one of the other retirement plans, participate in the Arizona State Retirement System (System), a cost sharing multiple-employer defined benefit pension plan; health insurance premium plan; and long-term disability plan. The System was established by the State of Arizona to provide benefits for employees of the state and employees of participating political subdivisions and school districts. The System is administered in

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accordance with Title 38, Chapter 5, Article 2 of the Arizona Revised Statutes. The System provides for retirement, disability, and death and survivor benefits. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Arizona State Retirement System, 3300 N. Central Ave., Suite 1300, Phoenix, Arizona, 85012 or by calling 1-800-621-3778 or 602-240-2000.

**b. Funding Policy**

Covered employees were required by state statute to contribute 9.6 percent (9.1 percent for retirement and 0.5 percent for long-term disability) of their salaries to the System during fiscal year 2007-2008 and the City was required to match it (8.05 percent for retirement, 1.05 percent for health insurance premium, and 0.5 percent for long-term disability). The Arizona Revised Statutes (A.R.S.) provide statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. Although the statutes prescribe the basis of making the actuarial calculation, the Arizona legislature is able to impose a contribution rate other than the actuarially determined rate

The City's contributions for the current year and two preceding years, all of which were equal to the required contributions, were as follows:

<b>Fiscal Year Ended</b>	<b>Retirement Fund</b>	<b>Health Benefit Supplement Fund</b>	<b>Long-Term Disability Fund</b>
2006	\$ 2,476,441	\$ 484,998	\$ 214,708
2007	3,384,935	470,799	223,976
2008	4,153,934	541,968	258,104

**Elected Officials Retirement Plan:**

**a. Plan Description**

The City's Mayor and Council members participate in the Elected Officials Retirement System (EORP), a cost sharing multiple-employer defined benefit pension plan and insurance premium plan. The Fund Manager of the Public Safety Personnel Retirement System (PSPRS) is the administrator for the EORP which was established by Title 38, Chapter 5, Article 3 of the Arizona Revised Statutes to provide pension benefits for state and county elected officials, judges and certain elected city officials. EORP provides retirement benefits as well as death and disability benefits as well as insurance premium benefits. Because the health insurance premium plan benefit of the EORP is not established as a formal trust, it is reported in accordance with GASB Statement 45 as an agent multiple-employer plan. Accordingly, the disclosures that follow reflect the EORP as if it were an agent multiple-employer plan. EORP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Elected Officials Retirement Plan, 3010 E. Camelback Rd., Ste 200, Phoenix, Arizona, 85016, by calling 602-255-5575, or on the internet at [www.psprs.com](http://www.psprs.com).

**b. Funding Policy**

The EORP's funding policy (required by State Statutes) provides for periodic employer contributions at actuarially determined rates and employee contributions of 7.0 percent of their annual covered salary. The employer rate for fiscal year 2007-2008 was 20.21 percent. The health insurance premium portion of the contribution rate was actuarially set at 1.05 percent of covered payroll. The City's employees contributed \$10,093, \$9,479, and \$9,864 for the fiscal years ended June 30, 2008, 2007, and 2006 respectively.

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**Public Safety Personnel Retirement System:**

**a. Plan Description**

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

**b. Funding Policy**

PSPRS fire personnel are required to contribute 7.65 percent of their annual covered salary and police personnel are required to contribute 7.65 percent while the City is required to contribute an actuarially determined rate. Police personnel contributed \$931,355 and fire personnel \$723,725 during fiscal year 2007-2008. The City rate for fiscal year 2008 was 10.37 percent for fire personnel and 11.12 percent for police members. The health insurance premium portion of the contribution rate was actuarially set at 0.41 percent of covered payroll for both police and fire for fiscal year 2008. Benefit and contribution provisions are established by state law and may be amended only by the State of Arizona Legislature (A.R.S. Section 38-843).

**Actuarial Methods and Assumptions:**

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.50 percent investment rate of return, (b) projected salary increases of 5.5 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases ranging from 1 percent to 3.5 percent per year, depending on age, attributable to seniority/merit.

The actuarial value of PSPRS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. PSPRS's assets in excess of actuarial accrued liabilities are amortized as level percents of payroll over an open period of 20 years, while unfunded actuarial liabilities are amortized as level percents of payroll over a closed period of 30 years from July 1, 2007 (29 years from June 30, 2007).

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

The City's pension/OPEB costs for the agent plans for the year ended June 30, 2008 follows:

	PSPRS - Police		PSPRS - Fire		EORP	
	Pension	Health Insurance	Pension	Health Insurance	Pension	Health Insurance
Annual pension/OPEB cost	\$1,348,263	\$51,657	\$931,874	\$38,323	\$27,537	\$1,510
Contributions made	1,348,263	51,657	931,874	38,323	27,537	1,510

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

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

**PSPRP - Police - Pension**

<u>Fiscal Year Ended</u>	<u>Annual Pension/OPEB Cost</u>	<u>Percentage of Annual Costs Contributed</u>	<u>Net Pension/OPEB Obligation</u>
2006	\$1,302,044	100%	\$ 0
2007	1,358,007	100	0
2008	1,348,263	100	0

**PSPRP - Police – Health Insurance**

2008	\$ 51,657	100%	\$ 0
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**PSPRP - Fire - Pension**

2006	\$ 212,819	100%	\$ 0
2007	645,244	100	0
2008	931,874	100	0

**PSPRP - Fire – Health Insurance**

2008	\$ 38,323	100%	\$ 0
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**EORP – Pension**

2006	\$ 28,944	100%	\$ 0
2007	25,118	100	0
2008	27,537	100	0

**EORP – Health Insurance**

2008	\$ 1,510	100%	\$ 0
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**Required Supplementary Information (unaudited):**

The funded status of the plans as of the most recent valuation date, June 30, 2007 follow. For this valuation, which was prior to the implementation of GASB Statement Nos. 43 and 45, the pension and health insurance benefit amounts were aggregated. In future years when GASB statements Nos. 43 and 45 measurements are made and reported, these benefits will be disaggregated and reported separately. The EORP, by statute, is a cost-sharing plan. However, because of its statutory construction, in accordance with GASB Statement No. 43, paragraphs 5 and 41, the EORP is reported for such purposes as an agent multiple-employer plan. The Fund Manager obtains an actuarial valuation for the EORP on its statutory basis as a cost-sharing plan and therefore, actuarial information for the City, as a participating government, is not available.

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

**Police**

<u>Valuation Date</u> <u>June 30,</u>	<u>Actuarial Value of Plan Assets</u>	<u>Entry Age 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>
2005	\$23,820,328	\$29,123,964	81.8%	\$5,303,636	\$9,134,408	58.1%
2006	26,520,019	32,127,887	82.5	5,607,868	10,276,601	54.6
2007	28,125,150	41,246,496	68.2	13,121,346	11,417,698	114.9

**Fire**

<u>Valuation Date</u> <u>June 30,</u>	<u>Actuarial Value of Plan Assets</u>	<u>Entry Age Actuarial Liability (AAL)</u>	<u>Percent Funded</u>	<u>Unfunded AAL or (Funded Excess)</u>	<u>Annual Covered Payroll</u>	<u>Unfunded AAL as a % of Covered Payroll</u>
2005	\$20,431,901	\$21,134,923	96.7%	\$703,022	\$6,847,788	10.3%
2006	21,755,244	22,910,255	95.0	1,155,011	7,134,565	16.2
2007	22,779,501	29,484,683	77.3	6,705,182	8,627,756	77.7

**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 six individuals receiving monthly benefits of \$400 each. There are no potential additional demands upon the fund since the volunteer program has been discontinued. An actuarial valuation of this pension plan has not been performed. The City believes the unfunded liability, if any, is not material.

**18. OPERATING LEASES**

The City leases copiers, books, vehicles and land under certain non-cancelable operating leases. Operating leases do not give rise to property rights or lease obligations (long-term debt), and therefore the results of the lease agreements are not reflected in the City's Statement of Net Assets. Lease costs for the fiscal year ended June 30, 2008 were \$67,522.

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

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2009	\$ 100,602
2010	91,417
2011	70,506
2012	58,438
2013	24,900
Total	\$ 345,863

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 2008 were \$277,084.

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

Year Ending June 30,	Amount
2009	\$ 216,442
2010	273,688
2011	288,160
2012	300,862
2013	325,835

**19. DEFERRED COMPENSATION PLAN**

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

**20. COMMITMENTS AND CONTINGENCIES**

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

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

The following table presents the City's commitments as of June 30, 2008:

<u>Fund/Description</u>	<u>Remaining Construction Commitment</u>
General Fund:	
Municipal facilities construction/remodeling	\$ 1,412,414
Parks and recreation facilities	<u>677,638</u>
	2,090,052
Half-Cent Sales Tax Fund:	
Municipal facilities construction/remodeling	386,423
Public safety facilities/systems	<u>10,632</u>
	397,055
Highway User Revenue Fund:	
Streets/Traffic infrastructure	121,093
Development Fee Fund:	
Parks and recreation facilities	747,158
Branch library	5,326,997
Public safety facilities/systems	324,468
Streets/Traffic infrastructure	<u>1,615,098</u>
	8,013,721

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Transportation Sales Tax Fund:	
Streets/Traffic infrastructure	435,234
GO Bond Capital Projects Fund:	
Parks and recreation facilities	162,371
Branch library	280,904
Drainage infrastructure	1,289,987
Streets/Traffic infrastructure	12,394,456
Municipal facilities construction/remodeling	<u>1,070,222</u>
	15,197,940
Non-Major Governmental Funds:	
Other Grants - Streets/Traffic infrastructure	11,673
MDA Bonds Capital Projects - Streets/Traffic infrastructure	17,266,183
Improvement District Bonds - Streets/Traffic infrastructure	20,643
Non-Bond Capital Projects – Drainage infrastructure	413,419
Non-Bond Capital Projects – Streets/Traffic infrastructure	1,854,069
Non-Bond Capital Projects – water infrastructure	<u>17,233</u>
	19,583,220
Water Utility Fund:	
Water facilities	217,684
Water lines	859,355
Wells and reservoirs	<u>95,483</u>
	1,172,522
Wastewater Utility Fund:	
Wastewater facilities and infrastructure	<u>413,748</u>
Total construction commitments	<u>\$ 47,424,585</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 Parke 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.

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

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

The City approved a development agreement with Shea Sunbelt Pleasant Point LLC on October 22, 2001, for development of a master-planned community north of Happy Valley Road and west of the Agua Fria River. Included in the agreement are certain infrastructure improvements, right-of-way and land dedications, water rights acquisition, fire station building and equipment, and park and trail development. In return the City agreed to certain impact fee reimbursements. Individual liabilities will not be recorded until the developer has met City requirements associated with each agreed-upon item. As of June 30,

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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2008, there are currently estimated potential impact fee reimbursements of the following that are not yet recorded as liabilities: One neighborhood park site currently estimated at \$750,000; one community park site currently estimated at \$2,450,000; one library site currently estimated at \$750,000; and street and intersection improvements and associated ROW land dedications currently estimated at \$45,773,692.

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, 2008, no building activities have commenced and the credits could not be reliably estimated. The agreement is in force for 25 years from the signing of the agreement.

The City approved a development agreement with TDR LLC on February 11, 2005, for a residential and commercial development between Happy Valley Road and 107th Avenue east of the Agua Fria River. Included in the agreement are certain infrastructure improvements, right-of-way and land dedications. Individual liabilities will not be recorded until the developer has met City requirements associated with each agreed-upon item. As of June 30, 2008, there are currently estimated impact fee credits of the following: Wastewater improvement credits currently estimated at \$2,992,188, but could potentially increase up to \$4,792,065; and credits for future street infrastructure improvements and right-of-way land dedications estimated at \$2,415,415.

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, 2008, those potential credits could not be reliably estimated.

The City approved a development agreement with WalMart Stores, Inc. on October 12, 2006, for a commercial development located on Peoria east of 83<sup>rd</sup> Avenue. Included in the agreement are certain infrastructure improvements, right-of-way and land dedications. As of June 30, 2008, the total reimbursement is capped at \$7,270,000. Of that \$228,934 is related to future infrastructure dedications. A repayment of \$3,000,000 will occur upon the completion of Phase II infrastructure (Cotton Crossing), followed by quarterly installments on the remaining balance based on fifty percent of one percent of sales tax revenues from the project.

The City approved a development agreement with Peoria place 100, LLC on December 12, 2006, for a mixed-use development located at the Southeast corner of 83<sup>rd</sup> Avenue and Monroe Street. The developer is required to construct and dedicate Cotton Crossing from Mountain View to Grand Avenue. Developer is required to dedicate all ROW and begin construction by July 1, 2008. The City agreed to reimburse the developer up to \$6,443,000 on August 1, 2011, through a combination of cash reimbursement for ROW and Impact Fee Credits.

In addition to formal development agreements there are certain other development-related land and/or infrastructure dedications that may result in impact fee offsets and/or reimbursements. As of June 30, 2008, the estimated value of the currently anticipated offsets and or/reimbursements is \$1,262,345 for streets and right-of-way infrastructure and trail improvements.

## **22. SUBSEQUENT EVENT**

On July 14, 2008, the City received the final \$8,575,253 in Water Infrastructure Finance Authority (WIFA) funding for the Butler Water Reclamation Facility.



# 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).

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# **MAJOR FUNDS OTHER THAN GENERAL FUND & SPECIAL REVENUE FUNDS**

## **Budgetary Schedules**

### **Debt Service Funds**

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

#### **General Obligation Bonds Debt Service Fund**

This fund accounts for the principal and interest requirements of the City's general obligation bonds. Provisions are made in the City's general property tax levy for funds sufficient to meet the general obligation debt service.

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

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

### **Capital Projects Funds**

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

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

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

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (budgetary basis)</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary fund balance, July 1, 2007	\$ 31,190,552	\$ 31,190,552	\$ 31,190,552	\$ -
<b>RESOURCES (INFLOWS):</b>				
Property taxes	20,607,343	20,607,343	20,259,031	(348,312)
Charges for Service	-	-	1,675,245	1,675,245
Investment earnings	1,000,000	1,000,000	1,118,524	118,524
Total inflows	<u>21,607,343</u>	<u>21,607,343</u>	<u>23,052,800</u>	<u>1,445,457</u>
Amounts available for appropriation	<u>52,797,895</u>	<u>52,797,895</u>	<u>54,243,352</u>	<u>1,445,457</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contingencies	200,000	200,000	-	(200,000)
Debt service:				
Principal payments	19,168,219	19,168,219	16,640,000	(2,528,219)
Interest and other charges	7,781,132	7,781,132	4,808,047	(2,973,085)
Total charges to appropriations	<u>27,149,351</u>	<u>27,149,351</u>	<u>21,448,047</u>	<u>(5,701,304)</u>
Budgetary fund balance, June 30, 2008	<u>\$ 25,648,544</u>	<u>\$ 25,648,544</u>	<u>\$ 32,795,305</u>	<u>\$ 7,146,761</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	\$ 54,243,352
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	(31,190,552)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	134,635
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 23,187,435</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 21,448,047
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	2,039
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 21,450,086</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL ASSESSMENT DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2007	\$ 1,193,953	\$ 1,193,953	\$ 1,193,953	\$ -
<b>RESOURCES (INFLOWS):</b>				
Special assessments	1,811,124	1,811,124	1,804,485	(6,639)
Investment earnings	<u>36,750</u>	<u>36,750</u>	<u>56,397</u>	<u>19,647</u>
Total inflows	<u>1,847,874</u>	<u>1,847,874</u>	<u>1,860,882</u>	<u>13,008</u>
Amounts available for appropriation	<u>3,041,827</u>	<u>3,041,827</u>	<u>3,054,835</u>	<u>13,008</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services	500	500	22	(478)
Debt service:				
Principal payments	1,264,637	1,264,637	1,264,637	-
Interest and other charges	549,537	708,319	711,692	3,373
Contingencies	<u>675,000</u>	<u>516,218</u>	<u>-</u>	<u>(516,218)</u>
Total charges to appropriations	<u>2,489,674</u>	<u>2,489,674</u>	<u>1,976,351</u>	<u>(513,323)</u>
Budgetary fund balance, June 30, 2008	<u>\$ 552,153</u>	<u>\$ 552,153</u>	<u>\$ 1,078,484</u>	<u>\$ 526,331</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 3,054,835
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	(1,193,953)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(3,238)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,857,644</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,976,351
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(9,657)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,966,694</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION (GO) BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2007	\$ 31,878,570	\$ 31,878,570	\$ 31,878,570	\$ -
<b>RESOURCES (INFLOWS):</b>				
Capital-related debt issued	68,326,690	68,326,690	-	(68,326,690)
Investment earnings	1,060,000	1,060,000	719,909	(340,091)
Total inflows	<u>69,386,690</u>	<u>69,386,690</u>	<u>719,909</u>	<u>(68,666,781)</u>
Amounts available for appropriation	<u>101,265,260</u>	<u>101,265,260</u>	<u>32,598,479</u>	<u>(68,666,781)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Highways and streets	1,429,304	1,496,399	617,864	(878,535)
Interest and fiscal charges	-	-	52,000	52,000
Capital outlay	99,106,305	97,429,481	26,853,875	(70,575,606)
Total charges to appropriations	<u>100,535,609</u>	<u>98,925,880</u>	<u>27,523,739</u>	<u>(71,402,141)</u>
Budgetary fund balance, June 30, 2008	<u>\$ 729,651</u>	<u>\$ 2,339,380</u>	<u>\$ 5,074,740</u>	<u>\$ 2,735,360</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	\$ 32,598,479
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	(31,878,570)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	19,176
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 739,085</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 27,523,739
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	9,116,651
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(7,387,546)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 29,252,844</u>

# **NON-MAJOR GOVERNMENTAL FUNDS**

## **OTHER GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

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

#### **Public Transit Fund**

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

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

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

#### **Other Grants Fund**

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

#### **Storm Drainage Fund**

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

### **Debt Service Funds**

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

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

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

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

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

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

### **Capital Projects Funds**

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

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

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

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

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

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

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

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

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



**CITY OF PEORIA**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2008**

	<b>Special Revenue Funds</b>			
	<b>Public Transit Fund</b>	<b>Section 8 Housing Fund</b>	<b>Other Grants Fund</b>	<b>Storm Drainage Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 236,098	\$ 319,697	\$ 899,894	\$ 11,076
Cash with fiscal agents	-	-	-	-
Investments	335,496	-	1,278,752	15,739
Accounts receivable, net	3,755	-	-	116,521
Interest receivable	4,322	-	14,571	-
Due from other governments	38,188	93,306	1,063,642	-
Restricted cash and cash equivalents	-	-	-	-
Restricted investments	-	-	-	-
Total assets	<u>\$ 617,859</u>	<u>\$ 413,003</u>	<u>\$ 3,256,859</u>	<u>\$ 143,336</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,777	\$ 75,881	\$ 92,264	\$ 12,286
Accrued payroll	19,916	-	16,686	5,639
Due to other governments	-	31	4,589	-
Deferred revenue	-	17,358	74,668	-
Other liabilities	500	-	-	-
Total liabilities	<u>\$ 23,193</u>	<u>\$ 93,270</u>	<u>\$ 188,207</u>	<u>\$ 17,925</u>
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-
Grant Purposes	594,666	319,733	726,059	-
Unreserved, designated (note 11)				
Capital projects funds	-	-	-	-
Special revenue funds	-	-	2,254,752	-
Unreserved, undesignated, reported in:				
Capital projects funds	-	-	-	-
Special revenue funds	-	-	87,841	125,411
Total fund balance	<u>594,666</u>	<u>319,733</u>	<u>3,068,652</u>	<u>125,411</u>
Total liabilities and fund balance	<u>\$ 617,859</u>	<u>\$ 413,003</u>	<u>\$ 3,256,859</u>	<u>\$ 143,336</u>

The accompanying notes are an integral part of the financial statements

Debt Service Funds		Capital Projects Funds				Total
Municipal Development Authority Bonds	CFD Bonds	CFD Bonds	MDA Bonds	Improvement District Bonds	Non-Bond	Non-Major Governmental Funds
\$ -	\$ 5,021	\$ -	\$ 20,345	\$ 1,200	\$ 7,850,121	\$ 9,343,452
3,487,675	-	-	-	-	-	3,487,675
-	7,136	-	28,910	1,705	11,155,052	12,822,790
-	59,331	-	-	-	1,615,401	1,795,008
-	9,978	28,254	305,549	-	118,814	481,488
-	40,632	-	-	-	-	1,235,768
-	7,708,379	19,329,013	3,323,627	-	-	30,361,019
-	-	-	36,454,324	-	-	36,454,324
<u>\$ 3,487,675</u>	<u>\$ 7,830,477</u>	<u>\$ 19,357,267</u>	<u>\$ 40,132,755</u>	<u>\$ 2,905</u>	<u>\$ 20,739,388</u>	<u>\$ 95,981,524</u>
\$ -	\$ -	\$ 936	\$ 1,203,867	\$ 76,168	\$ 1,385,040	\$ 2,849,219
-	-	-	-	-	-	42,241
-	-	-	-	-	-	4,620
-	64,814	-	-	-	4,669,246	4,826,086
-	-	416,678	52,426	-	525,083	994,687
<u>\$ -</u>	<u>\$ 64,814</u>	<u>\$ 417,614</u>	<u>\$ 1,256,293</u>	<u>\$ 76,168</u>	<u>\$ 6,579,369</u>	<u>\$ 8,716,853</u>
\$ 3,487,675	\$ 7,765,663	\$ -	\$ -	\$ -	\$ -	\$ 11,253,338
-	-	18,939,653	21,526,092	-	11,734,529	52,200,274
-	-	-	-	-	-	1,640,458
-	-	-	17,350,370	-	2,425,490	19,775,860
-	-	-	-	-	-	2,254,752
-	-	-	-	(73,263)	-	(73,263)
-	-	-	-	-	-	213,252
<u>3,487,675</u>	<u>7,765,663</u>	<u>18,939,653</u>	<u>38,876,462</u>	<u>(73,263)</u>	<u>14,160,019</u>	<u>87,264,671</u>
<u>\$ 3,487,675</u>	<u>\$ 7,830,477</u>	<u>\$ 19,357,267</u>	<u>\$ 40,132,755</u>	<u>\$ 2,905</u>	<u>\$ 20,739,388</u>	<u>\$ 95,981,524</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, 2008**

	Special Revenue Funds			
	Public Transit Fund	Section 8 Housing Fund	Other Grants Fund	Storm Drainage Fund
<b>REVENUES:</b>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Local transportation aid	666,237	-	-	-
From federal government	41,496	1,373,693	1,484,599	-
Other	640,307	74,952	728,254	-
Charges for service	55,592	-	1,022,525	657,320
Fines and forfeitures	-	-	262,272	-
Investment earnings	32,985	8,218	111,715	53
Miscellaneous	789	-	52,257	-
Total revenues	<u>1,437,406</u>	<u>1,456,863</u>	<u>3,661,622</u>	<u>657,373</u>
<b>EXPENDITURES:</b>				
Current operating:				
General government	-	-	135,791	-
Culture and recreation	-	-	399,857	-
Police	-	-	275,885	-
Fire	-	-	3,141	-
Development services	-	-	591,804	-
Highways and streets	-	-	-	-
Public works	-	-	321,728	465,851
Human services	1,369,071	1,448,645	-	-
Debt service:				
Principal payments	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	98,925	6,173
Total expenditures	<u>1,369,071</u>	<u>1,448,645</u>	<u>1,827,131</u>	<u>472,024</u>
Excess (deficiency) of revenues over expenditures	<u>68,335</u>	<u>8,218</u>	<u>1,834,491</u>	<u>185,349</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Capital-related debt issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers in	182,541	-	10,000	4,417
Transfers out	(23,012)	-	(1,209,637)	(431,879)
Total other financing sources and uses	<u>159,529</u>	<u>-</u>	<u>(1,199,637)</u>	<u>(427,462)</u>
Net change in fund balances	<u>227,864</u>	<u>8,218</u>	<u>634,854</u>	<u>(242,113)</u>
Fund balances - beginning	366,802	311,515	2,433,798	367,524
Fund balances - ending	<u>\$ 594,666</u>	<u>\$ 319,733</u>	<u>\$ 3,068,652</u>	<u>\$ 125,411</u>

The accompanying notes are an integral part of the financial statements

Debt Service Funds		Capital Projects Funds				Total
Municipal Development Authority Bonds	CFD Bonds	CFD Bonds	MDA Bonds	Improvement District Bonds	Non-Bond	Non-Major Governmental Funds
\$ -	\$ 1,773,469	\$ -	\$ -	\$ -	\$ -	\$ 1,773,469
-	-	-	-	-	-	666,237
-	-	-	-	-	-	2,899,788
-	-	-	-	-	-	1,443,513
-	-	-	-	-	-	1,735,437
-	-	-	-	-	-	262,272
8,715	534,027	637,317	314,123	69,830	893,838	2,610,821
-	2,413,644	-	-	-	4,262,327	6,729,017
<u>8,715</u>	<u>4,721,140</u>	<u>637,317</u>	<u>314,123</u>	<u>69,830</u>	<u>5,156,165</u>	<u>18,120,554</u>
844	-	-	702	-	-	137,337
-	-	-	-	-	-	399,857
-	-	-	-	-	-	275,885
-	-	-	-	-	-	3,141
-	-	-	-	-	-	591,804
-	-	-	194,827	1,799	52,323	248,949
-	-	-	-	-	-	787,579
-	-	-	-	-	-	2,817,716
2,857,877	1,475,000	-	-	-	-	4,332,877
949,218	3,532,249	-	135,516	-	-	4,616,983
-	-	1,853,271	8,371,981	2,518,430	6,932,858	19,781,638
<u>3,807,939</u>	<u>5,007,249</u>	<u>1,853,271</u>	<u>8,703,026</u>	<u>2,520,229</u>	<u>6,985,181</u>	<u>33,993,766</u>
<u>(3,799,224)</u>	<u>(286,109)</u>	<u>(1,215,954)</u>	<u>(8,388,903)</u>	<u>(2,450,399)</u>	<u>(1,829,016)</u>	<u>(15,873,212)</u>
-	-	-	47,000,000	-	-	47,000,000
-	-	-	273,310	-	-	273,310
4,280,743	192,955	-	5,180	-	-	4,675,836
(5,180)	-	(7,452,116)	(221,092)	(217,574)	-	(9,560,490)
<u>4,275,563</u>	<u>192,955</u>	<u>(7,452,116)</u>	<u>47,057,398</u>	<u>(217,574)</u>	<u>-</u>	<u>42,388,656</u>
<u>476,339</u>	<u>(93,154)</u>	<u>(8,668,070)</u>	<u>38,668,495</u>	<u>(2,667,973)</u>	<u>(1,829,016)</u>	<u>26,515,444</u>
3,011,336	7,858,817	27,607,723	207,967	2,594,710	15,989,035	60,749,227
<u>\$ 3,487,675</u>	<u>\$ 7,765,663</u>	<u>\$ 18,939,653</u>	<u>\$ 38,876,462</u>	<u>\$ (73,263)</u>	<u>\$ 14,160,019</u>	<u>\$ 87,264,671</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
PUBLIC TRANSIT FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (budgetary basis)</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary fund balance, July 1, 2007	\$ 707,487	\$ 707,487	\$ 707,487	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
Local transportation aid	699,836	699,836	666,237	(33,599)
From federal government	-	-	229,898	229,898
Other	407,822	407,822	232,485	(175,337)
Charges for services	42,640	42,640	57,129	14,489
Investment earnings	15,000	15,000	34,763	19,763
Miscellaneous	-	-	789	789
Transfers from other funds	226,150	226,150	182,541	(43,609)
Total inflows	<u>1,391,448</u>	<u>1,391,448</u>	<u>1,403,842</u>	<u>12,394</u>
Amounts available for appropriation	<u>2,098,935</u>	<u>2,098,935</u>	<u>2,111,329</u>	<u>12,394</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Human services	1,503,819	2,085,594	1,390,806	(694,788)
Contingencies	50,000	50,000	-	(50,000)
Transfers out	90,621	90,621	23,012	(67,609)
Total charges to appropriations	<u>1,644,440</u>	<u>2,226,215</u>	<u>1,413,818</u>	<u>(812,397)</u>
Budgetary fund balance, June 30, 2008	<u>\$ 454,495</u>	<u>\$ (127,280)</u>	<u>\$ 697,511</u>	<u>\$ 824,791</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	\$ 2,111,329
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	(707,487)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	216,105
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(182,541)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,437,406</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,413,818
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	3,451
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(25,186)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(23,012)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,369,071</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
SECTION 8 HOUSING FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (budgetary basis)</b>	<b>Variance with Final Budget Over (Under)</b>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2007	\$ 622,918	\$ 622,918	\$ 622,918	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
From federal government	1,643,099	1,643,099	1,287,486	(355,613)
Other	-	-	98,640	98,640
Investment earnings	<u>11,000</u>	<u>11,000</u>	<u>8,218</u>	<u>(2,782)</u>
Total inflows	<u>1,654,099</u>	<u>1,654,099</u>	<u>1,394,344</u>	<u>(259,755)</u>
Amounts available for appropriation	<u>2,277,017</u>	<u>2,277,017</u>	<u>2,017,262</u>	<u>(259,755)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Human services	<u>1,956,227</u>	<u>2,026,555</u>	<u>1,544,976</u>	<u>(481,579)</u>
Total charges to appropriations	<u>1,956,227</u>	<u>2,026,555</u>	<u>1,544,976</u>	<u>(481,579)</u>
Budgetary fund balance, June 30, 2008	<u>\$ 320,790</u>	<u>\$ 250,462</u>	<u>\$ 472,286</u>	<u>\$ 221,824</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	\$ 2,017,262
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	(622,918)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	62,519
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,456,863</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,544,976
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(96,331)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,448,645</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
OTHER GRANTS FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Over</b>
	<b>Original</b>	<b>Final</b>	<b>(budgetary basis)</b>	<b>(Under)</b>
Budgetary fund balance, July 1, 2007	\$ 1,858,709	\$ 1,858,709	\$ 1,858,709	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
From federal government	1,435,689	1,435,689	1,201,722	(233,967)
Other	5,056,983	5,056,983	845,620	(4,211,363)
Charges for services	3,049,838	3,049,838	1,022,525	(2,027,313)
Fines and forfeitures	110,000	110,000	262,272	152,272
Investment earnings	75,000	75,000	107,881	32,881
Miscellaneous	40,476	40,476	52,257	11,781
Transfers from other funds	10,000	10,000	10,000	-
Total inflows	<u>9,777,986</u>	<u>9,777,986</u>	<u>3,502,277</u>	<u>(6,275,709)</u>
Amounts available for appropriation	<u>11,636,695</u>	<u>11,636,695</u>	<u>5,360,986</u>	<u>(6,275,709)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
General government:				
Mayor and council	1,500	1,500	800	(700)
Attorney	35,225	103,510	93,567	(9,943)
City Manager	-	62,565	62,565	-
Court	-	20,850	(283)	(21,133)
Non-departmental	19,000	19,000	12,961	(6,039)
Culture and recreation	518,688	521,743	388,031	(133,712)
Police	232,147	799,670	405,376	(394,294)
Fire	7,500	24,500	2,154	(22,346)
Development services	1,211,232	1,226,232	588,541	(637,691)
Public works	-	321,728	321,728	-
Capital outlay	2,993,420	678,953	489,395	(189,558)
Contingencies	1,550,000	296,620	-	(296,620)
Transfers out	25,000	25,000	-	(25,000)
Total charges to appropriations	<u>6,593,712</u>	<u>4,101,871</u>	<u>2,364,835</u>	<u>(1,737,036)</u>
Budgetary fund balance, June 30, 2008	<u>\$ 5,042,983</u>	<u>\$ 7,534,824</u>	<u>\$ 2,996,151</u>	<u>\$ (4,538,673)</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	\$ 5,360,986
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	(1,858,709)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	169,345
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>\$ 3,661,622</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,364,835
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	1,901
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	(157,350)
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(382,255)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,827,131</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
STORM DRAINAGE FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (budgetary basis)</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary fund balance, July 1, 2007	\$ -	\$ -	\$ -	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental:				
Charges for services	600,410	600,410	626,347	25,937
Investment earnings	2,000	2,000	1,269	(731)
Transfers from other funds	4,417	4,417	4,417	-
Total inflows	<u>606,827</u>	<u>606,827</u>	<u>632,033</u>	<u>25,206</u>
Amounts available for appropriation	<u>606,827</u>	<u>606,827</u>	<u>632,033</u>	<u>25,206</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Public works	511,819	511,819	464,034	(47,785)
Capital outlay	-	-	6,173	6,173
Transfers out	431,879	431,879	431,879	-
Total charges to appropriations	<u>943,698</u>	<u>943,698</u>	<u>902,086</u>	<u>(41,612)</u>
Budgetary fund balance, June 30, 2008	<u>\$ (336,871)</u>	<u>\$ (336,871)</u>	<u>\$ (270,053)</u>	<u>\$ 66,818</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	\$ 632,033
Differences - budget to GAAP:	
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	29,757
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(4,417)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 657,373</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 902,086
Differences - budget to GAAP:	
The City budgets for claims and compensated absences on the cash basis, rather than on the modified accrual basis	(125)
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	1,942
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(431,879)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 472,024</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (budgetary basis)</b>	<b>Variance with Final Budget Over (Under)</b>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2007	\$ 2,899,098	\$ 2,899,098	\$ 2,899,098	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	-	-	8,715	8,715
Transfers from other funds	<u>3,923,936</u>	<u>3,923,936</u>	<u>4,280,157</u>	<u>356,221</u>
Total inflows	<u>3,923,936</u>	<u>3,923,936</u>	<u>4,288,872</u>	<u>364,936</u>
Amounts available for appropriation	<u>6,823,034</u>	<u>6,823,034</u>	<u>7,187,970</u>	<u>364,936</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services	-	-	844	844
Contingencies	200,000	200,000	-	(200,000)
Debt service:				
Principal payments	2,857,877	2,857,877	2,857,877	-
Interest and other charges	<u>1,741,178</u>	<u>1,741,178</u>	<u>949,218</u>	<u>(791,960)</u>
Total charges to appropriations	<u>4,799,055</u>	<u>4,799,055</u>	<u>3,807,939</u>	<u>(991,116)</u>
Budgetary fund balance, June 30, 2008	<u>\$ 2,023,979</u>	<u>\$ 2,023,979</u>	<u>\$ 3,380,031</u>	<u>\$ 1,356,052</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	\$ 7,187,970
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(2,899,098)
Transfers from other funds are a budgetary resource but are not revenues for financial reporting purposes	(4,280,157)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 8,715</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,807,939
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>\$ 3,807,939</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
Budgetary fund balance, July 1, 2007	\$ 7,827,930	\$ 7,827,930	\$ 7,827,930	\$ -
<b>RESOURCES (INFLOWS):</b>				
Property Taxes	1,905,580	1,905,580	1,759,501	(146,079)
Investment earnings	248,300	245,200	533,755	288,555
Miscellaneous	2,853,371	2,853,371	2,413,644	(439,727)
Total inflows	<u>5,007,251</u>	<u>5,004,151</u>	<u>4,706,900</u>	<u>(297,251)</u>
Amounts available for appropriation	<u>12,835,181</u>	<u>12,832,081</u>	<u>12,534,830</u>	<u>(297,251)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Debt service:				
Principal payments	1,475,000	1,475,000	1,475,000	-
Interest and other charges	3,532,251	3,532,251	3,532,249	(2)
Total charges to appropriations	<u>5,007,251</u>	<u>5,007,251</u>	<u>5,007,249</u>	<u>(2)</u>
Budgetary fund balance, June 30, 2008	<u>\$ 7,827,930</u>	<u>\$ 7,824,830</u>	<u>\$ 7,527,581</u>	<u>\$ (297,249)</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	\$ 12,534,830
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(7,827,930)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	14,240
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 4,721,140</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,007,249
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>\$ 5,007,249</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2007	\$ 21,630,856	\$ 21,630,856	\$ 21,630,856	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	545,000	545,000	614,616	69,616
Total inflows	<u>545,000</u>	<u>545,000</u>	<u>614,616</u>	<u>69,616</u>
Amounts available for appropriation	<u>22,175,856</u>	<u>22,175,856</u>	<u>22,245,472</u>	<u>69,616</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Public works	-	-	(936)	(936)
Capital outlay	<u>27,821,686</u>	<u>27,821,686</u>	<u>9,064,704</u>	<u>(18,756,982)</u>
Total charges to appropriations	<u>27,821,686</u>	<u>27,821,686</u>	<u>9,063,768</u>	<u>(18,757,918)</u>
Budgetary fund balance, June 30, 2008	<u>\$ (5,645,830)</u>	<u>\$ (5,645,830)</u>	<u>\$ 13,181,704</u>	<u>\$ 18,827,534</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	\$ 22,245,472
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(21,630,856)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	22,701
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 637,317</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 9,063,768
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	48,664
Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes	(7,259,161)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 1,853,271</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>(budgetary basis)</b>	
Budgetary fund balance, July 1, 2007	\$ -	\$ -	\$ -	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	-	-	35,635	35,635
Capital related debt issued	35,000,000	35,000,000	47,000,000	12,000,000
Premium on bonds issued	-	-	273,310	273,310
Total inflows	<u>35,000,000</u>	<u>35,000,000</u>	<u>47,308,945</u>	<u>12,308,945</u>
Amounts available for appropriation	<u>35,000,000</u>	<u>35,000,000</u>	<u>47,308,945</u>	<u>12,308,945</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Culture and recreation	-	-	702	702
Highways and Streets	382,348	382,348	194,827	(187,521)
Capital outlay	17,492,246	27,564,710	7,220,540	(20,344,170)
Interest and other charges	350,000	350,000	135,516	(214,484)
Total charges to appropriations	<u>18,224,594</u>	<u>28,297,058</u>	<u>7,551,585</u>	<u>(20,745,473)</u>
Budgetary fund balance, June 30, 2008	<u>\$ 16,775,406</u>	<u>\$ 6,702,942</u>	<u>\$ 39,757,360</u>	<u>\$ 33,054,418</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	\$ 47,308,945
Differences - budget to GAAP:	
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	278,488
Capital-related debt issued is a budgetary resource, but is not a revenue for financial reporting purposes	(47,000,000)
Premiums on bonds are a budgetary resource, but are not a revenue for financial reporting purposes	(273,310)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 314,123</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,551,585
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	1,151,441
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 8,703,026</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
IMPROVEMENT DISTRICT BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2007	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investment earnings	-	-	71,047	71,047
Special assessments	4,000,000	4,000,000	-	(4,000,000)
Total inflows	<u>4,000,000</u>	<u>4,000,000</u>	<u>71,047</u>	<u>(3,928,953)</u>
Amounts available for appropriation	<u>7,500,000</u>	<u>7,500,000</u>	<u>3,571,047</u>	<u>(3,928,953)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Highways and streets	-	-	1,799	1,799
Capital outlay	7,500,000	6,694,524	900,591	(5,793,933)
Total charges to appropriations	<u>7,500,000</u>	<u>6,694,524</u>	<u>902,390</u>	<u>(5,792,134)</u>
Budgetary fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ 805,476</u>	<u>\$ 2,668,657</u>	<u>\$ 1,863,181</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 3,571,047
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(3,500,000)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(1,217)
Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 69,830</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 902,390
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	1,617,839
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds	<u>\$ 2,520,229</u>

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
NON-BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2007	\$ 1,318,677	\$ 1,318,677	\$ 1,318,677	\$ -
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental revenue:				
Other governmental revenue	14,000,000	14,000,000	-	(14,000,000)
Investment earnings	25,000	25,000	852,821	827,821
Miscellaneous	12,307,730	12,307,730	5,838,578	(6,469,152)
Total inflows	<u>26,332,730</u>	<u>26,332,730</u>	<u>6,691,399</u>	<u>(19,641,331)</u>
Amounts available for appropriation	<u>27,651,407</u>	<u>27,651,407</u>	<u>8,010,076</u>	<u>(19,641,331)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contractual services:				
Highways and streets	13,860	29,922	52,323	22,401
Capital outlay	22,130,924	24,622,430	5,817,640	(18,804,790)
Contingencies	2,000,000	2,000,000	-	(2,000,000)
Total charges to appropriations	<u>24,144,784</u>	<u>26,652,352</u>	<u>5,869,963</u>	<u>(20,782,389)</u>
Budgetary fund balance, June 30, 2008	<u>\$ 3,506,623</u>	<u>\$ 999,055</u>	<u>\$ 2,140,113</u>	<u>\$ 1,141,058</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 8,010,076
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	(1,318,677)
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis	(1,535,234)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 5,156,165</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,869,963
Differences - budget to GAAP:	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis	1,115,218
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,985,181</u>



# ENTERPRISE FUNDS

## Budgetary Schedules

### Enterprise Funds

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

#### Water Utility Fund

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

#### Wastewater Utility Fund

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

#### Solid Waste Utility Fund

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

#### Stadium Fund

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

#### Public Housing Fund

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

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL**  
**WATER UTILITY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 33,420,863	\$ 33,420,863	\$ 34,034,363	\$ 613,500
Miscellaneous	363,000	363,000	364,576	1,576
Total operating revenues	<u>33,783,863</u>	<u>33,783,863</u>	<u>34,398,939</u>	<u>615,076</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	6,697,961	6,656,495	5,827,741	(828,754)
Contractual services, materials and supplies	16,926,202	17,513,998	18,409,439	895,441
Capital outlay	48,436,208	46,776,567	28,178,266	(18,598,301)
Contingencies	14,000,000	8,844,960	-	(8,844,960)
Total operating expenses	<u>86,060,371</u>	<u>79,792,020</u>	<u>52,415,446</u>	<u>(27,376,574)</u>
Operating income (loss)	<u>(52,276,508)</u>	<u>(46,008,157)</u>	<u>(18,016,507)</u>	<u>27,991,650</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	3,410,000	3,410,000	2,350,946	(1,059,054)
Proceeds from bonds or contracts payable	16,200,000	16,200,000	-	(16,200,000)
Interest expense	(2,713,919)	(2,713,919)	(2,131,100)	582,819
Debt principal payments	(3,379,615)	(3,379,615)	(3,132,340)	247,275
Total nonoperating revenues (expenses)	<u>13,516,466</u>	<u>13,516,466</u>	<u>(2,912,494)</u>	<u>(16,428,960)</u>
Income (loss) before contributions and transfers	<u>(38,760,042)</u>	<u>(32,491,691)</u>	<u>(20,929,001)</u>	<u>11,562,690</u>
Capital contributions	8,800,000	8,800,000	3,957,569	(4,842,431)
Transfers in	164,478	164,478	164,478	-
Transfers (out)	(665,496)	(665,496)	(414,998)	250,498
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (30,461,060)</u>	<u>\$ (24,192,709)</u>	<u>\$ (17,221,952)</u>	<u>\$ 6,970,757</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.	(836,480)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(1,878,023)
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.	1,878,023
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(70,186)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	1,499,408
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	27,719,857
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	8,543,781
Debt principal payments are an expense for budgetary purposes, but are a reduction of long-term obligations and therefore not an expense for GAAP purposes.	3,132,340
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(5,353,362)
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.	(7,470)
The gain on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	26,085
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(16,903,702)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 528,319</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 15,984,427	\$ 15,984,427	\$ 15,497,124	\$ (487,303)
Miscellaneous	-	-	101	101
Total operating revenues	<u>15,984,427</u>	<u>15,984,427</u>	<u>15,497,225</u>	<u>(487,202)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	1,929,134	1,915,134	1,724,053	(191,081)
Contractual services, materials and supplies	11,206,817	11,327,729	10,099,435	(1,228,294)
Capital outlay	77,198,866	72,520,821	61,622,405	(10,898,416)
Contingencies	4,075,000	15,596,842	-	(15,596,842)
Total operating expenses	<u>94,409,817</u>	<u>101,360,526</u>	<u>73,445,893</u>	<u>(27,914,633)</u>
Operating income (loss)	<u>(78,425,390)</u>	<u>(85,376,099)</u>	<u>(57,948,668)</u>	<u>27,427,431</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	1,342,000	1,342,000	528,177	(813,823)
Proceeds from bonds or contracts payable	40,247,728	40,247,728	42,741,541	2,493,813
Interest expense	(2,727,226)	(2,792,226)	(400,172)	2,392,054
Debt principal payments	(2,934,961)	(2,934,961)	(1,414,788)	1,520,173
Total nonoperating revenues (expenses)	<u>35,927,541</u>	<u>35,862,541</u>	<u>41,454,758</u>	<u>5,592,217</u>
Income (loss) before contributions and transfers	<u>(42,497,849)</u>	<u>(49,513,558)</u>	<u>(16,493,910)</u>	<u>33,019,648</u>
Capital contributions	4,500,000	4,500,000	1,864,274	(2,635,726)
Transfers in	90,074	90,074	90,074	-
Transfers out	(204,654)	(204,654)	(204,284)	370
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (38,112,429)</u>	<u>\$ (45,128,138)</u>	<u>\$ (14,743,846)</u>	<u>\$ 30,384,292</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.	(158,871)
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.	(42,741,541)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(89,427)
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.	89,427
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(66,240)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(1,706,692)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	61,583,388
Donations of capital assets are an other financing source for GAAP purposes, but are not a revenue for budget purposes.	7,496,785
Interest is capitalized on construction of capital assets for GAAP purposes, but is not a budgeted item.	530,200
Debt principal payments are an expense for budgetary purposes, but are a reduction of long-term obligations, and therefore not an expense, for GAAP purposes.	1,414,788
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(3,904,280)
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.	(37,089)
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	24,097,598
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 31,764,200</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 11,773,809	\$ 11,773,809	\$ 11,841,488	\$ 67,679
Total operating revenues	<u>11,773,809</u>	<u>11,773,809</u>	<u>11,841,488</u>	<u>67,679</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	3,296,185	3,296,185	3,190,184	(106,001)
Contractual services, materials and supplies	10,389,392	10,097,814	10,040,732	(57,082)
Capital outlay	6,579,379	3,391,996	668,590	(2,723,406)
Contingencies	1,500,000	-	-	-
Total operating expenses	<u>21,764,956</u>	<u>16,785,995</u>	<u>13,899,506</u>	<u>(2,886,489)</u>
Operating income (loss)	<u>(9,991,147)</u>	<u>(5,012,186)</u>	<u>(2,058,018)</u>	<u>2,954,168</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	382,000	382,000	731,531	349,531
Interest expense	-	(29,242)	(29,242)	-
Debt principal payments	(10,800)	(10,800)	-	10,800
Total nonoperating revenues (expenses)	<u>371,200</u>	<u>341,958</u>	<u>702,289</u>	<u>360,331</u>
Income (loss) before contributions and transfers	<u>(9,619,947)</u>	<u>(4,670,228)</u>	<u>(1,355,729)</u>	<u>3,314,499</u>
Capital contributions	-	-	458,804	458,804
Transfers in	2,049,538	2,049,538	64,794	(1,984,744)
Transfers (out)	(2,078,380)	(2,078,380)	(93,594)	1,984,786
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (9,648,789)</u>	<u>\$ (4,699,070)</u>	<u>\$ (925,725)</u>	<u>\$ 3,773,345</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.	114,420
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(917,137)
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.	917,137
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(15,004)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(45,545)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	668,590
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(875,585)
The gain on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	149,104
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(617,122)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (1,546,867)</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,703,799	\$ 1,703,799	\$ 1,545,591	\$ (158,208)
Rents	1,587,000	1,587,000	1,727,079	140,079
Miscellaneous	-	-	8,090	8,090
Total operating revenues	<u>3,290,799</u>	<u>3,290,799</u>	<u>3,280,760</u>	<u>(10,039)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	1,295,604	1,375,604	1,334,273	(41,331)
Contractual services, materials and supplies	4,910,032	5,047,672	4,827,893	(219,779)
Capital outlay	228,735	228,735	171,240	(57,495)
Contingencies	150,000	135,000	-	(135,000)
Total operating expenses	<u>6,584,371</u>	<u>6,787,011</u>	<u>6,333,406</u>	<u>(453,605)</u>
Operating loss	<u>(3,293,572)</u>	<u>(3,496,212)</u>	<u>(3,052,646)</u>	<u>443,566</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	45,000	45,000	53,469	8,469
Interest expense	(31,480)	(31,480)	(31,217)	263
Debt principal payments	(120,861)	(120,861)	(120,861)	-
Total nonoperating revenues (expenses)	<u>(107,341)</u>	<u>(107,341)</u>	<u>(98,609)</u>	<u>8,732</u>
Income (loss) before transfers	<u>(3,400,913)</u>	<u>(3,603,553)</u>	<u>(3,151,255)</u>	<u>452,298</u>
Transfers in	3,979,175	3,979,175	3,978,257	(918)
Transfers (out)	(292,651)	(292,651)	(291,849)	802
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ 285,611</u>	<u>\$ 82,971</u>	<u>\$ 535,153</u>	<u>\$ (452,182)</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.	(3,751)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(4,105)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(57,350)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	171,240
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.	120,861
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(748,546)
Bond issuance costs are expensed in the year of issuance for budgetary purposes, but are amortized to interest expense over the life of the bonds for GAAP purposes.	3,676
The loss on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	(7,498)
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(29,637)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (19,957)</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Rent	\$ -	\$ -	\$ 71,718	\$ 71,718
From federal government	160,000	160,000	145,841	(14,159)
Miscellaneous	-	-	4,055	4,055
Total operating revenues	<u>160,000</u>	<u>160,000</u>	<u>221,614</u>	<u>61,614</u>
<b>OPERATING EXPENSES:</b>				
Contractual services, materials and supplies	280,000	280,000	296,578	16,578
Contingencies	75,000	75,000	-	(75,000)
Total operating expenses	<u>355,000</u>	<u>355,000</u>	<u>296,578</u>	<u>(58,422)</u>
Operating income (loss)	<u>(195,000)</u>	<u>(195,000)</u>	<u>(74,964)</u>	<u>120,036</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	13,000	13,000	9,791	(3,209)
Total nonoperating revenues (expenses)	<u>13,000</u>	<u>13,000</u>	<u>9,791</u>	<u>(3,209)</u>
Income (loss) before transfers	<u>(182,000)</u>	<u>(182,000)</u>	<u>(65,173)</u>	<u>116,827</u>
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (182,000)</u>	<u>\$ (182,000)</u>	<u>\$ (65,173)</u>	<u>\$ 116,827</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.	74,964
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(85,489)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (75,698)</u>

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

## **INTERNAL SERVICE FUNDS**

### **Motor Pool Fund**

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

### **Self-Insurance Fund**

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

### **Facilities Maintenance Fund**

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

### **Information Technology Fund**

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

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2008**

	<b>Motor Pool Fund</b>	<b>Self- Insurance Fund</b>	<b>Facilities Maintenance Fund</b>	<b>Information Technology Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 5,171,020	\$ 3,809,467	\$ 353,281	\$ 3,272,157	\$ 12,605,925
Investments	7,348,038	5,413,268	502,013	4,649,748	17,913,067
Accounts receivable, net	54	3,798	-	-	3,852
Interest receivable	78,533	48,959	4,430	28,014	159,936
Supplies inventory	82,795	-	-	-	82,795
Total current assets	<u>12,680,440</u>	<u>9,275,492</u>	<u>859,724</u>	<u>7,949,919</u>	<u>30,765,575</u>
Non-current assets:					
Capital assets:					
Buildings and improvements	-	-	-	148,102	148,102
Equipment	2,087,954	-	81,342	29,838,005	32,007,301
Vehicles	19,708,958	-	-	-	19,708,958
Furniture	-	-	11,732	60,969	72,701
Less accumulated depreciation	(12,175,699)	-	(92,433)	(15,829,821)	(28,097,953)
Construction in progress	366,114	-	-	3,364,860	3,730,974
Total capital assets, net	<u>9,987,327</u>	<u>-</u>	<u>641</u>	<u>17,582,115</u>	<u>27,570,083</u>
Total assets	<u>22,667,767</u>	<u>9,275,492</u>	<u>860,365</u>	<u>25,532,034</u>	<u>58,335,658</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	209,211	116,240	131,773	386,327	843,551
Accrued payroll	24,590	4,019	67,427	105,470	201,506
Due to other governments	195	-	-	-	195
Claims payable	-	3,100,000	-	-	3,100,000
Current portion of compensated absences	78,580	3,630	167,550	226,840	476,600
Total current liabilities	<u>312,576</u>	<u>3,223,889</u>	<u>366,750</u>	<u>718,637</u>	<u>4,621,852</u>
Non-current liabilities:					
Compensated absences	9,190	480	18,200	25,990	53,860
Total long-term liabilities	<u>9,190</u>	<u>480</u>	<u>18,200</u>	<u>25,990</u>	<u>53,860</u>
Total liabilities	<u>321,766</u>	<u>3,224,369</u>	<u>384,950</u>	<u>744,627</u>	<u>4,675,712</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	9,987,327	-	641	17,582,115	27,570,083
Unrestricted	12,358,674	6,051,123	474,774	7,205,292	26,089,863
Total net assets	<u>\$ 22,346,001</u>	<u>\$ 6,051,123</u>	<u>\$ 475,415</u>	<u>\$ 24,787,407</u>	<u>\$ 53,659,946</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, 2008**

	<b>Motor Pool Fund</b>	<b>Self- Insurance Fund</b>	<b>Facilities Maintenance Fund</b>	<b>Information Technology Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 7,320,099	\$ 2,812,914	\$ 6,876,897	\$ 9,834,218	\$ 26,844,128
Miscellaneous	2,873	180,313	5,328	29,095	217,609
Total operating revenues	<u>7,322,972</u>	<u>2,993,227</u>	<u>6,882,225</u>	<u>9,863,313</u>	<u>27,061,737</u>
<b>OPERATING EXPENSES</b>					
Salaries, wages and employee benefits	1,114,862	175,280	2,977,111	4,572,818	8,840,071
Contractual services, materials and supplies	4,185,675	70,185	3,518,023	4,815,561	12,589,444
Insurance claims and expenses	-	1,993,966	-	-	1,993,966
Depreciation and amortization	2,303,045	-	5,827	1,780,783	4,089,655
Total operating expenses	<u>7,603,582</u>	<u>2,239,431</u>	<u>6,500,961</u>	<u>11,169,162</u>	<u>27,513,136</u>
Operating income (loss)	(280,610)	753,796	381,264	(1,305,849)	(451,399)
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and investment income	591,296	367,816	33,423	210,662	1,203,197
Loss on sale of fixed assets	(77,547)	-	-	-	(77,547)
Total non-operating revenues	<u>513,749</u>	<u>367,816</u>	<u>33,423</u>	<u>210,662</u>	<u>1,125,650</u>
Income (loss) before transfers	233,139	1,121,612	414,687	(1,095,187)	674,251
Transfers in	1,686,110	-	-	10,301,712	11,987,822
Transfers out	(221,465)	(14,835)	(848,194)	(1,074,261)	(2,158,755)
Change in net assets	<u>1,697,784</u>	<u>1,106,777</u>	<u>(433,507)</u>	<u>8,132,264</u>	<u>10,503,318</u>
Total net assets - beginning	<u>20,648,217</u>	<u>4,944,346</u>	<u>908,922</u>	<u>16,655,143</u>	<u>43,156,628</u>
Total net assets - ending	<u>\$ 22,346,001</u>	<u>\$ 6,051,123</u>	<u>\$ 475,415</u>	<u>\$ 24,787,407</u>	<u>\$ 53,659,946</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, 2008**

	<u>Motor Pool Fund</u>	<u>Self- Insurance Fund</u>	<u>Facilities Maintenance Fund</u>	<u>Information Technology Fund</u>	<u>Total</u>
<b>Increase (decrease) in cash and cash equivalents</b>					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 7,322,918	\$ 2,989,429	\$ 6,882,225	\$ 9,863,313	\$ 27,057,885
Payments to suppliers	(4,282,574)	31,010	(3,606,312)	(4,584,923)	(12,442,799)
Payments to employees	(1,119,741)	(174,919)	(2,933,260)	(4,517,205)	(8,745,125)
Self-insurance costs	-	(1,993,966)	-	-	(1,993,966)
Net cash provided (used) by operating activities	<u>1,920,603</u>	<u>851,554</u>	<u>342,653</u>	<u>761,185</u>	<u>3,875,995</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers in	1,686,110	-	-	10,301,712	11,987,822
Transfers out	(221,465)	(14,835)	(848,194)	(1,074,261)	(2,158,755)
Net cash provided (used) by non-capital financing activities	<u>1,464,645</u>	<u>(14,835)</u>	<u>(848,194)</u>	<u>9,227,451</u>	<u>9,829,067</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Net acquisition and construction of fixed assets	(3,126,129)	-	-	(9,460,365)	(12,586,494)
Net cash flows from capital and related financing activities	<u>(3,126,129)</u>	<u>-</u>	<u>-</u>	<u>(9,460,365)</u>	<u>(12,586,494)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	26,512,265	19,554,626	1,830,958	16,771,571	64,669,420
Proceeds from sale of investments	(24,282,256)	(18,384,984)	(1,246,231)	(15,528,939)	(59,442,410)
Interest received on investments	588,323	364,214	36,556	213,298	1,202,391
Net cash provided (used) by investing activities	<u>2,818,332</u>	<u>1,533,856</u>	<u>621,283</u>	<u>1,455,930</u>	<u>6,429,401</u>
Net increase (decrease) in cash and cash equivalents	3,077,451	2,370,575	115,742	1,984,201	7,547,969
Cash and cash equivalents at beginning of year	2,093,569	1,438,892	237,539	1,287,956	5,057,956
Cash and cash equivalents at end of year	<u>\$ 5,171,020</u>	<u>\$ 3,809,467</u>	<u>\$ 353,281</u>	<u>\$ 3,272,157</u>	<u>\$ 12,605,925</u>
Classified as:					
Current assets	\$ 5,171,020	\$ 3,809,467	\$ 353,281	\$ 3,272,157	\$ 12,605,925
Totals	<u>\$ 5,171,020</u>	<u>\$ 3,809,467</u>	<u>\$ 353,281</u>	<u>\$ 3,272,157</u>	<u>\$ 12,605,925</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ (280,610)	\$ 753,796	\$ 381,264	\$ (1,305,849)	\$ (451,399)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,303,045	-	5,827	1,780,783	4,089,655
(Increase) decrease in assets:					
Accounts receivable	(54)	(3,798)	-	-	(3,852)
Supplies inventory	(12,749)	-	-	-	(12,749)
Increase (decrease) in liabilities:					
Accounts payable	(84,345)	101,195	(88,289)	230,638	159,199
Accrued payroll	3,791	941	15,801	26,083	46,616
Due to other governments	195	-	-	-	195
Compensated absences	(8,670)	(580)	28,050	29,530	48,330
Total adjustments	<u>2,201,213</u>	<u>97,758</u>	<u>(38,611)</u>	<u>2,067,034</u>	<u>4,327,394</u>
Net cash provided (used) by operating activities	<u>\$ 1,920,603</u>	<u>\$ 851,554</u>	<u>\$ 342,653</u>	<u>\$ 761,185</u>	<u>\$ 3,875,995</u>
Non-cash investing, capital and financing activities:					
Decrease in fair market value of investments	\$ (4,843)	\$ (3,097)	\$ (127)	\$ (1,564)	\$ (9,631)
Total non-cash investing, capital and financing activities	<u>\$ (4,843)</u>	<u>\$ (3,097)</u>	<u>\$ (127)</u>	<u>\$ (1,564)</u>	<u>\$ (9,631)</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 7,325,025	\$ 7,325,025	\$ 7,361,813	\$ 36,788
Other governmental	96,000	96,000	-	(96,000)
Miscellaneous	50,000	50,000	2,873	(47,127)
Total operating revenues	<u>7,471,025</u>	<u>7,471,025</u>	<u>7,364,686</u>	<u>(106,339)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	1,175,962	1,195,962	1,119,741	(76,221)
Contractual services, materials and supplies	3,914,184	4,245,075	4,325,507	80,432
Capital outlay	3,033,073	5,188,034	2,920,850	(2,267,184)
Contingencies	1,500,000	-	-	-
Total operating expenses	<u>9,623,219</u>	<u>10,629,071</u>	<u>8,366,098</u>	<u>(2,262,973)</u>
Operating income (loss)	<u>(2,152,194)</u>	<u>(3,158,046)</u>	<u>(1,001,412)</u>	<u>2,156,634</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	500,000	500,000	588,323	88,323
Total nonoperating revenues (expenses)	<u>500,000</u>	<u>500,000</u>	<u>588,323</u>	<u>88,323</u>
Income (loss) before transfers	<u>(1,652,194)</u>	<u>(2,658,046)</u>	<u>(413,089)</u>	<u>2,244,957</u>
Transfers in	1,268,700	1,268,700	1,219,700	(49,000)
Transfers (out)	(108,096)	(108,096)	(107,821)	275
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (491,590)</u>	<u>\$ (1,497,442)</u>	<u>\$ 698,790</u>	<u>\$ 2,196,232</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.	3,027
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(41,768)
The expenses associated with the interdepartmental service charges are expenses on a budgetary basis but are eliminated along with the revenues above under GASB34's allocation rules.	41,768
The City budgets compensated absences on the cash basis, rather than the accrual basis.	4,879
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	96,899
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	2,827,296
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(2,303,045)
The loss on sale of fixed assets is not a budgeted revenue/expense, but is a revenue/expense for GAAP purposes.	(77,547)
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	447,485
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 1,697,784</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,814,360	\$ 2,814,360	\$ 2,814,229	\$ (131)
Miscellaneous	-	-	176,515	176,515
Total operating revenues	<u>2,814,360</u>	<u>2,814,360</u>	<u>2,990,744</u>	<u>176,384</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	175,988	175,988	174,919	(1,069)
Contractual services, materials and supplies	461,247	455,171	(29,695)	(484,866)
Insurance claims and expenses	2,378,250	2,378,250	1,993,966	(384,284)
Capital outlay	-	6,076	6,076	-
Contingencies	750,000	750,000	-	(750,000)
Total operating expenses	<u>3,765,485</u>	<u>3,765,485</u>	<u>2,145,266</u>	<u>(1,620,219)</u>
Operating loss	<u>(951,125)</u>	<u>(951,125)</u>	<u>845,478</u>	<u>1,796,603</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	200,000	200,000	364,214	164,214
Total nonoperating revenues	<u>200,000</u>	<u>200,000</u>	<u>364,214</u>	<u>164,214</u>
Income (loss) before transfers	<u>(751,125)</u>	<u>(751,125)</u>	<u>1,209,692</u>	<u>1,960,817</u>
Transfers (out)	<u>(3,759)</u>	<u>(3,759)</u>	<u>(3,759)</u>	<u>-</u>
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (754,884)</u>	<u>\$ (754,884)</u>	<u>\$ 1,205,933</u>	<u>\$ 1,960,817</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.	7,400
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(361)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(101,195)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	6,076
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(11,076)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 1,106,777</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 6,958,717	\$ 6,958,717	\$ 6,876,897	\$ (81,820)
Miscellaneous	-	-	5,328	5,328
Total operating revenues	<u>6,958,717</u>	<u>6,958,717</u>	<u>6,882,225</u>	<u>(76,492)</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	3,297,287	3,297,287	2,933,260	(364,027)
Contractual services, materials and supplies	3,650,043	3,668,422	3,606,312	(62,110)
Contingencies	50,000	50,000	-	(50,000)
Total operating expenses	<u>6,997,330</u>	<u>7,015,709</u>	<u>6,539,572</u>	<u>(476,137)</u>
Operating income (loss)	<u>(38,613)</u>	<u>(56,992)</u>	<u>342,653</u>	<u>399,645</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	25,000	25,000	36,556	11,556
Total nonoperating revenues	<u>25,000</u>	<u>25,000</u>	<u>36,556</u>	<u>11,556</u>
Income (loss) before transfers	<u>(13,613)</u>	<u>(31,992)</u>	<u>379,209</u>	<u>411,201</u>
Transfers (out)	<u>(847,444)</u>	<u>(847,444)</u>	<u>(847,444)</u>	<u>-</u>
Deficit revenues over expenses - budgetary basis	<u>\$ (861,057)</u>	<u>\$ (879,436)</u>	<u>\$ (468,235)</u>	<u>\$ 411,201</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.	(3,133)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(43,851)
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	88,289
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(5,827)
Certain transfers in/(out)/out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	(750)
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ (433,507)</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(budgetary basis)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 9,929,615	\$ 9,929,615	\$ 9,942,098	\$ 12,483
Miscellaneous	-	-	29,095	29,095
Total operating revenues	<u>9,929,615</u>	<u>9,929,615</u>	<u>9,971,193</u>	<u>41,578</u>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	4,630,802	4,630,802	4,517,205	(113,597)
Contractual services, materials and supplies	6,327,601	6,357,943	4,646,009	(1,711,934)
Capital outlay	4,934,098	4,075,905	1,637,257	(2,438,648)
Contingencies	1,100,000	1,100,000	-	(1,100,000)
Total operating expenses	<u>16,992,501</u>	<u>16,164,650</u>	<u>10,800,471</u>	<u>(5,364,179)</u>
Operating loss	<u>(7,062,886)</u>	<u>(6,235,035)</u>	<u>(829,278)</u>	<u>5,405,757</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	130,000	130,000	213,298	83,298
Total nonoperating revenues	<u>130,000</u>	<u>130,000</u>	<u>213,298</u>	<u>83,298</u>
Income before transfers	<u>(6,932,886)</u>	<u>(6,105,035)</u>	<u>(615,980)</u>	<u>5,489,055</u>
Transfers in	2,723,023	2,723,023	2,473,023	(250,000)
Transfers (out)	(1,052,080)	(1,052,080)	(1,052,080)	-
Excess (deficit) revenues over expenses - budgetary basis	<u>\$ (5,261,943)</u>	<u>\$ (4,434,092)</u>	<u>\$ 804,963</u>	<u>\$ 5,239,055</u>

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

The City budgets certain revenues on the cash basis, rather than on the accrual basis.	(2,636)
The City budgets compensated absences on the cash basis, rather than the accrual basis.	(55,613)
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules.	(107,880)
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.	107,880
The City budgets certain other expenditures on the cash basis, rather than the accrual basis.	(230,638)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes.	1,590,463
Depreciation and amortization are not budgeted expenses, but are expenses for GAAP purposes.	(1,780,783)
Certain transfers in/(out)out are not budgeted items, but are other financing sources(uses) for GAAP purposes.	7,806,508
Change in net assets per the statement of revenues, expenses and changes in fund net assets	<u>\$ 8,132,264</u>

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

## **FIDUCIARY FUNDS**

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

### **Agency Funds**

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

#### **Terramar Infrastructure Fund**

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

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

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

#### **PLAY Peoria Fund**

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

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

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

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

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

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**AGENCY FUNDS**  
**JUNE 30, 2008**

	<b>Terramar Infrastructure Fund</b>	<b>Neighborhood Pride NFP Fund</b>	<b>PLAY Peoria NFP Fund</b>	<b>Peoria Citizens Corp Council NFP Fund</b>	<b>Westside Fire Training IGA Fund</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 159,013	\$ 28,581	\$ 2,285	\$ 199	\$ 5,196	\$ 195,274
Investments (pooled), at fair value	225,957	40,613	3,248	283	7,384	277,485
Total assets	<u>384,970</u>	<u>69,194</u>	<u>5,533</u>	<u>482</u>	<u>12,580</u>	<u>472,759</u>
<b>LIABILITIES</b>						
Accounts payable	-	-	-	-	1,922	1,922
Other liabilities	384,970	69,194	5,533	482	10,658	470,837
Total liabilities	<u>384,970</u>	<u>69,194</u>	<u>5,533</u>	<u>482</u>	<u>12,580</u>	<u>472,759</u>

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
<b>Terramar Infrastructure Fund</b>				
Assets:				
Cash and cash equivalents	\$ 69,053	\$ 315,917	\$ 225,957	\$ 159,013
Investments	315,917	225,957	315,917	225,957
Total Assets	<u>384,970</u>	<u>541,874</u>	<u>541,874</u>	<u>384,970</u>
Liabilities:				
Other liabilities	<u>384,970</u>	<u>-</u>	<u>-</u>	<u>384,970</u>
<b>Neighborhood Pride NFP Fund</b>				
Assets:				
Cash and cash equivalents	10,464	76,440	58,323	28,581
Investments	47,872	40,613	47,872	40,613
Interest receivable	360	-	360	-
Total Assets	<u>58,696</u>	<u>117,053</u>	<u>106,555</u>	<u>69,194</u>
Liabilities:				
Accounts payable	-	16,041	16,041	-
Other liabilities	58,696	10,523	25	69,194
Total Liabilities	<u>58,696</u>	<u>26,564</u>	<u>16,066</u>	<u>69,194</u>
<b>PLAY Peoria NFP Fund</b>				
Assets:				
Cash and cash equivalents	-	11,791	9,506	2,285
Investments	-	3,248	-	3,248
Total Assets	<u>-</u>	<u>15,039</u>	<u>9,506</u>	<u>5,533</u>
Liabilities:				
Accounts payable	-	1,132	1,132	-
Other liabilities	-	11,556	6,023	5,533
Total Liabilities	<u>-</u>	<u>12,688</u>	<u>7,155</u>	<u>5,533</u>
<b>Peoria Citizens Corp Council NFP Fund</b>				
Assets:				
Cash and cash equivalents	-	3,484	3,285	199
Investments	-	283	-	283
Due from other governments	3,000	-	3,000	-
Total Assets	<u>3,000</u>	<u>3,767</u>	<u>6,285</u>	<u>482</u>
Liabilities:				
Other liabilities	3,000	482	3,000	482
Total Liabilities	<u>3,000</u>	<u>482</u>	<u>3,000</u>	<u>482</u>
<b>Westside Fire Training IGA Fund</b>				
Assets:				
Cash and cash equivalents	2,985	34,327	32,116	5,196
Investments	13,655	7,384	13,655	7,384
Interest receivable	6	-	6	-
Total Assets	<u>16,646</u>	<u>41,711</u>	<u>45,777</u>	<u>12,580</u>
Liabilities:				
Accounts payable	546	23,425	22,049	1,922
Other liabilities	16,100	-	5,442	10,658
Total Liabilities	<u>16,646</u>	<u>23,425</u>	<u>27,491</u>	<u>12,580</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	82,502	441,959	329,187	195,274
Investments	377,444	277,485	377,444	277,485
Due from other governments	3,000	-	3,000	-
Interest receivable	366	-	366	-
Total Assets	<u>463,312</u>	<u>719,444</u>	<u>709,997</u>	<u>472,759</u>
Liabilities:				
Accounts payable	546	40,598	39,222	1,922
Other liabilities	462,766	22,561	14,490	470,837
Total Liabilities	<u>463,312</u>	<u>63,159</u>	<u>53,712</u>	<u>472,759</u>

The accompanying notes are an integral part of the financial statements



## OTHER SUPPLEMENTARY INFORMATION

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

### Description of Schedules

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CITY OF PEORIA, ARIZONA  
SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**Supplementary Information – Federal Financial Data Schedule**

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

Line #	Account Description:	Low Rent Public Housing #14.850a	Housing Choice Vouchers #14.871	Public Housing Capital Fund Program #14.872
<b>ASSETS:</b>				
Current Assets:				
Cash:				
111	Cash – unrestricted	\$ 389,827	320,581	10,621
100	Total cash	<u>389,827</u>	<u>320,581</u>	<u>10,621</u>
Accounts receivable:				
121	Accounts receivable – PHA projects	71,818	-	-
122	Accounts receivable – HUD Other projects	-	10,124	25,337
124	Accounts receivable – other government	-	45,251	-
125	Accounts receivable – miscellaneous	17,218	-	-
126.2	Allowance for doubtful accts – other	-	-	-
120	Total receivables, net	<u>89,036</u>	<u>55,375</u>	<u>25,337</u>
150	Total current assets	<u>478,863</u>	<u>375,956</u>	<u>35,958</u>
Non-current Assets:				
Fixed Assets:				
161	Land	410,350	-	-
162	Buildings	3,276,922	-	-
164	Furniture, equipment & machinery – admin.	24,961	-	-
165	Leasehold improvements	121,175	-	-
166	Accumulated depreciation	(1,807,730)	-	-
160	Total fixed assets, net	<u>2,025,678</u>	<u>-</u>	<u>-</u>
180	Total non-current assets	<u>2,025,678</u>	<u>-</u>	<u>-</u>
190	Total Assets	<u>\$ 2,504,549</u>	<u>375,956</u>	<u>35,958</u>
<b>LIABILITIES AND EQUITY:</b>				
<b>LIABILITIES:</b>				
Current Liabilities:				
312	Accounts payable < 90 days	\$ -	49,455	25,337
332	Accounts payable – PHA projects	-	31	-
341	Tenant security deposits	11,572	-	-
342	Deferred revenues	-	6,737	10,621
310	Total current liabilities	<u>11,572</u>	<u>56,223</u>	<u>35,958</u>
350	Total non-current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
300	Total Liabilities	<u>11,572</u>	<u>56,223</u>	<u>35,958</u>
<b>EQUITY:</b>				
508.1	Invested in capital assets, net of related debt	2,025,678	-	-
511.1	Restricted net assets	-	-	-
512.1	Unrestricted net assets	467,291	319,733	-
513	Total Equity/Net Assets	<u>2,492,969</u>	<u>319,733</u>	<u>-</u>
600	Total Liabilities and Equity/Net Assets	<u>\$ 2,504,541</u>	<u>375,956</u>	<u>35,958</u>

(continued)

CITY OF PEORIA, ARIZONA  
 SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Line #	Account Description	Low Rent Public Housing #14.850a	Housing Choice Vouchers #14.871	Public Housing Capital Fund Program #14.872
<b>REVENUE:</b>				
703	Net tenant rental revenues	\$ 146,682	-	-
705	Total tenant revenue	<u>146,682</u>	-	-
706	HUD PHA grants	145,841	654,375	267,420
711	Investment income – unrestricted	9,791	8,218	-
715	Other revenue	4,055	74,952	-
700	Total revenue	<u>306,369</u>	<u>737,545</u>	<u>267,420</u>
<b>EXPENSES:</b>				
911	Administrative salaries	\$ 89,701	-	-
912	Audit fees	2,500	1,000	-
913	Outside management fees	-	125,656	-
915	Employee benefit contributions – administrative	20,926	-	-
916	Other operating – administrative	43,770	-	-
931	Water	24,436	-	-
932	Electricity	6,097	-	-
933	Gas	3,661	-	-
941	Ordinary maintenance and operations – labor	29,508	-	-
942	Ordinary maint. & oper. – materials and other	29,028	-	-
943	Ordinary maint. & oper. – contract costs	35,553	-	267,420
945	Employee benefit contributions – ordinary maint.	8,319	-	-
961	Insurance premiums	3,079	-	-
969	Total operating expenses	<u>296,578</u>	<u>126,656</u>	<u>267,420</u>
970	Excess operating revenues over expenses	<u>9,791</u>	<u>610,889</u>	-
973	Housing assistance payments	-	602,671	-
974	Depreciation expense	85,489	-	-
900	Total expenses	<u>382,067</u>	<u>729,327</u>	<u>267,420</u>
1001	Operating transfers in	-	-	-
1002	Operating transfers out	-	-	-
1010	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
1000	Excess (deficiency) of operating revenues over (under) expenses	<u>\$ (75,698)</u>	<u>8,218</u>	<u>-</u>
<b>MEMO ACCOUNT INFORMATION:</b>				
1103	Beginning equity	\$ 2,568,667	\$311,515	-
1120	Unit months available	840	984	-
1121	Number of unit months leased	812	916	-
1117	Administrative fee equity	-	\$316,444	-
1118	Housing assistance payments equity	-	\$3,289	-

(concluded)

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF CHANGES IN DEBT**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Exhibit 1**

	<u>Balances at June 30, 2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balances at June 30, 2008</u>
Compensated absences	\$ 4,376,340	5,192,625	4,663,315	4,905,650
Contracts payable	40,264,731	13,264,148	10,989,448	42,539,431
Total	<u>44,641,071</u>	<u>18,456,773</u>	<u>15,652,763</u>	<u>47,445,081</u>
General obligation bonds:				
Refunding bonds - series 1993	3,205,000	-	650,000	2,555,000
Series 1995	245,000	-	245,000	-
Series 1996	315,000	-	315,000	-
Series 1998A	4,265,000	-	270,000	3,995,000
Refunding bonds - series 1998B	2,285,000	-	470,000	1,815,000
Series 2003	19,775,000	-	1,000,000	18,775,000
Series 2007	94,380,000	-	13,465,000	80,915,000
Series 2007 Ref	18,365,000	-	225,000	18,140,000
Total	<u>142,835,000</u>	<u>-</u>	<u>16,640,000</u>	<u>126,195,000</u>
Municipal Development Authority:				
Refunding bonds - series 2003	15,373,530	-	2,637,877	12,735,653
Series 2006	6,280,000	-	220,000	6,060,000
Series 2008	-	47,000,000	-	47,000,000
Total	<u>21,653,530</u>	<u>47,000,000</u>	<u>2,857,877</u>	<u>65,795,653</u>
Highway user revenue:				
Series 1996	3,570,000	-	275,000	3,295,000
Total	<u>3,570,000</u>	<u>-</u>	<u>275,000</u>	<u>3,295,000</u>
Special assessment:				
Sunny Boy ID #9002	205,000	-	-	205,000
North Valley ID #8801	2,270,000	-	295,000	1,975,000
Bell Road ID #8802	2,655,000	-	340,000	2,315,000
83rd Ave ID #9601	835,000	-	150,000	685,000
Arrowhead Fountains ID #9603	1,285,000	-	230,000	1,055,000
75th Ave & Paradise Ln ID #9303	1,092,064	-	249,637	842,427
99 Ave & Northern Ave ID #0601	4,950,000	-	-	4,950,000
Total	<u>13,292,064</u>	<u>-</u>	<u>1,264,637</u>	<u>12,027,427</u>
Community Facilities District:				
Vistancia CFD Series 2002	19,775,000	-	775,000	19,000,000
Vistancia CFD Series 2005	23,550,000	-	700,000	22,850,000
Vistancia CFD Series 2006	22,760,000	-	-	22,760,000
Total	<u>66,085,000</u>	<u>-</u>	<u>1,475,000</u>	<u>64,610,000</u>
Total bonds payable	<u>247,435,594</u>	<u>47,000,000</u>	<u>22,512,514</u>	<u>271,923,080</u>
 Total governmental debt	 <u>\$ 292,076,665</u>	 <u>65,456,773</u>	 <u>38,165,277</u>	 <u>319,368,161</u>

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF CHANGES IN DEBT  
BUSINESS-TYPE ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Exhibit 2

	<u>Balance at June 30, 2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balances at June 30, 2008</u>
Compensated absences	\$ 570,390	1,096,731	1,045,351	\$ 621,770
Less current portion	<u>520,370</u>			<u>563,460</u>
Long-term portion of compensated absences	<u>\$ 50,020</u>			<u>\$ 58,310</u>
Contracts payable	<u>\$ 4,728,355</u>	<u>\$ 526,211</u>	<u>\$ 891,401</u>	<u>\$ 4,363,165</u>
Long-term loans payable:				
Suntrust	-	1,235,000	-	1,235,000
Total	<u>-</u>	<u>1,235,000</u>	<u>-</u>	<u>1,235,000</u>
1995 Wastewater Management Authority	6,010,354	-	587,969	5,422,385
1997 Water Infrastructure Finance Authority	8,908,261	-	697,397	8,210,864
1998A Water and Sewer Revenue	12,760,000	-	820,000	11,940,000
2000 Water and Sewer Revenue	8,290,000	-	675,000	7,615,000
2000 Water Infrastructure Finance Authority, Phase 1	16,187,438	-	888,599	15,298,839
2000 Water Infrastructure Finance Authority, Phase 2	11,849,320	-	594,411	11,254,909
2000 Water Infrastructure Finance Authority, Phase 3	1,683,106	-	77,491	1,605,615
2003 Municipal Development Authority Refunding	1,906,470	-	327,123	1,579,347
2006 Water Infrastructure Finance Authority, DW	16,200,000	-	-	16,200,000
2006 Water Infrastructure Finance Authority, CW Phase 1	27,183,342	-	-	27,183,342
2006 Water Infrastructure Finance Authority, CW Phase 2		<u>42,741,541</u>	<u>-</u>	<u>42,741,541</u>
Total bonds	<u>110,978,291</u>	<u>42,741,541</u>	<u>4,667,990</u>	<u>149,051,842</u>
Total business-type bonds & contracts payable	<u>115,706,646</u>	<u>44,502,752</u>	<u>5,559,391</u>	<u>154,650,007</u>
Less current portion of loans, bonds & contracts payable	<u>6,261,280</u>			<u>5,585,734</u>
Long-term portion of loans, bonds & contracts payable	<u>\$ 109,445,366</u>			<u>\$ 149,064,273</u>

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2008**

Exhibit 3

Fiscal Year	General Obligation								
	General Facilities Purpose 6% Limitation (1)			Other Purpose 20% Limitation (1)			Total General Obligation		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2009	6,565,000	3,085,302	9,650,302	5,010,000	1,961,583	6,971,583	11,575,000	5,046,885	16,621,885
2010	1,800,000	1,030,684	2,830,684	4,580,000	3,611,786	8,191,786	6,380,000	4,642,470	11,022,470
2011	1,240,000	709,179	1,949,179	5,440,000	3,662,759	9,102,759	6,680,000	4,371,938	11,051,938
2012	1,170,000	643,209	1,813,209	5,360,000	3,457,403	8,817,403	6,530,000	4,100,612	10,630,612
2013	1,070,000	584,009	1,654,009	5,380,000	3,256,219	8,636,219	6,450,000	3,840,228	10,290,228
2014	1,115,000	545,074	1,660,074	5,605,000	3,033,123	8,638,123	6,720,000	3,578,197	10,298,197
2015	350,000	151,802	501,802	6,650,000	3,152,238	9,802,238	7,000,000	3,304,040	10,304,040
2016	-	-	-	6,990,000	3,024,231	10,014,231	6,990,000	3,024,231	10,014,231
2017	-	-	-	6,870,000	2,746,216	9,616,216	6,870,000	2,746,216	9,616,216
2018	-	-	-	6,610,000	2,455,066	9,065,066	6,610,000	2,455,066	9,065,066
2019	-	-	-	6,920,000	2,156,363	9,076,363	6,920,000	2,156,363	9,076,363
2020	-	-	-	6,725,000	1,868,796	8,593,796	6,725,000	1,868,796	8,593,796
2021	-	-	-	7,040,000	1,577,900	8,617,900	7,040,000	1,577,900	8,617,900
2022	-	-	-	6,155,000	1,293,739	7,448,739	6,155,000	1,293,739	7,448,739
2023	-	-	-	6,425,000	1,014,338	7,439,338	6,425,000	1,014,338	7,439,338
2024	-	-	-	4,955,000	758,288	5,713,288	4,955,000	758,288	5,713,288
2025	-	-	-	5,165,000	543,500	5,708,500	5,165,000	543,500	5,708,500
2,026	-	-	-	5,385,000	332,500	5,717,500	5,385,000	332,500	5,717,500
2,027	-	-	-	5,620,000	112,400	5,732,400	5,620,000	112,400	5,732,400
2,028	-	-	-	-	-	-	-	-	-
	<u>\$ 13,310,000</u>	<u>\$ 6,749,259</u>	<u>\$ 20,059,259</u>	<u>\$ 112,885,000</u>	<u>\$ 40,018,448</u>	<u>\$ 152,903,448</u>	<u>\$ 126,195,000</u>	<u>\$ 46,767,707</u>	<u>\$ 172,962,707</u>

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

Year of Issuance	General Obligation Bond Original		
	Issue Amount	6% Limitation	20% Limitation
1993R	9,900,000	5,475,000	4,425,000
1995	4,695,000	1,900,000	2,795,000
1996	6,000,000	-	6,000,000
1998A	5,930,000	-	5,930,000
1998B	4,030,000	3,060,000	970,000
2000	14,860,000	5,740,000	9,120,000
2003	27,570,000	15,345,000	12,225,000
2007	94,380,000	17,340,000	77,040,000
2007R	18,365,000	2,265,000	16,100,000
Total	<u>\$ 185,730,000</u>	<u>51,125,000</u>	<u>134,605,000</u>

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2008**

Exhibit 3

Fiscal Year	Municipal Development Authority (2)			Highway User Revenue			Special Assessment (3)		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2009	5,160,000	2,526,227	7,686,227	290,000	179,810	469,810	1,624,614	675,958	2,300,572
2010	5,410,000	2,700,219	8,110,219	305,000	163,295	468,295	1,855,493	577,351	2,432,844
2011	5,910,000	2,449,319	8,359,319	325,000	145,574	470,574	2,017,320	463,832	2,481,152
2012	3,575,000	2,257,469	5,832,469	340,000	126,702	466,702	1,695,000	339,995	2,034,995
2013	3,730,000	2,120,269	5,850,269	360,000	106,663	466,663	1,315,000	235,595	1,550,595
2014	3,870,000	1,963,944	5,833,944	385,000	85,244	470,244	325,000	149,600	474,600
2015	2,585,000	1,832,381	4,417,381	405,000	62,531	467,531	340,000	135,788	475,788
2016	2,695,000	1,714,306	4,409,306	430,000	38,525	468,525	355,000	121,338	476,338
2017	2,810,000	1,592,831	4,402,831	455,000	13,080	468,080	370,000	106,250	476,250
2018	2,935,000	1,467,681	4,402,681	-	-	-	390,000	90,525	480,525
2019	3,065,000	1,323,981	4,388,981	-	-	-	405,000	73,950	478,950
2020	3,205,000	1,173,931	4,378,931	-	-	-	425,000	56,738	481,738
2021	3,345,000	1,038,141	4,383,141	-	-	-	445,000	38,675	483,675
2022	3,490,000	892,486	4,382,486	-	-	-	465,000	19,763	484,763
2023	3,650,000	736,453	4,386,453	-	-	-	-	-	-
2024	3,805,000	569,193	4,374,193	-	-	-	-	-	-
2025	3,980,000	390,288	4,370,288	-	-	-	-	-	-
2026	4,155,000	194,237	4,349,237	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
	<u>\$ 67,375,000</u>	<u>\$ 26,943,356</u>	<u>\$ 94,318,356</u>	<u>\$ 3,295,000</u>	<u>\$ 921,424</u>	<u>\$ 4,216,424</u>	<u>\$ 12,027,427</u>	<u>\$ 3,085,358</u>	<u>\$ 15,112,785</u>

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

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

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2008**

Exhibit 3

Fiscal Year	Water and Sewer Revenue			Community Facilities District (4)			Long-Term Loan		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2009	4,501,441	4,177,118	8,678,559	1,550,000	3,416,955	4,966,955	170,368	46,639	217,007
2010	8,165,518	5,404,239	13,569,757	2,170,000	3,329,455	5,499,455	177,094	39,913	217,007
2011	7,671,128	4,562,429	12,233,557	2,275,000	3,222,392	5,497,392	184,087	32,920	217,007
2012	7,938,955	4,287,644	12,226,599	2,385,000	3,108,336	5,493,336	191,355	25,652	217,007
2013	8,214,248	4,002,092	12,216,340	2,505,000	2,985,974	5,490,974	198,910	18,097	217,007
2014	8,502,259	3,705,301	12,207,560	2,630,000	2,854,633	5,484,633	206,763	10,244	217,007
2015	8,798,250	3,397,068	12,195,318	2,765,000	2,711,311	5,476,311	106,423	2,081	108,504
2016	9,112,495	3,077,075	12,189,570	2,920,000	2,555,713	5,475,713	-	-	-
2017	9,752,858	2,730,774	12,483,632	3,080,000	2,388,074	5,468,074	-	-	-
2018	10,114,954	2,356,858	12,471,812	3,255,000	2,207,674	5,462,674	-	-	-
2019	9,550,391	1,990,385	11,540,776	3,440,000	2,285,359	5,725,359	-	-	-
2020	8,496,176	1,660,124	10,156,300	3,635,000	1,810,671	5,445,671	-	-	-
2021	8,830,062	1,344,796	10,174,858	3,850,000	1,593,926	5,443,926	-	-	-
2022	6,165,947	1,083,509	7,249,456	4,070,000	1,362,718	5,432,718	-	-	-
2023	5,305,478	900,306	6,205,784	4,310,000	1,115,388	5,425,388	-	-	-
2024	5,327,272	734,949	6,062,221	4,565,000	862,431	5,427,431	-	-	-
2025	5,492,387	567,274	6,059,661	4,815,000	604,936	5,419,936	-	-	-
2026	5,662,621	394,399	6,057,020	5,080,000	357,175	5,437,175	-	-	-
2027	5,838,136	216,162	6,054,298	5,310,000	120,802	5,430,802	-	-	-
2028	4,031,919	62,842	4,094,761	-	-	-	-	-	-
	<u>\$147,472,495</u>	<u>46,655,344</u>	<u>194,127,839</u>	<u>64,610,000</u>	<u>\$ 38,893,923</u>	<u>\$ 103,503,923</u>	<u>1,235,000</u>	<u>\$ 175,546</u>	<u>\$ 1,410,546</u>

(4) Vistancia Community Facilities District bonds

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**AS OF JUNE 30, 2008**

Fiscal Year	DEBT SERVICE REQUIREMENTS		
	Principal	Interest	Total
2009	24,871,423	16,069,592	40,941,015
2010	24,463,105	16,856,942	41,320,047
2011	25,062,535	15,248,404	40,310,939
2012	22,655,310	14,246,410	36,901,720
2013	22,773,158	13,308,918	36,082,076
2014	22,639,022	12,347,163	34,986,185
2015	21,999,673	11,445,200	33,444,873
2016	22,502,495	10,531,188	33,033,683
2017	23,337,858	9,577,225	32,915,083
2018	23,304,954	8,577,804	31,882,758
2019	23,380,391	7,830,038	31,210,429
2020	22,486,176	6,570,260	29,056,436
2021	23,510,062	5,593,438	29,103,500
2022	20,345,947	4,652,215	24,998,162
2023	19,690,478	3,766,485	23,456,963
2024	18,652,272	2,924,861	21,577,133
2025	19,452,387	2,105,998	21,558,385
2026	20,282,621	1,278,311	21,560,932
2027	16,768,136	449,364	17,217,500
2028	4,031,919	62,842	4,094,761
	<u>422,209,922</u>	<u>163,442,658</u>	<u>585,652,580</u>

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF CAPITAL ASSETS  
BY FUNCTION AND CLASSIFICATION  
JUNE 30, 2008**

<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)	\$ 30,108,111	\$ 5,975,689	\$ 134,656	\$ 500,770	\$ -	\$ 63,287,549
Land	\$ 51,314,511	\$ 26,851,994	\$ 1,059,975	\$ 1,048,451	\$ -	\$ 207,762,291
Buildings and Improvements	\$ 33,380,371	\$ 66,022,835	\$ 19,700,112	\$ 19,411,856	\$ 119,479	\$ -
Furniture	\$ 198,822	\$ 2,263,431	\$ 198,509	\$ 340,818	\$ 131,806	\$ 57,229
Equipment	\$ 2,354,398	\$ 32,136,130	\$ 6,726,232	\$ 3,479,712	\$ 142,781	\$ 6,047,764
Vehicles	\$ 1,321,466	\$ 1,573,110	\$ 4,905,927	\$ 5,829,934	\$ 386,965	\$ 3,873,329
Storm Drain System	\$ 527,426	\$ -	\$ -	\$ -	\$ -	\$ -
Street System	\$ 7,458,289	\$ 20,819	\$ -	\$ -	\$ -	\$ 353,684,350
Park System	\$ 25,314,340	\$ 260,431	\$ -	\$ -	\$ -	\$ -
<b>Sub-total</b>	<b>\$ 151,977,734</b>	<b>\$ 135,104,439</b>	<b>\$ 32,725,411</b>	<b>\$ 30,611,541</b>	<b>\$ 781,031</b>	<b>\$ 634,712,512</b>
Less accumulated depreciation	(15,757,890)	(30,048,256)	(10,656,552)	(7,577,923)	(491,416)	(124,937,513)
Total governmental activities capital assets, net	\$ 136,219,844	\$ 105,056,183	\$ 22,068,859	\$ 23,033,618	\$ 289,615	\$ 509,774,999
<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)	\$ 21,882,982	\$ 30,015,462	\$ -	\$ -	\$ -	\$ 51,898,444
Land	14,287,029	3,878,001	-	6,703,349	410,350	25,278,729
Buildings and Improvements	1,642,283	7,659,795	10,799	25,781,679	3,276,922	38,371,478
Furniture	126,603	29,004	8,013	-	9,613	173,233
Equipment	1,686,837	1,076,558	43,338	749,922	136,523	3,693,178
Vehicles	1,944,774	922,694	7,030,795	406,380	-	10,304,643
Water System	244,287,111	-	-	-	-	244,287,111
Wastewater System	-	292,830,380	-	-	-	292,830,380
<b>Sub-total</b>	<b>285,857,619</b>	<b>336,411,894</b>	<b>7,092,945</b>	<b>33,641,330</b>	<b>3,833,408</b>	<b>666,837,196</b>
Less accumulated depreciation	(43,704,563)	(43,401,627)	(3,299,548)	(9,992,086)	(1,807,730)	(102,205,554)
Total business-type activities capital assets, net	\$ 242,153,056	\$ 293,010,267	\$ 3,793,397	\$ 23,649,244	\$ 2,025,678	\$ 564,631,642

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<u>Public Works</u>	<u>Human Services</u>	<u>Total</u>
\$ 15,147,703	\$ -	\$ 115,154,478
\$ 10,239,344	\$ 307,757	\$ 298,584,323
\$ 454,256	\$ -	\$ 139,088,909
\$ 90,665	\$ 5,592	\$ 3,286,872
\$ 297,066	\$ -	\$ 51,184,083
\$ 1,224,436	\$ 599,965	\$ 19,715,132
\$ 56,878,478	\$ -	\$ 57,405,904
\$ 8,774	\$ -	\$ 361,172,232
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,574,771</u>
<u>\$ 84,340,722</u>	<u>\$ 913,314</u>	<u>\$ 1,071,166,704</u>
<u>(14,415,114)</u>	<u>(299,481)</u>	<u>(204,184,145)</u>
<u>\$ 69,925,608</u>	<u>\$ 613,833</u>	<u>\$ 866,982,559</u>

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION**  
**GOVERNMENTAL ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Exhibit 5

Department	Balances July 1, 2007	Additions and Transfers	Deletions and Transfers	Balances June 30, 2008
Culture and Recreation	\$ 139,117,519	\$ 12,924,247	\$ (64,032)	\$ 151,977,734
General Government	98,145,334	36,982,032	(22,927)	135,104,439
Police	31,827,556	1,179,246	(281,391)	32,725,411
Fire	29,711,960	1,108,418	(208,837)	30,611,541
Development Services	797,144	-	(16,113)	781,031
Highways & Streets	578,764,099	56,009,400	(60,987)	634,712,512
Public Works	74,839,993	9,871,430	(370,701)	84,340,722
Human Services	1,007,569	-	(94,255)	913,314
Sub-total governmental fixed assets	<u>\$ 954,211,174</u>	<u>\$ 118,074,773</u>	<u>\$ (1,119,243)</u>	<u>\$ 1,071,166,704</u>
<b>Less accumulated depreciation</b>				
Culture and Recreation	(14,130,174)	(1,673,304)	45,588	(15,757,890)
General Government	(27,439,591)	(2,626,374)	17,709	(30,048,256)
Police	(9,049,071)	(1,821,049)	213,568	(10,656,552)
Fire	(6,354,109)	(1,432,395)	208,581	(7,577,923)
Development Services	(444,795)	(62,734)	16,113	(491,416)
Highways & Streets	(115,436,013)	(9,561,444)	59,944	(124,937,513)
Public Works	(13,250,316)	(1,406,956)	242,158	(14,415,114)
Human Services	(321,307)	(72,323)	94,149	(299,481)
Sub-total accumulated depreciation	<u>\$ (186,425,376)</u>	<u>\$ (18,656,579)</u>	<u>\$ 897,810</u>	<u>\$ (204,184,145)</u>
Total governmental activities capital assets, net	<u>\$ 767,785,798</u>	<u>\$ 99,418,194</u>	<u>\$ (221,433)</u>	<u>\$ 866,982,559</u>

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Exhibit 6**

<u>Fund Out</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental Funds:</b>			
General	Half-Cent - public safety subsidies	\$ 4,908,990	\$ -
	Half-Cent - economic development subsidy	597,522	-
	Half-Cent - office complex reserve	1,000,000	-
	Highway User - capital assets	8,250	-
	Non-major - Other Grants - Employee wellness subsidy	-	10,000
	Non-major - MDA Debt Service - debt payments	-	173,152
	Water Utility - capital assets	60,753	-
	Solid Waste Utility - capital assets	619,616	-
	Sports Complex - subsidies	-	1,703,880
	ISF - Motor Pool - equipment purchases	-	691,598
	ISF - Motor Pool - capital assets	96,594	-
	ISF - Self-Insurance - capital assets	5,000	-
	ISF - Facilities - return overage to operating funds	630,863	-
	ISF- IT Fund - return overage to operating funds	791,929	-
	ISF - IT Fund - operating supplementals	-	135,909
	ISF - IT Fund - equipment reserve	-	213,593
	ISF - IT Fund - capital assets	-	37,556
	ISF- IT Fund - projects	-	1,458,500
	Fund Totals	8,719,517	4,424,188
Half-Cent Sales Tax	General - public safety subsidies	-	4,908,990
	General - economic development subsidy	-	597,522
	General - office complex reserve	-	1,000,000
	Highway User - streets subsidy	-	1,000,000
	Non-major - Other Grants - Arts - capital assets	827,382	-
	Non-major - MDA Debt Service - debt payments	-	3,111,345
	Non-major - MDA Cap Proj - capital assets	220,506	-
	Stadium - debt service subsidy	-	437,491
	Stadium - operating subsidy	-	1,750,000
	ISF - IT Fund - radio project	-	214,000
	ISF - IT Fund - capital assets	-	254,183
	Fund Totals	1,047,888	13,273,531
Highway User	General - capital assets	-	8,250
	Half-Cent - streets subsidy	1,000,000	-
	Transportation Sales Tax - subsidy	711,980	-
	Non-major - MDA Debt Service - debt payments	-	301,314
	ISF - Motor Pool - equipment purchases	-	74,955
	ISF - Facilities - return overage to operating funds	11,675	-
	ISF- IT Fund - return overage to operating funds	42,245	-
	ISF- IT Fund - operating supplementals	-	4,900
	ISF- IT Fund - projects	-	71,474
	ISF- IT Fund - capital assets	-	471
	ISF - IT Fund - equipment reserve	-	11,028
	Fund Totals	1,765,900	472,392
Development Fee	Water Utility - capital assets	-	6,382
	ISF - Motor Pool - capital assets	-	14,048
	ISF- IT Fund - equipment reserve	-	1,473
	ISF- IT Fund - capital assets	-	1,898
	Fund Totals	-	23,801
Transportation Sales Tax	Streets - subsidy	-	711,980
	Transit - subsidy	-	177,066
	Water Utility - capital assets	-	4,050
	Fund Totals	-	893,096
Special Assmt Debt Service	Non-major - ID Bonds Capital Projects - capitalized interest	217,574	-
GO Bond Capital Projects	ISF - IT Fund - capital assets	-	7,387,546

(continued)

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Exhibit 6**

<b>Fund Out</b>	<b>Purpose</b>	<b>Transfers In</b>	<b>Transfers Out</b>
Other Governmental			
Public Transit	Transportation Sales Tax - subsidy	177,066	-
	ISF - Motor Pool - equipment purchases	-	18,000
	ISF - Facilities - return overage to operating funds	431	-
	ISF- IT Fund - return overage to operating funds	5,044	-
	ISF- IT Fund - projects	-	5,012
	sub-total	182,541	23,012
Other Grants	General - Employee Wellness subsidy	10,000	-
	Half-Cent - capital assets	-	827,382
	ISF - Motor Pool - capital assets	-	366,114
	ISF - IT Fund - capital assets	-	16,141
	sub-total	10,000	1,209,637
Storm Drainage	ISF - Motor Pool - equipment purchases	-	410,000
	ISF - Facilities - return overage to operating funds	2,525	-
	ISF- IT Fund - return overage to operating funds	1,892	-
	ISF- IT Fund - operating supplementals	-	1,400
	ISF- IT Fund - equipment reserve	-	18,600
	ISF- IT Fund - projects	-	1,879
	sub-total	4,417	431,879
MDA Debt Service	General - debt service	173,152	-
	Half-Cent - debt service	3,111,345	-
	Highway User - debt service	301,314	-
	Non-major - MDA Cap Projects - debt service	586	-
	Non-major - MDA Cap Projects - capital assets	-	5,180
	Water Utility - debt service	174,037	-
	Wastewater Utility - debt service	129,489	-
	Solid Waste Utility - debt service	14,824	-
	Stadium - debt service	280,078	-
	ISF - Motor Pool - debt service	95,918	-
	sub-total	4,280,743	5,180
CFD Bonds-Debt Service	CFD Capital Projects - debt transfers	192,955	-
CFD Bonds-Capital Projects	Other Govtl - CFD Debt Services - debt transfers	-	192,955
	Water Utility - capital assets	-	82,702
	Wastewater Utility - capital assets	-	7,176,459
	sub-total	-	7,452,116
MDA Bonds-Capital Projects	Half-Cent - capital assets	-	220,506
	MDA Debt Service - debt service	-	586
	MDA Debt Service - capital assets	5,180	-
	sub-total	5,180	221,092
ID Bonds-Capital Projects	ID Bonds - Debt Service -capitalized interest	-	217,574
	Fund Totals	4,675,836	9,560,490
	Total Governmental Funds	16,426,715	36,035,044

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Exhibit 6**

<b>Fund Out</b>	<b>Purpose</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Enterprise Funds:</b>			
Water Utility	General - capital assets	-	60,753
	Development Fee - capital assets	6,382	-
	Transportation Sales Tax - capital assets	4,050	-
	Non-major - MDA Debt Service - debt service	-	174,037
	Non-major - CFD Bonds Capital Projects - capital assets	82,702	-
	Wastewater Utility - capital assets	52,968	17,035,992
	ISF - Motor Pool - capital assets	731	-
	ISF - Facilities - return overage to operating funds	26,507	-
	ISF- IT Fund - return overage to operating funds	110,971	-
	ISF- IT Fund - operating supplementals	-	29,800
	ISF- IT Fund - projects	-	164,261
	ISF- IT Fund - computer equipment purchases	-	19,900
	ISF- IT Fund - capital assets	-	14,543
	Fund Totals	<u>284,311</u>	<u>17,499,286</u>
Wastewater Utility	CFD Bonds Capital Projects - capital assets	7,176,459	-
	Non-major - MDA Debt Service - debt service	-	129,489
	Water Utility - capital assets	17,035,992	52,968
	ISF - Motor Pool - capital assets	731	-
	ISF - Facilities - return overage to operating funds	15,159	-
	ISF- IT Fund - return overage to operating funds	18,915	-
	ISF- IT Fund - projects	-	18,794
	ISF - IT Fund - capital assets	-	62,617
	Fund Totals	<u>24,247,256</u>	<u>263,868</u>
Solid Waste Utility	General - capital assets	-	619,616
	Non-major - MDA Debt Service - debt service	-	14,824
	ISF - Motor Pool - capital assets	15,588	4,685
	ISF - Facilities - return overage to operating funds	1,139	-
	ISF- IT Fund - return overage to operating funds	10,088	-
	ISF- IT Fund - projects	-	10,023
	ISF- IT Fund - equipment reserve	-	20,421
	ISF - IT Fund - capital assets	9,251	12,419
	Fund Totals	<u>36,066</u>	<u>681,988</u>
Stadium	General - operating subsidies	1,703,880	-
	Half-Cent - operating subsidy	1,750,000	-
	Half-Cent - debt service subsidy	437,491	-
	Non-major - MDA Debt Service - debt service	-	280,078
	ISF - Facilities - return overage to operating funds	100,731	-
	ISF- IT Fund - return overage to operating funds	6,936	-
	ISF- IT Fund - projects	-	6,891
	ISF- IT Fund - equipment reserves	-	4,880
	ISF - IT Fund - capital assets	-	50,418
	Fund Totals	<u>3,999,038</u>	<u>342,267</u>
Public Housing	Other Govtl - Section 8 Housing - capital assets	-	-
	Total Enterprise Funds	<u>28,566,671</u>	<u>18,787,409</u>

(continued)

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Exhibit 6**

<b>Fund Out</b>	<b>Purpose</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Internal Service Funds</b>			
Motor Pool	General Fund - equipment purchases	691,598	-
	General Fund - capital assets	-	96,594
	Highway User - equipment purchases	74,955	-
	Development Fees - capital assets	14,048	-
	Non-major - Transit - equipment purchases	18,000	-
	Non-major - Other Grants - capital assets	366,114	-
	Non-major - Storm Drainage - equipment purchases	410,000	-
	Non-major - MDA Debt Service - debt service	-	95,918
	Water Utility - capital assets	-	731
	Wastewater Utility - capital assets	-	731
	Solid Waste Utility - capital assets	4,685	15,588
	ISF - Facilities - return overage to operating funds	29,720	-
	ISF- IT Fund - return overage to operating funds	11,980	-
	ISF- IT Fund - projects	-	11,903
	ISF- IT Fund - equipment purchases	65,010	-
	Fund Totals	1,686,110	221,465
Self-Insurance	General - capital assets	-	5,000
	ISF- IT Fund - capital assets	-	6,076
	ISF- IT Fund - projects	-	3,759
	Fund Totals	-	14,835
Facilities Maintenance	General - return Facilities overage	-	630,863
	Highway User- return Facilities overage	-	11,675
	Non-major - Transit - return Facilities overage	-	431
	Non-major - Storm Drainage - return Facilities overage	-	2,525
	Water Utility - return Facilities overage	-	26,507
	Wastewater Utility - return Facilities overage	-	15,159
	Solid Waste - return Facilities overage	-	1,139
	Sports Complex - return Facilities overage	-	100,731
	ISF - Motor Pool - return Facilities overage	-	29,720
	ISF- IT Fund - projects	-	29,444
	ISF- IT Fund - computer equipment purchases	-	-
	ISF - IT Fund - capital assets	-	-
	Fund Totals	-	848,194
Information Technology	General - operating supplementals	135,909	-
	General - equipment reserve	213,593	-
	General - capital assets	37,556	-
	General - IT projects	1,458,500	-
	General - return overage to operating funds	-	791,929
	Half-Cent -radio project	214,000	-
	Half-Cent - capital assets	254,183	-
	Highway User - return overage to operating funds	-	42,245
	Highway User - operating supplementals	4,900	-
	Highway User - computer projects	71,474	-
	Highway User - capital assets	471	-
	Highway User - equipment reserve	11,028	-
	Development Fees - equipment reserve	1,473	-
	Development Fees - capital assets	1,898	-
	GO Bond Capital Projects - capital assets	7,387,546	-
	Nonmajor -Transit - computer projects	5,012	-
	Non-major - Transit - return overage to operating funds	-	5,044
	Non-major - Other Grants - capital assets	16,141	-
	Non-major -Storm Drainage - operating supplementals	1,400	-
	Non-major -Storm Drainage - equipment reserve	18,600	-
	Non-major -Storm Drainage - projects	1,879	-
	Non-major - Storm Drainage - return overage to operating funds	-	1,892
	Water Utility - return overage to operating funds	-	110,971
	Water Utility - computer projects	164,261	-

(continued)

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INTERFUND TRANSFERS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Exhibit 6**

<u>Fund Out</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Internal Service Funds (continued)			
Information Technology (cont)	Water Utility - operating supplementals	29,800	-
	Water Utility - computer equipment purchases	19,900	-
	Water Utility - capital assets	14,543	-
	Wastewater Utility - return overage to operating funds	-	18,915
	Wastewater Utility - computer projects	18,794	-
	Wastewater Utility - capital assets	62,617	-
	Solid Waste Utility - return overage to operating funds	-	10,088
	Solid Waste Utility - computer projects	10,023	-
	Solid Waste Utility - equipment reserve	20,421	-
	Solid Waste Utility - capital assets	12,419	9,251
	Stadium - return overage to operating funds	-	6,936
	Stadium - computer projects	6,891	-
	Stadium - equipment reserve	4,880	-
	Stadium - capital assets	50,418	-
	ISF - Motor Pool - return overage to operating funds	-	11,980
	ISF - Motor Pool - equipment purchases	-	65,010
	ISF - Motor Pool - capital assets	11,903	-
	ISF - Self-Insurance - capital assets	6,076	-
	ISF - Self-Insurance - projects	3,759	-
	ISF - Facilities - computer projects	29,444	-
	Fund Totals	<u>10,301,712</u>	<u>1,074,261</u>
	Total Internal Service Funds	<u>11,987,822</u>	<u>2,158,755</u>
	Grand Totals	<u>56,981,208</u>	<u>56,981,208</u>

(concluded)



# Statistical Section

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

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

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

# Statistical Section

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

<u>Table</u>	<u>Page</u>
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**CITY OF PEORIA, ARIZONA  
NET ASSETS BY COMPONENT  
LAST EIGHT FISCAL YEARS**  
(accrual basis of accounting)

Table I

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

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

Source: Statement of Net Assets  
City financial records and reports

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

Table II

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

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

Table II

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

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

Source: Statement of Activities  
City financial records and reports

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

Table III

	Fiscal Year							
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Program Revenues</b>								
Governmental Activities								
Charges for services								
General Government	\$ 1,147,361	\$ 1,261,983	\$ 1,468,973	\$ 1,576,952	\$ 3,122,641	\$ 3,346,730	\$ 2,747,370	\$ 2,293,928
Culture & Recreation	3,156,382	3,579,918	4,156,225	4,278,605	5,117,914	5,793,176	6,927,760	8,111,802
Police	179,253	173,678	231,147	603,702	1,123,337	828,053	1,283,559	790,269
Fire	244,605	216,299	839,434	730,868	1,557,835	1,844,083	1,737,666	1,717,319
Development Services	3,915,408	3,380,947	3,816,666	4,121,816	5,840,631	5,660,591	4,614,166	3,526,784
Highways & Streets	603,174	247,162	142,242	176,195	205,291	104,654	433,400	345,417
Public Works	930,258	1,454,693	1,578,903	2,709,759	3,987,875	4,950,541	5,318,686	8,607,833
Human Services	468,537	59,325	45,109	107,998	123,449	138,653	164,166	130,544
Operating grants and contributions	8,513,857	9,707,432	10,818,544	10,450,539	10,836,600	12,117,734	13,954,308	14,382,484
Capital grants and contributions	20,456,182	33,856,277	19,620,729	27,215,210	37,599,732	103,368,209	59,793,946	41,598,499
Total governmental activities program revenues	<u>\$ 39,615,017</u>	<u>\$ 53,937,714</u>	<u>\$ 42,717,972</u>	<u>\$ 51,971,644</u>	<u>\$ 69,515,305</u>	<u>\$ 138,152,424</u>	<u>\$ 96,975,027</u>	<u>\$ 81,504,879</u>
Business-type Activities								
Charges for services								
Water Utility	\$ 19,706,869	\$ 22,230,008	\$ 24,364,355	\$ 25,175,285	\$ 24,932,796	\$ 28,240,253	\$ 33,511,407	\$ 31,866,685
Wastewater Utility	9,605,153	9,606,324	10,623,544	10,971,239	11,608,902	12,227,879	14,907,360	15,423,188
Solid Waste Utility	6,799,753	7,036,110	7,277,520	7,728,124	8,330,792	9,715,409	10,395,273	11,216,061
Stadium	2,406,658	2,494,194	2,225,211	3,133,022	2,961,792	2,859,794	2,953,365	3,279,780
Housing	139,288	154,129	137,193	128,332	128,141	153,630	150,877	150,737
Operating grants and contributions	113,892	125,136	120,070	129,308	136,736	137,532	135,174	145,841
Capital grants and contributions	14,815,684	19,692,785	27,526,484	34,853,722	48,121,049	14,097,716	18,219,423	22,321,213
Total business-type activities program revenues	<u>\$ 53,587,297</u>	<u>\$ 61,338,686</u>	<u>\$ 72,274,377</u>	<u>\$ 82,119,032</u>	<u>\$ 96,220,208</u>	<u>\$ 67,432,213</u>	<u>\$ 80,272,879</u>	<u>\$ 84,403,505</u>
Total primary government program revenues	<u>\$ 93,202,314</u>	<u>\$ 115,276,400</u>	<u>\$ 114,992,349</u>	<u>\$ 134,090,676</u>	<u>\$ 165,735,513</u>	<u>\$ 205,584,637</u>	<u>\$ 177,247,906</u>	<u>\$ 165,908,384</u>

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

Source: Statement of Activities  
City financial records and reports

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

Table IV

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 11,069,242	\$ 10,649,066	\$ 231,842	\$ 366,670	\$ 730,494	\$ 3,061,807	\$ 150,764	\$ 948,135	\$ 216,652	\$ 264,489
Unreserved	38,464,822	54,391,303	53,437,142	43,946,135	41,955,367	43,989,346	52,553,522	65,224,766	74,842,586	77,741,727
Total General Fund	<u>\$ 49,534,064</u>	<u>\$ 65,040,369</u>	<u>\$ 53,668,984</u>	<u>\$ 44,312,805</u>	<u>\$ 42,685,861</u>	<u>\$ 47,051,153</u>	<u>\$ 52,704,286</u>	<u>\$ 66,172,901</u>	<u>\$ 75,059,238</u>	<u>\$ 78,006,216</u>
General Fund as % of current year revenues (1)										
Reserved	17.8%	15.1%	0.4%	0.6%	1.1%	4.4%	0.2%	1.0%	0.2%	0.2%
Unreserved	62.0%	77.1%	92.6%	70.7%	64.4%	62.6%	64.2%	67.6%	70.9%	71.1%
Total General Fund	79.8%	92.2%	93.0%	71.3%	65.5%	67.0%	64.4%	68.6%	71.1%	71.3%
General Fund as % of current year expenditures (2)										
Reserved	25.1%	21.8%	0.5%	0.6%	1.2%	4.7%	0.2%	1.1%	0.2%	0.2%
Unreserved	87.3%	111.1%	112.4%	75.2%	70.8%	67.3%	68.2%	76.4%	72.0%	70.2%
Total General Fund	112.5%	132.9%	112.9%	75.8%	72.0%	72.0%	68.4%	77.5%	72.2%	70.4%
All Other Governmental Funds										
Reserved	\$ 14,236,043	\$ 14,551,664	\$ 36,599,179	\$ 40,007,493	\$ 91,475,811	\$ 60,276,977	\$ 82,831,364	\$ 84,931,450	\$ 154,966,318	\$ 143,600,643
Unreserved, reported in:										
Special revenue funds	4,333,086	4,933,778	21,657,090	19,750,001	20,546,432	21,662,579	25,365,373	41,501,121	49,251,757	62,170,663
Capital projects funds	6,280,936	13,581,014	(3,157,315)	13,613,176	9,533,035	8,300,215	(4,566,517)	(21,988,077)	18,917,375	23,589,696
Total All Other Governmental Funds	<u>\$ 24,850,065</u>	<u>\$ 33,066,456</u>	<u>\$ 55,098,954</u>	<u>\$ 73,370,670</u>	<u>\$ 121,555,278</u>	<u>\$ 90,239,771</u>	<u>\$ 103,630,220</u>	<u>\$ 104,444,494</u>	<u>\$ 223,135,450</u>	<u>\$ 229,361,002</u>

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

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

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

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

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

Table V

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues</b>										
Taxes	\$ 33,085,735	\$ 38,420,066	\$ 44,534,680	\$ 46,097,098	\$ 49,675,987	\$ 55,774,213	\$ 62,170,531	\$ 80,238,340	\$ 90,780,140	\$ 98,358,262
Intergovernmental	24,357,944	27,039,716	32,083,433	35,187,028	37,076,594	34,841,183	36,747,293	41,899,532	64,283,444	52,612,549
Charges for services	12,537,838	13,972,714	12,384,749	13,497,278	14,719,159	18,430,649	30,768,591	34,863,016	39,290,401	37,609,937
Licenses and Permits	3,406,197	4,416,214	2,847,785	2,771,677	3,022,495	3,597,522	5,041,680	4,807,840	3,878,132	3,020,436
Fines and Forfeitures	838,607	796,459	1,159,057	1,080,542	1,093,438	1,086,327	1,823,626	2,112,799	2,203,756	2,666,731
Rents	146,021	160,742	30,217	58,606	70,952	89,829	174,837	228,492	249,069	358,215
Investment Earnings	3,518,012	4,074,836	6,797,894	4,765,132	2,669,885	1,467,703	2,652,530	6,050,060	10,942,001	12,125,018
Special assessments	2,026,300	1,559,116	2,028,389	2,225,642	3,142,875	2,598,445	2,252,142	2,262,770	1,971,991	1,803,344
Miscellaneous	957,553	1,589,749	1,167,055	3,610,289	1,089,570	3,293,560	2,560,291	5,562,231	6,992,363	7,882,947
<b>Total Revenues</b>	<b>\$ 80,874,207</b>	<b>\$ 92,029,612</b>	<b>\$ 103,033,259</b>	<b>\$ 109,293,292</b>	<b>\$ 112,560,955</b>	<b>\$ 121,179,431</b>	<b>\$ 144,191,521</b>	<b>\$ 178,025,080</b>	<b>\$ 220,591,297</b>	<b>\$ 216,437,439</b>
<b>Expenditures</b>										
General Government	\$ 13,333,772	\$ 14,915,711	\$ 10,201,573	\$ 13,465,303	\$ 13,094,326	\$ 15,386,608	\$ 18,144,444	\$ 19,767,909	\$ 22,833,440	\$ 14,544,047
Culture & Recreation	8,818,465	9,449,959	9,080,373	10,964,291	11,339,011	12,395,888	13,935,373	15,300,068	17,013,511	21,769,313
Police	15,751,383	17,441,886	12,599,894	14,727,025	17,462,775	18,663,675	20,915,014	24,715,113	28,163,474	33,340,756
Fire	-	-	8,197,640	9,012,316	9,633,471	10,440,007	12,206,093	13,422,870	16,522,036	19,120,991
Development Services	4,042,788	4,348,716	3,412,057	3,420,333	4,095,448	4,253,710	4,575,963	4,986,442	5,526,599	6,669,979
Highways & Streets	4,548,800	5,959,910	6,704,977	7,752,287	8,740,707	8,825,795	13,930,314	10,333,402	14,679,124	14,632,287
Public Works	-	-	1,780,346	2,571,543	3,217,245	3,107,787	3,993,427	4,640,211	5,010,116	6,408,150
Human Services	-	-	1,474,413	1,537,183	2,452,063	1,590,605	1,768,107	1,991,939	2,291,469	2,817,716
Other	16,814	8,225	4,518	8,025	3,707	16,823	3,849	539	45,912	-
Capital Outlay	14,333,847	16,673,212	22,993,500	20,817,224	24,209,115	52,502,380	33,148,181	34,944,336	76,919,805	74,142,416
Debt Service										
Interest	5,093,165	4,908,180	5,737,720	5,352,468	6,918,514	6,299,626	7,046,576	6,747,072	8,099,492	10,340,704
Principal	6,846,203	7,359,490	9,663,293	9,578,372	10,612,697	9,737,936	15,304,972	16,881,632	16,178,431	31,143,531
<b>Total Expenditures</b>	<b>\$ 72,785,237</b>	<b>\$ 81,065,289</b>	<b>\$ 91,850,304</b>	<b>\$ 99,206,370</b>	<b>\$ 111,779,079</b>	<b>\$ 143,220,840</b>	<b>\$ 144,972,313</b>	<b>\$ 153,731,533</b>	<b>\$ 213,283,409</b>	<b>\$ 234,929,890</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>\$ 8,088,970</b>	<b>\$ 10,964,323</b>	<b>\$ 11,182,955</b>	<b>\$ 10,086,922</b>	<b>\$ 781,876</b>	<b>\$ (22,041,409)</b>	<b>\$ (780,792)</b>	<b>\$ 24,293,547</b>	<b>\$ 7,307,888</b>	<b>\$ (18,492,451)</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing	\$ 5,930,000	\$ 14,885,028	\$ -	\$ 3,159,195	\$ 49,213,258	\$ 164,548	\$ 23,809,728	\$ 6,722,550	\$ 122,090,000	\$ 47,000,000
Proceeds from refunding	4,030,000	-	-	-	24,613,603	-	-	-	18,365,000	-
Proceeds from sale of general fixed assets	1,697,720	1,328,591	-	-	-	-	-	-	-	-
Payments to bond refunding escrow agent	(4,030,000)	-	-	-	(22,255,141)	-	-	-	(18,365,000)	-
Premium on bonds issued	-	-	-	-	-	-	75,552	20,559	1,502,204	273,310
Transfers In	3,720,651	4,566,726	5,506,348	28,513,754	15,978,782	6,193,157	11,766,397	10,116,361	17,798,434	16,426,715
Transfers Out	(8,699,061)	(8,023,647)	(8,466,414)	(32,844,334)	(21,772,434)	(11,266,511)	(15,827,303)	(26,870,128)	(21,121,233)	(36,035,044)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 2,649,310</b>	<b>\$ 12,756,698</b>	<b>\$ (2,963,066)</b>	<b>\$ (1,171,385)</b>	<b>\$ 45,778,068</b>	<b>\$ (4,908,806)</b>	<b>\$ 19,824,374</b>	<b>\$ (10,010,658)</b>	<b>\$ 120,269,405</b>	<b>\$ 27,664,981</b>
<b>Net Change in Fund Balance</b>	<b>\$ 10,738,280</b>	<b>\$ 23,721,021</b>	<b>\$ 8,222,889</b>	<b>\$ 8,915,537</b>	<b>\$ 46,559,944</b>	<b>\$ (26,950,215)</b>	<b>\$ 19,043,582</b>	<b>\$ 14,282,889</b>	<b>\$ 127,577,293</b>	<b>\$ 9,172,530</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>20.4%</b>	<b>19.1%</b>	<b>22.4%</b>	<b>19.0%</b>	<b>20.0%</b>	<b>17.7%</b>	<b>20.0%</b>	<b>19.9%</b>	<b>17.8%</b>	<b>25.8%</b>

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

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

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

Table VI

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

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

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

Source: Statement of Activities.  
City financial records and reports

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

Table VII

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Transaction Taxes (1)	\$ 24,999,105	\$ 29,172,894	\$ 33,621,787	33,711,972	\$ 35,932,415	\$ 40,579,522	\$ 45,535,559	\$ 61,156,870	\$ 68,873,970	\$ 68,466,910
Franchise Taxes	1,446,562	1,720,818	2,022,335	2,327,874	2,291,179	2,495,803	2,498,995	3,004,895	3,983,701	3,848,746
Property Taxes										
Primary Taxes	1,196,827	1,357,963	1,580,367	1,638,719	1,838,829	2,077,178	2,285,792	2,612,397	2,896,360	2,975,900
Secondary Taxes	4,947,844	5,709,744	6,689,726	7,713,406	8,603,538	9,749,392	10,688,571	12,393,713	13,211,927	19,176,935
Special District* Taxes	205,678	183,425	384,380	512,196	834,891	619,973	868,197	796,821	1,571,936	3,633,664
In Lieu Taxes	289,719	275,222	236,085	192,931	175,135	252,345	293,417	273,644	242,246	256,107
Total Property Taxes	<u>\$ 6,640,068</u>	<u>\$ 7,526,354</u>	<u>\$ 8,890,558</u>	<u>\$ 10,057,252</u>	<u>\$ 11,452,393</u>	<u>\$ 12,698,888</u>	<u>\$ 14,135,977</u>	<u>\$ 16,076,575</u>	<u>\$ 17,922,469</u>	<u>\$ 26,042,606</u>
Total Taxes	<u>\$ 33,085,735</u>	<u>\$ 38,420,066</u>	<u>\$ 44,534,680</u>	<u>\$ 46,097,098</u>	<u>\$ 49,675,987</u>	<u>\$ 55,774,213</u>	<u>\$ 62,170,531</u>	<u>\$ 80,238,340</u>	<u>\$ 90,780,140</u>	<u>\$ 98,358,262</u>

(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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
State Shared Sales Tax	\$ 5,958,570	\$ 6,549,653	\$ 6,971,235	\$ 8,350,576	\$ 8,474,910	\$ 9,116,684	\$ 10,038,874	\$ 11,681,284	\$ 13,130,116	\$ 12,695,890
Urban Revenue Sharing	7,513,864	8,297,259	8,891,990	11,321,449	11,386,513	9,786,943	10,076,455	11,707,782	15,996,992	19,539,768
HURF Revenues	5,091,160	5,334,646	5,606,104	6,719,940	7,020,920	7,501,918	7,878,977	8,475,784	9,870,460	9,488,625
Auto in-Lieu	2,516,193	2,771,158	3,054,248	3,575,255	4,268,379	4,390,706	4,639,457	5,251,577	5,725,299	5,546,558
Local Transportation Aid	528,376	551,269	598,664	615,115	639,879	650,734	650,056	657,162	658,598	666,237
Other	976,880	1,291,896	4,709,819	2,903,838	1,733,992	1,053,460	778,059	1,303,622	15,800,183	1,770,683
Federal	1,772,901	2,243,835	2,251,373	1,700,855	3,552,001	2,340,738	2,685,415	2,822,321	3,101,796	2,904,788
Total Intergovernmental Revenue	<u>\$ 24,357,944</u>	<u>\$ 27,039,716</u>	<u>\$ 32,083,433</u>	<u>\$ 35,187,028</u>	<u>\$ 37,076,594</u>	<u>\$ 34,841,183</u>	<u>\$ 36,747,293</u>	<u>\$ 41,899,532</u>	<u>\$ 64,283,444</u>	<u>\$ 52,612,549</u>

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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities:										
Streets	\$ -	\$ 215,358	\$ 1,846,867	\$ 1,911,146	\$ 2,064,748	\$ 2,740,580	\$ 7,029,058	\$ 8,460,281	\$11,093,775	\$ 8,950,451
Parks/Recreation	721,216	1,110,776	2,117,536	2,346,030	2,089,955	2,778,480	5,045,791	5,113,046	4,020,306	3,647,109
Library	330,070	436,814	460,258	476,734	457,898	586,200	1,028,504	969,582	691,434	501,209
Public Safety	452,779	531,464	909,116	929,164	1,124,351	1,461,477	2,730,568	3,275,831	5,649,715	3,515,573
General Government	-	112,669	926,097	941,436	1,012,151	1,381,237	2,020,208	2,105,106	2,167,340	1,413,319
Total Governmental Activities	<u>\$ 1,504,065</u>	<u>\$ 2,407,081</u>	<u>\$ 6,259,874</u>	<u>\$ 6,604,510</u>	<u>\$ 6,749,103</u>	<u>\$ 8,947,974</u>	<u>\$ 17,854,129</u>	<u>\$ 19,923,846</u>	<u>\$23,622,570</u>	<u>\$ 18,027,661</u>
Business-type Activities:										
Water Expansion	1,994,610	2,395,778	2,431,800	4,458,106	7,013,267	7,025,548	7,671,535	6,972,529	4,973,097	3,297,819
Water Resource	-	16,882	185,934	475,237	887,389	1,287,101	1,801,486	1,550,288	1,133,833	659,750
Wastewater Expansion	4,920,157	6,101,944	3,421,540	3,899,520	4,786,965	3,658,370	4,391,622	4,364,858	2,719,879	1,863,749
Solid Waste Expansion	915,034	1,450,380	870,682	597,474	753,660	765,334	1,123,950	1,009,520	621,892	458,804
Total Business-type Activities	<u>\$ 7,829,801</u>	<u>\$ 9,964,984</u>	<u>\$ 6,909,956</u>	<u>\$ 9,430,337</u>	<u>\$ 13,441,281</u>	<u>\$ 12,736,353</u>	<u>\$ 14,988,593</u>	<u>\$ 13,897,195</u>	<u>\$ 9,448,701</u>	<u>\$ 6,280,122</u>
Total Primary Government	<u>\$ 9,333,866</u>	<u>\$ 12,372,065</u>	<u>\$ 13,169,830</u>	<u>\$ 16,034,847</u>	<u>\$ 20,190,384</u>	<u>\$ 21,684,327</u>	<u>\$ 32,842,722</u>	<u>\$ 33,821,041</u>	<u>\$33,071,271</u>	<u>\$24,307,783</u>

Source: City financial records

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

Table X

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Retail Sales	\$ 12,345,170	\$ 14,738,906	\$ 15,148,939	\$ 17,456,584	\$ 18,284,743	\$ 19,946,715	\$ 21,861,810	\$ 26,832,950	\$ 30,963,887	\$ 30,721,220
Contracting	5,554,362	5,870,856	6,433,978	5,066,482	5,372,308	6,147,387	7,871,565	14,022,558	13,910,951	11,271,722
Rentals	2,244,361	2,618,602	3,099,174	3,065,400	3,315,297	3,756,875	4,297,474	5,469,550	6,554,938	7,190,660
Utilities	1,473,358	1,714,012	1,703,292	2,156,154	2,255,621	2,445,199	2,576,655	4,949,457	6,005,833	6,584,854
Telecom/Cable TV	405,098	484,518	623,951	626,479	719,721	815,105	920,471	1,079,620	1,245,892	1,492,871
Restaurant/Bar	2,070,678	2,283,606	2,789,325	3,223,465	3,944,702	4,432,723	5,052,224	5,986,135	6,782,852	7,032,488
Amusement	63,571	149,361	308,340	340,467	373,416	443,680	549,702	655,728	814,307	838,550
Use	454,945	788,801	2,754,177	897,835	602,119	599,172	570,265	485,720	783,997	985,505
Other	387,562	524,232	760,612	880,106	1,064,488	1,992,666	1,835,393	1,675,151	1,811,313	2,349,040
<b>Total</b>	<b>\$ 24,999,105</b>	<b>\$ 29,172,894</b>	<b>\$ 33,621,788</b>	<b>\$ 33,712,972</b>	<b>\$ 35,932,415</b>	<b>\$ 40,579,522</b>	<b>\$ 45,535,559</b>	<b>\$ 61,156,869</b>	<b>\$ 68,873,970</b>	<b>\$ 68,466,910</b>
<b>% Growth by Year</b>										
Retail Sales	16.2%	19.4%	2.8%	15.2%	4.7%	9.1%	9.6%	22.7%	15.4%	-0.8%
Contracting	31.6%	5.7%	9.6%	-21.3%	6.0%	14.4%	28.0%	78.1%	-0.8%	-19.0%
Rentals	16.4%	16.7%	18.4%	-1.1%	8.2%	13.3%	14.4%	27.3%	19.8%	9.7%
Utilities	11.7%	16.3%	-0.6%	26.6%	4.6%	8.4%	5.4%	92.1%	21.3%	9.6%
Telecom/Cable TV	27.0%	19.6%	28.8%	0.4%	14.9%	13.3%	12.9%	17.3%	15.4%	19.8%
Restaurant/Bar	20.1%	10.3%	22.1%	15.6%	22.4%	12.4%	14.0%	18.5%	13.3%	3.7%
Amusement	-12.3%	135.0%	106.4%	10.4%	9.7%	18.8%	23.9%	19.3%	24.2%	3.0%
Use	51.0%	73.4%	249.2%	-67.4%	-32.9%	-0.5%	-4.8%	-14.8%	61.4%	25.7%
Other	-43.3%	35.3%	45.1%	15.7%	20.9%	87.2%	-7.9%	-8.7%	8.1%	29.7%
<b>Total</b>	<b>18.0%</b>	<b>16.7%</b>	<b>15.3%</b>	<b>0.3%</b>	<b>6.6%</b>	<b>12.9%</b>	<b>12.2%</b>	<b>34.3%</b>	<b>12.6%</b>	<b>-0.6%</b>

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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
City Direct Rates:										
Retail Sales	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%
Contracting	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%
Rental	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%
Hotel/Transient Lodging	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.60%	5.60%	5.60%
Utilities	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.30%	3.30%	3.30%
Telecom/Cable TV	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%
Restaurant/Bar	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.80%	2.80%	2.80%
Amusement	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.80%	2.80%	2.80%
Others	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.80%	1.80%	1.80%
County Rate										
Hotel/Transient Lodging	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%
All Others	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
State Rate										
Hotel/Transient Lodging	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
All Others	5.00%	5.00%	5.00%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%

Source: Model City Tax Code, ADOR 91-5312

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

**Table XII**

Category	2008				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	3,003	22.70%	\$ 30,721,220	44.9%	2,365	23.4%	\$ 21,861,810	48.0%
Contracting	4,383	33.13%	11,271,722	16.5%	3,216	31.8%	7,871,565	17.3%
Restaurant/Bar	308	2.33%	7,032,488	10.3%	235	2.3%	5,052,224	11.1%
Rental	4,098	30.97%	7,190,660	10.5%	2,867	28.3%	4,297,474	9.4%
Utilities	14	0.11%	6,584,854	9.6%	9	0.1%	2,576,655	5.7%
Telecom/Cable TV	120	0.91%	1,492,871	2.2%	126	1.2%	920,471	2.0%
Use	697	5.27%	985,505	1.4%	857	8.5%	570,265	1.3%
Amusement	56	0.42%	838,550	1.2%	45	0.4%	549,702	1.2%
Others	552	4.17%	2,349,040	3.4%	402	4.0%	1,835,393	4.0%
<b>Total</b>	<u>13,231</u>	<u>100.00%</u>	<u>\$ 68,466,910</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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Residential (Owner occupied)	\$ 229,616,621	\$ 267,224,220	\$ 316,200,286	\$ 371,374,428	\$ 403,937,371	\$ 464,911,130	\$ 497,294,057	\$ 582,512,691	\$ 626,591,494	\$ 1,041,693,334
Residential (Renter occupied)	21,328,181	26,956,291	32,258,579	35,543,344	37,003,847	42,487,659	51,436,849	64,003,067	75,761,506	116,115,688
Commercial, Industrial, Mines & Utilities	95,383,002	106,059,247	128,361,247	151,050,647	170,508,040	190,086,111	218,209,727	242,554,778	293,807,014	334,323,557
Agriculture & Vacant	37,217,844	40,917,076	43,750,084	48,748,154	50,351,826	51,802,238	58,949,534	73,674,495	117,630,028	148,077,787
Railroad	1,063,094	1,008,673	1,073,870	1,094,881	955,802	951,301	1,712,708	1,724,400	1,830,109	1,918,660
Historic & Environmental	86,391	163,835	58,510	25,215	28,555	190,782	30,780	-	-	58,450
Public Property Improvements	1,970	1,475	1,430	-	-	-	-	-	-	-
Net Assessed Value	<u>\$ 384,697,103</u>	<u>\$ 442,330,817</u>	<u>\$ 521,704,006</u>	<u>\$ 607,836,669</u>	<u>\$ 662,785,441</u>	<u>\$ 750,429,221</u>	<u>\$ 827,633,655</u>	<u>\$ 964,469,431</u>	<u>\$ 1,115,620,151</u>	<u>\$ 1,642,187,476</u>
% Growth	7.0%	15.0%	17.9%	16.5%	9.0%	13.2%	10.3%	16.5%	15.7%	47.2%
Net Assessed Value Per Capita	\$ 4,049	\$ 4,082	\$ 4,520	\$ 4,956	\$ 5,226	\$ 5,651	\$ 6,039	\$ 7,262	\$ 7,264	\$ 10,379
Population	95,000	108,364	115,432	122,655	126,815	132,805	137,045	132,805	153,592	158,227
Total Direct Secondary Tax Rate	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.20	1.25
Full Cash Value	3,365,492,995	3,910,651,859	4,502,876,658	5,405,768,822	5,868,802,159	6,743,773,145	7,525,637,782	8,736,985,007	9,999,273,539	15,118,988,316
% Growth	6.6%	16.2%	15.1%	20.1%	8.6%	14.9%	11.6%	16.1%	14.4%	51.2%
Full Cash Value Per Capita	\$ 35,426	\$ 36,088	\$ 39,009	\$ 44,073	\$ 46,278	\$ 50,780	\$ 54,914	\$ 65,788	\$ 65,103	\$ 95,553
Net Assessed Value as a Percentage of Full Cash Value	11.4%	11.3%	11.6%	11.2%	11.3%	11.1%	11.0%	11.0%	11.2%	10.9%

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

**Property Classifications**

Fiscal Year	<u>Railroads, Private Car, and Airline Flight Property</u>		<u>Commercial and Industrial</u>		<u>Residential</u>	<u>Agriculture and Vacant Land</u>	
	<u>Mines (b)</u>	<u>Utilities</u>	<u>Commercial and Industrial</u>	<u>Residential</u>		<u>Agriculture and Vacant Land</u>	<u>Agriculture and Vacant Land</u>
1999	25%	25%	21%	25.0%	10%	16%	16%
2000	-	-	21%	25.0%	10%	16%	16%
2001	-	-	21%	25.0%	10%	16%	16%
2002	-	-	21%	25.0%	10%	16%	16%
2003	-	-	21%	25.0%	10%	16%	16%
2004	-	-	20%	25.0%	10%	16%	16%
2005	-	-	21%	25.0%	10%	16%	16%
2006	-	-	21%	25.0%	10%	16%	16%
2007	-	-	22%	24.5%	10%	16%	16%
2008	-	-	20%	23.0%	10%	16%	16%

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

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

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

Table XIV

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total Direct City										
Primary	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.28	\$ 0.24
Secondary	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.20	1.25
School District (1)										
Primary	4.82	4.75	4.87	4.32	4.41	4.56	4.46	4.13	4.29	3.82
Secondary	5.16	4.95	4.63	4.40	4.28	4.04	3.90	3.80	3.31	2.72
County (2)										
Primary	2.66	2.68	2.64	2.64	2.66	2.59	2.59	2.59	2.06	1.92
Secondary	0.78	0.74	0.70	0.65	0.62	0.51	0.51	0.51	0.68	0.59
State										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	7.80	7.75	7.83	7.25	7.36	7.44	7.34	4.42	6.63	5.98
Secondary	7.24	6.99	6.63	6.35	6.20	5.85	5.71	6.56	5.19	4.56

(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	\$ 3.63
Secondary	1.68

(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	\$ 1.10	\$ -
Education Equalization	-	-
Community College District	0.82	0.15
West Maricopa Education Center	-	0.05
County Flood Control District	-	0.15
Fire District Assistance	-	0.01
County Free Library	-	0.04
Central AZ Water Conservation	-	0.10
Special Health Care	-	0.09
	<u>\$ 1.92</u>	<u>\$ 0.59</u>

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

Source: Maricopa County Assessor - Tax Rates and Levies publication

(continued)

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

Table XV

	Tax Levies Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total Direct City										
Primary	\$ 1,200,924	\$ 1,367,471	\$ 1,585,084	\$ 1,675,077	\$ 1,836,000	\$ 2,077,622	\$ 2,295,435	\$ 2,640,883	\$ 3,012,725	\$ 3,002,150
Secondary	5,010,680	5,761,359	6,729,710	7,901,877	8,616,211	9,755,580	10,759,238	12,538,103	13,387,442	20,527,343
School District (1)										
Primary	26,059,009	31,023,072	35,993,776	36,367,657	39,965,149	45,718,267	48,345,544	50,475,795	58,945,121	61,400,326
Secondary	27,839,438	33,823,043	36,136,167	38,874,484	40,456,138	42,454,023	44,291,944	49,294,120	48,531,032	56,465,081
County (2)										
Primary	426,667,921	469,465,347	512,232,252	563,545,711	611,337,637	726,446,055	726,446,055	398,725,245	696,740,167	751,042,721
Secondary	120,255,268	129,292,449	137,665,480	141,844,666	144,920,909	145,100,016	145,100,016	167,896,576	240,972,424	272,271,935
State										
Primary	-	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	-	-	-	-	-	-
Total										
Primary	453,927,854	501,855,890	549,811,112	601,588,445	653,138,786	774,241,944	777,087,034	451,841,923	758,698,013	815,445,197
Secondary	153,105,386	168,876,851	180,531,357	188,621,027	193,993,258	197,309,619	200,151,198	229,728,799	302,890,898	349,264,359

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

	Deer Valley
Primary	\$ 89,300,110
Secondary	54,180,166

(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	\$ 430,023,735	\$ -
Education Equalization	-	-
Community College District	321,018,986	74,981,944
West Maricopa Education Center	-	8,825,841
County Flood Control District	-	70,422,870
Fire District Assistance	-	2,631,597
County Free Library	-	19,368,018
Central AZ Water Conservation	-	49,730,785
Special Health Care	-	46,310,880
	<u>\$ 751,042,721</u>	<u>\$ 272,271,935</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	2008			1999		
	Taxable Secondary Assessed Value	Rank	Percentage of Total City Taxable Secondary Assessed Value	Taxable Secondary Assessed Value	Rank	Percentage of Total City Taxable Secondary Assessed Value
Arizona Public Service	\$ 18,043,880	1	1.10%	\$ 11,741,786	1	3.05%
Qwest Corporation	10,224,146	2	0.62%	7,019,034	2	1.82%
Vistancia LLC	10,192,385	3	0.62%	-		
Sprint Spectrum LP	8,040,561	4	0.49%	-		
Inland Western Glendale LLC	5,716,817	5	0.35%	-		
Larry Miller Real Estate-Peoria LLC	5,679,524	6	0.35%	-		
Safeway, Inc	4,844,798	7	0.30%	-		
Courtland Homes Inc	4,842,960	8	0.29%	-		
Ddra Ahwatukee Foothills LLC	4,799,328	9	0.29%	-		
Southwest Gas Corporation	4,596,191	10	0.28%	2,078,967	5	0.54%
Developers Diversified Realty Corp	-			5,134,154	3	1.33%
Dayton Hudson Corp	-			3,311,278	4	0.86%
Schonfeld, Robert	-			2,074,829	6	0.54%
AZ Medical Clinic	-			1,993,218	7	0.52%
Diamante Crossroads Plaza	-			1,865,006	8	0.48%
Sun Health Corporation	-			1,822,448	9	0.47%
Freedom Plaza Limited Partner	-			1,642,860	10	0.43%
<b>Total</b>	<b>\$ 76,980,590</b>		<b>4.69%</b>	<b>\$ 38,683,580</b>		<b>10.06%</b>

Note - As a quasi-governmental entity, Salt River Project pays in-Lieu taxes, rather than property taxes. For Fiscal year 2008, the assessed value of Salt River Project property within the City of Peoria is \$17,188,403.

Source - Maricopa County Treasurer's Office

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

Table XVII

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Current Levy	\$ 6,211,604	\$ 7,128,830	\$ 8,314,794	\$ 9,576,954	\$ 10,452,211	\$ 11,833,202	\$ 13,054,673	\$ 15,178,986	\$ 16,400,167	\$ 23,529,493
Current Tax Collections	6,120,026	7,045,289	8,120,403	9,234,358	10,209,517	11,624,426	12,817,287	14,827,945	15,926,805	22,822,879
Percent of Levy Collected	98.5%	98.8%	97.7%	96.4%	97.7%	98.2%	98.2%	97.7%	97.1%	97.0%
Delinquent Tax Collections	24,645	22,418	149,690	117,765	325,376	251,331	143,034	91,070	52,195	356,825
Total Tax Collections	\$ 6,144,671	\$ 7,067,707	\$ 8,270,093	\$ 9,352,123	\$ 10,534,893	\$ 11,875,757	\$ 12,960,321	\$ 14,919,015	\$ 15,979,000	\$ 23,179,704
Total Collection as Percent of Current Levy	98.9%	99.1%	99.5%	97.7%	100.8%	100.4%	99.3%	98.3%	97.4%	98.5%

Notes: Prior to Fiscal Year 2001, secondary Tax Collections were not broken out between Current and Delinquent collections. All secondary taxes collected were reported as current collections.  
Collections include secured levies.  
Delinquent tax collections are shown in the year collected.

Source: Maricopa County Treasurer  
City financial records and reports

**CITY OF PEORIA, ARIZONA  
UTILITY STATISTICAL DATA  
LAST TEN FISCAL YEARS**

Table XVIII

<b>Utility Rate Increases &amp; Average Bill Last Ten Fiscal Years</b>											
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	
Water											
Average bill	\$ 26.81	\$ 33.59	\$ 34.58	\$ 37.77	\$ 39.61	\$ 39.06	\$ 35.53	\$ 34.59	\$ 34.85	\$ 35.59	
% Increase	10.42%	25.29%	2.95%	9.22%	4.87%	-1.39%	-9.04%	-2.65%	0.75%	2.12%	
Wastewater											
Average bill	17.14	17.49	18.10	17.32	18.73	18.53	19.47	18.74	21.52	21.24	
% Increase	-2.61%	2.04%	3.49%	-4.31%	8.14%	-1.07%	5.07%	-3.75%	14.83%	-1.30%	
Residential Solid Waste											
Average bill	12.30	12.49	12.49	12.49	12.49	12.49	13.32	14.58	14.91	14.85	
% Increase	no change	1.54%	no change	no change	no change	no change	6.65%	9.46%	2.26%	-0.40%	

<b>Utility Service Connections Last Ten Fiscal Years</b>											
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	
Water											
#	31,020	31,810	34,900	36,221	37,664	38,818	42,673	44,221	45,630	46,146	
% Increase	5.87%	2.55%	9.71%	3.79%	3.98%	3.06%	9.93%	3.63%	3.19%	1.13%	
Wastewater											
#	30,274	34,190	37,321	38,130	39,806	40,984	43,824	45,933	47,831	48,759	
% Increase	11.75%	12.94%	9.16%	2.17%	4.40%	2.96%	6.93%	4.81%	4.13%	1.94%	
Residential Solid Waste											
#	29,517	32,615	35,320	36,978	38,546	39,747	42,467	44,198	46,309	47,146	
% Increase	11.84%	10.50%	8.29%	4.69%	4.24%	3.12%	6.84%	4.08%	4.78%	1.81%	

**Charges for Water Services  
Base Minimum Monthly Bill  
As of June 30, 2008**

<u>Meter Size</u>	<u>All Customers</u>
5/8"-3/4"	\$ 13.75
1"	16.35
1 1/2"	18.97
2"	26.18
3"	67.37
4"	95.19
6"	148.81

Source: City customer service and billing records

(continued)

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

Table XVIII

<b>Volume Charges for Water Services Usage Per Month As of June 30, 2008</b>			
<b>Volume Consumption (gallons)</b>	<b>Residential (per 1,000 gallons)</b>	<b>Multiplex (per 1,000 gallons)</b>	<b>Commercial (per 1,000 gallons)</b>
First 1,000	Base Charge	Base Charge	Base Charge
1,001 - 5,000	\$ 1.45	\$ 1.45	\$ 1.45
5,001 - 10,000	2.61	2.10	2.10
10,001 - 25,000	3.14	2.55	2.55
25,001 - 50,000 (a)	3.74	3.06	3.06
50,001+	3.74	3.06	3.11

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

<b>Water Meter Permit Charges As of June 30, 2008</b>	
<b>Meter Size</b>	<b>Charge</b>
3/4"	\$ 264
1 1/2"	418
2"	528-907
3"	1,522 - 2,312
4"	2,096 - 2,985
6"	3,565 - 4,799
Hydrant meter	1,196
Commercial accounts	By meter size

<b>Charges for Wastewater Services As of June 30, 2008</b>		<b>Charges for Storm Water As of June 30, 2008</b>	
<b>Monthly</b>	<b>All Customers</b>	<b>Monthly</b>	<b>All Customers</b>
Base (a)	\$ 3.02	Base charge	\$ 1.00
Volume (b)	2.28		

(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 EIGHT FISCAL YEARS**

**Table XVIII**

	06/30/2001	06/30/2002	06/30/2003	06/30/2004	06/30/2005	06/30/2006	06/30/2007	06/30/2008
<b>Miscellaneous data on water utility</b>								
Annual consumption (000's gal)	6,629,039	6,657,323	6,640,038	6,828,944	6,890,083	7,889,653	8,220,760	8,626,688
Average gallons/household/month	15,829	15,801	15,712	14,904	15,056	16,213	16,320	14,751
Average gallons/household/year	189,944	189,608	180,544	178,850	180,679	194,552	195,840	177,016
Average daily demand (MGD)	16.78	19.32	18.19	20.43	20.10	23.21	24.46	23.63
Peak demand (MGD)	28.17	30.25	28.82	30.00	32.00	32.00	34.40	33.39
Number of wells in system	23	24	25	28	27	27	29	31
Available storage capacity (million gallon)	16.1	16.1	22.2	37.3	40.0	40.0	40.0	41.8
<b>Miscellaneous data on wastewater utility</b>								
Treatment plant capacity:								
Beardsley treatment plant (million gallon/day)	2.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0
Jomax treatment plant (million gallon/day)	-	-	-	-	0.75	0.75	0.75	2.25
Tolleson regional plant (million gallon/day)	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4
Butler treatment plant (million gallon/day)	-	-	-	-	-	-	-	10.0
Annual wastewater treated:								
Beardsley treatment plant (billion gallon)	0.4	0.485	0.531	0.606	0.674	0.763	0.851	0.8698
Jomax treatment plant (billion gallon)	-	-	-	-	0.0065	0.057	0.091	0.119
Tolleson regional plant (billion gallon)	2.580	2.200	2.180	2.620	2.731	2.731	2.727	2.600
Butler treatment plant (million gallon/day)	-	-	-	-	-	-	-	0.036
Average daily flow:								
Beardsley treatment plant (million gallon/day)	1.16	1.45	1.46	1.67	1.85	2.09	2.33	2.40
Jomax treatment plant (million gallon/day)	-	-	-	-	0.02	0.16	0.25	0.33
Tolleson regional plant (million gallon/day)	7.07	6.54	7.12	7.19	7.48	7.88	7.47	7.12
Butler treatment plant (million gallon/day)	-	-	-	-	-	-	-	2.57
Peak flow:								
Beardsley treatment plant (million gallon/day)	1.27	1.58	1.87	3.20	2.30	2.50	3.00	3.50
Jomax treatment plant (million gallon/day)	-	-	-	-	0.278	0.278	0.33	0.26
Tolleson regional plant (million gallon/day)	7.60	7.60	8.11	11.80	10.88	10.88	8.92	10.99
Butler treatment plant (million gallon/day)	-	-	-	-	-	-	-	7.50
<b>Miscellaneous data on solid waste service</b>								
Residential tonnage processed	52,188	55,081	60,516	64,358	65,950	69,191	71,396	61,290
Commercial tonnage processed	19,958	22,917	19,642	19,157	18,436	22,943	25,260	20,519
Recycling tonnage processed	357	498	600	1,133	1,523	1,690	1,927	11,549
	72,503	78,496	80,758	84,648	85,909	93,824	98,583	93,358

Source: City records

Note: Information not available for years prior to Fiscal year 2001  
Butler treatment plant operational mid-June 2008

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

Table XVIII

Entity	Type of User	2008			2003		
		Avg Monthly Water Usage	Ranking	% of Average Monthly Water Usage	Avg Monthly Water Usage	Ranking	% of Average Monthly Water Usage
Desert Harbor	Homeowner's Association	7,351	1	1.07%	7,236	1	1.31%
City of Peoria Padre's Pump Station	Sports Complex	5,983	2	0.87%	3,438	3	0.62%
Trilogy at Vistancia	Commercial Landscape	3,161	3	0.46%	-		
Sun Garden Park II H/O Assn.	Homeowner's Association	2,237	4	0.33%	1,675	6	0.30%
Polynesian Village	Homeowner's Association	1,444	5	0.21%	1,624	7	0.29%
Ventana Lakes N. of Beardsley Lake	Homeowner's Association	1,330	6	0.19%	-		0.00%
Centennial High School	Public School	1,323	7	0.19%	-		
Ventana Lakes S. of Beardsley Lake	Homeowner's Association	1,213	8	0.18%	-		
Casa Del Sol East Southern portion	Multi-Family Residential	1,207	9	0.18%	-		
Casa Del Sol East Northern portion	Multi-Family Residential	1,120	10	0.16%	-		
Freedom Plaza LTD Partnership	Health Care Facility	-		0.00%	2,108	5	0.38%
Desert Harbor sprinklers	Homeowner's Association	-		0.00%	1,245	8	0.22%
Greenway Water Treatment Plant	Water Treatment Plant	-		0.00%	4,114	2	0.74%
Arizona American Water Co.	Water Utility	-		0.00%	2,413	4	0.44%
Sun Garden Mobilie Home Park	Homeowner's Association	-		0.00%	1,565	9	0.28%
MHC Operating Ltd. Partnership	Homeowner's Association	-		0.00%	1,330	10	0.24%

Note: Water usage information unavailable prior to FY03

Source: City customer service and billing records

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

Table XIX

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities										
General Obligation Bonds	\$ 38,123,080	\$ 50,598,318	\$ 47,669,600	\$ 44,484,200	\$ 68,629,389	\$ 64,980,000	\$ 55,380,000	\$ 51,205,000	\$ 142,835,000	\$ 126,195,000
Municipal Development Authority Bonds	31,390,209	29,721,834	27,900,997	25,773,797	23,640,141	22,255,141	20,199,999	24,628,578	21,653,530	65,795,653
Highway User Revenue Bonds	5,710,000	5,470,000	5,205,000	4,925,000	4,625,000	4,305,000	4,075,000	3,830,000	3,570,000	3,295,000
Special Assessment Bonds	19,267,000	18,095,000	15,814,000	17,333,692	15,444,341	12,938,689	11,431,553	9,822,570	13,292,064	12,027,427
Community Facilities District Bonds	-	-	-	-	21,250,000	21,250,000	44,800,000	44,075,000	66,085,000	64,610,000
Business-type Activities										
Water and Sewer Revenue Bonds	25,035,000	24,370,000	40,255,000	33,470,000	30,740,000	27,350,000	25,395,000	23,275,000	21,050,000	19,555,000
WIFA Bonds	23,925,889	22,914,426	42,022,210	55,448,302	55,084,081	52,606,867	50,042,301	47,387,253	88,021,820	127,917,495
Municipal Development Authority Bonds	4,374,791	4,223,166	4,064,004	3,871,204	2,759,859	2,759,859	2,505,001	2,226,422	1,906,470	1,579,347
Municipal Sports Complex Bonds	22,375,000	21,480,000	20,525,000	1,135,000	-	-	-	-	-	-
Long-Term Loan Payable	-	-	-	-	-	-	-	-	-	1,235,000
Total Primary Government	<u>\$ 170,200,969</u>	<u>\$ 176,872,744</u>	<u>\$ 203,455,811</u>	<u>\$ 186,441,195</u>	<u>\$ 222,172,811</u>	<u>\$ 208,445,556</u>	<u>\$ 213,828,854</u>	<u>\$ 206,449,823</u>	<u>\$ 358,413,884</u>	<u>\$ 422,209,922</u>
Total debt per capita	\$ 1,791.59	\$ 1,632.21	\$ 1,762.56	\$ 1,520.05	\$ 1,751.94	\$ 1,569.56	\$ 1,560.28	\$ 1,422.57	\$ 2,333.55	\$ 2,668.38

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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Bonded Debt (1)	\$ 38,123,080	\$ 50,598,318	\$ 47,669,600	\$ 44,484,200	\$ 68,629,389	\$ 64,980,000	\$ 55,380,000	\$ 51,205,000	\$ 142,835,000	\$ 126,195,000
Less:										
Debt Service Reserves	<u>6,340,080</u>	<u>8,076,539</u>	<u>9,749,163</u>	<u>12,167,776</u>	<u>15,323,333</u>	<u>18,843,020</u>	<u>17,598,666</u>	<u>24,205,524</u>	<u>34,727,031</u>	<u>36,464,380</u>
Net Bonded Debt	<u>\$ 31,783,000</u>	<u>\$ 42,521,779</u>	<u>\$ 37,920,437</u>	<u>\$ 32,316,424</u>	<u>\$ 53,306,056</u>	<u>\$ 46,136,980</u>	<u>\$ 37,781,334</u>	<u>\$ 26,999,476</u>	<u>\$ 108,107,969</u>	<u>\$ 89,730,620</u>
Percentage of Net Bonded Debt to Full Cash Value	0.9%	1.1%	0.8%	0.6%	0.9%	0.7%	0.5%	0.3%	1.1%	0.6%
Net Bonded Debt Per Capita	\$335	\$392	\$329	\$263	\$420	\$347	\$276	\$186	\$704	\$567
Net Bonded Debt as a % of Personal Income	1.27%	1.38%	1.15%	0.91%	1.43%	1.12%	0.85%	0.57%	2.17%	1.71%

(1) Represents face value of general obligation debt outstanding

Note: Personal income and population information may be found on Table XXIX  
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, 2008**

Table XXI

Governmental Unit	Secondary Assessed Valuation	General Obligation Debt Outstanding	Percentage Applicable to City of Peoria	Amount Applicable to City of Peoria	Secondary Tax Rate per \$100 Assessed
Overlapping:					
State of Arizona	\$ 71,852,630,420	\$ -	2.29%	\$ -	\$ -
Maricopa County	49,534,573,831	-	3.32%	-	-
Community College District	49,534,573,831	557,390,000	3.32%	18,505,348	0.15
County Flood Control District	45,937,944,910	-	3.57%	-	0.15
County Free Library	49,534,573,831	-	3.32%	-	0.04
Fire District Assistance	49,730,785,225	-	3.32%	-	0.01
County Special Health Care	49,534,573,831	-	3.32%	-	0.09
Central AZ Water Conservation	49,730,785,225	-	2.23%	-	0.10
West MEC Vocational District	17,648,505,706	-	0.58%	-	0.05
Sub-total - City-wide overlapping				<u>18,505,348</u>	
Total City-wide debt levies (1)				144,700,348	
Unified School Districts:					
Peoria No. 11	2,073,765,401	261,755,000	85.66%	224,219,333	2.72
Deer Valley No. 97	3,224,835,278	210,500,000	7.35%	<u>15,471,750</u>	1.68
				239,691,083	
Vistancia Community Facilities District	91,288,926	64,610,000	100.00%	<u>64,610,000</u>	2.10
Total overlapping				<u>322,806,431</u>	
Direct:					
City of Peoria	\$ 1,642,187,476	\$ 126,195,000	100.00%	<u>126,195,000</u>	\$ 1.25
Total direct and overlapping general obligation bonded debt				<u>\$ 449,001,431</u>	

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

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

Sources:     - Exhibit 1 to the Financial Statements  
               - Maricopa County Treasurer  
               - Maricopa County Assessor  
               - State of Arizona, Department of Revenue, Abstract of the Assessment Roll

**CITY OF PEORIA, ARIZONA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
LAST TEN FISCAL YEARS**

Table XXII

Governmental Unit	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Overlapping:										
State of Arizona	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maricopa County	2,432,725	2,367,867	1,969,797	1,542,433	1,542,433	550,505	-	-	-	-
Community College District	6,024,200	6,707,930	7,982,014	8,102,375	8,102,375	71,257	11,690,706	11,594,345	10,710,280	18,505,348
County Flood Control District	-	-	-	-	-	-	-	-	-	-
County Free Library	-	-	-	-	-	-	-	-	-	-
Fire District Assistance	-	-	-	-	-	-	-	-	-	-
Education Equalization	-	-	-	-	-	-	-	-	-	-
Central AZ Water Conservation	-	-	-	-	-	-	-	-	-	-
Sub-total - City-wide overlapping	8,456,925	9,075,797	9,951,811	9,644,808	9,644,808	621,762	11,690,706	11,594,345	10,710,280	18,505,348
Total City-wide levies (1)	46,580,005	59,674,115	57,621,411	54,129,008	78,364,808	65,601,762	67,070,706	62,799,345	153,545,280	144,700,348
Unified School Districts:										
Peoria No. 11	84,040,922	114,077,401	114,711,003	118,240,368	138,618,928	142,493,656	134,340,540	196,625,176	205,291,709	224,219,333
Deer Valley No. 97	630,713	1,664,226	2,186,348	3,586,515	3,918,198	3,571,920	4,063,815	20,573,318	24,204,834	15,471,750
	84,671,635	115,741,627	116,897,351	121,826,883	142,537,126	146,065,576	138,404,355	217,198,494	229,496,543	239,691,083
Vistancia Community Facilities District	-	-	-	-	21,250,000	21,250,000	44,800,000	44,075,000	66,085,000	64,610,000
Total overlapping	93,128,560	124,817,424	126,849,162	131,471,691	173,431,934	167,937,338	194,895,061	272,867,839	306,291,823	322,806,431
Direct:										
City of Peoria	38,123,080	50,598,318	47,669,600	44,484,200	68,720,000	64,980,000	55,380,000	51,205,000	142,835,000	126,195,000
Total direct and overlapping general obligation bonded debt	\$ 131,251,640	\$ 175,415,742	\$ 174,518,762	\$ 175,955,891	\$ 242,151,934	\$ 232,917,338	\$ 250,275,061	\$ 324,072,839	\$ 449,126,823	\$ 449,001,431

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

Sources: - Exhibit 1 to the Financial Statements  
- Maricopa County Treasurer

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

Table XXIII

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Secondary Assessed Value	\$ 384,697,103	\$ 442,330,817	\$ 521,704,006	\$ 607,836,669	\$ 662,785,441	\$ 750,429,221	\$ 827,633,655	\$ 964,469,431	\$ 1,115,620,151	\$ 1,642,187,476
<b><u>6% Limitation</u></b>										
Debt limit	\$ 23,081,826	\$ 26,539,849	\$ 31,000,582	\$ 36,470,200	\$ 39,767,126	\$ 45,025,753	\$ 49,658,019	\$ 57,868,166	\$ 66,937,209	\$ 98,531,249
Total net debt applicable to limit	<u>14,633,080</u>	<u>18,968,426</u>	<u>17,084,708</u>	<u>15,004,200</u>	<u>27,999,389</u>	<u>25,500,000</u>	<u>16,400,000</u>	<u>13,350,000</u>	<u>28,470,000</u>	<u>13,310,000</u>
Legal 6% Debt Margin	<u>\$ 8,448,746</u>	<u>\$ 7,571,423</u>	<u>\$ 13,915,874</u>	<u>\$ 21,466,000</u>	<u>\$ 11,767,737</u>	<u>\$ 19,525,753</u>	<u>\$ 33,258,019</u>	<u>\$ 44,518,166</u>	<u>\$ 38,467,209</u>	<u>\$ 85,221,249</u>
Total net debt applicable to the limit as a percentage of debt limit	63.4%	71.5%	55.1%	41.1%	70.4%	56.6%	33.0%	23.1%	42.5%	13.5%
<b><u>20% Limitation</u></b>										
Debt limit	\$ 76,939,421	\$ 88,466,163	\$ 103,335,273	\$ 121,567,334	\$ 132,557,088	\$ 150,085,844	\$ 165,526,731	\$ 192,893,886	\$ 223,124,030	\$ 328,437,495
Total net debt applicable to limit	<u>23,490,000</u>	<u>31,629,892</u>	<u>30,584,892</u>	<u>29,480,000</u>	<u>40,630,000</u>	<u>39,480,000</u>	<u>38,980,000</u>	<u>37,855,000</u>	<u>114,365,000</u>	<u>112,885,000</u>
Legal 20% Debt Margin	<u>\$ 53,449,421</u>	<u>\$ 56,836,271</u>	<u>\$ 72,750,381</u>	<u>\$ 92,087,334</u>	<u>\$ 91,927,088</u>	<u>\$ 110,605,844</u>	<u>\$ 126,546,731</u>	<u>\$ 155,038,886</u>	<u>\$ 108,759,030</u>	<u>\$ 215,552,495</u>
Total net debt applicable to the limit as a percentage of debt limit	30.5%	35.8%	29.6%	24.2%	30.7%	26.3%	23.5%	19.6%	51.3%	34.4%

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>MDA Debt other than Transportation</b>										
Pledged Revenues (1)	\$ 51,582,476	\$ 58,578,166	\$ 67,198,257	\$ 69,544,724	\$ 71,409,403	\$ 77,041,031	\$ 89,807,396	\$ 108,336,399	\$ 117,980,567	\$ 122,039,417
Debt Service Requirements										
Principal (2)	1,589,387	1,668,375	1,820,838	2,127,200	2,453,938	1,385,000	2,055,142	2,246,421	2,975,048	2,857,877
Interest (2)	1,708,735	1,619,574	1,520,345	1,408,653	1,864,812	611,534	1,017,518	930,530	1,040,265	945,176
Total Annual Requirements (2)	<u>3,298,122</u>	<u>3,287,949</u>	<u>3,341,183</u>	<u>3,535,853</u>	<u>4,318,750</u>	<u>1,996,534</u>	<u>3,072,660</u>	<u>3,176,951</u>	<u>4,015,313</u>	<u>3,803,053</u>
Estimated Coverage	15.64	17.82	20.11	19.67	16.53	38.59	29.23	34.10	29.38	32.09
<b>Transportation MDA Debt (3)</b>										
Net Pledged Revenues from above (4)										118,236,364
Additional Pledged Revenues (5)										<u>10,978,453</u>
Total										<u>129,214,817</u>
Debt Service Requirements										
Principal										-
Interest										-
Total Annual Requirements										-
Estimated Coverage										NA

- Note: (1) Pledged revenues on the Municipal Development Authority (MDA) Bonds are the "Excise Taxes" and "State Shared Revenues." Excise Taxes are defined to include the transaction privilege and use taxes, business license and permit and franchise fees, user fees and charges and fines and forfeitures which the City imposes. However, the transaction privilege tax increase of 0.3% approved by voters in September 2005 is not part of pledged revenue for this debt. State Shared Revenues are defined as any excise tax, transaction privilege and use taxes and income taxes imposed by the State of Arizona and allocated or apportioned to the City, except the City's share of any such taxes which by State law, rule or regulation must be expended for other purposes.
- (2) Debt service requirements reflect the governmental portion of outstanding MDA issues. Sunnyboy Water and Wastewater and Sports Complex allocations of MDA issues are excluded. Those portions are serviced by the Water Utility, Waterwater Utility and Sports Complex funds.
- (3) The Transportation MDA Bonds of 2008 are backed by a primary lien on the .03% transaction privilege tax approved by voters in 2005 and a secondary pledge of the "Excise Taxes" discussed in #1 above.
- (4) Pledged revenues on the non-transportation MDA Bonds, less the debt requirements for the non-transportation MDA Bonds.
- (5) Revenues of the Transportation Sales Tax Fund, primarily consisting of the 0.3% transaction privilege tax discussed above.

Source: Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
 Debt service schedules, City financial records

**CITY OF PEORIA, ARIZONA**  
**PLEDGED REVENUE COVERAGE - REVENUE BONDS**  
**LAST TEN FISCAL YEARS**

Table XXV

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Gross Revenue (1)	\$ 25,000,981	\$ 30,648,093	\$ 35,656,995	\$ 36,573,208	\$ 37,049,975	\$ 39,176,675	\$ 39,037,367	\$ 44,982,822	\$ 53,290,996	\$ 49,812,486
Operating and Maintenance Expenses (2)	16,473,188	15,355,373	15,245,886	20,628,253	22,922,451	22,617,415	26,151,794	27,318,074	30,532,640	34,287,751
Net Revenue Available for Debt Service	<u>\$ 8,527,793</u>	<u>\$ 15,292,720</u>	<u>\$ 20,411,109</u>	<u>\$ 15,944,955</u>	<u>\$ 14,127,524</u>	<u>\$ 16,559,260</u>	<u>\$ 12,885,573</u>	<u>\$ 17,664,748</u>	<u>\$ 22,758,356</u>	<u>\$ 15,524,735</u>
Development Fee Revenue	6,914,767	8,515,604	6,039,274	8,832,863	12,687,621	11,971,020	13,864,643	12,887,675	8,826,809	5,821,318
Total Net Revenue	<u>\$ 15,442,560</u>	<u>\$ 23,808,324</u>	<u>\$ 26,450,383</u>	<u>\$ 24,777,818</u>	<u>\$ 26,815,145</u>	<u>\$ 28,530,280</u>	<u>\$ 26,750,216</u>	<u>\$ 30,552,423</u>	<u>\$ 31,585,165</u>	<u>\$ 21,346,053</u>
Debt Service Requirements										
Principal (3)	2,573,718	2,366,910	1,975,976	3,797,131	7,215,071	5,867,214	4,680,263	4,950,702	5,175,515	4,547,129
Interest (4)	1,447,300	2,504,469	3,147,993	3,310,090	3,516,929	3,422,812	3,246,056	3,054,982	2,718,837	3,376,974
Total Debt Service Requirements	<u>\$ 4,021,018</u>	<u>\$ 4,871,379</u>	<u>\$ 5,123,969</u>	<u>\$ 7,107,221</u>	<u>\$ 10,732,000</u>	<u>\$ 9,290,026</u>	<u>\$ 7,926,319</u>	<u>\$ 8,005,684</u>	<u>\$ 7,894,352</u>	<u>\$ 7,924,103</u>
Ratio of Total Net Revenue/ Total Bond Expense	3.84	4.89	5.16	3.49	2.50	3.07	3.37	3.82	4.00	2.69
Ratio of Net Available/ Total Bond Expense (5)	2.12	3.14	3.98	2.24	1.32	1.78	1.63	2.21	2.88	1.96

- (1) Includes total operating revenues and investment income of the Water Utility and Wastewater Utility Enterprise Funds.
- (2) Includes total operating expenses of the Water Utility and Wastewater Utility Enterprise Funds less depreciation and amortization.
- (3) Includes principal for Water and Sewer Revenue bonds, Water Infrastructure Finance Authority bonds, and the utility portion of the Municipal Development Authority bonds.
- (4) Bond interest payments only. Does not include amortization of loss on refunding, capitalized interest, agent fees or amortization of bond issuance costs that are included in interest expense on the statement of revenues, expenses, and changes in net assets.
- (5) Excludes Development Fee Revenue.

Source: Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds  
Repayment schedules for debt serviced by the Water and Sewer Utility Enterprise Funds

**CITY OF PEORIA, ARIZONA  
 PLEDGED REVENUE COVERAGE - SPECIAL ASSESSMENT BONDS  
 LAST TEN FISCAL YEARS**

Table XXVI

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Pledged Revenues (1)	\$ 5,093,990	\$ 5,822,427	\$ 4,310,686	\$ 4,974,602	\$ 5,876,529	\$ 4,756,382	\$ 3,547,789	\$ 3,516,277	\$ 3,216,095	\$ 3,167,933
Debt Service Requirements										
Principal	640,000	520,000	740,000	1,243,308	1,889,351	2,505,652	1,507,136	1,608,983	1,480,506	1,264,637
Interest (2)	1,015,885	955,340	911,040	1,052,893	1,091,160	972,553	828,532	747,720	638,657	697,840
Total Annual Requirements	<u>\$ 1,655,885</u>	<u>\$ 1,475,340</u>	<u>\$ 1,651,040</u>	<u>\$ 2,296,201</u>	<u>\$ 2,980,511</u>	<u>\$ 3,478,205</u>	<u>\$ 2,335,668</u>	<u>\$ 2,356,703</u>	<u>\$ 2,119,163</u>	<u>\$ 1,962,477</u>
Estimated Coverage	3.08	3.95	2.61	2.17	1.97	1.37	1.52	1.49	1.52	1.61

(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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Current Assessments Due	\$ 2,192,539	\$ 2,106,995	\$ 1,954,952	\$ 2,069,030	\$ 2,301,354	\$ 2,088,695	\$ 2,065,519	\$ 1,987,461	\$ 1,965,107	\$ 1,749,724
Assessments Collected	2,184,783	2,098,476	1,932,607	2,061,842	2,291,817	2,069,962	2,057,821	1,983,885	1,961,724	1,749,246
Prepaid Assessments Collected	731,042	79,724	88,160	156,055	877,315	504,165	186,624	275,392	7,818	44,061
Total Assessments Collected (1)	<u>\$ 2,915,825</u>	<u>\$ 2,178,200</u>	<u>\$ 2,020,767</u>	<u>\$ 2,217,897</u>	<u>\$ 3,169,132</u>	<u>\$ 2,574,127</u>	<u>\$ 2,244,445</u>	<u>\$ 2,259,277</u>	<u>\$ 1,969,542</u>	<u>\$ 1,793,307</u>
Ratio of Current Collections to Amount Due	99.6%	99.6%	98.9%	99.7%	99.6%	99.1%	99.6%	99.8%	99.8%	100.0%
Outstanding Assessment Principal (2)	\$ 17,174,620	\$ 16,140,436	\$ 14,675,529	\$ 16,256,194	\$ 14,086,246	\$ 12,345,284	\$ 10,845,765	\$ 9,243,866	\$ 12,782,394	\$ 11,476,365

(1) Does not include penalties or admin fees which are included in special assessment revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

(2) Principal only. Assessments Receivable on Balance Sheet-Governmental Funds also includes delinquent interest and penalties.

Source: City financial records and reports

**CITY OF PEORIA, ARIZONA**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR**  
**GOVERNMENTAL DEBT TO TOTAL GOVERNMENTAL EXPENDITURES AND REVENUES**  
**LAST TEN FISCAL YEARS**

Table XXVIII

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Principal Payments	\$ 6,846,203	\$ 7,359,490	\$ 9,663,293	\$ 9,578,372	\$ 10,612,697	\$ 9,737,936	\$ 15,304,972	\$ 16,881,632	\$ 16,178,431	\$ 31,143,531
Interest and Other Charges	5,093,165	4,908,180	5,737,720	5,352,468	6,918,514	6,299,626	7,046,576	6,747,072	8,099,492	10,340,704
Total	<u>\$ 11,939,368</u>	<u>\$ 12,267,670</u>	<u>\$ 15,401,013</u>	<u>\$ 14,930,840</u>	<u>\$ 17,531,211</u>	<u>\$ 16,037,562</u>	<u>\$ 22,351,548</u>	<u>\$ 23,628,704</u>	<u>\$ 24,277,923</u>	<u>\$ 41,484,235</u>
Total Governmental Expenditures	\$ 72,785,237	\$ 81,065,289	\$ 91,850,304	\$ 99,206,370	\$ 111,779,079	\$ 143,220,840	\$ 144,972,313	\$ 153,731,533	\$ 213,283,409	\$ 234,929,890
Ratio of Debt Service to Governmental Expenditures	16.40%	15.13%	16.77%	15.05%	15.68%	11.20%	15.42%	15.37%	11.38%	17.66%
Total Governmental Revenues	\$ 80,874,207	\$ 92,029,612	\$ 103,033,259	\$ 109,293,292	\$ 112,560,955	\$ 121,179,431	\$ 144,191,521	\$ 178,025,080	\$ 220,591,297	\$ 216,437,439
Ratio of Debt Service to Governmental Revenues	14.76%	13.33%	14.95%	13.66%	15.57%	13.23%	15.50%	13.27%	11.01%	19.17%

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, 2008

Table XXIX

Authorization/Purpose	Authorization	Prior Issues	Current Year Issues	Remaining Authorization	Authorization/Purpose	Authorization	Issued	Remaining Authorization
<b>1990 Authorization</b>					<b>Total authorizations by type:</b>			
Police, Fire & Public Service	\$ 4,145,000	\$ 4,025,500	\$ -	\$ 119,500	Police, Fire & Public Service	\$ 80,670,000	\$ 32,003,132	\$ 48,666,868
Streets & Traffic Control	17,935,000	17,461,940	-	473,060	Streets & traffic control	197,785,000	70,523,554	127,261,446
Subtotal	<u>22,080,000</u>	<u>21,487,440</u>	<u>-</u>	<u>592,560</u>	Parks, open space, library	75,180,000	31,941,370	43,238,630
					Water system	170,320,000	69,529,384	100,790,616
<b>1994 Authorization</b>					Waterwater system	88,150,000	25,559,550	62,590,450
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	37,675,000	32,578,996	5,096,004
Streets & Traffic Control	23,700,000	23,485,561	-	214,439	Water, Wastewater & Drainage	202,480,000	83,937,061	118,542,939
Water System	14,820,000	13,404,454	-	1,415,546				
Wastewater System	4,100,000	238,181	-	3,861,819		<u>\$ 853,260,000</u>	<u>\$ 346,073,047</u>	<u>\$ 507,186,953</u>
Solid Waste	1,000,000	-	-	1,000,000				
Park & Library	10,180,000	9,150,301	-	1,029,699				
Subtotal	<u>75,150,000</u>	<u>63,149,343</u>	<u>-</u>	<u>12,000,657</u>				
<b>1996 Authorization</b>								
Water System	56,500,000	56,124,930	-	375,070				
Wastewater System	19,050,000	2,167,224	-	16,882,776				
Subtotal	<u>75,550,000</u>	<u>58,292,154</u>	<u>-</u>	<u>17,257,846</u>				
<b>1996 WIFA Authorization</b>								
Water/Wastewater	42,480,000	14,330,000	-	28,150,000				
<b>2000 Authorization</b>								
Police, Fire & Public Service	18,550,000	16,020,393	-	2,529,607				
Storm Sewer & Flood Protection	22,300,000	17,214,740	-	5,085,260				
Streets, Bridges & Traffic Control	47,150,000	22,490,912	-	24,659,088				
Water System	99,000,000	-	-	99,000,000				
Wastewater System	65,000,000	9,188,599	13,965,546	41,845,855				
Parks & Open Space	30,000,000	16,239,443	-	13,760,557				
Subtotal	<u>282,000,000</u>	<u>81,154,087</u>	<u>13,965,546</u>	<u>186,880,367</u>				
<b>2005 Authorization</b>								
Public Safety & Municipal Operations	52,000,000	10,450,649	-	41,549,351				
Water Treatment, Water System, Wastewater & Drainage	160,000,000	40,831,066	28,775,995	90,392,939				
Streets, Bridges & Traffic Control	109,000,000	7,085,141	-	101,914,859				
Parks, Recreation & Library	35,000,000	6,551,626	-	28,448,374				
Subtotal	<u>356,000,000</u>	<u>64,918,482</u>	<u>28,775,995</u>	<u>262,305,523</u>				
<b>Grand Total</b>				<u><u>507,186,953</u></u>				

Source: City financial records

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

**Table XXX**

	<u>1999</u>	<u>2000 *</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005 *</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
City Of Peoria										
Population	95,000	108,364	115,432	122,655	126,815	132,805	137,045	145,125	153,592	158,227
% growth	5.6%	14.1%	6.5%	6.3%	3.4%	4.7%	3.2%	5.9%	12.1%	9.0%
Unemployment Rate	2.2%	2.3%	3.0%	3.8%	4.0%	3.2%	2.9%	2.2%	2.3%	2.7%
Personal income (\$000's) **	2,506,575	3,073,095	3,310,936	3,537,861	3,717,962	4,102,612	4,442,177	4,704,082	4,978,531	5,255,150
Maricopa County										
Population	2,913,475	3,072,149	3,192,125	3,296,250	3,406,170	3,537,630	3,681,300	3,792,675	3,879,150	3,992,887
% growth	3.8%	5.4%	3.9%	3.3%	3.3%	3.9%	4.1%	3.0%	5.4%	5.3%
Unemployment Rate	3.0%	3.3%	3.9%	5.1%	5.2%	3.9%	4.1%	3.8%	3.2%	3.7%
Per Capita Income	26,930	28,984	29,250	29,423	29,912	31,523	33,178	35,046	N/A	N/A
State of Arizona										
Population	4,924,350	5,131,501	5,319,785	5,470,720	5,642,725	5,845,250	6,077,740	6,305,210	6,432,007	6,622,885
% growth	3.4%	4.2%	3.7%	2.8%	3.1%	3.6%	4.0%	3.7%	5.8%	5.0%
Unemployment Rate	4.5%	4.0%	4.7%	6.0%	5.7%	5.0%	4.7%	4.4%	3.8%	4.4%
Per Capita Income	24,057	25,656	26,197	26,472	26,975	28,564	30,019	31,936	33,029	N/A
United States of America										
Unemployment Rate	4.2%	4.0%	4.8%	6.0%	6.4%	5.6%	5.3%	4.6%	4.6%	5.5%
Phoenix MSA										
Per Capita Income	26,385	28,359	28,683	28,844	29,318	30,892	32,414	34,215	35,010	N/A

\* - 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 two years old. Most recent two years of Peoria personal income calculated using most recent available per capita information. Per capita income information not available for the City of Peoria.

Source: City population for most current year based on City staff estimates.

Other population and unemployment data - Arizona Department of Security. [www.workforce.az.gov](http://www.workforce.az.gov)

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 FIVE YEARS AGO**

**Table XXXI**

<b>Employer</b>	<b>2008</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	4,500	1	12.9%	4,100	1	15.6%
City of Peoria	1,960	2	5.6%	832	3	3.2%
Wal-Mart (2 locations)	748	3	2.1%	280	9	1.1%
Plaza Del Rio Campus/Freedom Plaza & Care Center	700	4	2.0%	1,129	2	4.3%
Fry's Food Stores (4 Locations)	543	5	1.6%	415	4	1.6%
Target (3 Locations)	523	6	1.5%	300	7	1.1%
Antigua	287	7	0.8%	210	11	0.8%
Larry Miller Dodge/Hyundai	270	8	0.8%	-		0.0%
Northern Pipeline	260	9	0.7%	-		0.0%
Immanuel Care Campus	260	9	0.7%	378	5	1.4%
Safeway (4 Locations)	264	10	0.8%	-		0.0%
Good Shepherd Care Center	250	11	0.7%	230	10	0.9%
Lowes (2 Locations)	250	11	0.7%	-		0.0%
Forum At Desert Harbor	218	12	0.6%	-		0.0%
Home Depot (2 Locations)	216	13	0.6%	-		0.0%
Kohl's (2 Locations)	205	14	0.6%	-		0.0%
Albertson's (2 Locations)	195	15	0.6%	297	8	1.1%
Arizona Training and Evaluation	-		0.0%	310	6	1.2%
<b>Total</b>	<b>11,649</b>		<b>33.3%</b>	<b>8,791</b>		<b>33.5%</b>

Note: This schedule should be current year and nine year prior, but earliest information available is fiscal year 2003.

Source: City of Peoria Economic Development Department

**CITY OF PEORIA, ARIZONA**  
**AUTHORIZED FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Table XXXII

	Full-time Equivalent Employees as of June 30,									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government										
Mayor & Council	3.00	3.50	3.50	4.00	4.00	4.00	5.00	5.00	6.00	6.00
City Manager	8.04	8.04	8.04	10.04	7.50	7.50	8.50	10.50	12.00	13.00
Communications & PA	-	-	-	-	6.00	6.00	7.50	11.00	12.50	13.50
Human Resources	8.50	10.00	11.00	12.00	12.00	12.00	13.00	13.00	14.00	17.00
Attorney	16.12	16.44	16.50	18.80	18.71	19.31	20.20	22.70	23.80	26.00
City Clerk	6.49	5.63	5.63	7.00	7.00	7.00	8.00	8.00	8.00	9.00
Court	9.55	10.05	10.05	11.05	10.00	10.00	11.00	13.00	16.00	22.00
Economic Development	-	-	-	-	3.00	3.00	3.00	4.00	4.00	5.00
Budget	5.00	5.00	5.00	5.50	5.00	5.00	7.00	7.00	7.00	9.00
Finance	56.37	58.37	65.37	69.87	71.00	71.00	77.00	79.00	82.00	88.00
Culture & Recreation	141.69	156.31	170.59	186.02	99.90	103.78	111.36	109.36	124.39	131.74
Police	146.00	158.00	165.00	182.00	200.00	208.00	226.00	250.00	264.00	286.00
Fire	98.00	98.00	102.50	107.00	112.00	117.00	131.00	134.00	157.00	173.00
Community Development	51.92	51.92	51.92	52.92	46.50	46.50	49.50	50.80	51.80	53.80
Engineering	21.00	21.00	26.00	30.00	31.50	33.00	38.00	43.00	47.00	49.00
Highways & Streets	30.29	32.29	32.29	33.29	35.00	36.00	39.00	40.00	44.00	44.00
Public Works	47.00	48.00	47.50	53.50	52.50	56.50	59.50	61.50	69.00	70.50
Human Services	9.25	9.25	9.25	8.50	9.00	8.00	8.00	8.50	14.50	14.50
Water Utility	44.52	44.52	47.52	54.52	56.52	60.02	67.02	70.02	72.00	75.00
Wastewater Utility	16.00	16.00	16.00	16.00	16.00	17.50	17.50	16.50	19.00	25.00
Solid Waste Utility	30.00	31.00	35.00	35.00	39.00	40.00	40.00	40.00	44.00	47.00
Information Technology	18.00	19.00	20.00	27.00	33.00	33.00	38.00	39.00	43.00	47.00
Stadium	19.47	19.47	19.48	19.48	14.00	13.00	14.00	14.00	16.00	19.00
<b>Total FTE</b>	<u>786.21</u>	<u>821.79</u>	<u>868.14</u>	<u>943.49</u>	<u>889.13</u>	<u>917.11</u>	<u>999.08</u>	<u>1,049.88</u>	<u>1,150.99</u>	<u>1,244.04</u>

Note: Beginning with fiscal year 2003, the City no longer counts part-time seasonal staff in the FTE calculation.

Source: City budget office

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

Table XXXIII

	<b>Building Permits</b>									
	<b>Fiscal Year</b>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Commercial										
Number of Permits	76	101	74	151	180	190	177	181	244	153
Value	\$ 32,467,463	\$ 46,615,999	\$ 35,619,783	\$ 39,366,098	\$ 69,627,621	\$ 47,808,957	\$ 73,892,753	\$ 64,990,575	\$ 121,602,510	\$ 38,162,527
Residential										
Number of Dwelling Units	2,867	3,654	1,740	1,620	1,525	1,831	2,927	2,421	1,338	963
Value	307,835,122	420,114,645	243,314,533	215,434,384	199,491,258	241,885,416	373,716,048	320,780,556	213,028,399	154,975,128
Other										
Number of Permits	3,251	2,512	2,254	1,970	1,399	2,203	2,000	2,209	2,110	1,825
Value	90,972,372	59,939,189	19,001,442	14,482,349	13,399,434	20,138,826	21,512,846	26,532,508	34,196,112	33,948,358
<b>Total Value</b>	<b>\$ 431,274,957</b>	<b>\$ 526,669,833</b>	<b>\$ 297,935,758</b>	<b>\$ 269,282,831</b>	<b>\$ 282,518,313</b>	<b>\$ 309,833,199</b>	<b>\$ 469,121,647</b>	<b>\$ 412,303,639</b>	<b>\$ 368,827,021</b>	<b>\$ 227,086,013</b>

Source: City Community Development Department

	<b>Single Family Housing Sales</b>									
	<b>Calendar Year</b>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	
New										
# of Units	2,747	2,822	2,279	1,810	1,583	1,395	1,875	2,235	1,360	
Average Sale Amount	\$ 143,839	\$ 158,987	\$ 183,975	\$ 202,365	\$ 215,825	\$ 270,000	\$ 323,190	395,650	350,000	
Avr price % increase	12.63%	10.53%	15.72%	10.00%	6.65%	25.10%	19.70%	22.42%	-11.54%	
Resale										
# of Units	2,194	2,275	2,850	2,945	3,515	4,575	5,055	2,930	2,415	
Average Sale Amount	\$ 128,078	\$ 136,615	\$ 145,844	\$ 153,360	\$ 151,000	\$ 175,000	\$ 250,000	\$ 270,000	\$ 257,830	
Avr price % increase	7.89%	6.67%	6.76%	5.15%	-1.54%	15.89%	42.86%	8.00%	-4.51%	

	<b>New Housing Starts</b>									
	<b>Calendar Year</b>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	
City of Peoria	2,496	3,227	2,332	2,183	1,974	2,420	3,560	1,654	2,046	
Maricopa County	36,997	43,908	43,732	43,826	47,808	58,882	56,139	40,294	35,465	

Note: Information is not available for years prior to 1998.  
Information for calendar year.

Source: Arizona State University College of Business - AZ Real Estate Center. Data is for calendar years.

**CITY OF PEORIA, ARIZONA  
SCHEDULE OF INSURANCE IN FORCE  
JULY 1, 2007 THROUGH JUNE 30, 2008**

Table XXXIV

<u>Type of Insurance</u>	<u>Annual Renewal Date</u>	<u>Insurance Carrier</u>	<u>Policy Number</u>	<u>Limits</u>	<u>Deductible Amount</u>	<u>Annual Premium</u>
<b>1. Primary Public Liability &amp; Automobile</b>						
General & auto liability	N/A	Self-insured	N/A	\$500,000 per incident \$500,000 annual		N/A
Excess liability -Primary	7/1	St. Paul Companies	GP06301403	5 Million per occurrence	SIR above	822,618
Public Entity E & O	7/1	St. Paul Companies	GP06301403	5 Million per occurrence	SIR above	Included with above
Excess liability - 1st level	7/1	RSUI Indemnity Company	NHA040320	20 Million per occurrence	SIR above	77,500
Excess liability - 2nd level	7/1	RSUI Indemnity Company	NHA040320	20 Million per occurrence	SIR above	12,000
Excess liability - 2nd level -Special Events	4/1	Great American Insurance	GLP0000566241702	1,000,000	N/A	2,895
<b>2. Property (Real &amp; Personal)</b>						
City buildings and contents	N/A	Self-insured	N/A	\$500,000 per incident \$500,000 annual	N/A	N/A
Automobile & Equipment	N/A	Self-insured	N/A	\$25,000/\$50,000 (1)	N/A	N/A
Excess buildings and contents (see Note)	7/1	Travelers Casualty and Surety	297T228807	267,028,566	SIR above	194,292
Storage Tank 3rd Party liability	1/6	Great American Insurance	BTA557496104	1,000,000	5,000	2,405
<b>3. Boiler &amp; Machinery</b>	7/1	Travelers Casualty and Surety	7733A918BM21	25,000,000	1,000	12,000
<b>4. Workers' Compensation</b>	N/A	State Compensation	N/A	N/A	N/A	N/A
<b>5. Public Employee Bond</b>						
Blanket employee dishonesty bond	9/22	Hartford Fire Insurance Co.	83BSBDQ8939	100,000	5,000	400
<b>6. Broker Service Fee</b>						60,000
<b>7. Cyber Liability</b>	7/1	Mesirow Insurance Services	N/A	1,000,000	SIR above	2,378
<b>8. Identity Theft</b>	7/1	Travelers Casualty and Surety	104968078	10,000	N/A	4,686
<b>9. Multi-media Liability</b>	7/1	National Casualty Company	LS039414	1 Million per occurrence	5,000	2,381

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

(1) Vehicles with a value less than \$50,000 are self-insured by the City. Vehicles with a value in excess of \$50,000 are self-insured up to \$25,000.

Source: City Risk Management and financial records

CITY OF PEORIA, ARIZONA  
PROPERTY INSURANCE SCHEDULE  
JUNE 30, 2008

Table XXXV

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**Property**

Building and contents - combined blanket limit - excluding earthquake and flooding	\$ 250,028,566
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>\$ 267,028,566</u>

Sources - Risk Management records

**CITY OF PEORIA, ARIZONA  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Table XXXVI

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities:										
General Government										
Registered Voters	43,283	43,283	48,142	48,142	51,617	52,674	65,998	62,328	63,544	71,051
Voter Participation (last election)	21.1%	21.1%	23.3%	23.3%	11.0%	11.0%	33.8%	25.4%	25.4%	60.6%
Culture & Recreation										
Recreation Participants	*	*	61,813	67,182	65,725	65,928	69,206	75,145	77,602	119,620
New Recreation Accounts	*	*	*	*	4,149	4,998	5,492	5,160	4,923	6,692
Public Safety										
Police										
Calls for Service	35,146	38,988	43,009	50,099	56,430	101,951	142,319	102,385	103,921	**62,341
Avg Response Time (minutes)	*	*	*	*	5.5	5.3	5.7	4.8	5.2	6.0
Fire										
Number of Incidents	6,636	8,276	9,312	9,977	10,268	11,014	11,618	12,445	12,788	13,649
Avg Response Time (minutes)	4.5	4.2	4.5	4.2	4.2	4.3	4.3	4.3	4.4	4.4
Development Services										
Building Permits Issued	6,194	6,267	4,068	3,741	3,104	4,224	5,104	4,811	3,692	2,943
Value of Building Permits \$M	\$ 431.3	\$ 526.7	\$ 297.9	\$ 269.3	\$ 282.5	\$ 309.8	\$ 469.1	\$ 412.3	\$ 368.8	\$ 225.5
Highways & Streets										
Asphalt Used (in tons)	*	*	*	*	*	*	6654	5035	7999	8365
Centerline Miles Swept	*	*	*	*	*	*	9807	8697	8496	7604
Lane Miles Assessed	*	*	*	*	*	*	277	218	90	381
Public Works										
Number of Vehicle Work Orders	*	*	*	*	*	4,746	5,056	5,920	5,787	5,679
Human Services										
Number of Dial-a-Ride users	4,875	4,925	5,276	5,236	5,478	5,814	6,010	5,147	5,310	5,750
Number of Annual Trips	39,564	35,028	37,296	36,792	32,256	29,382	34,428	42,232	47,244	45,451
Section 8 Unit Months Available	*	*	756	864	984	984	984	984	984	984
Section 8 Unit Months Leased	*	*	746	864	897	819	858	773	788	916
Business-type Activities										
Water Utility										
Annual Consumption (000's gal)	5,351,436	5,465,333	6,629,039	6,657,323	6,640,038	6,828,944	6,890,083	7,889,653	8,220,760	8,626,688
Average Gallons/Household/Year	172,516	171,812	189,944	189,608	180,544	178,850	180,679	194,552	195,840	177,016
Wastewater Utility										
Wastewater Treated (billion gal)	2.8	2.9	3.0	2.7	2.7	3.2	3.4	3.6	3.7	3.6
Solid Waste Utility										
Residential Tonnage Processed	42,461	44,081	52,188	55,081	60,516	64,358	65,950	69,191	71,396	61,290
Comercial Tonnage Processed	23,046	25,016	19,958	22,917	19,642	19,157	18,436	22,943	25,260	20,519
Recycle Tonnage Processed	260	410	357	498	600	1,133	1,523	1,690	1,927	11,549
Stadium										
Spring Training Attendance	215,413	190,945	194,462	230,662	169,932	222,927	225,316	200,153	220,357	230,434
Sporting Rentals Days	*	*	*	*	*	*	*	*	195	234
Non-Sporting Rentals Days	*	*	*	*	*	*	*	*	54	83
Public Housing										
Unit Months Available	*	*	840	840	840	840	840	840	840	840
Number of Unit Months Leased	*	*	840	840	822	819	828	831	827	812

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". Past practice was to include officer initiated calls, that has changed and we currently only count those calls that come into the 911 center.

Source: Various City Departments

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

Table XXXVII

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities:										
General Government										
Annexed Area (square miles)	139.0	144.0	156.0	162.4	162.6	176.2	177.9	177.9	177.9	177.9
Culture & Recreation										
# of Parks/Playgrounds	20	20	21	22	23	24	24	26	26	26
Total Park Acreage	173	180	195	205	223	233	240	264	264	264
Ramadas	46	46	50	59	60	74	78	87	87	87
Basketball Hoops	38	38	42	42	42	71	74	82	82	82
Tennis Courts	17	17	19	21	21	22	24	25	25	25
Volleyball Courts	5	5	5	8	8	10	10	12	12	12
Multi-Purpose Fields	*	*	*	*	*	12	37	30	31	31
Swimming Pools	1	2	2	2	2	3	3	3	3	3
Urban Lakes	0	0	0	0	0	1	1	1	1	1
Skate Parks	0	0	0	0	0	1	1	1	1	1
Public Safety										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Marked Patrol Vehicles (units)	45	46	52	59	61	80	86	90	101	103
Fire										
Stations (full-time / part-time)	4 / 0	4 / 0	5 / 0	5 / 0	5 / 0	5 / 2	5 / 2	6 / 1	7 / 1	7 / 1
Number of Fire Engines	*	*	*	*	*	8	7	8	9	9
Number of Ladder Trucks	*	*	*	*	*	1	1	1	1	1
Highways & Streets										
Streets (miles maintained)	365	374	396	414	444	471	487	518	537	538
Public Works										
Street Lights	10,170	11,315	10,008	10,552	11,186	11,829	12,000	12,000	12,737	13,618
Vehicles in Fleet	*	*	*	*	*	543	599	621	661	720
Human Services										
Dial-a-Ride Buses	9	9	9	9	9	9	9	9	11	11
Business-type Activities										
Water Utility										
Number of Water Accounts	31,020	31,810	34,900	36,221	37,664	38,818	42,673	44,221	45,630	46,146
Storage Capacity (million gal)	4.1	16.1	16.1	16.1	22.2	37.3	40.0	40.0	40.0	41.8
Wastewater Utility										
Number of Wastewater Accounts	30,274	34,190	37,321	38,130	39,806	40,984	43,824	45,933	47,831	48,759
Treatment Capacity (billion gal)	11.4	11.4	11.4	11.4	13.4	13.4	14.2	14.2	14.2	25.7
Solid Waste Utility										
Number of Solid Waste Accounts	29,517	32,615	35,320	36,978	38,546	39,747	42,467	44,198	46,309	47,146
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

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

Source: Various City Departments