

City of Peoria, Arizona

FY18 Comprehensive Annual Financial Report (CAFR)

Fiscal Year Ended June 30, 2018



Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2018

City of Peoria, Arizona



City Council:
Cathy Carlat, Mayor
Michael Finn, Vice Mayor
Bridget Binsbacher
Jon Edwards
Vicki Hunt
Carlo Leone
Bill Patena

Administrative Staff:
Jeff Tyne, City Manager
Andrew Granger, Deputy City Manager
Katie Gregory, Deputy City Manager
Erik Strunk, Deputy City Manager

Prepared By: Finance Department
Sonia Andrews, Chief Financial Officer
Sean Kindell, Deputy Finance Director
Brian Richie, Accounting Supervisor



City of Peoria Core Values

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

P 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.

E 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.

O 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.

R 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.

I 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.

A 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.

A wide-angle photograph of a desert landscape at sunset. The sun is low on the horizon, creating a bright orange and yellow glow across the sky and casting long, dark shadows. In the foreground, a large, columnar saguaro cactus stands prominently. To its right, a smaller cholla cactus is visible. The ground is rocky and covered with sparse, dry vegetation. In the background, a range of mountains stretches across the horizon under a sky filled with wispy clouds. A blue rectangular box with a white border is overlaid on the lower half of the image, containing the text "Introductory Section" in white, bold, sans-serif font.

**Introductory
Section**

CITY OF PEORIA, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2018

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City of Peoria

FINANCE DEPARTMENT Financial Services

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December 12, 2018

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the City of Peoria, Arizona (the City) for the fiscal year ended June 30, 2018. This report was prepared by the Financial Services Division of the Finance Department.

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

The Management's Discussion and Analysis presented on pages 3-16 has a different focus and purpose than this transmittal letter and should be read in conjunction with this transmittal.

THE FINANCIAL REPORTING ENTITY

This CAFR includes financial statements on both a government-wide and fund basis for the City as the primary government, as well as its component units. Component units are separate legal entities included in the reporting entity due to the significance of their financial or operational relationship with the City. Criteria used by the City for inclusion of activities in preparing its financial statements are in conformity with GASB Statement No.14, *The Financial Reporting Entity*, as amended by GASB Statement No.61. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the financial reporting entity consists of the City and five blended component units, the City of Peoria Municipal Development Authority, Inc., the Vistancia Community Facilities District, the Vistancia West Community Facilities District, the City of Peoria Employee Benefits Trust and the City of Peoria Workers' Compensation Trust as discussed further in Note 1.A of the notes to the financial statements.

The City, 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 2010 census and the most current Census Bureau estimate, Peoria's population increased by 12%, from 154,065 in 2010 to 173,208 in 2017. The City's growth is attributable to safe, well-planned neighborhoods with a diversity of housing options, excellent school districts, and expansion of the metropolitan freeway

systems, allowing Peoria residents to commute effectively to other cities in the Phoenix metropolitan area. Population growth trends are expected to continue at a similar pace.

The City provides a full range of municipal services, including police, fire and emergency medical services, water, sewer and solid waste services, street construction and maintenance, recreational and cultural events, library services, public transportation, planning and zoning services, and general administrative services. In addition, the City offers a wide range of community facilities including two community centers, three swimming pools, two libraries, and 34 neighborhood parks encompassing 305 acres. The Peoria Sports Complex—operated by the City—was the nation’s first two-team baseball spring training facility and the spring training home of the Seattle Mariners and San Diego Padres. The City opened its first large community park, Rio Vista Community Park, in the southern part of the City in fiscal year 2004. This 52 acre facility has athletic fields, playgrounds, ramadas, an urban lake, skate park and other amenities for the citizens’ enjoyment. The City’s second community park, Pioneer Community Park was completed in fiscal year 2014 and includes ball fields, multipurpose fields, a dog park, fishing lake and other amenities. The City is in the construction phase of its third community park, Paloma Community Park which is expected to be completed in 2020. The City also has a performing arts center with a 250-seat main auditorium, 80-seat black box theater, and classroom and administrative space in the downtown area. Another attraction of the City is Lake Pleasant, in northern Peoria’s Lake Pleasant Regional Park. This 10,000 acre lake is the second largest lake in Arizona, providing residents and visitors with boating, fishing, camping and other outdoor recreation activities.

LOCAL ECONOMIC CONDITION AND OUTLOOK

During fiscal year 2018, Peoria’s economy continued to see healthy home construction activity while commercial development showed expansion and stability. Peoria is part of the metro Phoenix West Valley, which includes Glendale, Goodyear, Surprise and Buckeye. Over the past 10 years, the West Valley has focused on transportation infrastructure and economic development. Homes sales in the West Valley continue to surpass other metro Phoenix regions. The West Valley has the region’s newest freeway (Loop 303) and developments, such as Vistancia, a top selling master-planned community in north Peoria are bringing higher-end homes, golf courses and shopping amenities to attract homebuyers. Home sales are expected to continue growing in Peoria and the West Valley.

New residential building permits issued have exceeded 1,500 each year in the last 3 years. For fiscal year 2018, the City issued 1,525 new residential building permits, a little lower than the 1,695 issued in fiscal year 2017. Median home prices for new homes increased from \$365,060 in FY2016-17 to \$392,422 in FY2017-18. The City’s total property full cash value, which lags the market, increased by 10.8% from \$16.6 billion in 2017-18 to \$18.4 billion in 2018-19. The highest pre-recession full cash value reached was \$18.3 billion in 2008-09 before falling to a low of \$10.1 billion in 2013-14 as a result of the housing downturn.

The unemployment rate in Peoria improved from 4.2% in June 2017 to 4.0% in June 2018. While wage increases have been offset by cost of living increases, consumer spending remained healthy. The City’s sales and use tax collections in fiscal year 2018 totaled \$89.8 million, a 6.6% increase from the \$84.2 million in the prior year.

Economic Outlook

Overall, the outlook for Peoria is positive. Arizona’s economy continues to show improvements in sales and income tax collections, gains in construction and tourism. Local sales tax revenues grew by 6.6 % this year and are expected to continuing growing in FY2018-19, with strong performance in retail (especially auto sales), restaurants and bars, and residential rental categories. Moreover, as mentioned above, building activity continues to be strong and we expect the number of new building permits to remain at or above 1,500 next year.

MAJOR PROJECTS AND INITIATIVES

The Council utilizes a goal setting and strategic planning process to assist in the identification, prioritization, and management of capital projects, initiatives, service efforts and emerging strategic issues. Given the competing priorities for available resources, careful consideration is given to all projects and initiatives to ensure investments of public funds achieve Council objectives and provide a long-term sustainable benefit to the community. Listed below are the Council goals to further the City's commitment to provide quality service, economic development and improved quality of life for the citizens of Peoria.

- Transportation – to provide efficient and effective street systems, affordable and accessible mass transit for access to jobs, schools and recreational facilities and to promote extensive biking and walking opportunities
- Public Safety – to promote a community of low crime, strong perception of personal safety, prompt and effective response to medical and fire emergencies and neighborhoods that are free of blighted conditions.
- Economic Prosperity – to encourage diversification of industries and retail base, support entrepreneurship and innovation, increase employment opportunities through workforce development and quality educational institutions.
- Built and Natural Environment – to maintain infrastructure that is fully functioning and in excellent condition, key natural assets that are preserved and maximized for recreation and facilities that promote health and wellness and enhanced urban environment.
- Parks and Recreation – to serve various populations with social, recreational, active and healthy opportunities and provide strategic support of tourism and visitor events.
- Arts and Culture – to promote access to arts education and experience for our residents and to enhance the tourism and economic potential of the City.
- Communications – to ensure broad civic awareness, promote public trust in their municipal government and promote flow of information among all community stakeholders.

Major Initiatives and Accomplishments in 2018

Major initiatives and accomplishments during fiscal 2018 are as follows:

Paloma Community Park -

During FY2017-18, the City began construction of the new Paloma Community Park in the northern part of the City. The park's 85-acre first phase will include a trailhead, fishing pond, dog park, four lighted baseball fields, three soccer fields and open turf space, large ramadas, a playground and splash pad. All park lighting will be energy-efficient LED bulbs. The City's total cost to complete the first phase of the park will be \$40.2 million.

New Police Building -

The new police station, located in the northern part of the City, opened in October 2017. This state of the art, 17,000 square foot building features a dedicated training room, prisoner processing area, K-9 training area, modern workout facility and multiple officer workstations. The innovative design combined with many of its unique and sustainable features resulted in the building being the most recent of Peoria's municipal buildings to receive the Leadership in Energy and Environmental Design (LEED) certification.

New Bus Service along 83rd -

A 5-mile extension of Bus Route 83 was completed in October 2017. As part of the Valley Metro service changes across the Valley, the extension of Route 83 is one of the largest, starting at Camelback Road on 83rd Avenue to the Arrowhead Transit Center just north of Bell Road.

New Trailhead along New River Trail -

The City completed the second river trailhead along the New River Trail System on August 3, 2017. The New River Trailhead at Fletcher Heights provides access to the New River Trail that connects several miles of trail through the Valley and includes stretching areas, benches and bike stands, large shaded ramada, a chilled drinking fountain, dog baggie station, and a parking area.

Energy Efficiency Project -

During FY2017-18, the City continued its retrofitting of interior and exterior lighting with energy efficient LED bulbs throughout 13 city facilities and installation of solar photovoltaic on roofs, parking canopies and on the ground at eight sites throughout the City. Upon completion, the city anticipates lower energy expenses over the next 20 years or more. This project was financed with New Clean Renewable Energy Bonds.

Peoria Shakespeare in the Park and Film Festival -

For the first time, the City held a Shakespeare in the Park festival in March 2018, featuring Shakespeare's "Twelfth Night" and a menagerie of other Renaissance-themed entertainment and festivities. In October 2018, the City will also host its first film festival the Peoria Film Festival in partnership with the Phoenix Film Foundation.

Accreditations and Awards -

In September 2017, the City was awarded the Traffic Engineering Council Technical Achievement Award from the Institute of Transportation Engineers (ITE) for designing an innovative pilot program that archived intersection video footage to aid police investigations of serious fatal and injury crashes and felonies. A two-pronged approach was used when developing the program to provide policy guidance and a technically feasible approach for improving the investigations of serious collisions and intersection safety for police and traffic departments worldwide.

In January 2018, Peoria was ranked the fourth best place to find a job in America in 2018 by WalletHub.com, a personal finance outlet. To determine their rankings, WalletHub compared more than 180 U.S. cities across 26 key indicators of job-market strength. They range from job opportunities to employment growth to monthly average starting salary.

In February 2018, the City was awarded a 3-STAR Community Rating from STAR Communities for national leadership in sustainability. Peoria is the 69th city in the nation to receive recognition from STAR Communities for its participation in the STAR Community Rating System (STAR), which evaluates the livability and sustainability of U.S. communities.

In May 2018, the City received the GFOA Excellence in Government Finance Award for its Economic Development Monitoring system.

BOND RATING

In August 2017, Fitch Ratings upgraded its long-term rating from AA+ to AAA for the City's General Obligation Bonds and designated the ratings outlook as stable as a result of amendments to the Arizona Revised Statutes that provided general obligation bondholders with a statutory lien on ad valorem taxes of the City. In April 2018, Fitch Ratings affirmed the City's Water and Sewer Revenue Bonds' AA rating, designating the rating outlook is stable. These ratings reflect the city's economic prospects, sound financial management practices, solid reserves and manageable debt levels.

FINANCIAL CONTROLS

Internal Controls

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

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

Budgetary Controls

The City, 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 2017-18 was \$855,005,604. The City may utilize the additional expenditure authority for any local budgetary purposes.

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

Financial Policies

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

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

- To deliver quality services in an affordable, efficient and cost-effective basis providing full value for each tax dollar.

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

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

Long Term Financial Planning

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

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

OTHER INFORMATION

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentations in this CAFR, 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 that fairly sets forth the financial position and results of operations of the City on both a government-wide and fund basis. Furthermore, we believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity and financial stability have been included.

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

Independent Audit

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, 2018, 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 unmodified opinion that the financial statements of the City for the fiscal year ended June 30, 2018, 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, 2018, found no instances of material weakness or significant deficiencies in the internal controls. The reports from Heinfeld, Meech & Co., P.C. are available in the City of Peoria, Arizona's separately issued Single Audit Report.

Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This is the 33rd 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,



Sonia K. Andrews
Chief Financial Officer





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

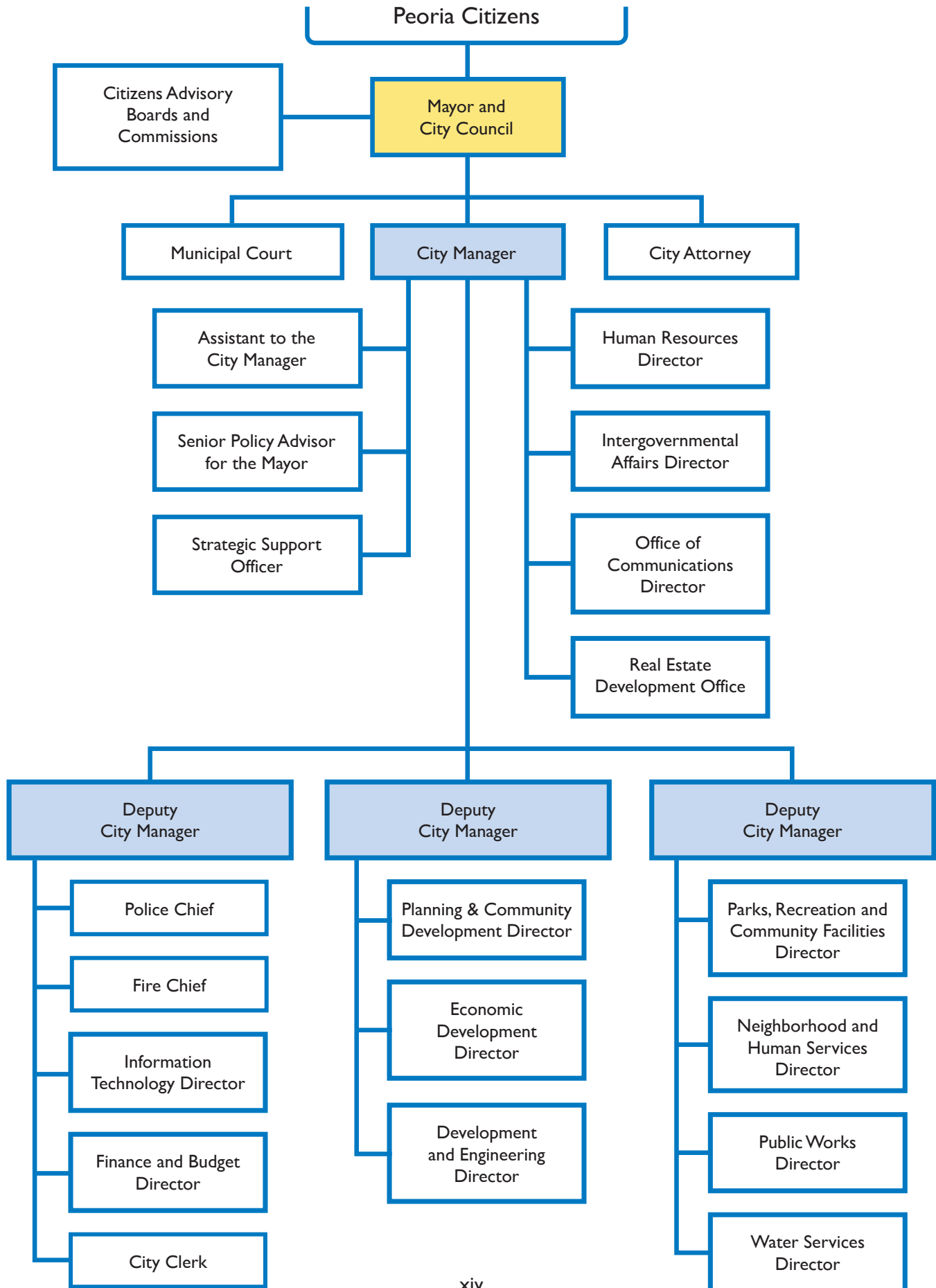
**City of Peoria
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Executive Director/CEO

City of Peoria Organizational Chart





City of Peoria

Principal Officials of the City

Fiscal Year 2018

Cathy Carlat
Mayor

Michael Finn
Vice Mayor

Bridget Binsbacher
Councilmember

Jon Edwards
Councilmember

Vicki Hunt
Councilmember

Carlo Leone
Councilmember

Bill Patena
Councilmember

Jeff Tyne
City Manager

Andrew Granger
Deputy City Manager

Katie Gregory
Deputy City Manager

Erik Strunk
Deputy City Manager

George Anagnost
Municipal Judge

Thomas Adkins
Governmental Affairs Director

John Imig
Information Technology Director

Vanessa Hickman
City Attorney

Bobby Ruiz
Fire Chief

Jennifer Stein
Director of Communications

John Sefton
*Parks, Recreation and
Community Facilities Director*

Art Miller
Police Chief

Kevin Burke
Public Works Director

Rhonda Geriminsky
City Clerk

Adina Lund
*Development and
Engineering Director*

Rick Buss
Economic Development Services Director

Laura Ingegneri
Human Resources Director

Chris Jacques
*Planning and Community
Development Director*

Sonia Andrews
Finance and Budget Director

Tammy Shreeve
Water Services Director

Chris Hallett
*Neighborhood and
Human Services Director*



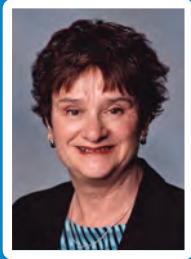
City of Peoria Council Districts



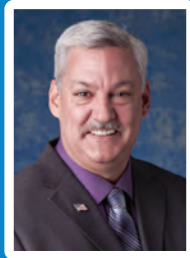
**Vice Mayor
Michael Finn**
Palo Verde District



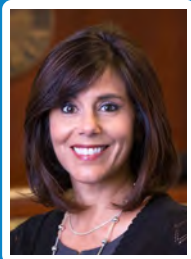
**Mayor
Cathy Carlat**



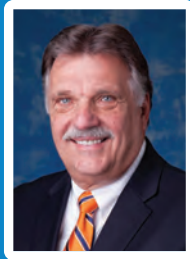
**Mayor Pro-Tem
Vicki Hunt**
Acacia District



**Councilmember
Jon Edwards**
Willow District



**Councilmember
Bridget Binsbacher**
Mesquite District



**Councilmember
Bill Patena**
Ironwood District



**Councilmember
Carlo Leone**
Pine District



**Youth Council
Liaison
Frank Johnson**



**Youth Council
Liaison
Leah Gilbertson**





**Financial
Section**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Peoria, Arizona

Report on the Financial Statements

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Half-Cent Sales Tax, Highway User Revenue, Transportation Sales Tax, and Development Fee Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1.I., the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and Statement No. 86, *Certain Debt Extinguishment Issues*, for the year ended June 30, 2018, which represent changes in accounting principles. Our opinion is not modified with respect to this matter.

Emphasis of Matters

As described in Note 15, the City restated net position beginning balances due to adjustments to the accumulated depreciation balances for the City’s capital asset balances and to eliminate amounts previously reported as cash with fiscal agents. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, net pension liability information and other postemployment benefit plan information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The Introductory Section, Supplementary Information, Statistical Section, and Continuing Disclosures listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section, Statistical Section and Continuing Disclosures have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018, on our consideration of City of Peoria, Arizona’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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Peoria, Arizona’s internal control over financial reporting and compliance.



Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 12, 2018



**Management's
Discussion
& Analysis**

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, 2018. 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.

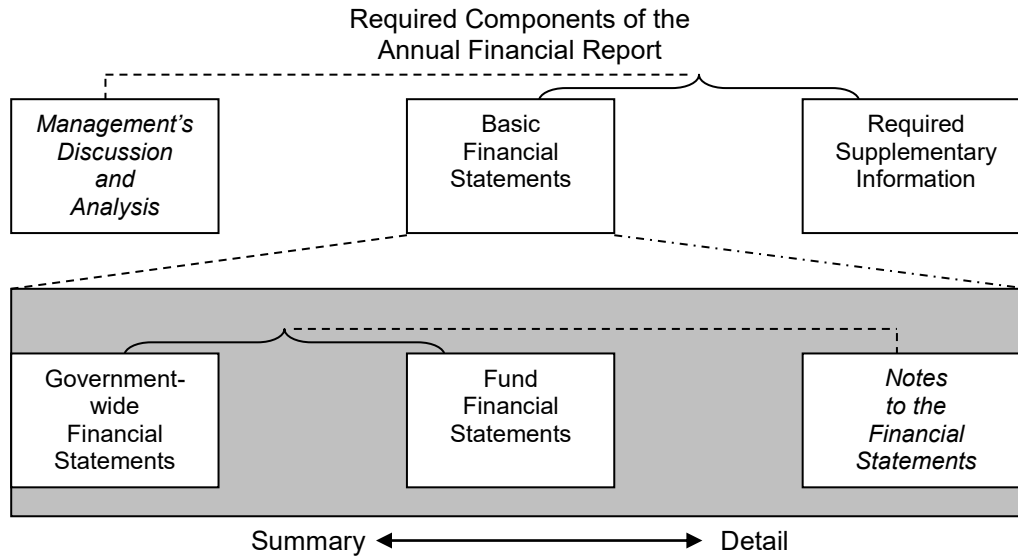
This discussion and analysis (MD&A) has a different focus and purpose than the transmittal letter presented on pages v-xi of this report. It is designed to be read in conjunction with the transmittal letter as well as the financial statements and the accompanying notes to the financial statements. The City also issues separate financial reports, including management's discussion and analysis, for the Vistancia Community Facilities District, Vistancia West Community Facilities District, the Employee Benefit Trust, and the Workers' Compensation Trust, which are blended component units of the City.

Financial Highlights

- ◆ The City's total net position, as restated, decreased \$92.4 million in fiscal year 2018, a decrease of \$105.2 million in governmental activities offset by an increase of \$12.8 million in business-type activities. The net position decrease in governmental activities was driven by a restatement of the City's capital asset balances as of July 1, 2017. This restatement corrected the cumulative effect of prior year errors in useful life calculation.
- ◆ Total net position of the City is \$1,448.1 million, of which \$7.0 million is unrestricted with a deficit unrestricted balance in governmental activities as a result of the inclusion and presentation of net pension/OPEB liabilities.
- ◆ The governmental activities program revenues of \$72.0 million were in line with prior year revenues of \$72.6 million.
- ◆ The business-type activities program revenues decreased by \$2.8 million from the previous year. Fees, Fines & Charges for Services increased by \$5.4 million but were offset by a decrease in Capital Grants and Contributions by \$8.2 million.
- ◆ At June 30, 2018, total fund balance of the governmental funds was \$238.9 million, a decrease of \$7.3 million from the previous year. Of this, \$33.8 million or 26.6% of General Fund expenditures for fiscal year 2018 was unassigned in the general fund and available for spending at the government's discretion.
- ◆ General Fund revenues (on a budgetary basis) were higher than budgeted inflows by \$7.0 million for fiscal year 2018. Budgetary basis expenditures of the General Fund were 90.7% (\$14.6 million in savings) of the final budgeted expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

As pictured in the following table, 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. Other required supplementary information includes the schedules and notes related to pension requirements. The additional non-required information includes combining schedules and other supplementary schedules presented after the basic financial statements (Combining Statements and Statistical Sections of this report).



Government-wide Financial Statements

The government-wide financial statements 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, public safety, development services, highways and streets, public works, and human services. These activities are generally supported by taxes and general revenues.
- The *business-type activities* include the private sector type activities such as the water, wastewater solid waste, and storm drain utilities, and the stadium. These activities are primarily supported through user charges or fees.

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

The *statement of activities* presents information showing how the City's net position changed over the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes to net position 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 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.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Half-Cent Sales Tax Fund, Highway User Revenue Fund, Transportation Sales Tax Fund, GO Bond Debt Service Fund, and Development Fee 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.

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

Enterprise funds are used for activities that primarily serve customers outside the governmental unit. The enterprise funds generally provide information similar to the business-type activities column of the government-wide financial statements, but provide more detail and additional information such as cash flows. Any reconciliation necessary between the enterprise funds and the business-type activities column of the government-wide financial statements is provided on the face of the fund statements. The City's enterprise funds are the Water, Wastewater, Storm Drain and Solid Waste utilities, as well as the sports complex (Stadium Fund). 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 position. 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. 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 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 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 – Schedules for pension/OPEB plans have been provided as required supplementary information.

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, 2018, with comparative information for the previous year.

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position of the City for June 30, 2018, compared to the prior year.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018 (restated)	2017	2018 (restated)	2017	2018 (restated)	2017
Current and other assets	\$ 295.9	\$ 298.4	\$ 120.9	\$ 110.9	\$ 416.8	\$ 409.3
Capital assets	872.7	996.5	681.5	688.5	1,554.2	1,685.0
Total assets	<u>1,168.6</u>	<u>1,294.9</u>	<u>802.4</u>	<u>799.4</u>	<u>1,971.0</u>	<u>2,094.3</u>
Total deferred outflows of resources	54.3	50.4	5.0	5.8	59.3	56.2
Other liabilities	25.1	23.6	7.9	8.0	33.0	31.6
Long-term liabilities outstanding	<u>436.0</u>	<u>453.7</u>	<u>101.0</u>	<u>110.5</u>	<u>537.0</u>	<u>564.2</u>
Total liabilities	<u>461.1</u>	<u>477.3</u>	<u>108.9</u>	<u>118.5</u>	<u>570.0</u>	<u>595.8</u>
Total deferred inflows of resources	11.2	12.2	1.0	1.9	12.2	14.1
Net position:						
Net investment in capital assets	635.8	747.3	600.5	597.7	1,236.3	1,345.0
Restricted	121.8	149.7	29.5	27.6	151.3	177.3
Unrestricted	<u>(7.0)</u>	<u>(41.2)</u>	<u>67.5</u>	<u>59.4</u>	<u>60.5</u>	<u>18.2</u>
Total net position	<u>\$ 750.6</u>	<u>\$ 855.8</u>	<u>\$ 697.5</u>	<u>\$ 684.7</u>	<u>\$ 1,448.1</u>	<u>\$ 1,540.5</u>

The net position of the City decreased \$92.4 million in fiscal year 2018. Net position of governmental activities decreased \$105.2 million due mainly from the aforementioned capital asset restatement, while the business-type activities increased \$12.8 million. The Water Fund net position increased by \$10.3 million, accounting for the majority of the rise in net position for business-type activities.

Net position consists of three components. The largest portion of net position, \$1,236.3 million 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 residents. 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.

The \$151.3 million restricted portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The decrease of \$26.0 million is primarily due to General Obligation (G.O.) bond debt service payments disbursed and bonds redeemed prior to maturity.

The third portion consists of Unrestricted Net Position of \$60.5 million. This category of net position may be used to meet the City's ongoing obligations to residents and creditors. Unrestricted net position is the balance of net position remaining after calculating the other two categories discussed above.

Changes in Net Position

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

	Changes in Net Position					
	(in millions of dollars)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
REVENUES:						
Program revenues:						
Fees, fines & charges for services	\$ 35.0	\$ 32.3	\$ 85.6	\$ 80.2	\$ 120.6	\$ 112.5
Operating grants and contributions	16.6	14.7	-	-	16.6	14.7
Capital grants and contributions	20.4	25.6	12.5	20.7	32.9	46.3
General revenues:						
Property taxes	23.7	21.7	-	-	23.7	21.7
Sales and use taxes	89.8	84.2	-	-	89.8	84.2
Franchise taxes	5.0	4.5	-	-	5.0	4.5
State shared sales tax	15.9	15.6	-	-	15.9	15.6
Urban revenue sharing	20.3	21.0	-	-	20.3	21.0
Auto-in-lieu taxes	6.8	6.7	-	-	6.8	6.7
Investment earnings	2.2	1.7	0.7	0.5	2.9	2.2
Gain on sale of capital assets	-	-	-	0.1	-	0.1
Miscellaneous and Special Items	4.9	4.1	-	-	4.9	4.1
Total revenues	240.6	232.1	98.8	101.5	339.4	333.6
EXPENSES:						
Program activities:						
Governmental activities:						
General government	20.4	21.6	-	-	20.4	21.6
Culture and recreation	28.0	28.4	-	-	28.0	28.4
Public safety	81.7	97.7	-	-	81.7	97.7
Development services	5.7	6.6	-	-	5.7	6.6
Highways and streets	54.7	44.9	-	-	54.7	44.9
Public works	5.7	6.7	-	-	5.7	6.7
Human services	2.5	1.3	-	-	2.5	1.3
Interest expense on debt	8.0	8.5	-	-	8.0	8.5
Business-type activities:						
Water utility	-	-	40.8	39.3	40.8	39.3
Wastewater utility	-	-	25.7	24.0	25.7	24.0
Solid Waste utility	-	-	13.0	11.9	13.0	11.9
Stadium	-	-	7.7	7.6	7.7	7.6
Storm Drain utility	-	-	3.3	3.5	3.3	3.5
Total expenses	206.7	215.7	90.5	86.3	297.2	302.0
Excess (deficit) before transfers	33.9	16.4	8.3	15.2	42.2	31.6
Transfers	(4.8)	(6.3)	4.8	6.3	-	-
Increase (decrease) in net position	29.1	10.1	13.1	21.5	42.2	31.6
Net position – beginning, as restated	721.5	845.7	684.4	663.2	1,405.9	1,508.9
Net position - ending	\$ 750.6	\$ 855.8	\$ 697.5	\$ 684.7	\$ 1,448.1	\$ 1,540.5

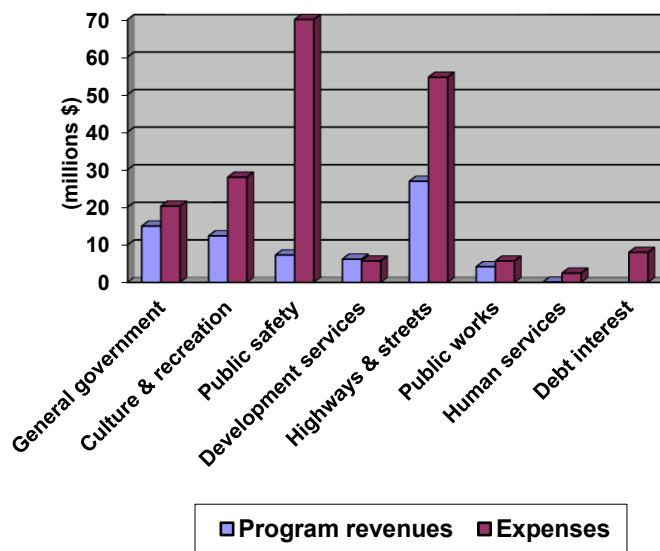
For fiscal year 2018, total governmental activities revenues increased \$8.5 million while total business-type activities revenues decreased \$2.7 million. Expenses decreased \$9.0 million for the governmental activities and increased \$4.2 million for the business-type activities. Governmental activities expenses decreased primarily from the public safety function; down \$16.0 million versus prior year. This decrease was offset by an increase in highways and streets expense of \$9.8 million. The decrease in public safety expense was driven principally by lower pension expense; down \$8.8 million versus the prior year. The increase in highways and streets expense was due to higher capital related costs; up \$9.8 million versus prior year primarily due to increased depreciation expense. The increase in the business-type activities expenses was primarily in the Water Utility, Wastewater Utility and Solid Waste Utility Funds. For further explanation of these expense changes, refer to the financial analysis of the City's funds later in this document.

The general revenues of governmental activities increased \$9.0 million from the previous year as consumer confidence improved during the year. The primary drivers were increases in property tax and sales taxes. Property tax revenues increased by \$2.0 million in fiscal year 2018 as assessed values showed an increase. Local sales and use taxes increased \$5.6 million as retail, contracting, retail and restaurant & bar sales taxes increased \$1.6 million, \$1.5 million, \$1.0 million, respectively.

Program revenues of governmental activities were \$72.0 million; in line with prior year revenues of \$72.6 million. The program revenues of business-type activities decreased by \$2.8 million primarily due to lower developer capital contributions versus prior year.

The following graph shows the functional revenues and expenses of governmental activities to demonstrate the extent to which the governmental functions produce direct revenues to offset the program costs. It should be noted that this is not intended to represent full cost allocation to these

Governmental Activities Program Revenues & Expenses

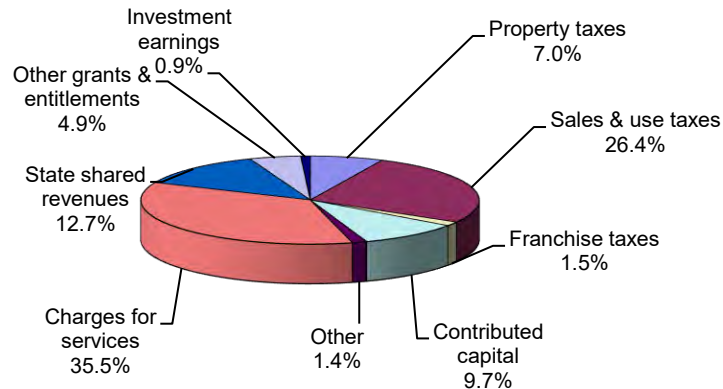


functions. Expenses not covered by direct program revenues are covered by general revenues of the City, primarily taxes and state shared revenues. In the governmental activities, the program revenues of \$72.0 million are 34.9% of the governmental activities expenses for fiscal year 2018, down from 33.7% in fiscal year 2017. In the business-type activities, program revenues of \$98.1 million are 108.4% of the business-type expenses for fiscal year 2018. This compares to \$100.9 million and 116.8% in fiscal year 2017.

Governmental activities account for 70.9% of the total revenues of the City and 69.5% of the total expenses in fiscal year 2018. These percentages were 69.6% and 71.4% respectively in fiscal year 2017.

As seen in the following graph, one of the largest financing sources for the City in fiscal year 2018 is charges for services (35.5%), primarily because this is the major funding source of the business-type activities (80.2% of business-type total revenues in fiscal year 2018). The major funding sources of the governmental activities are property, sales/use taxes, contributed capital and state shared revenues.

Government-Wide Revenue Sources Fiscal Year 2018

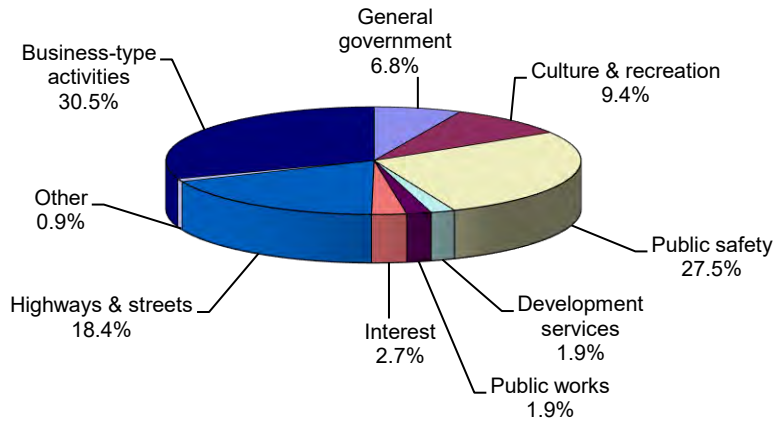


Property taxes increased from fiscal year 2017 with an increase in assessed value. The tax rates did not change in fiscal year 2018 compared to the previous year.

Total government-wide expenses (not including transfers out) of the City decreased \$4.9 million in fiscal year 2018. Expenses of the governmental activities decreased \$9.0 million. This primarily includes a decrease of \$16.0 million for public safety, offset by a \$9.8 million increase in highways and streets expense. As mentioned above, public safety expenses decreased primarily due to lower pension expense in fiscal year 2018 versus prior year. Highways and streets expenses rose chiefly to increases for depreciation expense as street assets increased substantially during the last two fiscal years and prior year useful life assumptions were corrected resulting in an accelerated depreciation rate. Business-type activity expenses increased \$4.1 million versus prior year due mainly to rising depreciation expense, increased CAP water delivery fees, and higher wastewater system repair and maintenance costs.

As shown in the following Government-Wide Functional Expenses graph, business-type activities account for 30.5% of the functional expenses of the City for fiscal year 2018, while governmental activities account for 69.5% of the functional expenses. For the governmental activities, the largest users of resources are public safety (27.5% of total expense, 39.5% of governmental expenses), highways and streets (18.4% of total expenses, 26.4% of governmental expenses), culture and recreation (9.4% of total expenses, 13.5% of governmental expenses), and general government (6.8% of total expenses, 9.8% of governmental expenses).

Government-Wide Functional Expenses Fiscal Year 2018



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

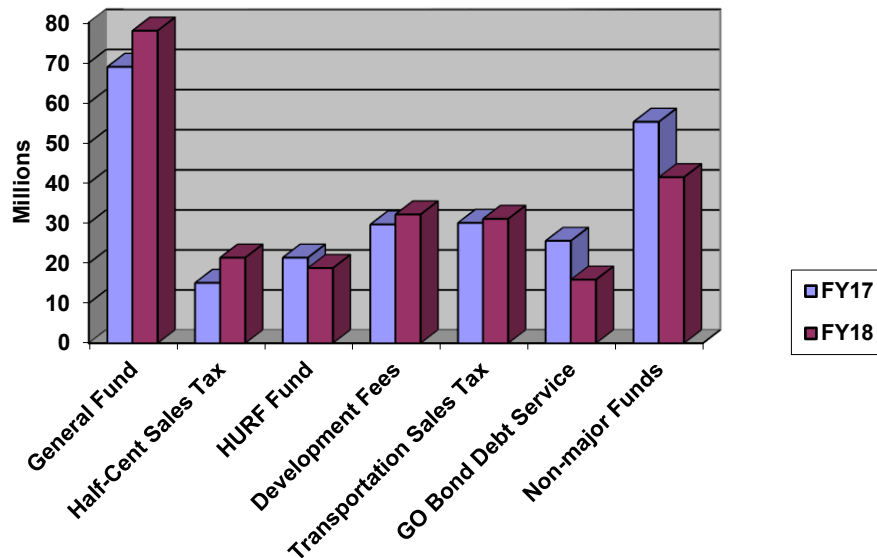
The focus of the governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discretely presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the non-major funds may be found in the section of the CAFR immediately following the Required Supplementary Information. Although the Highway User Revenue Fund, Transportation Sales Tax Fund, and Development Fee Fund do not meet the GASB 34 quantitative criteria of a major fund, the City has chosen to present them as major funds due to local significance or outstanding debt.

The fund balance of the governmental funds is \$238.9, a decrease of \$7.3 million from the previous year. Of this, \$115.5 million (a decrease of \$22.9 million from the previous year) is classified as Nonspendable or Restricted because it is not appropriable for expenditure or is legally segregated for a specific future use. The decrease in restricted fund balance is primarily due to general obligation bond proceeds being spent for the construction and acquisition of capital projects along with general obligation debt service payments disbursed during the fiscal year.

An additional \$89.6 million of the governmental fund balance (an increase of \$7.5 million from the previous year) has been committed or assigned for specific purposes by council or administrative action. These commitments include various stabilization reserves (\$43.8 million), debt service reserves (\$1.0 million), capital projects (\$21.1 million) and arts capital and various other purposes (\$23.6 million).

The remaining \$33.8 million of governmental fund balance is classified as Unassigned. This balance may serve as a useful indicator of a government's net resources available for spending at the end of the year. By Council policy, these resources are used to fund one-time needs of the City including capital facilities and transportation improvements. The unassigned fund balance increased by \$8.2 million compared to the prior year.

Governmental Funds - Fund Balance



The General Fund is the chief operating fund of the City and accounts for many of the major functions of the government including public safety, parks and recreation, community development and general administrative services. General Fund revenues increased \$8.2 million over the prior fiscal year driven mainly from an increase in overall sales tax of \$2.9 million or 6.2%. Specifically, Construction sales tax accounted for the largest impact with revenues \$0.9 million or 22.1% higher than prior year. Favorability was also seen in retail sales tax; up \$0.7 million or 3.2% versus prior year, and Restaurants and Bars; up \$0.7 million or 10.7% versus prior year.

The City also generated increases in Charges for services revenue due mainly from a boost in ambulance service revenue of \$2.5 million versus prior. Ambulance services began in March of 2017, therefore fiscal year 2018 marked the first time a full year's worth of revenue was recorded. This also explains part of the upturn in public safety costs due to the recording of a full year's worth of payroll expenditures within the ambulance operations division for fiscal year 2018 versus only four months in fiscal year 2017.

Licenses and permits revenue increased \$0.7 million versus prior year due mainly from an increase in sales tax license revenue (\$1.0 million in fiscal year 2018 versus \$0.3 million in fiscal year 2017).

Total General Fund expenditures increased \$7.6 million versus prior year; driven primarily from a \$6.1 million increase in public safety expenditures. This was due to the aforementioned ambulance services division, along with budgeted wage increases and a rise in public safety retirement and workers compensation costs versus prior year. The unassigned fund balance of the General Fund increased to 26.6% of expenditures at June 30, 2018, compared to 21.5% at June 30, 2017.

The Half-Cent Sales Tax Fund tracks the revenues from a 0.5% sales tax committed for specific purposes by Council policy. Revenues in this fund increased \$1.3 million versus the previous year due to increases mainly within the retail and construction sales categories; up a combined \$0.9 million. Expenditures in this fund decreased \$4.3 million versus prior year largely from one-time capital outlay costs of \$2.6 million incurred in fiscal year 2017 to purchase property on the southwest corner of 83rd Avenue and Mariners Way. The purpose of this acquisition is to ensure that property is available for commercial/office opportunities in the P83 district. Economic development program expenditures were also down within the Half-Cent Sales Tax Fund by \$1.7 million over prior year driven mainly by \$0.9 million in expenditures incurred prior year toward the recruitment initiatives of Huntington University to support economic development and job growth through technology commercialization efforts. Fund balance increased \$6.2 million in fiscal year 2018.

The Highway User Revenue Fund (HURF Fund) is required by state statute to track the receipt of the state allocation of gasoline taxes and other state revenues shared with local governments that are required to be used for transportation purposes. Also, there is a sales tax on utilities and property tax revenues from street light improvement districts included in this fund. Revenues increased by \$0.5 million due to an increase of \$0.4 million in sales tax on utilities, and \$0.1 million in property tax revenues from street light improvement districts. Expenditures increased by \$4.7 million in fiscal year 2018 primarily from increased amounts spent on street repairs. Fund balance decreased \$2.6 million in fiscal year 2018.

The Transportation Sales Tax Fund tracks the collection and expenditure of the 0.3% voter approved sales tax to address transportation issues. Revenues in this fund increased \$1.0 million while expenditures of \$7.4 million were in line with prior year. The increased revenues were due to improved sales tax revenue. The fund balance increased \$1.0 million in fiscal year 2018. All fund balance in this fund is restricted.

Another major governmental fund of the City is the Development Fee Fund, which collects governmental impact fees for parks and recreational facilities, public safety, and streets and intersections. Revenues of \$9.7 million in the Development Fee Fund for fiscal year 2018 were in line with prior year revenues. Expenditures decreased \$6.8 million in fiscal year 2018 primarily from a reduction in capital outlay for the construction of the new patrol service building versus fiscal year 2017, along with a reduction in development fee repayments versus prior year. Fund balance increased \$2.5 million versus prior year. All fund balance in this fund is restricted.

The GO Bond Debt Service Fund accounts for the payment of general obligation bonds and the related interest. Revenues in this fund increased \$1.2 million due to increased property tax revenues. The property assessed value of the City increased 7.7% in fiscal year 2018 while the tax rate was unchanged. Expenditures increased by \$9.0 million versus the prior year driven by a \$10.5 million GO Bond defeasance payment to bond escrow, offset by a \$1.3 million decrease in debt service payments versus prior year. Fund balance decreased \$9.6 million in fiscal year 2018.

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

Proprietary funds

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

Total net position of the enterprise funds increased \$12.8 million in fiscal year 2018, including the restatement of beginning net position balances. Net investment in capital assets increased \$2.7 million primarily from a reduction of water and wastewater bonds and loans payable liabilities as a result of debt service payments made in fiscal year 2018. Net position restricted for capital projects increased by \$1.9 million and unrestricted net position increased by \$8.2 million driven primarily from increases in the Water Utility fund of \$1.6 million and \$7.0 million respectively. In accordance with the City's Principles of Sound Financial Management, the City continues to maintain appropriate levels of stabilization reserves.

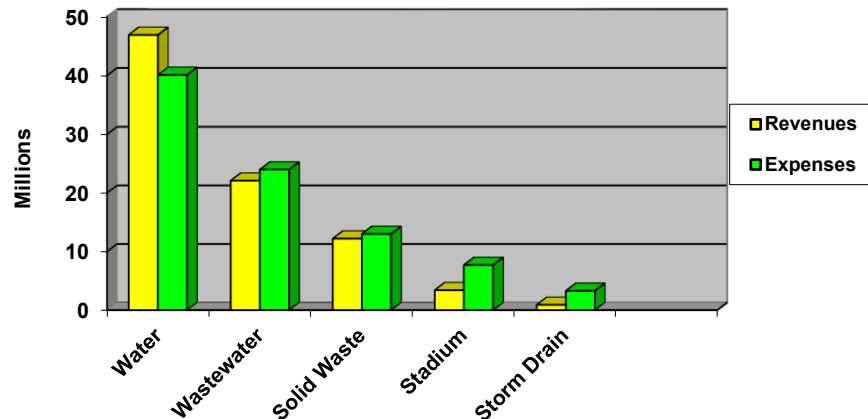
Operating revenues of the enterprise funds increased \$5.4 million in fiscal year 2018. Charges for services increased \$4.2 million in the Water Utility fund, \$0.8 million in the Wastewater Fund, and \$0.5 million in the Solid Waste Fund due to rate increases, increases in the number of accounts, as well as increased usage.

Operating expenses of the enterprise funds increased \$4.5 million in fiscal year 2018. Contractual services/commodities increased \$1.5 million in the Water Utility Fund due to an increase in Central Arizona Project (CAP) related expenses. Increased contractual service/commodities of \$1.9 million in the Wastewater Utility Fund derived mainly from higher wastewater system repair & maintenance costs. Depreciation and amortization expense rose \$1.0 million versus prior year; driving the remainder of the operating expense increase. The changes in operating revenues and expenses discussed above

resulted in an enterprise funds operating income loss of \$2.6 million in fiscal year 2018 compared to an operating income loss of \$3.5 million prior year.

The following graph shows the operating revenues and expenditures for the enterprise funds for fiscal year 2018.

Fiscal Year 2018 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, required for the General Fund and all major special revenue funds, may be found on pages 28-33. 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 are also presented on page 89, and pages 96-104.

General Fund revenues of \$144.2 million, on a budgetary basis, exceeded budgeted revenues of \$137.2 million by \$7.0 million while budgetary basis expenditures of \$142.4 million were 90.7% of final budgeted amounts. Revenues, on a budgetary basis, exceeded budgeted revenues in sales tax, auto in-lieu tax, licenses and permits, charges for services, fines and forfeitures, and rents, while falling short in property tax revenues, state shared sales tax, urban revenue sharing, and investments earnings. There were no expenditure overages for any of the functional departmental categories.

During the fiscal year, the original General Fund expenditures and contingencies budget of \$177.7 million was amended by \$17.9 million to the final expenditure and contingencies budget of \$159.8 million.

Notable transfers during the year were as follows:

- \$5.2 million transfer from the Half Cent Fund to the General Fund for the purchase of public safety vehicles and public safety operating costs.
- \$2.0 million transfer from the Half Cent Fund to the Stadium Fund as a subsidy in support of the Peoria Sports Complex.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, the City had \$1.2 billion invested in various capital assets, net of accumulated depreciation and related debt, down 8.3% from the previous year. The capital assets of the City (net of depreciation, but not capital debt) are \$1.6 billion. This is a net decrease of \$130.8 million from June 30, 2017. Net capital assets of business-type activities decreased \$7.0 million while governmental activities decreased \$123.8 million. The overall decrease is primarily due to a restatement of capital assets.

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

- ✓ The City invested \$3.6 million into the implementation of energy efficiency and solar energy projects. These projects reduce the City's impact on the environment, conserve energy, and encourage citizens to engage in sustainability efforts.
- ✓ The City invested \$1.5 million into the construction of a new building on the campus of the Pinnacle Peak Public Safety Facility. This building creates additional space for police employees providing services to the northern reaches of the city.
- ✓ The City invested \$1.3 million in land acquisition for the Sonoran Preservation Program. The program identifies areas that merit special consideration and then outlines how the city can strategically assemble them over time into a meaningful network of connected open spaces.
- ✓ Due to growth primarily in the northern part of the City, developers contributed a total of \$18.8 million in land and public infrastructure.
- ✓ The following table provides a breakdown of the capital assets of the City at June 30, 2018, and 2017. Additional information on the City's capital assets may be found in Note 6.

Capital Assets at June 30
(Net of depreciation)
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Buildings and building improvements	\$ 110.7	\$ 108.1	\$ 55.0	\$ 56.6	\$ 165.7	\$ 164.7
Equipment; Furniture	4.8	4.4	6.5	9.0	11.3	13.4
Vehicles	11.3	11.3	10.5	9.6	21.8	20.9
Surface water system	-	-	61.8	63.1	61.8	63.1
Street system	273.2	419.2	-	-	273.2	419.2
Park system	65.1	63.8	-	-	65.1	63.8
Water system	-	-	226.7	232.8	226.7	232.8
Water rights	-	-	11.4	10.3	11.4	10.3
Wastewater system	-	-	263.8	271.3	263.8	271.3
Land	384.3	367.1	17.5	16.7	401.8	383.8
Work in progress	23.3	22.6	28.3	19.1	51.6	41.7
Total	\$ 872.7	\$ 996.5	\$ 681.5	\$ 688.5	\$ 1,554.2	\$ 1,685.0

The City has adopted a ten year capital improvement plan budgeted at \$730.6 million, including \$277.1 million in fiscal year 2019. Anticipated funding for this plan for fiscal year 2019 is through a combination of impact fees, utility revenue bonds, general obligation bonds, operating revenues, City and County transportation sales taxes and other outside funding sources. The estimated operating budget impact of the capital improvement program over the next five fiscal years is expected to be \$8.9 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 and loans, compensated absences, and deferred bond premiums was \$303.2 million at June 30, 2018. Of this total, \$229.5 million was in governmental activities and \$73.7 million was in business-type activities. The City's outstanding non-current debt (excluding claims and net pension liability) decreased by \$36.8 million in fiscal year 2018. This decrease is related to scheduled debt service payments, along with the refinancing of Series 2006 and 2008 MDA bonds through an advanced refunding arrangement, and the defeasance of Series 2007B and 2010 general obligation bonds.

Of the total outstanding bonds and loans of \$314.6 million, \$127.0 million is general obligation bonds backed by the full faith and credit of the City. The outstanding debt also includes \$34.3 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. Additional information on the debt limitations and capacities may be found in Table XX in the statistical section of this report.

The following schedule shows the outstanding debt of the City (both current and long-term, excluding net pension liability and claims payable) as of June 30, 2018, and 2017. Further detail on the City's outstanding debt may be found in Note 7. Information on the City's net pension/OPEB liability may be found in the Required Supplementary Section of the report and in Note 9.

Outstanding Debt
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
General obligation debt	\$ 127.1	\$ 148.2	\$ -	\$ -	\$ 127.1	\$ 148.2
Municipal Development Authority debt	34.1	67.6	-	-	34.1	67.6
Direct Purchase and Loan Obligations	36.5	-	-	-	36.5	-
Special assessment debt	-	2.1	-	-	-	2.1
Water/Sewer Revenue bonds and loans	-	-	82.6	92.3	82.6	92.3
Community Facilities District bonds	34.3	37.1	-	-	34.3	37.1
Compensated absences	13.8	13.4	1.5	1.5	15.3	14.9
Total	\$ 245.8	\$ 268.4	\$ 84.1	\$ 93.8	\$ 329.9	\$ 362.2

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

ECONOMIC FACTORS

The City of Peoria continues to enjoy one of the lowest unemployment rates in the Phoenix metropolitan area while the City's population continues to increase creating demand for housing. Steady job growth and meaningful wage growth is expected to boost consumer spending and business investments over the next several years.

Locally improving consumer confidence has resulted in higher sales tax revenues and is forecasted to increase by 3.5% in fiscal year 2019.

New residential construction in Peoria is growing, while commercial construction has begun to show expansion and stability. Existing home valuations have continued to increase and the City's primary assessed valuation in FY 2019 is estimated to increase slightly from the previous year's valuation. This marks the fifth consecutive year of modest increases following the low collection point in FY 2014. Future valuations should continue to increase, resulting in sufficient tax collections in subsequent years.

The adopted fiscal year 2019 budget is \$660 million, an increase of 11.86% from the fiscal year 2018 budget. The operating budget totals \$382.9 million, which is an increase of 1.35% from 2018. The capital projects portion of the budget, \$277.1 million, is divided in the following manner: \$10.0 million for drainage projects, \$22.2 million for operational facilities, \$52.4 million for parks, trails, open space and libraries, \$3.1 million for public safety projects, \$70.5 million for streets and traffic control projects, \$30.6 million for economic development projects, \$17.7 million for wastewater projects, and \$70.6 million for water projects.

The General Fund operating budget is \$154.5 million, up 5.6% from the prior year budget. With the modest economic recovery, resident needs for City services were balanced with a slowly increasing

revenue base. The budget continues to focus on preserving the City's excellent quality of life, while preserving our future financial viability.

The City has maintained cash balances over the last few years, both for financial stability and in anticipation of the capital and ongoing operational needs of an ever-changing city. The City has maintained several stabilization reserves within the General Fund and Half-Cent Sales Tax Fund in accordance with the City's adopted financial policies – The Principles of Sound Financial Management. The City also maintains working capital policy reserve, rate stabilization, and debt stabilization reserves in the Utility Funds. It should be noted that while these reserves are established to address immediate and dramatic fiscal difficulties, they are not intended to cover structural budget shortfalls. With this in mind, the fiscal year 2019 budget does not anticipate the use of reserves to address recurring expenses.

FINANCIAL CONTACT

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

A wide-angle photograph of a desert landscape at sunset. The sky is filled with soft, golden light and scattered clouds. In the foreground, there are several tall, columnar cacti and some low-lying desert shrubs. The middle ground shows a vast, flat desert plain extending to a range of low mountains in the distance. A dark blue rectangular box with a white border is positioned in the lower center of the image, containing the text "Basic Financial Statements" in white, bold, sans-serif font.

Basic Financial Statements

CITY OF PEORIA, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Pooled cash and investments	\$ 236,773,276	\$ 98,168,318	\$ 334,941,594
Accounts receivable, net	13,501,275	11,852,318	25,353,593
Interest receivable	645,336	231,059	876,395
Internal balances	(3,123,381)	3,123,381	-
Due from other governments	7,154,709	-	7,154,709
Prepaid items	65,200	179	65,379
Supply inventories	385,985	461,842	847,827
Restricted pooled cash and investments	8,998,677	-	8,998,677
Restricted cash with fiscal agents	18,564,036	6,989,113	25,553,149
Restricted investments	12,678,870	-	12,678,870
Net pension and other postemployment benefits asset	257,914	56,717	314,631
Capital assets:			
Non-depreciable	407,685,111	45,797,149	453,482,260
Depreciable (net)	465,013,018	635,738,050	1,100,751,068
Total assets	<u>1,168,600,026</u>	<u>802,418,126</u>	<u>1,971,018,152</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions and other postemployment benefits	49,489,547	2,709,060	52,198,607
Deferred loss on bond refunding	4,796,378	94,801	4,891,179
Excess consideration provided for acquisition	-	2,233,667	2,233,667
Total deferred outflows of resources	<u>54,285,925</u>	<u>5,037,528</u>	<u>59,323,453</u>
LIABILITIES			
Accounts payable	10,449,316	3,850,957	14,300,273
Accrued payroll	2,409,453	327,489	2,736,942
Interest payable	4,120,548	1,290,348	5,410,896
Due to other governments	2,917,150	287,897	3,205,047
Customer deposits	3,567	2,047,388	2,050,955
Other liabilities	3,256,907	76,957	3,333,864
Unearned revenue-other	1,899,541	50,654	1,950,195
Non-current liabilities:			
Due within one year:			
Current portion of claims payable	4,595,196	-	4,595,196
Current portion of compensated absences	6,677,370	777,090	7,454,460
Current portion of bonds & loans payable	22,022,957	10,412,536	32,435,493
Due in more than one year:			
Noncurrent portion of claims payable	1,363,386	-	1,363,386
Noncurrent portion of compensated absences	7,105,710	735,020	7,840,730
Noncurrent portion of bonds & loans payable	222,414,855	72,976,148	295,391,003
Net pension and other postemployment benefits liabilities	171,841,371	16,084,386	187,925,757
Total liabilities	<u>461,077,327</u>	<u>108,916,870</u>	<u>569,994,197</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and other postemployment benefits	11,180,300	1,030,521	12,210,821
Total deferred inflow of resources	<u>11,180,300</u>	<u>1,030,521</u>	<u>12,210,821</u>
NET POSITION			
Net investment in capital assets	635,872,778	600,474,983	1,236,347,761
Restricted for:			
Debt service	27,896,473	-	27,896,473
Capital projects	-	29,356,418	29,356,418
Development fees	32,195,066	-	32,195,066
Transportation purposes	49,849,357	-	49,849,357
Grant purposes	2,632,830	-	2,632,830
Facilities maintenance	40,488	100,000	140,488
Trust purpose	9,182,340	-	9,182,340
Unrestricted	(7,041,008)	67,576,862	60,535,854
Total net position	<u>\$ 750,628,324</u>	<u>\$ 697,508,263</u>	<u>\$ 1,448,136,587</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, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 20,343,398	\$ 3,100,180	\$ 846,360	\$ 11,038,537	\$ (5,358,321)	\$ -	\$ (5,358,321)
Culture and recreation	28,003,374	8,802,920	3,611,852	-	(15,588,602)	-	(15,588,602)
Public safety	81,720,528	6,640,226	638,997	13,243	(74,428,062)	-	(74,428,062)
Development services	5,731,857	5,341,708	838,053	-	447,904	-	447,904
Highways and streets	54,647,432	6,819,430	10,705,087	9,389,425	(27,733,490)	-	(27,733,490)
Public works	5,694,902	4,217,649	-	-	(1,477,253)	-	(1,477,253)
Human services	2,527,213	32,461	-	-	(2,494,752)	-	(2,494,752)
Interest on long-term debt	8,011,112	-	-	-	(8,011,112)	-	(8,011,112)
Total governmental activities	206,679,816	34,954,574	16,640,349	20,441,205	(134,643,688)	-	(134,643,688)
Business-type activities:							
Water Utility	40,780,445	46,909,063	-	3,846,012	-	9,974,630	9,974,630
Wastewater Utility	25,732,376	22,077,294	-	4,528,464	-	873,382	873,382
Solid Waste Utility	13,033,364	12,231,349	-	-	-	(802,015)	(802,015)
Stadium	7,679,587	3,419,642	-	108,903	-	(4,151,042)	(4,151,042)
Storm Drain Utility	3,278,552	920,026	-	4,034,370	-	1,675,844	1,675,844
Total business-type activities	90,504,324	85,557,374	-	12,517,749	-	7,570,799	7,570,799
Total primary government	\$ 297,184,140	\$ 120,511,948	\$ 16,640,349	\$ 32,958,954	(134,643,688)	7,570,799	(127,072,889)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					3,522,321	-	3,522,321
Property taxes, levied for debt service					20,152,280	-	20,152,280
Sales and use taxes					89,781,248	-	89,781,248
Franchise taxes					5,035,331	-	5,035,331
Intergovernmental:							
State shared sales taxes- unrestricted					15,894,140	-	15,894,140
Urban revenue sharing- unrestricted					20,334,388	-	20,334,388
Auto in-lieu taxes- unrestricted					6,799,997	-	6,799,997
Donations of capital assets					-	-	-
Investment earnings					2,172,236	700,909	2,873,145
Gain on sale of capital assets					-	13,305	13,305
Expired development agreement debt					-	-	-
Miscellaneous					5,383,459	-	5,383,459
Special item -loss on extinguishment of debt					(450,797)	-	(450,797)
Transfers in (out)					(4,803,295)	4,803,295	-
Total general revenues and transfers					163,821,308	5,517,509	169,338,817
Change in net position					29,177,620	13,088,308	42,265,928
Net position - beginning					855,814,528	684,703,212	1,540,517,740
Cumulative effect of restatement					(134,363,824)	(283,257)	(134,647,081)
Net position - beginning - restated					721,450,704	684,419,955	1,405,870,659
Net position - ending					\$ 750,628,324	\$ 697,508,263	\$ 1,448,136,587

The accompanying notes are an integral part of the financial statements



**CITY OF PEORIA, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

Major Funds

	General Fund	Half-Cent Sales Tax Fund	Highway User Revenue Fund	Transportation Sales Tax Fund
ASSETS & DEFERRED OUTFLOWS				
Assets:				
Pooled cash and investments	\$ 73,151,894	\$ 18,674,801	\$ 19,354,589	\$ 29,855,289
Accounts receivable, net	8,056,635	2,799,528	519,939	1,715,573
Interest receivable	184,998	23,059	49,893	66,311
Due from other funds	4,395,980	-	-	-
Due from other governments	2,596,054	-	980,178	-
Supply inventories	123,939	-	78,068	-
Restricted cash with fiscal agents	-	-	-	-
Restricted investments	-	-	-	-
Total assets	<u>\$ 88,509,500</u>	<u>\$ 21,497,388</u>	<u>\$ 20,982,667</u>	<u>\$ 31,637,173</u>
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,846,140	\$ 144,278	\$ 2,038,923	\$ 572,481
Accrued payroll	2,097,355	-	81,011	-
Due to other funds	-	-	-	-
Due to other governments	2,917,150	-	-	-
Customer deposits	3,567	-	-	-
Other liabilities	2,903,917	-	-	-
Unearned revenue-other	691,785	-	-	-
Total liabilities	<u>10,459,914</u>	<u>144,278</u>	<u>2,119,934</u>	<u>572,481</u>
Deferred Inflows of Resources:				
Unavailable revenue-property taxes	25,956	-	17,885	-
Total deferred inflows of resources	<u>25,956</u>	<u>-</u>	<u>17,885</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Supply inventories	123,939	-	78,068	-
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Development fees	-	-	-	-
Transportation purposes	-	-	18,766,780	31,064,692
Grant purposes	-	-	-	-
Arts Center maintenance	40,488	-	-	-
Committed to:				
Debt service	-	1,000,000	-	-
Economic development	4,986,847	-	-	-
Arts capital	-	-	-	-
Operating reserve	15,969,609	-	-	-
Emergency reserve	10,646,406	-	-	-
Budget stabilization reserve	10,646,406	6,571,426	-	-
Assigned to:				
Capital projects	-	-	-	-
Municipal Complex reserve	1,760,838	-	-	-
Other purposes	-	13,781,684	-	-
Unassigned:				
Total fund balance	<u>78,023,630</u>	<u>21,353,110</u>	<u>18,844,848</u>	<u>31,064,692</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 88,509,500</u>	<u>\$ 21,497,388</u>	<u>\$ 20,982,667</u>	<u>\$ 31,637,173</u>

(continued)

**CITY OF PEORIA, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>Major Funds</u>			
	<u>GO Bond Debt Service Fund</u>	<u>Development Fee Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS & DEFERRED OUTFLOWS				
Assets:				
Pooled cash and investments	\$ 8,650,068	\$ 33,197,809	\$ 29,008,426	\$ 211,892,876
Accounts receivable, net	149,221	-	251,338	13,492,234
Interest receivable	38,642	76,182	87,432	526,517
Due from other funds	-	-	-	4,395,980
Due from other governments	279,683	-	3,298,794	7,154,709
Supply inventories	-	-	-	202,007
Restricted cash with fiscal agents	6,918,803	-	11,645,233	18,564,036
Restricted investments	-	-	4,928,360	4,928,360
Total assets	<u>\$ 16,036,417</u>	<u>\$ 33,273,991</u>	<u>\$ 49,219,583</u>	<u>\$ 261,156,719</u>
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 1,078,925	\$ 1,676,598	\$ 7,357,345
Accrued payroll	-	-	34,030	2,212,396
Due to other funds	-	-	4,395,980	4,395,980
Due to other governments	-	-	-	2,917,150
Customer deposits	-	-	-	3,567
Other liabilities	-	-	352,990	3,256,907
Unearned revenue-other	-	-	1,207,756	1,899,541
Total liabilities	<u>-</u>	<u>1,078,925</u>	<u>7,667,354</u>	<u>22,042,886</u>
Deferred Inflows of Resources:				
Unavailable revenue-property taxes	149,223	-	6,232	199,296
Total deferred inflows of resources	<u>149,223</u>	<u>-</u>	<u>6,232</u>	<u>199,296</u>
Fund balances:				
Nonspendable:				
Supply inventories	-	-	-	202,007
Restricted for:				
Debt service	15,887,194	-	11,860,056	27,747,250
Capital projects	-	-	2,816,083	2,816,083
Development fees	-	32,195,066	-	32,195,066
Transportation purposes	-	-	-	49,831,472
Grant purposes	-	-	2,632,830	2,632,830
Arts Center maintenance	-	-	-	40,488
Committed to:				
Debt service	-	-	-	1,000,000
Economic development	-	-	-	4,986,847
Arts capital	-	-	3,092,469	3,092,469
Operating reserve	-	-	-	15,969,609
Emergency reserve	-	-	-	10,646,406
Budget stabilization reserve	-	-	-	17,217,832
Assigned to:				
Capital projects	-	-	21,144,559	21,144,559
Municipal Complex reserve	-	-	-	1,760,838
Other purposes	-	-	-	13,781,684
Unassigned:				
Total fund balance	<u>15,887,194</u>	<u>32,195,066</u>	<u>41,545,997</u>	<u>238,914,537</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 16,036,417</u>	<u>\$ 33,273,991</u>	<u>\$ 49,219,583</u>	<u>\$ 261,156,719</u>



**CITY OF PEORIA, ARIZONA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2018**

Fund balances - total governmental funds balance sheet		\$ 238,914,537
<p>Amounts reported for governmental activities in the statement of net position are different because:</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	\$ 1,468,045,829	
Less accumulated depreciation	<u>(609,586,728)</u>	858,459,101
<p>Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Other post employment benefits asset		222,258
Deferred loss on bond refunding		4,796,378
<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	(231,954,304)	
Compensated absences	<u>(12,633,850)</u>	(244,588,154)
<p>Bond premiums are recognized at the time of issuance in the governmental funds, but recognized over the life of the bonds for government-wide reporting</p>		
		(12,483,508)
<p>Property tax revenue earned but not received within 60 days of year-end is a deferred inflow of resources for the governmental statements, but is recognized as revenue for the government-wide statements</p>		
		199,296
<p>Interest payable on long-term debt is not reported in the governmental funds.</p>		
		(4,120,548)
<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 are reported with the governmental activities.</p>		
		33,704,290
<p>Long-term liabilities, such as net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported as a liability in the funds.</p>		
		(161,729,291)
<p>Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.</p>		
Deferred outflows related to pension/OPEB	47,786,390	
Deferred inflows related to pension/OPEB	<u>(10,532,425)</u>	37,253,965
Total net position of governmental activities - statement of net position		<u><u>\$ 750,628,324</u></u>

CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2018

Major Funds

	General Fund	Half-Cent Sales Tax Fund	Highway User Revenue Fund	Transportation Sales Tax Fund
REVENUES:				
Taxes	\$ 57,432,608	\$ 22,403,904	\$ 4,856,776	\$ 13,612,922
Intergovernmental	43,374,595	-	10,705,087	-
Charges for services	16,503,398	-	255,119	-
Licenses and permits	5,509,240	-	-	-
Fines and forfeitures	1,728,303	-	-	-
Rents	1,002,948	-	-	-
Investment earnings	294,509	20,330	153,760	198,790
Miscellaneous	3,200,643	23,722	312	166,165
Total revenues	<u>129,046,244</u>	<u>22,447,956</u>	<u>15,971,054</u>	<u>13,977,877</u>
EXPENDITURES:				
Current:				
General government	13,692,624	3,348,829	-	-
Culture and recreation	23,266,995	-	-	-
Public safety	78,261,280	-	-	-
Development services	5,424,921	-	-	-
Highways and streets	-	-	17,429,142	3,985,090
Public works	5,382,024	-	-	-
Human services	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest and other charges	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Capital outlay	1,201,728	327,118	1,037,774	3,415,403
Total expenditures	<u>127,229,572</u>	<u>3,675,947</u>	<u>18,466,916</u>	<u>7,400,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,816,672</u>	<u>18,772,009</u>	<u>(2,495,862)</u>	<u>6,577,384</u>
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	-	-	-	-
Issuance of debt	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-
Transfers in	7,557,555	-	-	100,260
Transfers out	(343,962)	(12,580,973)	(88,100)	(5,664,845)
Total other financing sources and uses	<u>7,213,593</u>	<u>(12,580,973)</u>	<u>(88,100)</u>	<u>(5,564,585)</u>
Net change in fund balances	<u>9,030,265</u>	<u>6,191,036</u>	<u>(2,583,962)</u>	<u>1,012,799</u>
Fund balances - beginning	68,993,365	15,162,074	21,428,810	30,051,893
Restatement	-	-	-	-
Fund balances (deficit) - beginning - restated	68,993,365	15,162,074	21,428,810	30,051,893
Fund balances - ending	<u>\$ 78,023,630</u>	<u>\$ 21,353,110</u>	<u>\$ 18,844,848</u>	<u>\$ 31,064,692</u>

(continued)

CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>Major Funds</u>			
	<u>GO Bond Debt Service Fund</u>	<u>Development Fee Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	\$ 16,868,610	\$ -	\$ 3,178,023	\$ 118,352,843
Intergovernmental	-	-	7,563,942	61,643,624
Charges for services	-	9,427,485	451,157	26,637,159
Licenses and permits	-	-	-	5,509,240
Fines and forfeitures	-	-	87,341	1,815,644
Rents	-	-	-	1,002,948
Investment earnings	153,219	243,290	645,867	1,709,765
Miscellaneous	-	-	1,916,581	5,307,423
Total revenues	<u>17,021,829</u>	<u>9,670,775</u>	<u>13,842,911</u>	<u>221,978,646</u>
EXPENDITURES:				
Current:				
General government	-	-	452,326	17,493,779
Culture and recreation	-	102,120	831,812	24,200,927
Public safety	-	157,807	1,095,073	79,514,160
Development services	-	-	510,206	5,935,127
Highways and streets	-	2,126,220	2,125,611	25,666,063
Public works	-	-	33,767	5,415,791
Human services	-	-	2,447,943	2,447,943
Debt service:				
Principal payments	11,160,000	-	8,323,000	19,483,000
Interest and other charges	5,448,719	-	4,256,536	9,705,255
Payment to bond escrow agent	10,475,797	-	3,128,884	13,604,681
Capital outlay	-	4,807,122	15,106,857	25,896,002
Total expenditures	<u>27,084,516</u>	<u>7,193,269</u>	<u>38,312,015</u>	<u>229,362,728</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,062,687)</u>	<u>2,477,506</u>	<u>(24,469,104)</u>	<u>(7,384,082)</u>
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	-	-	28,975,000	28,975,000
Issuance of debt	-	-	5,199,304	5,199,304
Payment to bond refunding escrow agent	-	-	(28,814,053)	(28,814,053)
Transfers in	419,914	-	9,606,816	17,684,545
Transfers out	-	-	(1,108,246)	(19,786,126)
Total other financing sources and uses	<u>419,914</u>	<u>-</u>	<u>13,858,821</u>	<u>3,258,670</u>
Net change in fund balances	<u>(9,642,773)</u>	<u>2,477,506</u>	<u>(10,610,283)</u>	<u>(4,125,412)</u>
Fund balances - beginning	25,529,967	29,717,560	55,315,937	246,199,606
Restatement	-	-	(3,159,657)	(3,159,657)
Fund balances (deficit) - beginning - restated	<u>25,529,967</u>	<u>29,717,560</u>	<u>52,156,280</u>	<u>243,039,949</u>
Fund balances - ending	<u>\$ 15,887,194</u>	<u>\$ 32,195,066</u>	<u>\$ 41,545,997</u>	<u>\$ 238,914,537</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, 2018**

Net change in fund balances - total governmental funds	\$ (4,125,412)
Amounts reported for governmental activities in the statement of activities are different because:	
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.	(460,560)
Certain revenues are advances in the governmental funds because they do not provide current financial resources, but are considered revenue on the statement of activities.	138,337
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.	1,011,376
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 (\$25,896,002), plus other capital \$0, is exceeded by depreciation (\$39,549,409) in the current period.	(13,653,407)
In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold or disposed of. Also gains/losses on sales of capital assets are not shown in the governmental funds, but are revenues or expenses on the statement of activities.	76,036
Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.	18,750,645
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.	(5,199,304)
The issuance of refunding bonds provides both a financial resource (the sale) and an other financing use (payment to bond escrow agent) in the governmental statements but these debt transactions do not create sources or uses on the statement of activities.	(28,975,000)
Repayment of bonds principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. No effect on net position.	61,901,734
The net carrying amount of refunded general obligation bonds exceeded the reacquisition price. This partial defeasance is not reported in governmental funds but is reported as a special item on the Statement of Activities.	(450,797)
Bond premiums or discounts and gains or losses on bond refunding are sources or uses of current financial resources for governmental fund reporting but are deferred outflows or inflows of resources for government-wide reporting.	682,767
The contribution of governmental capital assets to Proprietary Funds is not shown in the governmental fund statements but is a transfer in in the statement of activities	(3,952,995)
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.	3,845,554
Governmental funds report pension/OPEB contributions as expenditures. However, in the Statement of Activities, pension/OPEB service costs, interest on the pension liability, current year benefit changes, member contributions, expected earnings on plan investments, administrative expenses and recognition of deferred outflows and inflows from pension and OPEB is reported as pension/OPEB expense.	(411,354)
Change in net position of governmental activities- statement of activities	\$ 29,177,620

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
REVENUES:				
Taxes	\$ 54,033,935	\$ 54,033,935	\$ 57,432,608	\$ 3,398,673
Intergovernmental	45,358,653	45,358,653	43,374,595	(1,984,058)
Charges for services	30,244,379	30,244,379	31,668,966	1,424,587
Licenses and permits	3,991,558	3,991,558	5,509,240	1,517,682
Fines and forfeitures	1,536,380	1,536,380	1,728,303	191,923
Rents	656,903	656,903	1,002,948	346,045
Investment earnings	300,000	300,000	294,509	(5,491)
Miscellaneous	1,057,730	1,057,730	3,200,643	2,142,913
Total revenues	<u>137,179,538</u>	<u>137,179,538</u>	<u>144,211,812</u>	<u>7,032,274</u>
EXPENDITURES:				
Current:				
General government:				
Mayor and council	734,412	734,412	668,208	(66,204)
City manager	4,881,506	4,881,506	4,575,985	(305,521)
Human resources	3,392,258	3,435,558	2,691,569	(743,989)
Attorney	3,376,223	3,486,223	3,358,012	(128,211)
City clerk	918,624	928,624	915,374	(13,250)
Court	2,052,320	2,052,320	1,932,957	(119,363)
Economic development	2,075,271	2,179,446	1,749,714	(429,732)
Finance	10,646,198	10,734,348	9,613,928	(1,120,420)
Non-departmental	2,114,718	3,281,072	3,352,445	71,373
Culture and recreation	24,475,301	24,942,000	23,266,995	(1,675,005)
Public safety:				
Police	46,977,762	46,892,173	46,711,477	(180,696)
Fire	32,390,086	33,274,844	31,549,803	(1,725,041)
Development services	9,000,386	8,771,650	5,424,921	(3,346,729)
Public works	5,701,300	5,821,135	5,382,024	(439,111)
Capital outlay	4,490,943	5,604,952	1,201,728	(4,403,224)
Total expenditures	<u>153,227,308</u>	<u>157,020,263</u>	<u>142,395,140</u>	<u>(14,625,123)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,047,770)</u>	<u>(19,840,725)</u>	<u>1,816,672</u>	<u>21,657,397</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(24,500,000)	(2,815,222)	-	2,815,222
Transfers in	7,568,547	7,568,547	7,557,555	(10,992)
Transfers out	(359,255)	(359,255)	(343,962)	15,293
Total other financing sources and uses	<u>(17,290,708)</u>	<u>4,394,070</u>	<u>7,213,593</u>	<u>2,819,523</u>
Net change in fund balances	<u>(33,338,478)</u>	<u>(15,446,655)</u>	<u>9,030,265</u>	<u>24,476,920</u>
Fund balances - beginning	57,467,797	57,467,797	68,993,365	11,525,568
Fund balances - ending	<u>\$ 24,129,319</u>	<u>\$ 42,021,142</u>	<u>\$ 78,023,630</u>	<u>\$ 36,002,488</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
 BUDGETARY COMPARISON STATEMENT
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018**

Explanation of differences between budgetary basis and GAAP revenues and expenditures

Sources/inflows of resources:

Actual amounts (budgetary basis) "Total revenues" from the budgetary comparison statement	\$ 144,211,812
Differences - budget to GAAP:	
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB34's allocation rules	<u>(15,165,568)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 129,046,244</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison statement	\$ 142,395,140
Differences - budget to GAAP:	
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	<u>(15,165,568)</u>
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 127,229,572</u>

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON STATEMENT
HALF-CENT SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
REVENUES:				
Taxes	\$ 20,838,765	\$ 20,838,765	\$ 22,403,904	\$ 1,565,139
Investment earnings	70,000	70,000	20,330	(49,670)
Miscellaneous	-	-	23,722	23,722
Total revenues	<u>20,908,765</u>	<u>20,908,765</u>	<u>22,447,956</u>	<u>1,539,191</u>
EXPENDITURES:				
Current:				
General government	3,520,771	4,997,822	3,348,829	(1,648,993)
Capital outlay	1,050,000	3,859,348	327,118	(3,532,230)
Total expenditures	<u>4,570,771</u>	<u>8,857,170</u>	<u>3,675,947</u>	<u>(5,181,223)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,337,994</u>	<u>12,051,595</u>	<u>18,772,009</u>	<u>6,720,414</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(7,450,000)	(3,319,365)	-	3,319,365
Transfers out	(12,580,973)	(12,580,973)	(12,580,973)	-
Total other financing sources and uses	<u>(20,030,973)</u>	<u>(15,900,338)</u>	<u>(12,580,973)</u>	<u>3,319,365</u>
Net change in fund balances	<u>(3,692,979)</u>	<u>(3,848,743)</u>	<u>6,191,036</u>	<u>10,039,779</u>
Fund balances - beginning	13,793,191	13,793,191	15,162,074	1,368,883
Fund balances - ending	<u>\$ 10,100,212</u>	<u>\$ 9,944,448</u>	<u>\$ 21,353,110</u>	<u>\$ 11,408,662</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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final	(budgetary basis)	(Under)
REVENUES:				
Taxes	\$ 4,727,874	\$ 4,727,874	\$ 4,856,776	\$ 128,902
Intergovernmental	10,256,086	10,256,086	10,705,087	449,001
Charges for services	382,000	382,000	550,119	168,119
Investment earnings	105,500	105,500	153,760	48,260
Miscellaneous	-	-	312	312
Total revenues	<u>15,471,460</u>	<u>15,471,460</u>	<u>16,266,054</u>	<u>794,594</u>
EXPENDITURES:				
Current:				
Highways and streets	10,793,970	10,749,366	17,724,142	6,974,776
Capital outlay	10,768,348	11,405,892	1,037,774	(10,368,118)
Total expenditures	<u>21,562,318</u>	<u>22,155,258</u>	<u>18,761,916</u>	<u>(3,393,342)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,090,858)</u>	<u>(6,683,798)</u>	<u>(2,495,862)</u>	<u>4,187,936</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(1,000,000)	(363,356)	-	363,356
Transfers in	829,228	829,228	-	(829,228)
Transfers out	(917,328)	(917,328)	(88,100)	829,228
Total other financing sources and uses	<u>(1,088,100)</u>	<u>(451,456)</u>	<u>(88,100)</u>	<u>363,356</u>
Net change in fund balances	<u>(7,178,958)</u>	<u>(7,135,254)</u>	<u>(2,583,962)</u>	<u>4,551,292</u>
Fund balances - beginning	18,811,709	18,811,709	21,428,810	2,617,101
Fund balances - ending	<u>\$ 11,632,751</u>	<u>\$ 11,676,455</u>	<u>\$ 18,844,848</u>	<u>\$ 7,168,393</u>

Explanation of differences between budgetary basis and GAAP revenues and expenditures

Sources/inflows of resources:

Actual amounts (budgetary basis) "Total revenues" from the budgetary comparison schedule	\$ 16,266,054
Differences - budget to GAAP:	
Interdepartmental service charges are revenue on a budgetary basis, but are eliminated from the financial statements under GASB 34's allocation rules.	(295,000)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 15,971,054</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison statement	\$ 18,761,916
Differences - budget to GAAP:	
Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules	(295,000)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 18,466,916</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>(budgetary basis)</u>	
REVENUES:				
Taxes	\$ 12,559,677	\$ 12,559,677	\$ 13,612,922	\$ 1,053,245
Investment earnings	100,000	100,000	198,790	98,790
Miscellaneous	-	-	166,165	166,165
Total revenues	<u>12,659,677</u>	<u>12,659,677</u>	<u>13,977,877</u>	<u>1,318,200</u>
EXPENDITURES:				
Current:				
Highways and streets	614,084	613,577	3,985,090	3,371,513
Capital outlay	23,197,930	21,996,228	3,415,403	(18,580,825)
Total expenditures	<u>23,812,014</u>	<u>22,609,805</u>	<u>7,400,493</u>	<u>(15,209,312)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,152,337)</u>	<u>(9,950,128)</u>	<u>6,577,384</u>	<u>16,527,512</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(1,500,000)	(282,739)	-	282,739
Transfers in	-	-	100,260	100,260
Transfers out	(5,411,126)	(5,411,126)	(5,664,845)	(253,719)
Total other financing sources and uses	<u>(6,911,126)</u>	<u>(5,693,865)</u>	<u>(5,564,585)</u>	<u>129,280</u>
Net change in fund balances	<u>(18,063,463)</u>	<u>(15,643,993)</u>	<u>1,012,799</u>	<u>16,656,792</u>
Fund balances - beginning	30,398,812	30,398,812	30,051,893	(346,919)
Fund balances - ending	<u>\$ 12,335,349</u>	<u>\$ 14,754,819</u>	<u>\$ 31,064,692</u>	<u>\$ 16,309,873</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, 2018**

	<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>
REVENUES:				
Charges for services	\$ 7,961,703	\$ 7,961,703	\$ 9,427,485	\$ 1,465,782
Investment earnings	195,200	195,200	243,290	48,090
Total revenues	<u>8,156,903</u>	<u>8,156,903</u>	<u>9,670,775</u>	<u>1,513,872</u>
EXPENDITURES:				
Current:				
Culture and recreation	601,468	1,963,161	102,120	(1,861,041)
Public safety	33,000	33,000	157,807	124,807
Highways and streets	5,082,147	5,084,826	2,126,220	(2,958,606)
Capital outlay	14,090,486	14,807,536	4,807,122	(10,000,414)
Total expenditures	<u>19,807,101</u>	<u>21,888,523</u>	<u>7,193,269</u>	<u>(14,695,254)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,650,198)</u>	<u>(13,731,620)</u>	<u>2,477,506</u>	<u>16,209,126</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	<u>(1,150,000)</u>	<u>(1,058,184)</u>	-	1,058,184
Total other financing sources and uses	<u>(1,150,000)</u>	<u>(1,058,184)</u>	-	<u>1,058,184</u>
Net change in fund balances	<u>(12,800,198)</u>	<u>(14,789,804)</u>	<u>2,477,506</u>	<u>17,267,310</u>
Fund balances - beginning	27,191,025	27,191,025	29,717,560	2,526,535
Fund balances - ending	<u>\$ 14,390,827</u>	<u>\$ 12,401,221</u>	<u>\$ 32,195,066</u>	<u>\$ 19,793,845</u>

The accompanying notes are an integral part of the financial statements

CITY OF PEORIA, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities		
	Major Enterprise Funds		
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund
ASSETS			
Current assets:			
Pooled cash and investments	\$ 53,161,172	\$ 28,134,703	\$ 14,647,066
Restricted pooled cash and investments	-	-	-
Accounts receivable, net	6,900,932	2,841,867	1,546,223
Interest receivable	124,859	61,217	38,671
Prepaid items	179	-	-
Supplies inventory	279,228	-	182,614
Total current assets	<u>60,466,370</u>	<u>31,037,787</u>	<u>16,414,574</u>
Non-current assets:			
Restricted assets:			
Cash with fiscal agents	6,266,574	722,539	-
Investments	-	-	-
Net restricted assets	<u>6,266,574</u>	<u>722,539</u>	<u>-</u>
Capital assets:			
Buildings and improvements	1,662,522	7,612,045	-
Distribution and collection systems	381,439,796	401,137,140	-
Water rights	14,301,442	-	-
Equipment & furniture	14,434,642	2,395,572	211,038
Vehicles	1,603,096	1,224,921	14,701,448
Less accumulated depreciation and amortization	(168,470,672)	(142,234,761)	(5,779,112)
Land and improvements	6,867,999	3,878,001	-
Construction in progress	18,323,973	5,864,216	-
Capital assets, net	<u>270,162,798</u>	<u>279,877,134</u>	<u>9,133,374</u>
Net pension and other postemployment benefits asset	21,004	11,582	16,350
Total assets	<u>336,916,746</u>	<u>311,649,042</u>	<u>25,564,298</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions and other postemployment benefits	1,003,268	553,214	780,924
Deferred loss on bond refunding	88,965	5,836	-
Excess consideration provided for acquisition	2,233,667	-	-
Total deferred outflows of resources	<u>3,325,900</u>	<u>559,050</u>	<u>780,924</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,852,001	1,425,849	403,388
Accrued payroll	138,130	52,841	86,581
Interest payable	409,646	880,702	-
Due to other governments	262,496	-	-
Customer deposits	2,047,388	-	-
Other liabilities	76,957	-	-
Current portion of claims payable	-	-	-
Current portion of compensated absences	336,700	138,800	168,850
Current portion of bonds & loans payable	5,132,689	5,279,847	-
Unearned revenue-other	-	-	-
Total current liabilities	<u>10,256,007</u>	<u>7,778,039</u>	<u>658,819</u>
Non-current liabilities:			
Long-term portion of claims payable	-	-	-
Long-term portion of compensated absences	305,470	129,560	115,990
Long-term portion of bonds & loans payable	23,410,084	49,566,064	-
Net pension and other postemployment benefits liabilities	5,956,661	3,284,577	4,636,546
Total non-current liabilities	<u>29,672,215</u>	<u>52,980,201</u>	<u>4,752,536</u>
Total liabilities	<u>39,928,222</u>	<u>60,758,240</u>	<u>5,411,355</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and other postemployment benefits	381,642	210,442	297,061
Total deferred inflows of resources	<u>381,642</u>	<u>210,442</u>	<u>297,061</u>
NET POSITION			
Net investment in capital assets	243,942,657	225,037,059	9,133,374
Restricted:			
Capital projects	17,571,266	6,018,631	5,076,919
Facilities maintenance	-	-	-
Trust purpose	-	-	-
Unrestricted	38,418,859	20,183,720	6,426,513
Total net position	<u>\$ 299,932,782</u>	<u>\$ 251,239,410</u>	<u>\$ 20,636,806</u>

(continued)

CITY OF PEORIA, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities		Total	Governmental
	Major Enterprise Funds			Activities -
	Stadium	Storm Drain		Internal
	Fund	Utility Fund		Service Funds
ASSETS				
Current assets:				
Pooled cash and investments	\$ 1,710,163	\$ 515,214	\$ 98,168,318	\$ 24,880,400
Restricted pooled cash and investments	-	-	-	8,998,677
Accounts receivable, net	448,029	115,267	11,852,318	9,041
Interest receivable	5,112	1,200	231,059	118,819
Prepaid items	-	-	179	65,200
Supplies inventory	-	-	461,842	183,978
Total current assets	<u>2,163,304</u>	<u>631,681</u>	<u>110,713,716</u>	<u>34,256,115</u>
Non-current assets:				
Restricted assets:				
Cash with fiscal agents	-	-	6,989,113	-
Investments	-	-	-	7,750,510
Net restricted assets	<u>-</u>	<u>-</u>	<u>6,989,113</u>	<u>7,750,510</u>
Capital assets:				
Buildings and improvements	70,823,207	-	80,097,774	148,102
Distribution and collection systems	-	97,942,012	880,518,948	-
Water rights	-	-	14,301,442	-
Equipment & furniture	1,753,887	-	18,795,139	37,344,445
Vehicles	138,245	-	17,667,710	28,157,459
Less accumulated depreciation and amortization	(23,035,278)	(36,123,140)	(375,642,963)	(51,639,099)
Land and improvements	6,703,349	-	17,449,349	-
Construction in progress	-	4,159,611	28,347,800	228,121
Capital assets, net	<u>56,383,410</u>	<u>65,978,483</u>	<u>681,535,199</u>	<u>14,239,028</u>
Net pension and other postemployment benefits asset	6,721	1,060	56,717	35,656
Total assets	<u>58,553,435</u>	<u>66,611,224</u>	<u>799,294,745</u>	<u>56,281,309</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions and other postemployment benefits	321,012	50,642	2,709,060	1,703,157
Deferred loss on bond refunding	-	-	94,801	-
Excess consideration provided for acquisition	-	-	2,233,667	-
Total deferred outflows of resources	<u>321,012</u>	<u>50,642</u>	<u>5,037,528</u>	<u>1,703,157</u>
LIABILITIES				
Current liabilities:				
Accounts payable	117,937	51,782	3,850,957	3,091,971
Accrued payroll	44,381	5,556	327,489	197,057
Interest payable	-	-	1,290,348	-
Due to other governments	25,401	-	287,897	-
Customer deposits	-	-	2,047,388	-
Other liabilities	-	-	76,957	-
Current portion of claims payable	-	-	-	4,595,196
Current portion of compensated absences	116,200	16,540	777,090	605,450
Current portion of bonds & loans payable	-	-	10,412,536	-
Unearned revenue-other	50,654	-	50,654	-
Total current liabilities	<u>354,573</u>	<u>73,878</u>	<u>19,121,316</u>	<u>8,489,674</u>
Non-current liabilities:				
Long-term portion of claims payable	-	-	-	1,363,386
Long-term portion of compensated absences	154,770	29,230	735,020	543,780
Long-term portion of bonds & loans payable	-	-	72,976,148	-
Net pension and other postemployment benefits liabilities	1,905,933	300,669	16,084,386	10,112,080
Total non-current liabilities	<u>2,060,703</u>	<u>329,899</u>	<u>89,795,554</u>	<u>12,019,246</u>
Total liabilities	<u>2,415,276</u>	<u>403,777</u>	<u>108,916,870</u>	<u>20,508,920</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions and other postemployment benefits	122,112	19,264	1,030,521	647,875
Total deferred inflows of resources	<u>122,112</u>	<u>19,264</u>	<u>1,030,521</u>	<u>647,875</u>
NET POSITION				
Net investment in capital assets	56,383,410	65,978,483	600,474,983	14,239,028
Restricted:				
Capital projects	689,602	-	29,356,418	-
Facilities maintenance	100,000	-	100,000	-
Trust purpose	-	-	-	9,182,340
Unrestricted	(835,953)	260,342	64,453,481	13,406,303
Total net position	<u>\$ 56,337,059</u>	<u>\$ 66,238,825</u>	<u>694,384,882</u>	<u>\$ 36,827,671</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.			<u>3,123,381</u>	
			<u>\$ 697,508,263</u>	

CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities		
	Major Enterprise Funds		
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund
OPERATING REVENUES			
Charges for services	\$ 45,274,479	\$ 22,060,852	\$ 12,220,874
Rents	-	-	-
Miscellaneous	1,634,584	16,442	10,475
Total operating revenues	<u>46,909,063</u>	<u>22,077,294</u>	<u>12,231,349</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	5,064,978	2,742,806	4,465,058
Contractual services, materials and supplies	20,766,278	10,090,233	7,691,232
Insurance claims and expenses	-	-	-
Depreciation and amortization	14,310,687	11,182,018	852,620
Total operating expenses	<u>40,141,943</u>	<u>24,015,057</u>	<u>13,008,910</u>
Operating income (loss)	<u>6,767,120</u>	<u>(1,937,763)</u>	<u>(777,561)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	348,133	178,216	138,685
Interest expense	(638,507)	(1,700,335)	-
Gain(loss) on sale of capital assets	-	7,571	5,734
Total non-operating revenues (expenses)	<u>(290,374)</u>	<u>(1,514,548)</u>	<u>144,419</u>
Income (loss) before contributions and transfers	6,476,746	(3,452,311)	(633,142)
Capital contributions	7,799,007	4,528,464	-
Transfers in	211,826	3,197,653	6,064
Transfers out	(4,201,784)	(357,395)	(6,064)
Change in net position	<u>10,285,795</u>	<u>3,916,411</u>	<u>(633,142)</u>
Total net position - beginning	289,645,833	247,322,360	21,555,423
Cumulative effect of changes in accounting principle	1,154	639	(285,475)
Total net position - beginning, restated	289,646,987	247,322,999	21,269,948
Total net position - ending	<u>\$ 299,932,782</u>	<u>\$ 251,239,410</u>	<u>\$ 20,636,806</u>

(continued)

CITY OF PEORIA, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities Major Enterprise Funds		Total	Governmental Activities -
	Stadium Fund	Storm Drain Utility Fund		Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 1,311,261	\$ 920,026	\$ 81,787,492	\$ 45,005,203
Rents	2,107,678	-	2,107,678	-
Miscellaneous	703	-	1,662,204	641,975
Total operating revenues	<u>3,419,642</u>	<u>920,026</u>	<u>85,557,374</u>	<u>45,647,178</u>
OPERATING EXPENSES				
Salaries, wages and employee benefits	1,926,603	199,137	14,398,582	8,211,194
Contractual services, materials and supplies	3,449,778	624,172	42,621,693	14,200,044
Insurance claims and expenses	-	-	-	21,661,955
Depreciation and amortization	2,343,380	2,453,307	31,142,012	2,842,507
Total operating expenses	<u>7,719,761</u>	<u>3,276,616</u>	<u>88,162,287</u>	<u>46,915,700</u>
Operating income (loss)	<u>(4,300,119)</u>	<u>(2,356,590)</u>	<u>(2,604,913)</u>	<u>(1,268,522)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	29,057	6,818	700,909	462,471
Interest expense	-	-	(2,338,842)	-
Gain(loss) on sale of capital assets	-	-	13,305	12,678
Total non-operating revenues (expenses)	<u>29,057</u>	<u>6,818</u>	<u>(1,624,628)</u>	<u>475,149</u>
Income (loss) before contributions and transfers	(4,271,062)	(2,349,772)	(4,229,541)	(793,373)
Capital contributions	108,903	4,034,370	16,470,744	617,978
Transfers in	2,000,000	-	5,415,543	2,160,984
Transfers out	-	-	(4,565,243)	(909,703)
Change in net position	<u>(2,162,159)</u>	<u>1,684,598</u>	<u>13,091,503</u>	<u>1,075,886</u>
Total net position - beginning	58,498,864	64,554,156	681,576,636	35,741,670
Cumulative effect of changes in accounting principle	354	71	(283,257)	10,115
Total net position - beginning, restated	58,499,218	64,554,227	681,293,379	35,751,785
Total net position - ending	<u>\$ 56,337,059</u>	<u>\$ 66,238,825</u>	<u>694,384,882</u>	<u>\$ 36,827,671</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.			(3,195)	
Change in net position of business-type activities			<u>\$ 13,088,308</u>	

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-type Activities		
	Major Enterprise Funds		
	Water Utility Fund	Wastewater Utility Fund	Solid Waste Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 45,970,244	\$ 21,765,676	\$ 12,103,432
Payments to suppliers	(18,562,748)	(8,290,170)	(2,506,724)
Payments to employees	(5,213,578)	(2,848,031)	(4,190,389)
Self-insurance costs	-	-	-
Payments to internal service funds	(2,564,504)	(1,155,852)	(5,171,174)
Net cash provided (used) by operating activities	19,629,414	9,471,623	235,145
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	211,826	3,197,653	6,064
Transfers out	(4,201,784)	(357,395)	(6,064)
Net cash provided (used) by non-capital financing activities	(3,989,958)	2,840,258	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(8,433,330)	(2,978,719)	(2,678,952)
Proceeds from disposal of capital assets	-	7,571	292,026
Capital contributions	4,673,086	1,361,338	(594)
Proceeds from loans	1,323,913	-	-
Principal payments on capital debt	(5,838,780)	(5,421,995)	-
Interest paid on capital debt	(678,433)	(1,786,630)	-
Net cash provided (used) by capital and related financing activities	(8,953,544)	(8,818,435)	(2,387,520)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	-	-
Interest received on investments	295,453	147,807	126,417
Net cash provided (used) by investing activities	295,453	147,807	126,417
Net increase (decrease) in cash and cash equivalents	6,981,365	3,641,253	(2,025,958)
Cash and cash equivalents at beginning of year	52,446,380	25,215,989	16,673,024
Cash and cash equivalents at end of year	\$ 59,427,745	\$ 28,857,242	\$ 14,647,066

(continued)

**CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-type Activities Major Enterprise Funds		Total	Governmental Activities -
	Stadium Fund	Storm Drain Utility Fund		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 3,887,110	\$ 908,831	\$ 84,635,293	\$ 45,639,297
Payments to suppliers	(3,065,153)	(441,412)	(32,866,207)	(12,652,710)
Payments to employees	(1,887,153)	(266,709)	(14,405,860)	(8,963,687)
Self-insurance costs	-	-	-	(20,624,482)
Payments to internal service funds	(653,949)	(196,061)	(9,741,540)	-
Net cash provided (used) by operating activities	<u>(1,719,145)</u>	<u>4,649</u>	<u>27,621,686</u>	<u>3,398,418</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	2,000,000	-	5,415,543	2,160,984
Transfers out	-	-	(4,565,243)	(909,703)
Net cash provided (used) by non-capital financing activities	<u>2,000,000</u>	<u>-</u>	<u>850,300</u>	<u>1,251,281</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(25,477)	-	(14,116,478)	(1,660,410)
Proceeds from disposal of capital assets	-	-	299,597	37,831
Capital contributions	-	-	6,033,830	-
Proceeds from loans	-	-	1,323,913	-
Principal payments on capital debt	-	-	(11,260,775)	-
Interest paid on capital debt	-	-	(2,465,063)	-
Net cash provided (used) by capital and related financing activities	<u>(25,477)</u>	<u>-</u>	<u>(20,184,976)</u>	<u>(1,622,579)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	-	(55,050)
Interest received on investments	25,897	6,597	602,171	436,582
Net cash provided (used) by investing activities	<u>25,897</u>	<u>6,597</u>	<u>602,171</u>	<u>381,532</u>
Net increase (decrease) in cash and cash equivalents	281,275	11,246	8,889,181	3,408,652
Cash and cash equivalents at beginning of year	1,428,888	503,968	96,268,249	30,470,425
Cash and cash equivalents at end of year	<u>\$ 1,710,163</u>	<u>\$ 515,214</u>	<u>\$105,157,430</u>	<u>\$ 33,879,077</u>

(continued)

**CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-type Activities		
	Major Enterprise Funds		
	<u>Water Utility Fund</u>	<u>Wastewater Utility Fund</u>	<u>Solid Waste Utility Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 6,767,120	\$ (1,937,763)	\$ (777,561)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	14,310,687	11,182,018	852,620
Add: Pension expense	232,018	113,344	560,263
Subtract: Employer pension contributions	(417,196)	(230,047)	(324,737)
(Increase) decrease in assets:			
Accounts receivable	(958,890)	(311,618)	(127,917)
Prepaid items	107,755	-	-
Supplies inventory	(63,308)	-	(62,022)
Other assets	(10,000)	-	-
Increase (decrease) in liabilities:			
Accounts payable	(420,572)	644,211	75,356
Accrued payroll	27,348	2,638	21,413
Due to other governments	21,485	-	-
Other liabilities	3,666	-	-
Deposits payable	20,071	-	-
Claims payable	-	-	-
Unearned revenue - other	-	-	-
Compensated absences	9,230	8,840	17,730
Total adjustments	<u>12,862,294</u>	<u>11,409,386</u>	<u>1,012,706</u>
Net cash provided (used) by operating activities	<u>\$ 19,629,414</u>	<u>\$ 9,471,623</u>	<u>\$ 235,145</u>
Non-cash investing, capital and financing activities:			
Capital assets acquired through contributions from developers and City governmental funds	\$ 3,125,921	\$ 3,167,126	\$ 594
Increase in fair market value of investments	(361,568)	(169,741)	(81,121)
Total non-cash investing, capital and financing activities	<u>\$ 2,764,353</u>	<u>\$ 2,997,385</u>	<u>\$ (80,527)</u>

(continued)

**CITY OF PEORIA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-type Activities Major Enterprise Funds		Total	Governmental Activities -
	Stadium Fund	Storm Drain Utility Fund		Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (4,300,119)	\$ (2,356,590)	\$ (2,604,913)	\$ (1,268,522)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,343,380	2,453,307	31,142,012	2,842,507
Add: Pension expense	145,305	(50,040)	1,000,890	19,425
Subtract: Employer pension contributions	(133,489)	(21,058)	(1,126,527)	(708,236)
(Increase) decrease in assets:				
Accounts receivable	488,671	(11,195)	(920,949)	(7,881)
Prepaid items	-	-	107,755	-
Supplies inventory	-	-	(125,330)	13,774
Other assets	-	-	(10,000)	-
Increase (decrease) in liabilities:				
Accounts payable	(292,619)	(13,301)	(6,925)	1,533,560
Accrued payroll	5,134	(264)	56,269	938
Due to other governments	23,295	-	44,780	-
Other liabilities	-	-	3,666	-
Deposits payable	-	-	20,071	-
Claims payable	-	-	-	1,037,473
Unearned revenue - other	(21,203)	-	(21,203)	-
Compensated absences	22,500	3,790	62,090	(64,620)
Total adjustments	2,580,974	2,361,239	30,226,599	4,666,940
Net cash provided (used) by operating activities	\$ (1,719,145)	\$ 4,649	\$ 27,621,686	\$ 3,398,418
Non-cash investing, capital and financing activities:				
Capital assets acquired through contributions from developers and City governmental funds	\$ 108,903	\$ 4,034,370	\$ 10,436,914	\$ 617,978
Increase in fair market value of investments	-	-	(612,430)	(36,632)
Total non-cash investing, capital and financing activities	\$ 108,903	\$ 4,034,370	\$ 9,824,484	\$ 581,346

(concluded)

**CITY OF PEORIA, ARIZONA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	Firemen's Pension Fund	Agency Funds
ASSETS		
Pooled cash and investments	\$ 11,324	\$ 73,374
Interest receivable	51	60
Total assets	11,375	73,434
LIABILITIES		
Other liabilities	-	73,434
Total liabilities	-	73,434
NET POSITION		
Net position restricted for pensions	\$ 11,375	

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Firemen's Pension Fund
ADDITIONS	
Contributions:	
State insurance premium tax rebate	\$ 383
Total contributions	383
Investment earnings:	
Interest and investment income	289
Total investment earnings	289
Total additions	672
DEDUCTIONS	
Retirement payments	20,400
Total deductions	20,400
Change in net position	(19,728)
Net position - beginning of the year	31,103
Net position - end of the year	\$ 11,375

The accompanying notes are an integral part of the financial statements

Notes to the Financial Statements

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

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CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Peoria, Arizona (City) have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the City's more significant policies follows.

A. Financial Reporting Entity

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.

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

The financial reporting entity presented in these financial statements consists of the City and its blended component units for which the City is financially accountable. The blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. These component units are governed by boards, wholly or substantially, 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. All of the outstanding debt of the Authority will be repaid by revenues of the City. No separate financial statements are prepared for the Municipal Development Authority, Inc.

Vistancia Community Facilities District

The Vistancia Community Facilities District (Vistancia) was formed by petition to the City Council in 2002. Vistancia'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, Vistancia can levy taxes and issue bonds independently of the City. Property owned in the designated areas is assessed for Vistancia's property taxes, and thus for the costs of operating the district. The City Council serves as the Board of Directors of Vistancia and City management has operational responsibility for Vistancia. The City has no liability for the district's debt. For reporting purposes, the transactions of Vistancia are included as governmental funds as if they were part of the City's operations.

Vistancia West Community Facilities District

The Vistancia West Community Facilities District (Vistancia West) was formed by petition to the City Council in 2014. Vistancia West'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, Vistancia West can levy taxes and issue bonds independently of the City. Property owned in the designated areas is assessed for Vistancia West's property taxes, and thus for the costs of operating the district. The City Council serves as the Board of Directors of Vistancia West and City management has operational responsibility for Vistancia West. The City has no liability for the district's debt. For reporting purposes, the transactions of Vistancia West are included as governmental 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, 2018

City of Peoria Employee Benefit Trust

The City of Peoria Employee Benefit Trust (the Trust) was formed by petition to the City Council on January 1, 2010. The Trust's purpose is to fund health, welfare and related benefit programs by the City in accordance with the provisions of Arizona law. Plan premiums are paid by Participants and the City. The City Council Sub Committee on Boards and Commissions nominate individuals to serve as Trustees overseeing the management and administration of the Trust. For financial reporting purposes, the transactions of the Trust are included as part of the Self-Insurance Fund, an internal service fund in the City's financial statements.

City of Peoria Workers' Compensation Trust

The City of Peoria Workers' Compensation Trust (the Trust) was formed by petition to the City Council in 2009. The Trust's purposes is to fund workers' compensation benefit programs by the City in accordance with the provisions of Arizona law. Plan premiums are paid by the City. The City Council Sub Committee on Boards and Commissions nominate individuals to serve as Trustees overseeing the management and administration of the Trust. For financial reporting purposes, the transactions of the Trust are included as part of the Self-Insurance Fund, an internal service fund in the City's financial statements.

Stand-alone financial statements are prepared for Vistancia, Vistancia West and the two trusts above. The accounting records of these are maintained by the City and the financial statements are available by contacting the City's Finance Department, 8401 West Monroe Street, Peoria, AZ 85345.

B. Basis of Presentation – Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report financial information on all of the non-fiduciary activities of the primary government and its component units.

Governmental activities which are normally 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.

The statement of activities demonstrates the degree to which the direct expenses for a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

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.

Separate financial statements are provided for governmental funds (general fund, special revenue funds, debt service funds and capital projects funds), proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund and is used to account for and report all financial resources not accounted for and reported in another fund.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The *Half-Cent Sales Tax Fund*, a special revenue fund, accounts for the revenues generated from a sales tax increase designated for specific uses per Council policy.

The *Highway User Revenue Fund*, a special revenue fund, is required by state statute to track receipts of specific state shared revenues and the expenditure of those funds.

The *Transportation Sales Tax Fund*, a special revenue fund, accounts for the revenues generated from a sales tax increase designated by public vote for use in funding transportation needs throughout the City.

The *Development Fee Fund*, a special revenue fund, accounts for the receipt and expenditure of development impact or expansion fees for all governmental activities as governed by state statutes.

The *GO Bond Debt Service Fund* accounts for the principal and interest requirements of the City's general obligation bonds, with revenues generated from the general property tax levy sufficient to meet the debt service.

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

The *Internal Service Funds* account for (1) Motor Pool, (2) Facilities Maintenance, (3) Self-Insurance which includes workers' compensation and health insurance programs, and (4) Information Technology which includes a computer replacement program.

The *Firemen's Pension Fund*, a trust fund, is used to account for assets held in a trustee capacity for the volunteer firemen's retirement plan. Trust funds can be expended for the trusts' intended purposes.

The *Agency Funds* are purely custodial (assets equal liabilities) and do not involve measurement of operations. The City currently maintains 2 agency funds. One fund, PLAY Peoria, accounts for monies held on behalf of separate not-for-profit agencies for which the City operates as an administrator. Another fund accounts for monies held on behalf of Westside Fire Training IGA, a consortium of area fire departments that pool monies for training activities, for which the City acts as the administrator.

For the most part, the effect of the interfund activity has been removed from these statements. Quasi-external transactions, like the sale of utility services from the Enterprise Funds to the other funds, are not eliminated for the financial statements as elimination of these charges would distort the direct costs and program revenue reported for the various functions.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including: water, sewer, solid waste, storm drain, vehicle purchase/maintenance, computer replacement and risk management charges. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for specified expenditures, generally, the City would first apply restricted resources when an expense is incurred.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust financial statements. Agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are earned and available to pay liabilities of the current period (generally these revenues are earned by June 30 and are 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, except expenditures related to debt service, compensated absences and claims and judgments, which are recorded only when payment is due.

Entitlements, other taxes and shared revenues are all considered to be susceptible to accrual and revenue recognition in the current fiscal period. 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 a deferred inflow of resources. Changes in fair value of investments are recognized in investment income at the end of the year.

All other revenue items are considered to be measurable and available only when the City receives cash.

Because different measurement focuses and bases of accounting are used in the government-wide statement of net position and in governmental fund balance sheets, amounts reported as *restricted fund balances* in governmental funds may be different from amounts reported as *restricted net position* in the statement of net position.

D. Budgets and Budgetary Accounting

The City prepares its annual budget on a basis consistent with generally accepted accounting principles with such exceptions as eliminating compensated absences. 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 a resolution. The resolution sets the limit for expenditures for the year, within the voter mandated state expenditure limitation. Additional expenditures may be authorized if directly necessitated by a natural or man-made disaster as prescribed in the state constitution.
- 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.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

- The City Manager is generally authorized to transfer budgeted amounts within any specific fund's expenditure appropriation. Any budget revisions requiring a transfer between funds must be approved by the City Council. Additionally, budget revisions involving the use of contingency budgets must be approved by the City Council.
- All unencumbered expenditure appropriations expire at the end of the fiscal year.
- Encumbered amounts are re-budgeted in the following year as deemed appropriate and necessary after review by the Budget Office staff. Budgetary carry forwards are approved by the City Council.
- All funds of the City, except the agency funds, have legally adopted budgets. Formal integration of these budgets into the City's financial systems is employed as a management control device during the year for all funds.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

I. Deposits and Investments

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.

Investments

The City's funds are invested in accordance with the City's investment policy and Arizona Revised Statutes. The City's policy is to invest in obligations of the U.S. Government or any of its agencies and instrumentalities, certificates of deposit, bankers' acceptances, commercial paper, money market funds, repurchase agreements, corporate securities, the State of Arizona local government investment pool and State of Arizona debt including counties, incorporated cities, towns or duly organized school districts.

Funds held by trustees related to the issuance of bonds and certain loan programs are invested in accordance with contractual agreements and trust documents.

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. The fair value of participants' position in the Local Government Investment Pool approximates the value of the pool shares. Other non-pooled investments are also generally carried at fair value. 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.

Except for certain specific investments, generally those held in trust for a specific purpose, the City maintains pooled cash and investments, and allocates interest income based on a fund's proportionate cash balance. Investment income related to certain special revenue funds is allocated to the General Fund. Non-pooled investment income is recorded in the fund that held the specific investments.

II. 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.

III. Inventory

Inventories are valued at cost and the City uses the first-in, first-out (FIFO) flow assumption in determining cost and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

IV. 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 position, because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

V. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$100,000 for Buildings and Improvements, Water and Sewer Systems, Storm Drainage Systems and Infrastructure systems (streets, etc.) and \$25,000 for all other asset categories (except land) and an estimated useful life of greater than one year. Capital assets are recorded at the cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

<u>Assets</u>	<u>Useful life (Years)</u>
Water rights	50
Buildings and improvements	20-40
Water and sewer systems	5-40
Storm drainage systems	40
Park facilities and landscape	40
Street system	20
Streetlights and traffic control devices	10
Equipment, furniture and fixtures	7
Vehicles	3-15
Computers/software	3

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

VI. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary statements consists of unpaid, accumulated leave balances. 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 360 hours while Fire department employees accrue at a maximum rate of 544 hours. Upon employment termination, payment is made to the employee for the unused leave.

City employees are granted 8 hours of sick leave per month. The maximum an employee may accumulate varies according to union status. Upon resignation, employees who have at least five years of employment with the City and accumulated 200 hours or more of sick leave are entitled to a 50% payout. Additionally upon retirement, employees who have accumulated 200 hours or more of sick leave are entitled to a 50% payout. Any sick time accrued above the maximum allowed to be carried is paid out annually in December or May at a rate of 25%, or 50%, according to union or employment status, and the corresponding employees’ sick leave is reduced to the allowable maximum.

For the governmental fund financial statements, compensated absences are accrued only when due. For the government-wide financial statements, as well as the proprietary fund financial statements, all of the outstanding vacation, compensatory time and benefits, as well as an estimate of the retirement sick-time

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

payout for eligible employees, are recorded as a liability. Compensated absences are liquidated when mature by the various operating funds accruing the liability.

VII. 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 position. 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 debt service funds, according to the type of debt and the funds benefiting from that debt.

VIII. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future periods(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The City reports deferred outflows related to pensions and other postemployment benefits (OPEB), deferred outflows related to bond refunding and excess consideration provided for acquisitions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows related to pensions, OPEB, and unavailable revenue reported from property taxes.

IX. Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to or deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

X. Net Position

In the government-wide and proprietary fund financial statements, net position is reported in three categories: net investment in capital assets, restricted, and unrestricted. The net investment in capital assets balances are separately reported because capital assets make up a significant portion of net position. Restricted balances account for the portion of net position restricted by external resource providers or through enabling legislation. Unrestricted balances are the remaining balances not included in the previous two categories.

XI. Fund Balance policies

In the fund financial statements, governmental funds distinguish between nonspendable and spendable fund balances. Nonspendable balances include amounts that cannot be spent because they are not in a spendable form, such as inventory or prepaid items, or because resources legally or contractually must

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

remain intact. Spendable balances are further classified as restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amount can be spent.

Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by external resource providers (creditors, grantors, etc.) or through enabling legislation.

Committed fund balances includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Such commitments are created by legislative action of the City Council, the City's highest level of decision making authority, by resolution or ordinance and would require the same legislative action to reverse. Ordinances and resolutions both require public votes of the Council and, although the uses may differ, they are both considered to be of the highest level of decision making authority for the City.

Amounts in the *assigned* fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. The authority to make assignments has been delegated by the City Council to the Chief Financial Officer. Much of the authority to commit fund balance is established in the City's *Principals of Sound Financial Management*.

Unassigned fund balances represent the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

As previously noted above, generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The order in which the City would apply resources when multiple categories of unrestricted fund balance are available is as follows: committed, assigned and unassigned.

XII. Stabilization arrangements

The City has set aside funds for various stabilization arrangements. It is the City's intent that situations allowing for the use of stabilization resources will be for non-routine situations. The authority for the stabilization arrangements is in the Council adopted *Principles of Sound Financial Management*. The governmental fund stabilization arrangements are shown as committed fund balance on the governmental fund financial statements. The City has the following stabilization arrangements at June 30, 2018:

- Budget stabilization reserve – Maintained in the General Fund (10% of the average general fund revenues for the preceding five years) and the Half-Cent Sales Tax Fund (35% of the average fund revenues for the preceding five years). These reserves may be used to provide funding to deal with fluctuations in fiscal cycles and operating requirements that exceed \$500,000. Any use of these reserves must be formally approved by the City Council and include a repayment plan to restore the reserve within the three fiscal years following the year in which the event occurred. Funding in excess of the stabilization reserve may be assigned by management for other purposes as approved by City Council, including debt service capital, economic development, community promotions or other specific city operational expenditures.
- Emergency reserve – Maintained in the General Fund (10% of the average general fund revenues for the preceding five years) and is for unexpected, large-scale events where damage in excess of \$250,000 is incurred and immediate remedial action must be taken to protect the health and safety of residents (e.g. floods, fires, storm damage). Usage of the emergency reserve must be approved by City Council, but the City Manager may utilize these funds when immediate action must be taken to protect the health and safety of residents. The City Manager must then provide a summary report to the City Council as soon as practical on the usage of these funds. The City shall strive to restore the Emergency Reserve to the 10% level within the next fiscal year following the fiscal year in which the event occurred.
- Operating Reserve - Maintained in the General Fund (15% of the average general fund revenues for the preceding five years) and is for unexpected events whose impact exceeds \$500,000, such as failure of the State to remit shared revenues, unexpected mandates, unexpected loss of State Shared revenues, continuance of critical city services due to unanticipated events, or to offset unexpected loss

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

of a significant funding source for the remainder of the fiscal year. Any use of these reserves must be formally approved by the City Council and include a repayment plan to restore the reserve within the two fiscal years following the year in which the event occurred.

- Enterprise Operating Fund Working Capital Reserve – Maintained in the Water Utility Fund (25% of the operating expenditures of the fund for the fiscal year), the Wastewater Utility Fund (25% of the operating expenditures of the fund for the fiscal year), and the Solid Waste Utility Fund (20% of the operating expenditures of the fund for the fiscal year). These reserves are to provide the City with a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.
- Rate Stabilization Reserve – In the Water and Wastewater Utility Funds (5% of the average fund revenues for the preceding three fiscal years). These funds may be used to moderate significant rate increases. In the event these funds are used, the City shall strive to restore the reserve to the 5% level within the next three fiscal years following the year in which the funds were used.
- Debt Stabilization Reserve – In the Water and Wastewater Utility Funds (50% of the maximum annual debt service payment of the fund in the next five fiscal years) and the Half-Cent Sales Tax fund (\$1,000,000). The Debt Stabilization Reserve is intended to provide additional security to insure the City's ability to meet debt service obligations. In the event the Debt Stabilization Reserve is used, the City shall strive to restore the fund to the defined level within the three fiscal years following the year in which the funds were used.
- Asset Maintenance Reserve - In the Water and Wastewater Utility Funds (2% of the enterprise fund infrastructure assets). The Asset Maintenance Reserve may be used to provide funding for the repair and maintenance of critical enterprise infrastructure. In the event the Asset Maintenance Reserve is used, the City shall strive to restore the fund to the defined level within the three fiscal years following the year in which the funds were used.
- Capital Equipment Replacement Reserves – The City maintains various capital equipment replacement reserves to fund future replacement of certain capital equipment, primarily vehicles and computers. The annual internal charges to the operating funds are determined as part of the annual budget process.

F. Property taxes

The City Council adopts the annual tax levy each year on or before the third Monday in August 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 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.

G. Tax Abatements

The City has entered into tax abatement agreements as defined by GASB Statement 77. The tax abatements include sales tax reimbursement incentives and the activation of a Foreign Trade Zone which reduces the property tax assessment ratio on commercial property from 18% to 5%. It's the City's policy to review each agreement individually and in the aggregate annually. For the fiscal year ended June 30, 2018, each agreement and all agreements in the aggregate are deemed immaterial for financial reporting purposes.

H. 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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2018

amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of net position/balance sheet and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

I. New Accounting Principles

For the year ended June 30 2018, the City implemented the provisions of the following GASB Statements:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*. GASB Statement No. 75 established standards for measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to other postemployment benefits (OPEB) provided through defined benefit OPEB plans. In addition, Statement No. 75 requires disclosure of information related to OPEB.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, established standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with only existing resources, or resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. In addition, Statement No. 86 improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

2. DEPOSITS AND INVESTMENTS

A. Deposits

The City maintains a cash and investment pool that is available for use by all funds. Certain restricted funds are not part of the City's pool, but rather are maintained with trustees as required by contractual commitments.

At June 30, 2018, the carrying amount of the City's deposits was \$62,686,883 and the bank balance was \$63,134,571. The entire bank balance was covered by federal depository insurance or collateralized by the City's agent in the City's name or in the Municipal Development Authority, Inc.'s name. The difference between the City's carrying amount and the bank balance of \$447,688 represents deposits in transit, outstanding checks and other reconciling items.

The City maintains cash on hand balances in the form of petty cash and change funds. At June 30, 2018, the total amount of these balances was \$7,431. In addition, the City has deposited \$2,044,988 in a developer trust account with a fiscal agent in accordance with developer agreements for the construction and acquisition of water projects.

B. Investments

The City invests in obligations that fall within the authorization of State of Arizona laws, the City's regulations and investment policy and applicable legal and contractual commitments.

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, 2018, 54.4% of the City's investments have a maturity of less than one year and 4.4% of investments have a maturity of greater than three years. The City's investment policy also sets a maximum weighted average maturity (WAM) not to exceed three years. The WAM at June 30, 2018 was 463 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 Corporate Bonds or Notes and Banker's Acceptances to those securities rated AA-/Aa3 and Aa or better at the time of purchase by two nationally recognized rating agencies and with a maximum maturity of two years and 180 days, respectively. At June 30, 2018, the City's investments include \$58.1 million in Commercial Paper, \$35.6 million in Corporate Notes 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

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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 collateralization level of at least 102 percent of the market value of principal and accrued interest.

<u>Investment Type</u>	<u>S&P Ratings range</u>
Agency coupon securities	AA+
Commercial Paper	A-1 to A-1+
Corporate Bonds	A to AAA

The City's investment in the State of Arizona local government investment pool is limited to a pool (Pool 7) that invests only in government securities. Pool 7 is not rated.

Concentration of credit risk: The City's investment policy sets diversification limits on both security types and length of maturity. As of June 30, 2018, the City's investments include 42.6% invested in U.S. Agency Coupon securities, 18.3% in Commercial Paper, 5.9% in Money Market investments, 21.6% in U.S. Treasury Notes and 11.2% in Corporate securities.

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 safekeeping statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments classified as Level 2 inputs are valued using a matrix pricing model. The City has the following recurring fair value measurements as of June 30, 2018:

- All U.S. Treasury securities are valued using other observable inputs (Level 2)
- All agency coupon securities are valued using other observable inputs (Level 2)
- All commercial paper is valued using other observable inputs (Level 2)
- All corporate bonds are valued using other observable inputs (Level 2)

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

At June 30, 2018, the City's total investments of \$317,517,686 included the following:

	Investment Maturities in Years				Fair Value
	Less than 1	1-2	2-3	Over 3	
<u>Investments:</u>					
U.S Treasury notes	\$ 28,020,610	10,252,392	30,352,931	-	\$ 68,625,933
Agency coupon securities	66,738,838	36,929,423	17,623,773	14,108,772	135,400,806
Commercial paper	58,072,040	-	-	-	58,072,040
Corporate notes	-	35,606,883	-	-	35,606,883
Mutual fund-money market	18,663,016	-	-	-	18,663,016
State of Arizona LGIP	1,149,008	-	-	-	1,149,008
Total Investments	\$ 172,643,512	82,788,698	47,976,704	14,108,772	\$ 317,517,686

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3. DEFICITS IN FUND EQUITY/EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2018, the following fund reported a deficit in net position.

- Internal Service Fund: Facilities Maintenance Fund

The Facilities Maintenance Fund deficit resulted from the implementation of accounting guidance related to reporting for pensions and OPEB which requires liabilities to be presented on the face of financial statements.

For the year ended June 30, 2018, expenditures, including capital outlay and transfers, did not exceed budget at the fund level (i.e. the level of budgetary control) in any funds.

4. 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, 2018.

Fund	Receivables	Allowance	Net
Governmental activities:			
General Fund	\$ 8,149,112	92,477	8,056,635
Half-Cent Sales Tax Fund	2,799,528	-	2,799,528
Highway User Revenue Fund	525,329	5,390	519,939
Transportation Sales Tax Fund	1,715,573	-	1,715,573
GO Bond Debt Service Fund	321,089	171,868	149,221
Other Governmental Funds	262,276	10,938	251,338
Total governmental funds	\$ 13,772,907	280,673	13,492,234
Internal Service Funds	\$ 9,041	-	9,041
Business-type activities:			
Water Utility Fund	\$ 8,016,492	1,115,560	6,900,932
Wastewater Utility Fund	3,468,729	626,862	2,841,867
Solid Waste Utility Fund	1,946,706	400,483	1,546,223
Stadium Fund	448,029	-	448,029
Storm Drain Utility Fund	148,900	33,633	115,267
Total enterprise funds	14,028,856	2,176,538	11,852,318
Grand totals	\$ 27,810,804	2,457,211	25,353,593

5. DUE FROM OTHER GOVERNMENTS

The City has due from other government receivables from various governments, including the Federal, State and County government. At June 30, 2018, significant receivables due to the City included \$1,960,350 from the State of Arizona for State Shared Sales Tax revenues, \$263,568 for Auto Tax In-Lieu revenues recorded in the General fund, \$975,117 Highway User Revenue Fees revenues recorded in the Highway User Revenue Fund, \$1,210,583 due from the Arizona Department of Revenue, \$700,929 from Regional Public Transit Authority, under Intergovernmental agreements recorded in the Non-Bond Fund, and \$471,760 from federal agencies for housing grant related revenues. Most other receivables are comprised of taxes or various grants due from other governments and agencies.

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6. CAPITAL ASSETS

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2018, follows:

	Balances June 30, 2017 (as restated)	Additions/ Transfers In	Disposals/ Transfers Out	Balances June 30, 2018
Governmental Activities:				
Non-Depreciable Assets:				
Work in Progress	\$ 22,579,161	12,236,894	(11,475,875)	23,340,180
Land	370,809,310	13,535,621		384,344,931
Total Non-Depreciable Assets	393,388,471	25,772,515	(11,475,875)	407,685,111
Depreciable assets:				
Bulidings & Improvements	177,351,730	9,829,007		187,180,737
Equipment; Furniture	53,095,632	1,705,522		54,801,154
Vehicles	27,263,748	1,994,338	(1,100,627)	28,157,459
Street System	748,662,714	11,282,133		759,944,847
Park System	92,290,249	3,864,399		96,154,648
Total Depreciable Assets at Historical Cost	1,098,664,073	28,675,399	(1,100,627)	1,126,238,845
Less Accum. Depreciation:				
Bulidings & Improvements	(71,690,419)	(4,838,779)		(76,529,198)
Equipment; Furniture	(48,678,547)	(1,349,071)		(50,027,618)
Vehicles	(15,974,391)	(1,953,799)	1,075,474	(16,852,716)
Street System	(457,889,145)	(28,815,998)		(486,705,143)
Park System	(28,519,390)	(2,591,762)		(31,111,152)
Total Accum. Depreciation	(622,751,892)	(39,549,409)	1,075,474	(661,225,827)
Total Depreciable Assets, Net Governmental Activities Capital Assets, Net	\$ 475,912,181	(10,874,010)	(25,153)	465,013,018
	\$ 869,300,652	14,898,505	(11,501,028)	872,698,129
Business-type Activities:				
Non-depreciable assets:				
Work in Progress	\$ 19,121,259	11,589,841	(2,363,300)	28,347,800
Land	16,740,025	709,324		17,449,349
Total Non-Depreciable Assets	35,861,284	12,299,165	(2,363,300)	45,797,149
Depreciable assets:				
Bulidings & Improvements	79,339,958	757,816		80,097,774
Equipment; Furniture	18,235,073	560,067		18,795,140
Vehicles	16,161,843	2,281,813	(775,946)	17,667,710
Surface Water System	96,784,134	1,157,878		97,942,012
Water Rights	12,889,809	1,411,633		14,301,442
Water System	376,626,349	4,813,447		381,439,796
Wastewater System	397,788,560	3,348,580		401,137,140
Total Depreciable Assets at Historical Cost	997,825,726	14,331,234	(775,946)	1,011,381,014
Less Accum. Depreciation:				
Bulidings & Improvements	(22,732,967)	(2,329,179)		(25,062,146)
Equipment; Furniture	(9,261,247)	(3,039,642)		(12,300,889)
Vehicles	(6,884,787)	(1,063,359)	775,946	(7,172,200)
Surface Water System	(33,669,834)	(2,453,307)		(36,123,141)
Water Rights*	(2,577,961)	(287,205)		(2,865,166)
Water System	(143,839,992)	(10,945,845)		(154,785,837)
Wastewater System	(126,548,361)	(10,785,224)		(137,333,585)
Total Accum. Depreciation	(345,515,149)	(30,903,761)	775,946	(375,642,964)
Total Depreciable Assets, Net Business-Type Activities Capital Assets, Net	\$ 652,310,577	(16,572,527)	-	635,738,050
	\$ 688,171,861	(4,273,362)	(2,363,300)	681,535,199

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*The City's agreement with the Gila River Indian Community provides water rights to 7,000 acre-feet of water each year through 2057.

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

General government	\$ 2,900,085
Culture and recreation	4,398,031
Public safety	2,512,327
Development services	45,429
Highways and streets	29,452,193
Public works	146,970
Human services	<u>94,374</u>
Total depreciation expense	<u>\$ 39,549,409</u>

For the year ended June 30, 2018, the City did not capitalize any net interest costs in the business-type activities of the government-wide financial statements (also in the Enterprise Funds on the proprietary fund statements). Total interest incurred, not including agent fees or other costs, of the business-type activities (and the Enterprise Funds on the proprietary fund statements) before capitalization was \$2,338,842.

7. 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. 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 limited assessed valuation. Also, outstanding general obligation bonded debt for all other purposes may not exceed 6 percent of a City's net limited assessed valuation.

B. Revenue bonds

Water and Sewer Revenue Bonds: Water and Wastewater Revenue Bonds are issued, pursuant to voter authorization, for the construction, acquisition, and equipping of water and wastewater facilities and related systems and infrastructure. The bonds are backed by the revenues of the water and wastewater utilities.

C. Municipal Development Authority debt obligations

Municipal Development Authority (MDA) debt obligations 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 debt obligations, which are repaid through a lease purchase agreement with the City equal to the debt service requirements. The City can utilize the City's excise tax, state shared revenues and other unrestricted revenues for lease payments.

D. Special assessment bonds with governmental commitment

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

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the public auction, the City is required to buy the property, and pay off the assessment, with funds appropriated from the General Fund.

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

At June 30, 2018, all outstanding amounts related to special assessments receivable were paid and the outstanding special assessment bonds were fully redeemed.

E. Community Facilities District bonds

Community Facilities Districts (CFD's), are special purpose districts created specifically to acquire or construct public infrastructure within specified areas of the City. CFD's 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 in accordance with relevant state laws and regulations. Operation and maintenance expenditures, bonds and the repayment of bonds issued by these separate legal entities 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.

The City Council formed the Vistancia Community Facilities District (VCFD) in October 2002. VCFD was subsequently authorized, by the voters of the district in November 2002, to issue up to \$100,000,000 in general obligation bonds to construct public infrastructure within VCFD. VCFD issued general obligations bonds of \$21,250,000, \$23,550,000 and \$22,760,000 in fiscal years 2003, 2005, and 2007, respectively, against this authorization. The VCFD refunded all these obligations during fiscal year 2016 through the issuance of \$36,985,000 in general obligation bonds.

The City Council formed the Vistancia West Community Facilities District (VWCFD) in August 2014. In December 2014, the VWCFD was authorized through an election to issue up to \$9,000,000 of general obligation bonds to construct public infrastructure within the district. VWCFD issued taxable general obligation bonds of \$35,000 in fiscal year 2015 and \$3,000,000 in fiscal year 2017.

F. Pledged revenues

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

The City has pledged future water utility and wastewater utility revenues, net of specific operating expenses, to repay \$15,780,000 in Revenue Refunding Bonds issued in 2010, \$23,280,000 in Revenue Refunding Bonds issued in 2012 and \$110,475,883 in Water Infrastructure Financing Authority loans issued between 2002-2016. The various bonds and loans were issued for the purchase or construction of various water or wastewater infrastructure including wells, treatment plants, pumping stations, a water utility and water and wastewater distribution or collection lines. At June 30, 2018, \$82,604,830 in bonds and loans remain outstanding to be repaid by future water and wastewater revenues. For the fiscal year ended June 30, 2018, the pledged revenues, net of operating expenses available for service of this debt were \$36,882,836. The debt principal and interest paid on this debt in fiscal year 2018 was \$13,551,617.

The City has pledged certain revenues for the repayment of \$43,430,000 and \$3,220,000 in Municipal Development Authority (MDA) Bonds issued in 2011 and 2012 and the Pledged Excise 2018 refunding obligations, respectively. Pledged revenues for these obligations include excise taxes and state shared revenues not specifically reserved by law or other regulation to be expended for other purposes. At June 30, 2018, \$3,220,000 of the Pledged Excise 2018 obligation and \$34,060,000 of the MDA bonds remained outstanding to be repaid by these future revenues. The obligations were issued to construct various City operational facilities and refund prior MDA bonds. For the fiscal year ended June 30, 2018, the pledged revenues, net of operating expenses available to service this debt were \$146,124,469. The debt principal and interest paid on this debt in fiscal year 2018 was \$3,746,892.

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The City has pledged certain revenues for the repayment of \$25,755,000 of the Pledged Transportation 2018 refunding obligations. The obligations were issued to refund prior MDA bonds originally issued to construct transportation infrastructure. Pledged revenues for this obligation include transportation sales tax, excise taxes and state shared revenues. At June 30, 2018, \$25,755,000 of the Pledged Transportation 2018 obligations remained outstanding to be repaid by future revenues. For the fiscal year ended June 30, 2018, the pledged revenues, net of operating expenses available to service this debt were \$156,355,454. The debt principal and interest paid on this debt in fiscal year 2018 was \$3,779,408.

G. Advance Refundings & Defeasance

Municipal Development Authority Debt Obligations

During fiscal year 2018, the city issued \$3,220,000 and \$25,755,000 in pledged excise and pledged transportation direct purchase obligations for the purpose of refinancing the MDA Series 2006 and Series 2008 bonds through an advanced refunding arrangement. The net proceeds from the refunding plus an additional \$3,128,884 of pledged revenues, which were available for upcoming debt service payments for the debt being refunded, have been placed in an irrevocable trust account at a commercial bank and invested in U.S. Government Securities which, together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest of the issues refunded. The new debt is no longer an obligation of the MDA. The advanced refunding reduces total debt service payments by \$3,478,112 and results in an economic benefit of \$3,209,926. The refunded obligations have been called as of June 30, 2018.

In prior years, the City refinanced various bond issues through advance refunding arrangements. Prior year refundings (amounts not yet callable) included:

Series 2009A	General Obligation Bonds	\$ 26,165,000
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During the year ended June 30, 2018, the City partially defeased \$10,025,000 in Series 2007B and 2010 General Obligation bonds. Existing city resources (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities, which are essentially risk-free as to amount, timing, and collection of interest and principal. Those securities were deposited in an irrevocable trust with an escrow agent, to provide for all future debt service payments of the refunded general obligation bonds. As a result, the refunded general obligation bonds are considered to be defeased, and the liability for those bonds has been removed from the government-wide financial statements. The net carrying amount of the old debt exceeded the reacquisition price by \$450,797. This amount is reported as a special item on the Statement of Activities in the current year. This partial defeasance was undertaken to reduce total debt service payments.

H. Direct Purchase and Loan Obligations

The City completed the purchase of the Sunrise Mountain through the use of a secured promissory note in the amount of \$3,510,000 at an annual interest rate of 4%. The obligation will be funded from the City's Non-Bond Capital Project Fund with the last payment due in December of 2018.

In September 2017, the City entered into a New Clean Renewable Energy Bond (NCREB) agreement to provide financing for solar renewable energy projects at several locations throughout the City. The City borrowed \$5,199,304 for a term of 20 years, at a rate of 4.23%. The majority of the debt service payments will be funded from expected savings on the City's electricity bills.

CITY OF PEORIA, ARIZONA
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I. Tables

The following schedule summarizes the City's long-term liability activity for the year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 148,240,000	\$ -	\$ 21,185,000	\$ 127,055,000	\$ 11,295,000
MDA debt obligations	67,605,000	-	33,545,000	34,060,000	1,990,000
Direct Purchase and Loan Obligations	3,510,000	34,174,304	1,170,000	36,514,304	5,752,957
Special assessment bonds	2,130,000	-	2,130,000	-	-
CFD bonds	37,098,000	-	2,773,000	34,325,000	2,985,000
Total bonds payable	258,583,000	34,174,304	60,803,000	231,954,304	22,022,957
Net pension and other postemployment benefits liability	163,193,318	9,463,403	815,350	171,841,371	-
Compensated absences	13,387,140	9,592,640	9,196,700	13,783,080	6,677,370
Deferred bond premium	14,026,285	-	1,542,777	12,483,508	-
Governmental activities totals	<u>\$ 449,189,743</u>	<u>\$ 53,230,347</u>	<u>\$ 72,357,827</u>	<u>\$ 430,062,263</u>	<u>\$ 28,700,327</u>
Business-type activities:					
Bonds and loans payable:					
Revenue bonds	\$ 18,035,000	\$ -	\$ 5,435,000	\$ 12,600,000	\$ 4,695,000
WIFA loans	74,229,903	1,323,912	5,548,985	70,004,830	5,717,536
Net pension and other postemployment benefits liability	15,831,769	282,342	29,725	16,084,386	-
Compensated absences	1,450,020	2,871,732	2,809,642	1,512,110	777,090
Deferred bond premium	1,060,644	-	276,790	783,854	-
Business-type activities totals	<u>\$ 110,607,336</u>	<u>\$ 4,477,986</u>	<u>\$ 14,100,142</u>	<u>\$ 100,985,180</u>	<u>\$ 11,189,626</u>

Bonds and loans payable at June 30, 2018 are comprised of the following:

Governmental Activities Debt

<u>General Obligation Bonds</u>	<u>Maturity Dates</u>	<u>Net Interest Rate</u>	<u>Issue Amount</u>	<u>Outstanding June 30, 2018</u>
Series 2007B	7/1/07-20	4.00	\$ 18,365,000	\$ 1,925,000
Series 2009	7/1/09-18	3.86	68,440,000	2,110,000
Series 2010	7/1/10-30	4.03	29,170,000	10,120,000
Series 2012A	7/1/12-32	3.32	14,715,000	11,725,000
Series 2012B	7/1/12-22	1.75	13,690,000	7,285,000
Series 2015A	7/15/16-35	2.98	30,325,000	28,510,000
Series 2015B	7/15/16-28	2.29	66,425,000	65,380,000
Total General Obligation Bonds			<u>\$ 335,510,000</u>	<u>\$ 127,055,000</u>

Municipal Development Authority Debt Obligations

Series 2011	7/1/12-26	3.9	\$ 7,920,000	\$ 5,255,000
Series 2012	7/1/13-32	3.3	35,510,000	28,805,000
Total Municipal Development Authority Debt Obligations			<u>\$ 43,430,000</u>	<u>\$ 34,060,000</u>

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**Direct Purchase and
 Loan Obligations**

Secured Promissory Note	12/21/18	4.00	\$ 3,510,000	\$ 2,340,000
Taxable NCREBs	9/1/37	4.23	5,199,304	5,199,304
Pledged Excise 2018	7/15/25	2.01	3,220,000	3,220,000
Pledged Transportation 2018	1/15/26	1.97	25,755,000	25,755,000
Total Direct Purchase and Loan Obligations			<u>\$ 36,514,304</u>	<u>\$ 36,514,304</u>

**Community Facility
 District Bonds**

VCFD – Series 2015	7/15/16-26	3.47	\$ 36,985,000	\$ 31,325,000
WCFD – Series 2016	7/15/18-29	4.15	3,000,000	3,000,000
Total Community Facility District Bonds			<u>\$ 40,020,000</u>	<u>\$ 34,325,000</u>

Business-Type Activities Debt

<u>Revenue Bonds</u>	<u>Maturity Dates</u>	<u>Net Interest Rate</u>	<u>Issue Amount</u>	<u>Outstanding June 30, 2018</u>
WWW Series 2010	7/1/11-20	3.21	\$ 15,780,000	\$ 5,335,000
WWW Series 2012	7/1/12-21	1.60	23,280,000	7,265,000
Total Revenue Bonds			<u>\$ 39,060,000</u>	<u>\$ 12,600,000</u>

WIFA Loans

WIFA Series 2002	7/1/03-22	3.94	\$ 1,964,789	\$ 641,277
WIFA Series 2006	7/1/08-26	3.06	27,183,342	15,426,288
WIFA Series 2008	7/1/09-27	3.30	42,741,541	25,735,085
WIFA Series 2008	7/1/10-28	3.48	8,575,253	5,626,691
WIFA Series 2009	7/1/10-28	3.48	727,612	469,145
WIFA Series 2009	7/1/10-29	2.00	8,030,340	5,133,682
WIFA Series 2009	7/1/10-28	2.00	3,733,794	2,313,612
WIFA Series 2009	7/1/10-29	3.27	4,371,597	2,894,460
WIFA Series 2009	7/1/10-29	3.23	757,624	495,404
WIFA Series 2015	7/15/16-35	2.40	12,389,991	11,269,186
Total WIFA loans			<u>\$ 110,475,883</u>	<u>\$ 70,004,830</u>

The following table discloses the bond debt service requirements as of June 30, 2018, segregating principal and interest, for the next five years and in five-year increments thereafter.

<u>Fiscal year</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 19,682,957	\$ 8,281,671	\$ 27,964,628	\$ 10,412,536	\$ 2,446,974	\$ 12,859,511
2020	20,361,060	7,512,932	27,873,992	9,361,324	2,110,060	11,471,384
2021	18,889,912	6,843,233	25,733,145	9,705,515	1,785,982	11,491,497
2022	19,524,051	6,173,806	25,697,857	7,055,281	1,509,641	8,564,922
2023	20,203,485	5,436,208	25,639,693	6,445,797	1,300,159	7,745,955
2024-2028	88,679,808	15,246,177	103,925,985	32,516,190	3,484,670	36,000,861
2029-2033	34,494,749	4,140,114	38,634,863	6,173,134	589,508	6,762,642
2034-2038	7,778,282	505,967	8,284,249	935,054	51,078	986,134
Totals	<u>\$229,614,304</u>	<u>\$54,140,108</u>	<u>\$283,754,412</u>	<u>\$82,604,831</u>	<u>\$13,278,072</u>	<u>\$95,882,902</u>

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

8. RISK FINANCING ACTIVITIES

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; workers' compensation; and health insurance. The City maintains a Risk Management Fund, an Employee Benefits Trust Fund and a Workers' Compensation Trust Fund (presented in the Self-Insurance Fund of the Internal Service Funds) to account for and finance its uninsured risks of loss. Premiums are paid into the internal service funds 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 funds. The City uses third party administrators to monitor the workers' compensation and health insurance claims programs. As with any risk retention program, the City is contingently liable with respect to claims beyond those actuarially projected.

Risk management -

The City is self-insured for public liability up to \$1,000,000 with excess coverage insurance policies purchased through commercial insurance carriers covering individual claims in excess of these amounts up to \$25,000,000. Also, the City is self-insured for damage to City vehicles valued up to \$100,000. Vehicles with a value in excess of \$100,000 have a \$5,000 deductible. City property is insured through commercial insurance carriers with a \$50,000 deductible.

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

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

Workers' compensation -

On July 1, 2009, the City established a workers' compensation trust fund for work-related injuries to employees. For workers' compensation insurance, the City is self-insured up to \$1,000,000 per claim on public safety employees and \$1,000,000 for all other employees up to an aggregate stop loss of \$4,091,661 for fiscal year 2018. Commercial insurance is purchased to cover claims above the self-insurance amounts.

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

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

Health insurance -

On January 1, 2010, the City established a health insurance trust fund for health insurance coverage for City employees and dependents. The City is self-insured for employee health claims up to \$200,000 per claimant. Commercial insurance is purchased for claims in excess of those limits.

Premiums are collected through contributions from employee paychecks and department budgets. COBRA participants contribute 100% of the premiums for their insurance coverage. Premiums for the medical, vision, dental, and life insurance plans are determined prior to each renewal period by estimating the costs of claims and administration of the plan based on a number of factors including: the demographics of the group, previous claims history, plan design changes and any new mandated benefits.

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

Estimated liability –

The total claims liability of \$5,958,582 reported in the Self-Insurance Fund at June 30, 2018, is based on the requirements of Governmental Accounting Standards Board Statement #10, which requires that liabilities be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The claims liability consists of \$1,122,419 for liability/property claims, \$3,460,659 for workers' compensation claims and \$1,375,504 for health insurance claims.

The claims liability includes an estimated amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. Non-incremental claims adjustment expenses are not included in the calculation. Changes in the Self-Insurance Fund's claims liability amount (claims only, exclusive of other insurance expenses) during the last two fiscal years are as follows:

Fiscal Year 2017:

	Beginning of Fiscal Year Liability	Changes in Estimates	Current Year Claims	Claims Payments	Balance at Fiscal Year-end
Risk management	\$ 972,368	\$ 141,016	\$ 1,188,374	\$ (1,188,374)	\$ 1,113,384
Workers' comp	2,434,992	85,849	1,192,337	(1,192,337)	2,520,841
Health insurance	690,511	596,373	13,802,358	(13,802,358)	1,286,884
	\$ 4,097,871	\$ 823,238	\$ 16,183,069	\$(16,183,069)	\$ 4,921,109

Fiscal Year 2018:

	Beginning of Fiscal Year Liability	Changes in Estimates	Current Year Claims	Claims Payments	Balance at Fiscal Year-end
Risk management	\$ 1,113,384	\$ 9,035	\$ 424,960	\$ (424,960)	\$ 1,122,419
Workers' comp	2,520,841	939,818	1,382,139	(1,382,139)	3,460,659
Health insurance	1,286,884	88,620	16,500,272	(16,500,272)	1,375,504
	\$ 4,921,109	\$ 1,037,473	\$ 18,307,371	\$(18,307,371)	\$ 5,958,582

9. PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The City of Peoria contributes to the pension plans described below. The City of Peoria contributes to the Elected Officials Retirement Plan; however the plan is not described below because of its relative insignificance to the financial statements. The plans are component units of the State of Arizona.

The City of Peoria reported \$16,792,782 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

A. Arizona State Retirement System

Plan Description. City of Peoria employees not covered by the other pension plans described after this section participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial

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report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

Benefits Provided. The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* Any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a members' death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, statute required active ASRS members to contribute at the actuarially determined rate of 11.5 percent (11.34 percent for retirement & health insurance benefits and 0.16 percent for long-term disability) of the members' annual covered payroll, and the City of Peoria was required by statute to contribute at the actuarially determined rate of 11.5 percent (10.9 percent for retirement, 0.44 percent for health insurance premium benefit, and 0.16 percent for long-term disability) of the members' annual covered payroll. The City's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2018 were \$5,923,393, \$239,109, and \$86,949 respectively.

In addition, the City of Peoria was required by statute to contribute at the actuarially determined rate of 9.49 percent (9.26 percent for retirement, 0.1 percent for health insurance premium benefit, and 0.13 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

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Liability. At June 30, 2018, the City of Peoria reported the following asset and liabilities for its proportionate share of the ASRS' net/pension/OPEB asset or liability.

ASRS	Net pension/OPEB (asset) liability
Pension	\$89,022,329
Health insurance premium benefit	(314,630)
Long-term disability	206,344

The net asset and net liabilities were measured as of June 30, 2017. The total liability used to calculate the net asset or liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The total pension liability as of June 30, 2017, reflects a change in actuarial assumption related to changes in loads for future potential permanent benefit increases.

The City of Peoria's proportion of the net asset or liability was based on a projection of the City's long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined. The City of Peoria's proportions measured as of June 30, 2017 and the change from its proportions measured as of June 30, 2016 were:

ASRS	Proportion June 30, 2017 %	Increase (decrease) from June 30, 2016
Pension	0.57146	0.029
Health insurance premium benefit	0.57794	0.000
Long-term disability	0.56926	0.000

Pension/OPEB Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2018, the City of Peoria recognized the following pension and OPEB expense for ASRS.

ASRS	Pension/OPEB expense
Pension	\$5,164,277
Health insurance premium benefit	184,028
Long-term disability	110,090

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Liability. At June 30, 2018, the City of Peoria reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health insurance premium benefit		Long-term disability	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience		2,669,381				
Changes of assumptions or other inputs	3,866,444	2,661,927				
Difference between projected and actual earnings on plan investments	639,119			354,261		30,867
Changes in proportion and differences between City contributions and proportionate share of contributions	4,273,593			383		29
City contributions subsequent to the measurement date	5,923,393		239,109		86,949	
Total	<u>\$14,702,549</u>	<u>\$ 5,331,308</u>	<u>\$ 239,109</u>	<u>\$ 354,644</u>	<u>\$ 86,949</u>	<u>\$ 30,896</u>

The deferred outflows of resources related to ASRS pensions and OPEB resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized as expenses as follows:

Year ending June 30	Pension	Health insurance premium benefit	Long-term disability
2019	\$ (1,226,396)	\$ (88,644)	\$ (7,721)
2020	5,337,122	(88,644)	(7,721)
2021	1,384,900	(88,644)	(7,721)
2022	(2,047,779)	(88,644)	(7,721)
2023		(67)	(4)
Thereafter			(9)

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

Actuarial valuation date	June 30, 2016
Actuarial roll forward date	June 30, 2017
Actuarial cost method	Entry age normal
Discount rate	8.0%
Projected salary increases	3.0-6.75% for pensions/not applicable for OPEB
Inflation	3%
Permanent base increases	Included for pensions/not applicable for OPEB
Mortality rates	1994 GAM Scale BB
Healthcare cost trend rate	Not applicable

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The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.7 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class of ASRS are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Equity	58%	6.73%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Commodities	2%	3.41%
Multi-asset class	5%	3.84%
Total	100%	

Discount Rate. The discount rate used to measure the ASRS total pension/OPEB liability was 8 percent, which is less than the long-term expected rate of return of 8.7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the Proportionate Share of the Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate. The following presents the City of Peoria's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 8 percent, as well as what the proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (7%)	Current discount rate (8%)	1% Increase (9%)
City's Proportionate share of the Net pension liability	\$ 114,261,706	\$ 89,022,329	\$ 67,932,668
Net insurance premium benefit liability (asset)	522,510	(314,630)	(1,026,058)
Net long-term disability liability	246,736	206,344	172,097

Plan Fiduciary Net Position. Detailed information about the plans' fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

B. Public Safety Personnel Retirement System

Plan Descriptions. City of Peoria public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

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The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The report is available on the PSPRS website at www.psprs.com.

Benefits Provided. The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Certain retirement and disability benefits are calculated on the basis of age, average monthly compensation, and service credit as follows. See the publicly available PSPRS financial report for additional benefits information.

	Retirement Initial Membership Date:	
	Before January 1, 2012	On or After January 1, 2012 and before July 1, 2017
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Normal retirement	50% less 2.0% for each year of credited service less than 20 years or plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5 to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Survivor benefit:		
Retired members	80% to 100% of retired member's pension benefit	
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments. The adjustments are based on inflation for PSPRS. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget committee analysis of the increase's effect on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents.

Employees Covered by Benefit Terms. At June 30, 2018, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS - POLICE		PSPRS - FIRE	
	Pension	Health	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	90	90	31	31
Inactive employees entitled to but not yet receiving benefits	36	7	21	18
Active employees	170	170	155	155
Total	296	267	207	204

Contributions and Annual OPEB Cost. State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine

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employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2018, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Active members - pension	11.65%	11.65%
City of Peoria		
Pension	41.07%	31.40%
Health Insurance	0.49%	0.29%

In addition, the City of Peoria was required by statute to contribute at the actuarially determined rate of 26.15 percent for the PSPRS Police, and 16.12 percent for the PSPRS Fire, of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to the PSPRS.

For the agent plans, the contributions to the pension plan and contributions for the health insurance premium benefit for the year ended were:

	<u>PSPRS - Police</u>	<u>PSPRS - Fire</u>
Pension:		
Contributions made	\$6,634,245	\$3,794,886
Health insurance premium benefit:		
Contributions made	79,152	35,048

Liability. At June 30, 2018, the City of Peoria reported the following assets and liabilities.

	<u>Net pension- (asset) liability</u>	<u>Net OPEB (asset) liability</u>
PSPRS - Police	\$63,267,924	\$288,666
PSPRS – Fire	35,060,592	79,902

The net assets and net liabilities were measured as of June 30, 2017, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

The total liabilities as of June 30, 2017, reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the investment rate of return from 7.5 percent to 7.4 percent, decreasing the wage inflation from 4 percent to 3.5 percent, and updating mortality, withdrawal, disability, and retirement assumptions. The total pension liabilities for PSPRS also reflect changes of benefit terms for legislation that changed benefit eligibility and multipliers for employees who became members on or after January 1, 2012, and before July 1, 2017, and a court decision that decreased the contribution rates for employees who became members before July 20, 2011. The court decision will also affect the PSPRS net pension liabilities measured as of June 30, 2018, because of refunds of excess member contributions. The change in the City's PSPRS net pension liabilities as a result of the refunds is not known.

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Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Discount rate	7.40%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price Inflation	2.5% for pensions/not applicable for OPEB
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience.
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.40 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Short-term investments	2%	0.25%
Absolute return	2%	3.75%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTAA	10%	3.96%
Private credit	16%	5.83%
Real estate	10%	3.75%
Private Equity	12%	6.75%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	100%	

Discount Rates. At June 30 2017, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.40%, which was a decrease of 0.1 from the discount rate used as of June 30, 2016.

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, PSPRS plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Changes in the Net Pension/OPEB Liability

	Pension			Health insurance premium benefit		
	Total Pension Liability	Increase (decrease) Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Increase (decrease) Plan Fiduciary Net Position	Net OPEB (asset) Liability
PSPRS - POLICE						
Balances at June 30, 2017	\$ 110,294,625	\$ 52,863,375	\$ 57,431,250	\$ 2,264,788	\$ 1,789,146	\$ 475,642
Changes for the year:						
Service cost	3,497,564	-	3,497,564	50,779	-	50,779
Interest on the total liability	8,207,737	-	8,207,737	167,590	-	167,590
Changes of benefit terms	1,019,089	-	1,019,089	6,476	-	6,476
Differences between expected and actual experience in the measurement of the liability	5,141,159	-	5,141,159	19,591	-	19,591
Changes of assumptions or other inputs	2,469,996	-	2,469,996	(159,009)	-	(159,009)
Contributions – employer	-	5,122,411	(5,122,411)	-	66,083	(66,083)
Contributions – employee	-	2,723,948	(2,723,948)	-	-	-
Net investment income	-	6,734,348	(6,734,348)	-	208,162	(208,162)
Benefit payments, including refunds of employee contributions	(5,213,832)	(5,213,832)	-	(111,290)	(111,290)	-
Administrative expense	-	(59,988)	59,988	-	(1,842)	1,842
Other changes	-	(21,848)	21,848	-	-	-
Net changes	15,121,713	9,285,039	5,836,674	(25,863)	161,113	(186,976)
Balances at June 30, 2018	\$ 125,416,338	\$ 62,148,414	\$ 63,267,924	\$ 2,238,925	\$ 1,950,259	\$ 288,666

	Pension			Health insurance premium benefit		
	Total Pension Liability	Increase (decrease) Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Increase (decrease) Plan Fiduciary Net Position	Net OPEB (asset) Liability
PSPRS - FIRE						
Balances at June 30, 2017	\$ 85,045,529	\$ 51,943,505	\$ 33,102,024	\$ 1,606,635	\$ 1,520,643	\$ 85,992
Changes for the year:						
Service cost	3,111,892	-	3,111,892	39,357	-	39,357
Interest on the total liability	6,395,230	-	6,395,230	119,494	-	119,494
Changes of benefit terms	466,111	-	466,111	5,572	-	5,572
Differences between expected and actual experience in the measurement of the liability	1,834,916	-	1,834,916	175,598	-	175,598
Changes of assumptions or other inputs	1,708,934	-	1,708,934	(140,066)	-	(140,066)
Contributions – employer	-	3,596,394	(3,596,394)	-	31,072	(31,072)
Contributions – employee	-	1,593,634	(1,593,634)	-	-	-
Net investment income	-	6,425,067	(6,425,067)	-	176,536	(176,536)
Benefit payments, including refunds of employee contributions	(2,663,473)	(2,663,473)	-	(66,108)	(66,108)	-
Administrative expense	-	(57,251)	57,251	-	(1,563)	1,563
Other changes	-	671	(671)	-	-	-
Net changes	10,853,610	8,895,042	1,958,568	133,847	139,937	(6,090)
Balances at June 30, 2018	\$ 95,899,139	\$ 60,838,547	\$ 35,060,592	\$ 1,740,482	\$ 1,660,580	\$ 79,902

Sensitivity of the Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate. The following table presents City of Peoria’s net pension/OPEB (assets) liabilities calculated using the discount rates noted above, as well as what the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	1% Decrease	Current Discount Rate	1% Increase
PSPRS – Police			
Rate	6.40%	7.40%	8.40%
Net pension (asset) liability	\$ 82,238,575	\$ 63,267,924	\$ 47,985,572
Net OPEB (asset) liability	575,771	288,666	50,914
PSPRS – Fire			
Rate	6.40%	7.40%	8.40%
Net pension (asset) liability	\$ 49,679,379	\$ 35,060,592	\$ 23,261,571
Net OPEB (asset) liability	312,324	79,902	(111,639)

Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at www.psprs.com.

Expense. For the year ended June 30, 2018, the City of Peoria recognized the following pension and OPEB expense:

	Pension Expense	OPEB Expense
PSPRS – Police	\$ 9,315,620	\$ 55,701
PSPRS – Fire	5,422,462	44,397

Deferred Outflows/Inflows of Resources. At June 30, 2018, the City of Peoria reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health Insurance Benefit Premium	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS – Police				
Differences between expected and actual experience	\$ 4,364,590	\$ 1,103,126	\$ 16,301	\$ -
Changes of assumptions or other inputs	7,371,785	-	-	132,303
Net difference between projected and actual earnings on plan investments	3,105,310	2,630,015	-	60,592
Contributions subsequent to the measurement date	6,634,245	-	79,152	-
Total	<u>\$ 21,475,930</u>	<u>\$ 3,733,141</u>	<u>\$ 95,453</u>	<u>\$ 192,895</u>

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PSPRS – Fire	Pension		Health Insurance Benefit Premium	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,579,524	\$ -	\$ 156,527	\$ -
Changes of assumptions or other inputs	6,066,841	-	-	124,854
Net difference between projected and actual earnings on plan investments	2,963,701	2,391,998	-	51,088
Contributions subsequent to the measurement date	3,794,886	-	35,048	-
Total	<u>\$ 15,404,952</u>	<u>\$ 2,391,998</u>	<u>\$ 191,575</u>	<u>\$ 175,942</u>

The amounts reported as deferred outflows of resources related to pension and OPEB resulting from contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending June 30:	Pension		OPEB	
	PSPRS - Police	PSPRS - Fire	PSPRS - Police	PSPRS - Fire
2019	\$3,376,597	\$1,594,097	\$(38,564)	\$ (8,913)
2020	3,712,689	2,036,751	(38,564)	(8,913)
2021	2,169,622	1,648,000	(38,564)	(8,913)
2022	1,202,156	919,267	(38,564)	(8,913)
2023	647,480	1,272,132	(22,338)	3,859
Thereafter	-	1,747,821	-	12,378

10. DEFERRED COMPENSATION PLAN

The City offers deferred compensation plans to its employees and management employees, created in accordance with Internal Revenue Code Section 457 and Section 401a. The plans permit participants to defer contributions into the plan until future years. The deferred compensation is not available to employees, under either plan, until termination, retirement, death or unforeseeable emergency. The City's fiduciary responsibility is that of exercising "due care" in selecting a third-party administrator. Federal legislation requires that Section 457 and 401a plan assets be held in trust for employees. This means that employee assets held in Section 457 and 401a plans are not the property of the City and are not subject to claims of the City's general creditors. Also, the City exercises no administrative control nor makes investment decisions. Therefore, the deferred compensation assets are not included in the City's Basic Financial Statements.

CITY OF PEORIA, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

11. CONTINGENCIES, COMMITMENTS AND OTHER CLAIMS

The City is involved in litigation arising in the ordinary course of its operations. The City believes that its ultimate liability, if any, in connection with these matters will not have a material adverse effect on the City's financial position, changes in financial position, or liquidity. The City is self-insured for the first \$1,000,000 of any occurrence and then has additional coverage up to \$25.0 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 City has development agreements where, in return for developers constructing public infrastructure, the City agreed to reimburse the developer for the cost of such infrastructure at some future time contingent on the collection of impact fees and sales tax revenues.

The City had the following significant commitments as of June 30, 2018:

- \$1,830,245 in the Water utility fund for the construction of rehabilitated wells.
- \$1,024,082 in the Wastewater utility fund for construction of new sewer lines and operational equipment replacement at the Beardsley Water Reclamation Facility.
- \$757,535 in the Transportation Sales Tax fund for streets improvements.
- \$19,508,751 in the GO Bond fund for streets improvements and for the construction of the Northern Community Park.
- \$7,706,035 in the Development Fee fund for construction of the Northern Community Park and the Thunderbird road corridor improvements.
- \$10,000,000 in the Non-Bond fund for construction of the Northern Community Park.

12. INTERFUND TRANSACTIONS, RECEIVABLE AND PAYABLE BALANCES

At June 30, 2018, there was an interfund loan from the General Fund to several other funds to cover a deficit cash balance in those funds. The loan is expected to be repaid in the following year. Interfund loans were also recorded for Non-bond Capital Projects and Other Grant Funds in the fiscal year.

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 2018 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2018:

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Fund</u>	<u>Transfers out</u>	<u>Transfers in</u>
Governmental funds:		
General Fund	\$ 343,962	7,557,555
Half-Cent Sales Tax Fund	12,580,973	-
Highway User Revenue Fund	88,100	-
Transportation Sales Tax Fund	5,664,845	100,260
GO Bond Debt Service	-	419,914
Non-Major Governmental Funds	<u>1,108,246</u>	<u>9,606,816</u>
Total governmental funds	<u>19,786,126</u>	<u>17,684,545</u>
Enterprise funds:		
Water Utility Fund	4,201,784	211,826
Wastewater Utility Fund	357,395	3,197,653
Solid Waste Utility Fund	6,064	6,064
Stadium Fund	-	<u>2,000,000</u>
Total enterprise funds	<u>4,565,243</u>	<u>5,415,543</u>
Internal Service funds	<u>909,703</u>	<u>2,160,984</u>
Grand totals	<u>\$ 25,261,072</u>	<u>25,261,072</u>

13. STABILIZATION ARRANGEMENTS

The committed and assigned fund balances of the governmental funds are shown on the fund financial statements. The following table presents the City's stabilization reserves included in the proprietary fund financial statements at June 30, 2018:

Water Utility Fund:	
Working capital policy reserve	\$ 6,457,814
Rate stabilization	1,912,648
Debt stabilization	5,823,969
System asset maintenance	8,349,281
Capital equipment replacement	<u>880,571</u>
	<u>23,424,283</u>
Wastewater Utility Fund:	
Working capital policy reserve	3,208,260
Rate stabilization	1,039,026
Debt stabilization	2,159,787
System asset maintenance	8,364,678
Capital equipment replacement	<u>759,768</u>
	<u>15,531,519</u>
Solid Waste Utility Fund:	
Working capital policy reserve	2,431,258
Capital equipment replacement	<u>1,777,103</u>
	<u>4,208,361</u>
Stadium Fund:	
Capital equipment replacement	<u>495,898</u>
Total enterprise funds	<u>43,688,293</u>
Internal Service Funds:	
Capital equipment replacement	11,272,365
Risk management purpose	<u>9,777,300</u>
Total internal service funds	<u>21,049,665</u>

CITY OF PEORIA, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

14. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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


15. RESTATEMENT OF BEGINNING BALANCES

Net position beginning balances on the government-wide Statement of Activities and on the Statement of Revenues, Expenses and Changes in Fund Net Position have been restated as of July 1, 2017 due to the following reasons:

- 1) A change in accounting principle for the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), as amended by GASB Statement No. 85, Omnibus 2017.
- 2) Prior-period adjustments to the City's capital asset balances reporting the cumulative effect of prior year errors in useful life calculation, vehicle disposals, and land purchased.
- 3) Prior-period adjustment for unrecorded secured promissory note.
- 4) Prior-period adjustment correcting an error in the reporting of *restricted cash with fiscal agents* in the City's Non-major CFD bond fund. The table below summarizes the changes.

	Governmental Activities	Enterprise Funds/Business- Type Activities	Internal Service Funds
Net position/fund balances as of June 30, 2017, as previously reported	\$ 855,814,528	\$ 684,703,212	\$ 35,741,670
Prior period adjustment- implementation of GASB 75:			
Net OPEB liability (measurement date as of June 30, 2016)	(866,398)	(66,922)	(44,892)
Deferred outflows-City contributions made during fiscal year 2017	415,746	69,958	46,929
Total prior period adjustment from change in accounting principle	(450,652)	3,036	2,037
Restatement for prior year errors - capital assets	(127,243,515)	(286,293)	8,078
Restatement for prior year errors - secured promissary note	(3,510,000)		
Restatement for prior year errors - restricted cash with fiscal agents	(3,159,657)		
Net position/fund balances as of July 1, 2017, as restated	\$ 721,450,704	\$ 684,419,955	\$ 35,751,785



A wide-angle photograph of a desert landscape at sunset. The sun is low on the horizon, creating a bright orange and yellow glow across the sky and casting long, dark shadows. In the foreground, a large, tall Saguaro cactus stands prominently on the right side. The ground is rocky and covered with sparse, dry vegetation. In the background, a range of mountains is visible under the colorful sky. A blue rectangular box with a white border is overlaid in the lower center of the image, containing white text.

**Required
Supplementary
Information**

**CITY OF PEORIA, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION/OPEB LIABILITY COST-SHARING PLANS
JUNE 30, 2018**

ASRS-Pension

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability	0.571460%	0.542460%	0.526670%	0.520455%
Proportionate share of the net pension liability	\$ 89,022,329	\$ 87,558,493	\$ 82,036,552	\$ 77,009,675
Covered payroll	\$ 53,419,833	\$ 50,820,065	\$ 47,561,194	\$ 46,266,286
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	166.65%	172.29%	172.49%	166.45%
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years and additional information will be displayed as it becomes available.

ASRS-Health insurance premium benefit

	Reporting Fiscal Year (Measurement Date)
	2018 (2017)
Proportion of the net OPEB (asset)	0.577940%
Proportionate share of the net OPEB (asset)	\$ (314,630)
Covered payroll	\$ 53,419,833
Proportionate share of the net OPEB (asset) as a percentage of its covered-employee payroll	-0.59%
Plan fiduciary net position as a percentage of the total OPEB liability	103.57%

NOTE: The health insurance premium benefit schedules in the required supplementary information are intended to show information for ten years and additional information will be displayed as it becomes available.

ASRS-Long-term disability

	Reporting Fiscal Year (Measurement Date)
	2018 (2017)
Proportion of the net OPEB liability	0.569260%
Proportionate share of the net OPEB liability	\$ 206,344
Covered payroll	\$ 53,419,833
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.39%
Plan fiduciary net position as a percentage of the total OPEB liability	84.44%

NOTE: The long-term disability benefit schedules in the required supplementary information are intended to show information for ten years and additional information will be displayed as it becomes available.

**CITY OF PEORIA, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
AGENT PLANS
JUNE 30, 2018**

Public Safety Personnel Retirement System

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Peoria Police Department				
Total pension liability				
Service cost	\$ 3,497,564	\$ 2,658,484	\$ 2,557,053	\$ 2,556,976
Interest on the total pension liability	8,207,737	7,450,121	7,075,581	6,074,980
Changes in benefit terms	1,019,089	6,569,592	-	1,228,208
Differences between expected and actual experience in the measurement of the pension liability	5,141,159	(1,372,059)	341,776	(672,105)
Changes of assumptions or other inputs	2,469,996	4,270,128	-	8,103,978
Benefit payments, including refunds of employee contributions	(5,213,832)	(5,716,802)	(4,791,028)	(4,300,112)
Net change in total pension liability	15,121,713	13,859,464	5,183,382	12,991,925
Total pension liability - beginning	110,294,625	96,435,161	91,251,779	78,259,854
Total pension liability - ending (a)	<u>\$ 125,416,338</u>	<u>\$ 110,294,625</u>	<u>\$ 96,435,161</u>	<u>\$ 91,251,779</u>
Plan fiduciary net position				
Contributions - employer	\$ 5,122,411	\$ 4,729,872	\$ 3,254,563	\$ 2,907,800
Contributions - employee	2,723,948	1,732,502	1,689,030	1,491,406
Net investment income	6,734,348	320,234	1,821,818	5,954,387
Benefit payments, including refunds of employee contributions	(5,213,832)	(5,716,802)	(4,791,028)	(4,300,112)
Administrative expense	(59,988)	(46,480)	(44,835)	-
Other changes	(21,848)	37,100	(56,762)	(1,313,936)
Net change in plan fiduciary net position	9,285,039	1,056,426	1,872,786	4,739,545
Plan fiduciary net position - beginning	52,863,375	51,806,949	49,934,163	45,194,618
Plan fiduciary net position - ending (b)	<u>\$ 62,148,414</u>	<u>\$ 52,863,375</u>	<u>\$ 51,806,949</u>	<u>\$ 49,934,163</u>
Net pension liability/(asset) - ending (a)-(b)	63,267,924	57,431,250	44,628,212	41,317,616
Plan fiduciary net position as a percentage of the total pension liability	49.55%	47.93%	53.72%	54.72%
Covered valuation payroll	\$ 15,387,963	\$ 13,992,947	\$ 13,449,859	\$ 13,035,510
Net pension liability/(asset) as a percentage of covered-employee payroll	411.15%	410.43%	331.81%	316.96%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years and additional information will be displayed as it becomes available.

**CITY OF PEORIA, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
AGENT PLANS
JUNE 30, 2018**

Public Safety Personnel Retirement System

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Peoria Fire Department				
Total pension liability				
Service cost	\$ 3,111,892	\$ 2,379,652	\$ 2,056,517	\$ 2,013,025
Interest on the total pension liability	6,395,230	5,434,649	4,952,998	4,197,224
Changes in benefit terms	466,111	6,700,272	-	453,523
Differences between expected and actual experience in the measurement of the pension liability	1,834,916	86,478	809,490	660,641
Changes of assumptions or other inputs	1,708,934	3,273,059	-	3,815,327
Benefit payments, including refunds of employee contributions	(2,663,473)	(1,739,905)	(1,949,881)	(1,117,704)
Net change in total pension liability	10,853,610	16,134,205	5,869,124	10,022,036
Total pension liability - beginning	85,045,529	68,911,324	63,042,200	53,020,164
Total pension liability - ending (a)	<u>\$ 95,899,139</u>	<u>\$ 85,045,529</u>	<u>\$ 68,911,324</u>	<u>\$ 63,042,200</u>
Plan fiduciary net position				
Contributions - employer	\$ 3,596,394	\$ 3,162,518	\$ 1,866,365	\$ 1,885,422
Contributions - employee	1,593,634	1,375,202	1,238,541	1,168,186
Net investment income	6,425,067	298,901	1,710,692	5,369,649
Benefit payments, including refunds of employee contributions	(2,663,473)	(1,739,905)	(1,949,881)	(1,117,704)
Administrative expense	(57,251)	(43,410)	(42,126)	-
Other changes	671	87,273	(35,356)	(1,063,021)
Net change in plan fiduciary net position	8,895,042	3,140,579	2,788,235	6,242,532
Plan fiduciary net position - beginning	51,943,505	48,802,926	46,014,691	39,772,159
Plan fiduciary net position - ending (b)	<u>\$ 60,838,547</u>	<u>\$ 51,943,505</u>	<u>\$ 48,802,926</u>	<u>\$ 46,014,691</u>
Net pension liability/(asset) - ending (a)-(b)	35,060,592	33,102,024	20,108,398	17,027,509
Plan fiduciary net position as a percentage of the total pension liability	63.44%	61.08%	70.82%	72.99%
Covered valuation payroll	\$ 11,543,146	\$ 11,796,929	\$ 11,068,029	\$ 10,934,868
Net pension liability/(asset) as a percentage of covered-employee payroll	303.74%	280.60%	181.68%	155.72%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years and additional information will be displayed as it becomes available.

**CITY OF PEORIA, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
AGENT PLANS
JUNE 30, 2018**

Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)
	2018 (2017)
Peoria Police Department	
Total OPEB liability	
Service cost	\$ 50,779
Interest on the total OPEB liability	167,590
Changes in benefit terms	6,476
Differences between expected and actual experience in the measurement of the OPEB liability	19,591
Changes of assumptions or other inputs	(159,009)
Benefit payments, including refunds of employee contributions	<u>(111,290)</u>
Net change in total OPEB liability	(25,863)
Total OPEB liability - beginning	<u>2,264,788</u>
Total OPEB liability - ending (a)	<u><u>\$ 2,238,925</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 66,083
Contributions - employee	-
Net investment income	208,162
Benefit payments, including refunds of employee contributions	(111,290)
Administrative expense	(1,842)
Other changes	<u>-</u>
Net change in plan fiduciary net position	161,113
Plan fiduciary net position - beginning	<u>1,789,146</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,950,259</u></u>
Net OPEB liability/(asset) - ending (a)-(b)	288,666
Plan fiduciary net position as a percentage of the total OPEB liability	87.11%
Covered valuation payroll	\$ 15,387,963
Net OPEB liability/(asset) as a percentage of covered-employee payroll	1.88%

NOTE: The OPEB schedules in the required supplementary information are intended to show information for ten years and additional information will be displayed as it becomes available.

**CITY OF PEORIA, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
AGENT PLANS
JUNE 30, 2018**

Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)
	<u>2018 (2017)</u>
Peoria Fire Department	
Total OPEB liability	
Service cost	\$ 39,357
Interest on the total OPEB liability	119,494
Changes in benefit terms	5,572
Differences between expected and actual experience in the measurement of the OPEB liability	175,598
Changes of assumptions or other inputs	(140,066)
Benefit payments, including refunds of employee contributions	(66,108)
Net change in total OPEB liability	133,847
Total OPEB liability - beginning	1,606,635
Total OPEB liability - ending (a)	<u>\$ 1,740,482</u>
Plan fiduciary net position	
Contributions - employer	\$ 31,072
Contributions - employee	-
Net investment income	176,536
Benefit payments, including refunds of employee contributions	(66,108)
Administrative expense	(1,563)
Other changes	-
Net change in plan fiduciary net position	139,937
Plan fiduciary net position - beginning	1,520,643
Plan fiduciary net position - ending (b)	<u>\$ 1,660,580</u>
Net OPEB liability/(asset) - ending (a)-(b)	79,902
Plan fiduciary net position as a percentage of the total OPEB liability	95.41%
Covered valuation payroll	\$ 11,543,146
Net OPEB liability/(asset) as a percentage of covered-employee payroll	0.69%

NOTE: The OPEB schedules in the required supplementary information are intended to show information for ten years and additional information will be displayed as it becomes available.

**CITY OF PEORIA, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION/OPEB CONTRIBUTIONS
JUNE 30, 2018**

	Reporting Fiscal Year				
	2018	2017	2016	2015	2014
Arizona State Retirement System - Pension					
Statutorily required contribution	\$ 5,923,393	\$ 5,758,658	\$ 5,513,977	\$ 5,458,945	\$ 5,019,946
Actual contributions in relation to the statutorily required contribution	<u>5,923,393</u>	<u>5,758,658</u>	<u>5,513,977</u>	<u>5,458,945</u>	<u>5,019,946</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 54,343,055</u>	<u>\$ 53,419,833</u>	<u>\$ 50,820,065</u>	<u>\$ 47,561,194</u>	<u>\$ 46,266,286</u>
Actual contribution as a percentage of covered payroll	10.90%	10.78%	10.85%	11.48%	10.85%
Arizona State Retirement System - Health Insurance					
Statutorily required contribution	\$ 239,109				
Actual contributions in relation to the statutorily required contribution	<u>239,109</u>				
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 54,343,055</u>				
Actual contribution as a percentage of covered payroll	0.44%				
Arizona State Retirement System - Long-term disability					
Statutorily required contribution	\$ 86,949				
Actual contributions in relation to the statutorily required contribution	<u>86,949</u>				
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 54,343,055</u>				
Actual contribution as a percentage of covered payroll	0.16%				
Public Safety Personnel Retirement System - Pension					
Peoria Police Department					
Statutorily required contribution	\$ 8,917,938	\$ 5,039,558	\$ 4,406,379	\$ 3,235,398	\$ 2,907,800
Actual contributions in relation to the statutorily required contribution	<u>6,634,245</u>	<u>5,039,558</u>	<u>4,696,546</u>	<u>3,235,398</u>	<u>2,907,800</u>
Contribution deficiency (excess)	<u>\$ 2,283,693</u>	<u>\$ -</u>	<u>\$ (290,167)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 16,153,506</u>	<u>\$ 15,387,963</u>	<u>\$ 13,992,947</u>	<u>\$ 13,449,859</u>	<u>\$ 13,035,510</u>
Actual contribution as a percentage of covered payroll	41.07%	32.75%	33.56%	24.06%	22.31%
Peoria Fire Department					
Statutorily required contribution	\$ 5,721,681	\$ 2,711,485	\$ 2,568,191	\$ 1,842,016	\$ 1,885,422
Actual contributions in relation to the statutorily required contribution	<u>3,794,886</u>	<u>2,976,968</u>	<u>2,747,609</u>	<u>1,842,016</u>	<u>1,885,422</u>
Contribution deficiency (excess)	<u>\$ 1,926,795</u>	<u>\$ (265,483)</u>	<u>\$ (179,418)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 12,085,624</u>	<u>\$ 11,543,146</u>	<u>\$ 11,796,929</u>	<u>\$ 11,068,029</u>	<u>\$ 10,934,868</u>
Actual contribution as a percentage of covered payroll	31.40%	25.79%	23.29%	16.64%	17.24%
Public Safety Personnel Retirement System - OPEB					
Peoria Police Department					
Statutorily required contribution	\$ 79,152				
Actual contributions in relation to the statutorily required contribution	<u>79,152</u>				
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 16,153,506</u>				
Actual contribution as a percentage of covered payroll	0.49%				
Peoria Fire Department					
Statutorily required contribution	\$ 35,048				
Actual contributions in relation to the statutorily required contribution	<u>35,048</u>				
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 12,085,624</u>				
Actual contribution as a percentage of covered payroll	0.29%				

NOTE: The pension/OPEB schedules in the required supplementary information are intended to show information for ten years and additional information will be displayed as it becomes available.

**CITY OF PEORIA, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 NOTES TO PENSION/OPEB PLAN SCHEDULES
 JUNE 30, 2018**

Note 1 – Actuarially Determined Contribution Rates

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age method
Amortization method	Level percent-of-pay, Closed
Remaining amortization period	20 years
Asset valuation method	7-year smoothed market value 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.40%
Projected salary increases	3.5%-7.5%
Wage growth	3.5%
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 to June 30, 2011
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

Note 2 – Factors that Affect Trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes will increase the PSPRS required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. The City refunded excess employee contributions to PSPRS members. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City's pension contributions were less than the actuarially or statutorily determined contributions for 2018.



A wide-angle photograph of a desert landscape at sunset. The sky is filled with soft, golden light and scattered clouds. In the foreground, there are several tall, columnar cacti and some low-lying desert shrubs. The middle ground shows a vast, flat desert plain extending to a range of low mountains in the distance. A dark blue rectangular box with a white border is positioned in the lower center of the image, containing white text.

**Combining
Statements
& Budgetary
Schedules**

Combining Fund Financial Statements and Budgetary Schedules

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

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

Debt Service Funds

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

General Obligation (GO) 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.

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
GENERAL OBLIGATION BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 16,782,346	\$ 16,782,346	\$ 16,868,610	\$ 86,264
Investment earnings	125,000	125,000	153,219	28,219
Total revenues	<u>16,907,346</u>	<u>16,907,346</u>	<u>17,021,829</u>	<u>114,483</u>
EXPENDITURES:				
Current:				
Debt service:				
Principal payments	11,160,000	21,660,000	11,160,000	(10,500,000)
Interest and other charges	6,345,824	6,345,824	5,448,719	(897,105)
Payment to bond escrow agent	-	-	10,475,797	10,475,797
Total expenditures	<u>17,505,824</u>	<u>28,005,824</u>	<u>27,084,516</u>	<u>(921,308)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(598,478)</u>	<u>(11,098,478)</u>	<u>(10,062,687)</u>	<u>1,035,791</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(500,000)	(500,000)	-	500,000
Transfers in	-	-	419,914	419,914
Total other financing sources and uses	<u>(500,000)</u>	<u>(500,000)</u>	<u>419,914</u>	<u>919,914</u>
Net change in fund balances	<u>(1,098,478)</u>	<u>(11,598,478)</u>	<u>(9,642,773)</u>	<u>1,955,705</u>
Fund balances - beginning	21,091,728	21,091,728	25,529,967	4,438,239
Fund balances - ending	<u>\$ 19,993,250</u>	<u>\$ 9,493,250</u>	<u>\$ 15,887,194</u>	<u>\$ 6,393,944</u>

NON-MAJOR GOVERNMENTAL FUNDS

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

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

Public Transit Fund

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

Other Grants Fund

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

Debt Service Funds

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

Municipal Development Authority (MDA) Bonds Debt Service Fund

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

Community Facilities District (CFD) Bonds Debt Service Fund

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

Special Assessment Bonds Debt Service Fund

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

Non-Bond Debt Service Fund

This fund accounts for all non-general obligation bond debt service payments of the City.

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 and Vistancia West 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.

General Obligation (GO) Bond Capital Projects Fund

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

Non-Bond Capital Projects Fund

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

**CITY OF PEORIA, ARIZONA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds		Debt Service Funds		
	Public Transit Fund	Other Grants Fund	Municipal Development Authority Debt	CFD Bonds	Non-Bond
ASSETS & DEFERRED OUTFLOWS					
Pooled cash and investments	\$ 1,305,316	\$ 3,255,845	\$ 5,166,537	\$ 166,015	\$ -
Accounts receivable, net	236,454	8,652	-	6,232	-
Interest receivable	4,592	10,480	20,258	2,461	-
Due from other governments	57,832	1,216,053	-	24,756	-
Restricted cash with fiscal agents	-	-	2,597,689	3,871,269	11,971
Restricted investments	-	-	-	-	-
Total assets	<u>\$ 1,604,194</u>	<u>\$ 4,491,030</u>	<u>\$ 7,784,484</u>	<u>\$ 4,070,733</u>	<u>\$ 11,971</u>
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES					
Liabilities:					
Accounts payable	\$ 217,870	\$ 63,329	\$ -	\$ 900	\$ -
Accrued payroll	9,670	24,360	-	-	-
Due to other funds	-	33,767	-	-	-
Other liabilities	-	-	-	-	-
Unearned revenue-other	-	20,929	-	-	-
Total liabilities	<u>227,540</u>	<u>142,385</u>	<u>-</u>	<u>900</u>	<u>-</u>
Deferred inflows of resources:					
Unavailable revenue-property taxes	-	-	-	6,232	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,232</u>	<u>-</u>
Fund balances:					
Restricted for:					
Debt service	-	-	7,784,484	4,063,601	11,971
Capital projects	-	-	-	-	-
Grant purposes	1,376,654	1,256,176	-	-	-
Committed for:					
Arts capital	-	3,092,469	-	-	-
Assigned to:					
Capital projects	-	-	-	-	-
Total fund balance	<u>1,376,654</u>	<u>4,348,645</u>	<u>7,784,484</u>	<u>4,063,601</u>	<u>11,971</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 1,604,194</u>	<u>\$ 4,491,030</u>	<u>\$ 7,784,484</u>	<u>\$ 4,070,733</u>	<u>\$ 11,971</u>

(continued)

**CITY OF PEORIA, ARIZONA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>Capital Project Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>GO Bond Capital Projects Fund</u>	<u>Non-Bond</u>	
ASSETS & DEFERRED OUTFLOWS			
Pooled cash and investments	\$ 112,538	\$ 19,002,175	\$ 29,008,426
Accounts receivable, net	-	-	251,338
Interest receivable	3,273	46,368	87,432
Due from other governments	-	2,000,153	3,298,794
Restricted cash with fiscal agents		5,164,304	11,645,233
Restricted investments	4,928,360	-	4,928,360
Total assets	<u>\$ 5,044,171</u>	<u>\$ 26,213,000</u>	<u>\$ 49,219,583</u>
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,172,409	\$ 222,090	\$ 1,676,598
Accrued payroll	-	-	34,030
Due to other funds	929,569	3,432,644	4,395,980
Other liabilities	126,110	226,880	352,990
Unearned revenue-other	-	1,186,827	1,207,756
Total liabilities	<u>2,228,088</u>	<u>5,068,441</u>	<u>7,667,354</u>
Deferred inflows of resources:			
Unavailable revenue-property taxes	-	-	6,232
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>6,232</u>
Fund balances:			
Restricted for:			
Debt service	-	-	11,860,056
Capital projects	2,816,083	-	2,816,083
Grant purposes	-	-	2,632,830
Committed for:			
Arts capital	-	-	3,092,469
Assigned to:			
Capital projects	-	21,144,559	21,144,559
Total fund balance	<u>2,816,083</u>	<u>21,144,559</u>	<u>41,545,997</u>
Total liabilities, deferred inflows & fund balance	<u>\$ 5,044,171</u>	<u>\$ 26,213,000</u>	<u>\$ 49,219,583</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, 2018

	Special Revenue Funds		Debt Service Funds		
	Public Transit Fund	Other Grants Fund	Municipal Development Authority Debt	CFD Bonds	Non-Bond
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ 3,178,023	\$ -
Intergovernmental	655,475	3,192,413	-	-	-
Charges for service	32,461	418,696	-	-	-
Fines and forfeitures	-	87,341	-	-	-
Investment earnings	26,101	59,573	115,144	13,990	42
Miscellaneous	234,800	224,896	-	1,431,648	-
Total revenues	<u>948,837</u>	<u>3,982,919</u>	<u>115,144</u>	<u>4,623,661</u>	<u>42</u>
EXPENDITURES:					
Current:					
General government	-	385,619	3,699	29,532	-
Culture and recreation	-	831,812	-	-	-
Public safety	-	1,095,073	-	-	-
Development services	-	510,206	-	-	-
Highways and streets	-	-	-	-	-
Public works	-	33,767	-	-	-
Human services	2,159,206	288,737	-	-	-
Debt service:					
Principal payments	-	-	2,250,000	2,773,000	-
Interest and other charges	-	-	2,149,842	1,716,290	156,549
Payment to bond escrow agent	-	-	3,128,884	-	-
Capital outlay	203,352	1,679,141	-	-	-
Total expenditures	<u>2,362,558</u>	<u>4,824,355</u>	<u>7,532,425</u>	<u>4,518,822</u>	<u>156,549</u>
Excess (deficiency) of revenues over expenditures	<u>(1,413,721)</u>	<u>(841,436)</u>	<u>(7,417,281)</u>	<u>104,839</u>	<u>(156,507)</u>
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	-	-	28,975,000	-	-
Issuance of debt	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	(28,814,053)	-	-
Transfers in	1,500,000	-	7,560,658	123,961	168,478
Transfers out	-	(291,333)	(168,478)	-	-
Total other financing sources and uses	<u>1,500,000</u>	<u>(291,333)</u>	<u>7,553,127</u>	<u>123,961</u>	<u>168,478</u>
Net change in fund balances	<u>86,279</u>	<u>(1,132,769)</u>	<u>135,846</u>	<u>228,800</u>	<u>11,971</u>
Fund balances - beginning	1,290,375	5,481,414	7,648,638	3,834,801	-
Restatement	-	-	-	-	-
Fund balances - beginning - restated	<u>1,290,375</u>	<u>5,481,414</u>	<u>7,648,638</u>	<u>3,834,801</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,376,654</u>	<u>\$ 4,348,645</u>	<u>\$ 7,784,484</u>	<u>\$ 4,063,601</u>	<u>\$ 11,971</u>

(continued)

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Debt Service Fund	Capital Project Funds			Total Non-Major Governmental Funds
	Special Assessment Bonds	CFD Bonds	GO Bond Capital Projects Fund	Non-Bond	
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,178,023
Intergovernmental	-	-	-	3,716,054	7,563,942
Charges for service	-	-	-	-	451,157
Fines and forfeitures	-	-	-	-	87,341
Investment earnings	14,078	1,491	117,291	298,157	645,867
Miscellaneous	-	-	25,237	-	1,916,581
Total revenues	<u>14,078</u>	<u>1,491</u>	<u>142,528</u>	<u>4,014,211</u>	<u>13,842,911</u>
EXPENDITURES:					
Current:					
General government	-	-	-	33,476	452,326
Culture and recreation	-	-	-	-	831,812
Public safety	-	-	-	-	1,095,073
Development services	-	-	-	-	510,206
Highways and streets	-	-	1,498,416	627,195	2,125,611
Public works	-	-	-	-	33,767
Human services	-	-	-	-	2,447,943
Debt service:					
Principal payments	2,130,000	-	-	1,170,000	8,323,000
Interest and other charges	90,825	-	-	143,030	4,256,536
Payment to bond escrow agent	-	-	-	-	3,128,884
Capital outlay	-	-	6,916,523	6,307,841	15,106,857
Total expenditures	<u>2,220,825</u>	<u>-</u>	<u>8,414,939</u>	<u>8,281,542</u>	<u>38,312,015</u>
Excess (deficiency) of revenues over expenditures	<u>(2,206,747)</u>	<u>1,491</u>	<u>(8,272,411)</u>	<u>(4,267,331)</u>	<u>(24,469,104)</u>
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	-	-	-	-	28,975,000
Issuance of debt	-	-	-	5,199,304	5,199,304
Payment to bond refunding escrow agent	-	-	-	-	(28,814,053)
Transfers in	-	-	-	253,719	9,606,816
Transfers out	(104,561)	(123,960)	(419,914)	-	(1,108,246)
Total other financing sources and uses	<u>(104,561)</u>	<u>(123,960)</u>	<u>(419,914)</u>	<u>5,453,023</u>	<u>13,858,821</u>
Net change in fund balances	<u>(2,311,308)</u>	<u>(122,469)</u>	<u>(8,692,325)</u>	<u>1,185,692</u>	<u>(10,610,283)</u>
Fund balances - beginning	2,311,308	3,282,126	11,508,408	19,958,867	55,315,937
Restatement	-	(3,159,657)	-	-	(3,159,657)
Fund balances - beginning - restated	<u>2,311,308</u>	<u>122,469</u>	<u>11,508,408</u>	<u>19,958,867</u>	<u>52,156,280</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,816,083</u>	<u>\$ 21,144,559</u>	<u>\$ 41,545,997</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
PUBLIC TRANSIT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 745,000	\$ 745,000	\$ 655,475	\$ (89,525)
Charges for services	241,000	241,000	32,461	(208,539)
Investment earnings	3,000	3,000	26,101	23,101
Miscellaneous	20,000	20,000	234,800	214,800
Total inflows	<u>1,009,000</u>	<u>1,009,000</u>	<u>948,837</u>	<u>(60,163)</u>
EXPENDITURES:				
Current:				
Human services	2,825,407	2,825,914	2,159,206	(666,708)
Capital outlay	7,930	223,609	203,352	(20,257)
Total expenditures	<u>2,833,337</u>	<u>3,049,523</u>	<u>2,362,558</u>	<u>(686,965)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,824,337)</u>	<u>(2,040,523)</u>	<u>(1,413,721)</u>	<u>626,802</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(100,000)	(37,000)	-	37,000
Transfers in	1,500,000	1,500,000	1,500,000	-
Total other financing sources and uses	<u>1,400,000</u>	<u>1,463,000</u>	<u>1,500,000</u>	<u>37,000</u>
Net change in fund balances	<u>(424,337)</u>	<u>(577,523)</u>	<u>86,279</u>	<u>663,802</u>
Fund balances - beginning	1,062,361	1,062,361	1,290,375	228,014
Fund balances - ending	<u>\$ 638,024</u>	<u>\$ 484,838</u>	<u>\$ 1,376,654</u>	<u>\$ 891,816</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
OTHER GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ 6,334,881	\$ 6,334,881	\$ 3,192,413	\$ (3,142,468)
Charges for services	1,765,825	1,765,825	418,696	(1,347,129)
Fines and forfeitures	160,000	160,000	87,341	(72,659)
Investment earnings	31,900	31,900	59,573	27,673
Miscellaneous	16,433	16,433	224,896	208,463
Total revenues	<u>8,309,039</u>	<u>8,309,039</u>	<u>3,982,919</u>	<u>(4,326,120)</u>
EXPENDITURES:				
Current:				
General government	374,674	911,719	385,619	(526,100)
Culture and recreation	923,017	969,015	831,812	(137,203)
Public safety	681,949	1,580,589	1,095,073	(485,516)
Development services	1,352,064	1,572,668	510,206	(1,062,462)
Public works	-	-	33,767	33,767
Human Services	659,877	442,699	288,737	(153,962)
Capital outlay	1,545,702	2,069,100	1,679,141	(389,959)
Total expenditures	<u>5,537,283</u>	<u>7,545,790</u>	<u>4,824,355</u>	<u>(2,721,435)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,771,756</u>	<u>763,249</u>	<u>(841,436)</u>	<u>(1,604,685)</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(3,200,000)	(1,051,759)	-	1,051,759
Transfers out	(291,333)	(291,333)	(291,333)	-
Total other financing sources and uses	<u>(3,491,333)</u>	<u>(1,343,092)</u>	<u>(291,333)</u>	<u>1,051,759</u>
Net change in fund balances	<u>(719,577)</u>	<u>(579,843)</u>	<u>(1,132,769)</u>	<u>(552,926)</u>
Fund balances - beginning	5,208,214	5,208,214	5,481,414	273,200
Fund balances - ending	<u>\$ 4,488,637</u>	<u>\$ 4,628,371</u>	<u>\$ 4,348,645</u>	<u>\$ (279,726)</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) DEBT, DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment earnings	\$ 15,000	\$ 15,000	\$ 115,144	\$ 100,144
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>115,144</u>	<u>100,144</u>
EXPENDITURES:				
Current:				
General government	-	-	3,699	3,699
Debt service:				
Principal payments	4,850,000	4,850,000	2,250,000	(2,600,000)
Interest and other charges	3,450,733	3,294,183	2,149,842	(1,144,341)
Payment to bond escrow agent	-	-	3,128,884	3,128,884
Total expenditures	<u>8,300,733</u>	<u>8,144,183</u>	<u>7,532,425</u>	<u>(611,758)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,285,733)</u>	<u>(8,129,183)</u>	<u>(7,417,281)</u>	<u>711,902</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(210,000)	(210,000)	-	210,000
Refunding bonds issued	-	-	28,975,000	28,975,000
Payment to bond refunding escrow agent	-	-	(28,814,053)	(28,814,053)
Transfers in	7,560,658	7,560,658	7,560,658	-
Transfers out	-	-	(168,478)	(168,478)
Total other financing sources and uses	<u>7,350,658</u>	<u>7,350,658</u>	<u>7,553,127</u>	<u>202,469</u>
Net change in fund balances	<u>(935,075)</u>	<u>(778,525)</u>	<u>135,846</u>	<u>914,371</u>
Fund balances - beginning	7,619,596	7,619,596	7,648,638	29,042
Fund balances - ending	<u>\$ 6,684,521</u>	<u>\$ 6,841,071</u>	<u>\$ 7,784,484</u>	<u>\$ 943,413</u>

**CITY OF PEORIA, ARIZONA
 BUDGETARY COMPARISON SCHEDULE
 COMMUNITY FACILITIES DISTRICT (CFD) BONDS DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 3,186,371	\$ 3,186,371	\$ 3,178,023	\$ (8,348)
Investment earnings	-	-	13,990	13,990
Miscellaneous	1,971,419	1,971,419	1,431,648	(539,771)
Total revenues	<u>5,157,790</u>	<u>5,157,790</u>	<u>4,623,661</u>	<u>(534,129)</u>
EXPENDITURES:				
Current:				
General government	570,000	570,000	29,532	(540,468)
Debt service:				
Principal payments	2,873,000	2,873,000	2,773,000	(100,000)
Interest and other charges	1,709,790	1,709,790	1,716,290	6,500
Total expenditures	<u>5,152,790</u>	<u>5,152,790</u>	<u>4,518,822</u>	<u>(633,968)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,000</u>	<u>5,000</u>	<u>104,839</u>	<u>99,839</u>
OTHER FINANCING SOURCES (USES):				
Contingencies	(5,000)	(5,000)	-	5,000
Transfers in	-	-	123,961	123,961
Total other financing sources and uses	<u>(5,000)</u>	<u>(5,000)</u>	<u>123,961</u>	<u>128,961</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>228,800</u>	<u>228,800</u>
Fund balances - beginning	-	-	3,834,801	3,834,801
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,063,601</u>	<u>\$ 4,063,601</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENT DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 14,078	\$ 14,078
Total revenues	<u>-</u>	<u>-</u>	<u>14,078</u>	<u>14,078</u>
EXPENDITURES:				
Debt service:				
Principal payments	2,151,300	2,151,300	2,130,000	(21,300)
Interest and other charges	145,526	145,526	90,825	(54,701)
Total expenditures	<u>2,296,826</u>	<u>2,296,826</u>	<u>2,220,825</u>	<u>(76,001)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,296,826)</u>	<u>(2,296,826)</u>	<u>(2,206,747)</u>	<u>90,079</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(104,561)	(104,561)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(104,561)</u>	<u>(104,561)</u>
Net change in fund balances	<u>(2,296,826)</u>	<u>(2,296,826)</u>	<u>(2,311,308)</u>	<u>(14,482)</u>
Fund balances - beginning	2,296,989	2,296,989	2,311,308	14,319
Fund balances - ending	<u>\$ 163</u>	<u>\$ 163</u>	<u>\$ -</u>	<u>\$ (163)</u>

**CITY OF PEORIA, ARIZONA
 BUDGETARY COMPARISON SCHEDULE
 NON-BOND DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 42	\$ 42
Total revenues	<u>-</u>	<u>-</u>	<u>42</u>	<u>42</u>
EXPENDITURES:				
Debt service:				
Interest and other charges	-	156,550	156,549	(1)
Total expenditures	<u>-</u>	<u>156,550</u>	<u>156,549</u>	<u>(1)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(156,550)</u>	<u>(156,507)</u>	<u>43</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	168,478	168,478
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>168,478</u>	<u>168,478</u>
Net change in fund balances	<u>-</u>	<u>(156,550)</u>	<u>11,971</u>	<u>168,521</u>
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ (156,550)</u>	<u>\$ 11,971</u>	<u>\$ 168,521</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT (CFD) BONDS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 1,491	\$ 1,491
Total revenues	<u>-</u>	<u>-</u>	<u>1,491</u>	<u>1,491</u>
EXPENDITURES:				
Current:				
Debt service:				
Interest and other charges	400,000	400,000	-	(400,000)
Capital outlay	2,600,000	2,600,000	-	(2,600,000)
Total expenditures	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>	<u>(3,000,000)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>1,491</u>	<u>3,001,491</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	3,000,000	3,000,000	-	(3,000,000)
Transfers out	-	-	(123,960)	(123,960)
Total other financing sources and uses	<u>3,000,000</u>	<u>3,000,000</u>	<u>(123,960)</u>	<u>(3,123,960)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(122,469)</u>	<u>(122,469)</u>
Fund balances - beginning	-	-	3,282,126	3,282,126
Restatement	-	-	(3,159,657)	(3,159,657)
Fund balances - beginning - restated	<u>-</u>	<u>-</u>	<u>122,469</u>	<u>122,469</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF PEORIA, ARIZONA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL OBLIGATION (GO) BOND CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Investment earnings	\$ 60,000	\$ 60,000	\$ 117,291	\$ 57,291
Miscellaneous	-	-	25,237	25,237
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>142,528</u>	<u>82,528</u>
EXPENDITURES:				
Current:				
Highways and streets	1,508,501	1,213,162	1,498,416	285,254
Capital outlay	<u>42,751,547</u>	<u>42,233,137</u>	<u>6,916,523</u>	<u>(35,316,614)</u>
Total expenditures	<u>44,260,048</u>	<u>43,446,299</u>	<u>8,414,939</u>	<u>(35,031,360)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,200,048)</u>	<u>(43,386,299)</u>	<u>(8,272,411)</u>	<u>35,113,888</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	29,726,471	29,726,471	-	(29,726,471)
Contingencies	(400,000)	(255,905)	-	255,905
Transfers out	-	-	(419,914)	(419,914)
Total other financing sources and uses	<u>29,326,471</u>	<u>29,470,566</u>	<u>(419,914)</u>	<u>(29,890,480)</u>
Net change in fund balances	<u>(14,873,577)</u>	<u>(13,915,733)</u>	<u>(8,692,325)</u>	<u>5,223,408</u>
Fund balances - beginning	15,798,579	15,798,579	11,508,408	(4,290,171)
Fund balances - ending	<u>\$ 925,002</u>	<u>\$ 1,882,846</u>	<u>\$ 2,816,083</u>	<u>\$ 933,237</u>

**CITY OF PEORIA, ARIZONA
BUDGETARY COMPARISON SCHEDULE
NON-BOND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue	\$ -	\$ -	\$ 3,716,054	\$ 3,716,054
Investment earnings	84,800	84,800	298,157	213,357
Miscellaneous	8,653,601	8,653,601	-	(8,653,601)
Total revenues	<u>8,738,401</u>	<u>8,738,401</u>	<u>4,014,211</u>	<u>(4,724,190)</u>
EXPENDITURES:				
Current:				
General government	-	40,457	33,476	(6,981)
Highways and streets	278,354	265,645	627,195	361,550
Debt service:				
Principal payments	-	-	1,170,000	1,170,000
Interest and other charges	-	-	143,030	143,030
Capital outlay	26,083,258	34,973,649	6,307,841	(28,665,808)
Total expenditures	<u>26,361,612</u>	<u>35,279,751</u>	<u>8,281,542</u>	<u>(26,998,209)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,623,211)</u>	<u>(26,541,350)</u>	<u>(4,267,331)</u>	<u>22,274,019</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	5,199,304	5,199,304
Contingencies	(2,000,000)	(1,393,472)	-	1,393,472
Transfers in	-	-	253,719	253,719
Total other financing sources and uses	<u>(2,000,000)</u>	<u>(1,393,472)</u>	<u>5,453,023</u>	<u>6,846,495</u>
Net change in fund balances	<u>(19,623,211)</u>	<u>(27,934,822)</u>	<u>1,185,692</u>	<u>29,120,514</u>
Fund balances - beginning	23,565,229	23,565,229	19,958,867	(3,606,362)
Fund balances - ending	<u>\$ 3,942,018</u>	<u>\$ (4,369,593)</u>	<u>\$ 21,144,559</u>	<u>\$ 25,514,152</u>



INTERNAL SERVICE FUNDS

Motor Pool Fund

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

Self-Insurance Fund

The Self-Insurance Fund is responsible for the administration of the self-insurance programs, including liability and property damage, workers' compensation insurance, and employee health insurance. This fund provides the excess insurance coverage for claims over the self-insurance limits; claims under the limits are charged directly to the Self-Insurance Fund.

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 POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

	Motor Pool Fund	Self- Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
ASSETS					
Current assets:					
Pooled cash and investments	\$ 9,596,670	\$ 10,935,003	\$ 310,752	\$ 4,037,975	\$ 24,880,400
Restricted pooled cash and investments	-	8,998,677	-	-	8,998,677
Accounts receivable, net	-	97	-	8,944	9,041
Interest receivable	21,482	88,560	850	7,927	118,819
Prepaid items	-	65,200	-	-	65,200
Supplies inventory	183,978	-	-	-	183,978
Total current assets	9,802,130	20,087,537	311,602	4,054,846	34,256,115
Non-current assets:					
Restricted assets:					
Investments	-	7,750,510	-	-	7,750,510
Total restricted assets	-	7,750,510	-	-	7,750,510
Capital assets:					
Buildings and improvements	-	-	-	148,102	148,102
Equipment & furniture	598,089	-	-	36,746,356	37,344,445
Vehicles	28,157,459	-	-	-	28,157,459
Less accumulated depreciation	(16,852,716)	-	-	(34,786,383)	(51,639,099)
Construction in progress	-	-	-	228,121	228,121
Total capital assets, net	11,902,832	-	-	2,336,196	14,239,028
Net pension and other postemployment benefits asset	4,076	-	11,779	19,801	35,656
Total assets	21,709,038	27,838,047	323,381	6,410,843	56,281,309
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	194,686	-	562,641	945,830	1,703,157
Total deferred outflows of resources	194,686	-	562,641	945,830	1,703,157
LIABILITIES					
Current liabilities:					
Accounts payable	93,726	2,890,711	58,787	48,747	3,091,971
Accrued payroll	22,053	3,124	59,300	112,580	197,057
Current portion of claims payable	-	4,595,196	-	-	4,595,196
Current portion of compensated absences	71,240	13,180	203,730	317,300	605,450
Total current liabilities	187,019	7,502,211	321,817	478,627	8,489,674
Non-current liabilities:					
Long-term portion of claims payable	-	1,363,386	-	-	1,363,386
Compensated absences	55,060	12,810	224,220	251,690	543,780
Net pension and other postemployment benefits liability	1,155,899	-	3,340,547	5,615,634	10,112,080
Total non-current liabilities	1,210,959	1,376,196	3,564,767	5,867,324	12,019,246
Total liabilities	1,397,978	8,878,407	3,886,584	6,345,951	20,508,920
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	74,058	-	214,026	359,791	647,875
Total deferred inflows of resources	74,058	-	214,026	359,791	647,875
NET POSITION					
Net investment in capital assets	11,902,832	-	-	2,336,196	14,239,028
Restricted - trust purpose	-	9,182,340	-	-	9,182,340
Unrestricted	8,528,856	9,777,300	(3,214,588)	(1,685,265)	13,406,303
Total net position	\$ 20,431,688	\$ 18,959,640	\$ (3,214,588)	\$ 650,931	\$ 36,827,671

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Motor Pool Fund	Self- Insurance Fund	Facilities Maintenance Fund	Information Technology Fund	Total
OPERATING REVENUES					
Charges for services	\$ 7,471,906	\$ 21,105,092	\$ 6,307,548	\$ 10,120,657	\$ 45,005,203
Miscellaneous	41,711	563,712	1,505	35,047	641,975
Total operating revenues	<u>7,513,617</u>	<u>21,668,804</u>	<u>6,309,053</u>	<u>10,155,704</u>	<u>45,647,178</u>
OPERATING EXPENSES					
Salaries, wages and employee benefits	1,073,461	237,719	2,796,367	4,103,647	8,211,194
Contractual services, materials and supplies	4,262,386	956,290	3,382,849	5,598,519	14,200,044
Insurance claims and expenses	-	21,661,955	-	-	21,661,955
Depreciation and amortization	2,005,828	-	-	836,679	2,842,507
Total operating expenses	<u>7,341,675</u>	<u>22,855,964</u>	<u>6,179,216</u>	<u>10,538,845</u>	<u>46,915,700</u>
Operating income (loss)	171,942	(1,187,160)	129,837	(383,141)	(1,268,522)
NON-OPERATING REVENUES (EXPENSES)					
Investment income	122,106	290,481	4,829	45,055	462,471
Gain (Loss) on sale of capital assets	12,678	-	-	-	12,678
Total non-operating revenues	<u>134,784</u>	<u>290,481</u>	<u>4,829</u>	<u>45,055</u>	<u>475,149</u>
Income (loss) before transfers	306,726	(896,679)	134,666	(338,086)	(793,373)
Capital contributions	489,832	-	-	128,146	617,978
Transfers in	1,140,303	-	-	1,020,681	2,160,984
Transfers out	(6,064)	(310,056)	-	(593,583)	(909,703)
Change in net position	<u>1,930,797</u>	<u>(1,206,735)</u>	<u>134,666</u>	<u>217,158</u>	<u>1,075,886</u>
Total net position - beginning	<u>18,492,608</u>	<u>20,166,375</u>	<u>(3,349,909)</u>	<u>432,596</u>	<u>35,741,670</u>
Cumulative effect of change in accounting principle	8,283	-	655	1,177	10,115
Total net position - beginning, restated	<u>18,500,891</u>	<u>20,166,375</u>	<u>(3,349,254)</u>	<u>433,773</u>	<u>35,751,785</u>
Total net position - ending	<u>\$ 20,431,688</u>	<u>\$ 18,959,640</u>	<u>\$ (3,214,588)</u>	<u>\$ 650,931</u>	<u>\$ 36,827,671</u>

**CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Motor Pool Fund</u>	<u>Self- Insurance Fund</u>	<u>Facilities Maintenance Fund</u>	<u>Information Technology Fund</u>	<u>Total</u>
Increase (decrease) in cash and cash equivalents					
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 7,513,617	\$ 21,668,804	\$ 6,309,295	\$ 10,147,581	\$ 45,639,297
Payments to suppliers	(4,324,815)	739,745	(3,366,858)	(5,700,782)	(12,652,710)
Payments to employees	(1,000,876)	(221,823)	(2,943,996)	(4,796,992)	(8,963,687)
Self-insurance costs	-	(20,624,482)	-	-	(20,624,482)
Net cash provided (used) by operating activities	<u>2,187,926</u>	<u>1,562,244</u>	<u>(1,559)</u>	<u>(350,193)</u>	<u>3,398,418</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	1,140,303	-	-	1,020,681	2,160,984
Transfers out	(6,064)	(310,056)	-	(593,583)	(909,703)
Net cash provided (used) by non-capital financing activities	<u>1,134,239</u>	<u>(310,056)</u>	<u>-</u>	<u>427,098</u>	<u>1,251,281</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(2,098,090)	-	-	437,680	(1,660,410)
Proceeds from disposal of capital assets	37,831	-	-	-	37,831
Net cash flows used by capital and related financing activities	<u>(2,060,259)</u>	<u>-</u>	<u>-</u>	<u>437,680</u>	<u>(1,622,579)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	-	(55,050)	-	-	(55,050)
Interest received on investments	112,725	277,957	4,456	41,444	436,582
Net cash provided (used) by investing activities	<u>112,725</u>	<u>222,907</u>	<u>4,456</u>	<u>41,444</u>	<u>381,532</u>
Net increase (decrease) in cash and cash equivalents	1,374,631	1,475,095	2,897	556,029	3,408,652
Cash and cash equivalents at beginning of year	8,222,039	18,458,585	307,855	3,481,946	30,470,425
Cash and cash equivalents at end of year	<u>\$ 9,596,670</u>	<u>\$ 19,933,680</u>	<u>\$ 310,752</u>	<u>\$ 4,037,975</u>	<u>\$ 33,879,077</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 171,942	\$ (1,187,160)	\$ 129,837	\$ (383,141)	\$ (1,268,522)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,005,828	-	-	836,679	2,842,507
Add: Pension expense	135,988	-	91,967	(208,530)	19,425
Subtract: Employer pension contributions	(80,958)	-	(233,967)	(393,311)	(708,236)
(Increase) decrease in assets:					
Accounts receivable	-	-	242	(8,123)	(7,881)
Supplies inventory	13,774	-	-	-	13,774
Increase (decrease) in liabilities:					
Accounts payable	(76,203)	1,696,035	15,991	(102,263)	1,533,560
Accrued payroll	3,055	1,356	2,291	(5,764)	938
Claims payable	-	1,037,473	-	-	1,037,473
Compensated absences	14,500	14,540	(7,920)	(85,740)	(64,620)
Total adjustments	<u>2,015,984</u>	<u>2,749,404</u>	<u>(131,396)</u>	<u>32,948</u>	<u>4,666,940</u>
Net cash provided (used) by operating activities	<u>\$ 2,187,926</u>	<u>\$ 1,562,244</u>	<u>\$ (1,559)</u>	<u>\$ (350,193)</u>	<u>\$ 3,398,418</u>
Non-cash investing, capital and financing activities:					
Capital assets acquired through contributions from developers and City governmental funds	\$ 489,832	\$ -	\$ -	\$ 128,146	\$ 617,978
Decrease in fair market value of investments	-	(37,384)	-	752	(36,632)
Total non-cash investing, capital and financing activities	<u>\$ 489,832</u>	<u>\$ (37,384)</u>	<u>\$ -</u>	<u>\$ 128,898</u>	<u>\$ 581,346</u>

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 position and changes in net position 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.

PLAY Peoria NFP Fund

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

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 POSITION
 AGENCY FUNDS
 JUNE 30, 2018**

	PLAY Peoria NFP Fund	Westside Fire Training IGA Fund	Total
ASSETS			
Pooled cash and investments	\$ 33,980	\$ 39,394	\$ 73,374
Interest receivable	60	-	60
Total assets	34,040	39,394	73,434
LIABILITIES			
Other liabilities	34,040	39,394	73,434
Total liabilities	\$ 34,040	\$ 39,394	\$ 73,434

CITY OF PEORIA, ARIZONA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
PLAY Peoria NFP Fund				
Assets:				
Pooled cash and investments	\$ 26,052	\$ 28,521	\$ 20,593	\$ 33,980
Interest receivable	33	60	33	60
Total Assets	<u>26,085</u>	<u>28,581</u>	<u>20,626</u>	<u>34,040</u>
Liabilities:				
Accounts payable	1,107	970	2,077	-
Other liabilities	24,978	36,779	27,717	34,040
Total Liabilities	<u>26,085</u>	<u>37,749</u>	<u>29,794</u>	<u>34,040</u>
Westside Fire Training IGA Fund				
Assets:				
Pooled cash and investments	33,397	8,337	2,340	39,394
Interest receivable	51	-	51	-
Total Assets	<u>33,448</u>	<u>8,337</u>	<u>2,391</u>	<u>39,394</u>
Liabilities:				
Accounts payable	-	2,339	2,339	-
Other liabilities	33,448	5,946	-	39,394
Total Liabilities	<u>33,448</u>	<u>8,285</u>	<u>2,339</u>	<u>39,394</u>
Totals - All Agency Funds				
Assets:				
Pooled cash and investments	59,449	36,858	22,933	73,374
Interest receivable	84	60	84	60
Total Assets	<u>59,533</u>	<u>36,918</u>	<u>23,017</u>	<u>73,434</u>
Liabilities:				
Accounts payable	1,107	3,309	4,416	-
Other liabilities	58,426	42,725	27,717	73,434
Total Liabilities	<u>59,533</u>	<u>46,034</u>	<u>32,133</u>	<u>73,434</u>



**Statistical
Section**

Statistical Section

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

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

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.

Debt Capacity

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.

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

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

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

Table I

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015 ⁽¹⁾	2016	2017	2018 ⁽²⁾
Governmental Activities										
Net investment in capital assets	\$ 690,708,494	\$ 782,205,232	\$ 803,835,704	\$ 816,149,271	\$ 829,001,871	\$ 855,286,264	\$ 885,716,419	\$ 899,648,174	\$ 747,243,866	\$ 635,872,778
Restricted	54,945,644	37,649,086	118,382,244	118,105,425	131,550,563	151,624,692	139,143,949	162,959,546	149,717,064	121,796,554
Unrestricted	<u>207,958,657</u>	<u>192,278,995</u>	<u>109,550,684</u>	<u>111,579,103</u>	<u>149,159,571</u>	<u>84,211,745</u>	<u>(29,002,988)</u>	<u>(32,938,378)</u>	<u>(41,146,402)</u>	<u>(7,041,008)</u>
Total governmental activities net position	\$ 953,612,795	\$ 1,012,133,313	\$ 1,031,768,632	\$ 1,045,833,799	\$ 1,109,712,005	\$ 1,091,122,701	\$ 995,857,380	\$ 1,029,669,342	\$ 855,814,528	\$ 750,628,324
Business-type Activities										
Net investment in capital assets	\$ 429,764,018	\$ 469,854,140	\$ 478,230,446	\$ 478,738,661	\$ 493,788,885	\$ 533,623,141	\$ 568,223,130	\$ 589,629,061	\$ 597,736,728	\$ 600,474,983
Restricted	33,558,490	19,474,349	22,733,731	24,912,356	21,575,445	23,153,024	23,830,354	31,926,587	27,590,003	29,456,418
Unrestricted	<u>36,507,370</u>	<u>53,422,064</u>	<u>54,791,580</u>	<u>61,033,753</u>	<u>71,130,874</u>	<u>68,382,971</u>	<u>54,351,770</u>	<u>49,023,256</u>	<u>59,376,481</u>	<u>67,576,862</u>
Total business-type activities net position	\$ 499,829,878	\$ 542,750,553	\$ 555,755,757	\$ 564,684,770	\$ 586,495,204	\$ 625,159,136	\$ 646,405,254	\$ 670,578,904	\$ 684,703,212	\$ 697,508,263
Primary Government										
Net investment in capital assets	\$ 1,120,472,512	\$ 1,252,059,372	\$ 1,282,066,150	\$ 1,294,887,932	\$ 1,322,790,756	\$ 1,388,909,405	\$ 1,453,939,549	\$ 1,489,277,235	\$ 1,344,980,594	\$ 1,236,347,761
Restricted	88,504,134	57,123,435	141,115,975	143,017,781	153,126,008	174,777,716	162,974,303	194,886,133	177,307,067	151,252,972
Unrestricted	<u>244,466,027</u>	<u>245,701,059</u>	<u>164,342,264</u>	<u>172,612,856</u>	<u>220,290,445</u>	<u>152,594,716</u>	<u>25,348,782</u>	<u>16,084,878</u>	<u>18,230,079</u>	<u>60,535,854</u>
Total primary government net position	\$ 1,453,442,673	\$ 1,554,883,866	\$ 1,587,524,389	\$ 1,610,518,569	\$ 1,696,207,209	\$ 1,716,281,837	\$ 1,642,262,634	\$ 1,700,248,246	\$ 1,540,517,740	\$ 1,448,136,587

(1) Decrease in unrestricted net position is due to the implementation of GASB Statement No. 68.

(2) Beginning net position was restated due to implementation of GASB Statement No. 75 and adjustments to capital assets and restricted cash with fiscal agents.

Source: Statement of Net Position
City financial records and reports

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

Table II

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
General Government	\$ 23,226,263	\$ 24,518,718	\$ 27,523,428	\$ 20,935,141	\$ 19,175,790	\$ 20,038,112	\$ 21,210,452	\$ 22,250,673	\$ 21,623,532	\$ 20,343,398
Culture & Recreation	23,185,665	21,167,750	21,066,722	23,499,906	22,434,968	25,559,518	25,982,440	26,447,013	28,371,539	28,003,374
Public Safety*	58,702,675	56,118,123	56,780,852	58,218,954	56,757,540	60,213,181	64,261,923	70,342,389	97,665,783	81,720,528
Development Services	6,354,769	6,539,886	6,135,184	5,437,784	8,374,619	9,193,743	9,544,919	7,123,106	6,630,945	5,731,857
Highways & Streets	24,046,432	22,414,044	25,598,067	31,778,203	29,967,207	31,411,752	33,658,672	34,620,944	44,979,242	54,647,432
Public Works	7,688,062	9,642,355	8,441,912	7,416,026	6,989,988	7,015,316	7,259,675	7,507,311	6,705,095	5,694,902
Human Services	2,382,604	2,188,730	1,992,977	1,655,935	2,196,801	1,629,118	1,177,275	1,788,130	1,283,420	2,527,213
Interest on long-term debt	12,610,988	12,571,503	12,616,562	12,595,752	12,739,029	12,009,243	11,373,755	11,549,457	8,451,596	8,011,112
Unallocated Depreciation	574,550	574,550	574,550	574,550	574,557	574,550	-	-	-	-
Total governmental activities expenses	\$ 158,772,008	\$ 155,735,659	\$ 160,730,254	\$ 162,112,251	\$ 159,210,499	\$ 167,644,533	\$ 174,469,111	\$ 181,629,023	\$ 215,711,152	\$ 206,679,816
Business-type Activities										
Water Utility	\$ 32,164,325	\$ 29,715,038	\$ 29,582,708	\$ 30,777,765	\$ 29,094,123	\$ 30,836,235	\$ 34,566,373	\$ 33,221,797	\$ 39,316,668	\$ 40,780,445
Wastewater Utility	31,039,534	30,212,381	19,891,729	21,923,061	20,342,376	21,083,666	21,737,995	22,001,744	24,075,245	25,732,376
Solid Waste Utility	10,624,589	9,985,889	9,773,553	10,859,872	10,503,928	10,806,101	10,939,896	11,137,739	11,867,773	13,033,364
Stadium	5,235,258	5,186,732	5,019,605	5,284,940	5,140,500	5,176,689	6,372,954	6,742,573	7,579,975	7,679,587
Storm Drain Utility	-	-	-	802,246	806,658	823,780	813,636	1,052,977	3,497,956	3,278,552
Housing	331,785	368,007	367,644	400,405	273,528	-	-	-	-	-
Total business-type activities expenses	\$ 79,395,491	\$ 75,468,047	\$ 64,635,239	\$ 70,048,289	\$ 66,161,113	\$ 68,726,471	\$ 74,430,854	\$ 74,156,830	\$ 86,337,617	\$ 90,504,324
Total primary government expenses	\$ 238,167,499	\$ 231,203,706	\$ 225,365,493	\$ 232,160,540	\$ 225,371,612	\$ 236,371,004	\$ 248,899,965	\$ 255,785,853	\$ 302,048,769	\$ 297,184,140
Program Revenues										
Governmental Activities										
Charges for services	\$ 20,130,962	\$ 17,489,464	\$ 17,722,889	\$ 17,331,656	\$ 18,745,123	\$ 19,221,921	\$ 25,696,523	\$ 29,321,181	\$ 32,311,277	\$ 34,954,574
Operating grants and contributions	12,574,749	13,096,036	13,709,669	11,071,988	12,440,760	12,693,535	13,485,788	14,329,168	14,666,090	16,640,349
Capital grants and contributions	51,366,296	55,978,635	34,932,888	30,063,998	21,485,029	11,703,447	22,908,863	27,259,727	25,638,030	20,441,205
Total governmental activities program revenues	\$ 84,072,007	\$ 86,564,135	\$ 66,365,446	\$ 58,467,642	\$ 52,670,912	\$ 43,618,903	\$ 62,091,174	\$ 70,910,076	\$ 72,615,397	\$ 72,036,128
Business-type Activities										
Charges for services	\$ 59,577,008	\$ 62,457,821	\$ 60,595,686	\$ 66,048,140	\$ 67,197,303	\$ 69,499,963	\$ 68,417,721	\$ 76,106,994	\$ 80,152,247	\$ 85,557,374
Operating grants and contributions	158,627	177,710	209,878	140,461	67,915	-	-	-	-	-
Capital grants and contributions	12,186,331	50,899,343	5,408,859	8,418,314	7,323,482	9,325,636	29,760,720	17,518,669	20,698,020	12,517,749
Total business-type activities program revenues	\$ 71,921,966	\$ 113,534,874	\$ 66,214,423	\$ 74,606,915	\$ 74,588,700	\$ 78,825,599	\$ 98,178,441	\$ 93,625,663	\$ 100,850,267	\$ 98,075,123
Total primary government program revenues	\$ 155,993,973	\$ 200,099,009	\$ 132,579,869	\$ 133,074,557	\$ 127,259,612	\$ 122,444,502	\$ 160,269,615	\$ 164,535,739	\$ 173,465,664	\$ 170,111,251
Net (Expense)/Revenue										
Governmental Activities	\$ (74,700,001)	\$ (69,171,524)	\$ (94,364,808)	\$ (103,644,609)	\$ (106,539,587)	\$ (124,025,630)	\$ (112,377,937)	\$ (110,718,947)	\$ (143,095,755)	\$ (134,643,688)
Business-type Activities	(7,473,525)	38,066,827	1,579,184	4,558,626	8,427,587	10,099,128	23,747,587	19,468,833	14,512,650	7,570,799
Total primary government net expense	\$ (82,173,526)	\$ (31,104,697)	\$ (92,785,624)	\$ (99,085,983)	\$ (98,112,000)	\$ (113,926,502)	\$ (88,630,350)	\$ (91,250,114)	\$ (128,583,105)	\$ (127,072,889)

* Beginning in fiscal year 2015, the Police and Fire line items have been combined and are being presented in the Public Safety line item.

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

Table II

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes, levied for general purposes	\$ 3,629,629	\$ 3,833,445	\$ 3,628,286	\$ 3,187,679	\$ 2,848,691	\$ 2,744,900	\$ 2,889,150	\$ 2,994,905	\$ 3,207,433	\$ 3,522,321
Property taxes, levied for debt service	28,162,003	26,225,535	22,406,879	19,030,940	16,628,634	15,479,771	16,891,026	17,537,813	18,532,683	20,152,280
Sales and use taxes	59,004,816	56,276,937	58,082,217	60,719,648	65,950,235	70,213,953	74,556,024	79,410,364	84,236,770	89,781,248
Franchise taxes	4,019,182	3,955,416	4,037,897	4,084,163	4,136,004	4,194,371	4,312,836	4,461,864	4,501,681	5,035,331
Intergovernmental										
State shared sales taxes - unrestricted	10,991,095	10,137,682	11,649,489	12,087,651	12,665,191	13,431,637	14,139,128	14,760,029	15,631,512	15,894,140
Urban revenue sharing - unrestricted	20,395,663	17,469,936	13,408,996	13,231,006	14,425,958	17,172,500	18,650,521	18,549,406	20,949,613	20,334,388
Auto in-lieu taxes - unrestricted	5,018,384	4,634,263	4,548,154	4,944,181	5,155,206	5,495,225	5,886,971	6,385,294	6,728,814	6,799,997
Investment Earnings	7,896,100	2,199,984	1,354,607	959,479	599,263	878,164	843,648	1,693,475	1,667,892	2,172,236
Gain on sale of capital assets	115,412	102,409	76,640	50,192	66,465	111,342	-	-	-	-
Elimination of development agreement debt	-	-	801,394	-	630,104	-	-	-	-	-
Miscellaneous	3,528,043	5,885,847	5,124,916	3,965,187	4,397,616	3,920,109	3,216,595	2,732,726	4,120,882	5,383,459
Special Item: Close out of Section 8 Housing	-	-	-	(464,390)	-	-	-	-	-	-
Special Item: Defeasance of G.O. debt	-	-	-	-	-	-	-	-	-	(450,797)
Transfers in (out)	(3,066,497)	(3,029,412)	(11,119,348)	(3,335,912)	(9,394,454)	(28,205,646)	(11,931,172)	(3,994,967)	(6,346,374)	(4,803,295)
Total governmental activities	\$ 139,693,830	\$ 127,692,042	\$ 114,000,127	\$ 118,459,824	\$ 118,108,913	\$ 105,436,326	\$ 129,454,727	\$ 144,530,909	\$ 153,230,906	\$ 163,821,308
Business-type Activities										
Investment Earnings	\$ 1,970,474	\$ 444,698	\$ 306,672	\$ 284,427	\$ 176,176	\$ 359,158	\$ 348,717	\$ 709,850	\$ 519,774	\$ 700,909
Gain on sale of capital assets	-	-	-	-	-	-	-	-	109,744	13,305
Forgiveness of debt	-	1,379,738	-	-	-	-	-	-	-	-
Special Item: Close out of Public Housing	-	-	-	-	(2,101,809)	-	-	-	-	-
Transfers in (out)	3,066,497	3,029,412	11,119,348	3,335,912	9,394,454	28,205,646	11,931,172	3,994,967	6,346,374	4,803,295
Total business-type activities	\$ 5,036,971	\$ 4,853,848	\$ 11,426,020	\$ 3,620,339	\$ 7,468,821	\$ 28,564,804	\$ 12,279,889	\$ 4,704,817	\$ 6,975,892	\$ 5,517,509
Total primary government	\$ 144,730,801	\$ 132,545,890	\$ 125,426,147	\$ 122,080,163	\$ 125,577,734	\$ 134,001,130	\$ 141,734,616	\$ 149,235,726	\$ 160,206,798	\$ 169,338,817
Change in Net Position										
Governmental Activities	\$ 70,522,306	\$ 33,327,234	\$ 10,355,518	\$ 11,920,237	\$ 11,569,326	\$ (18,589,304)	\$ 17,076,790	\$ 33,811,962	\$ 10,135,151	\$ 29,177,620
Business-type Activities	43,103,798	6,433,032	15,984,646	12,047,926	15,896,408	38,663,932	36,027,476	24,173,650	21,488,542	13,088,308
Total primary government	\$ 113,626,104	\$ 39,760,266	\$ 26,340,164	\$ 23,968,163	\$ 27,465,734	\$ 20,074,628	\$ 53,104,266	\$ 57,985,612	\$ 31,623,693	\$ 42,265,928

Source: Statement of Activities
City financial records and reports

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

Table III

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u> *	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Reserved	\$ 275,184	\$ 241,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	67,102,145	60,238,418	-	-	-	-	-	-	-	-
Nonspendable	-	-	537,000	1,163,721	259,643	262,852	163,703	115,042	113,859	123,939
Restricted	-	-	30,671	70,016	108,517	54,193	67,084	388,375	354,566	40,488
Committed	-	-	34,288,769	33,590,254	33,229,466	37,028,922	36,911,493	38,464,678	40,221,571	42,249,268
Assigned	-	-	3,891,174	3,705,809	3,330,705	3,340,512	3,056,458	2,859,523	2,618,447	1,760,838
Unassigned	-	-	13,429,595	12,878,675	13,996,657	17,308,306	21,584,005	20,816,526	25,684,922	33,849,097
Total General Fund	<u>\$ 67,377,329</u>	<u>\$ 60,480,096</u>	<u>\$ 52,177,209</u>	<u>\$ 51,408,475</u>	<u>\$ 50,924,988</u>	<u>\$ 57,994,785</u>	<u>\$ 61,782,743</u>	<u>\$ 62,644,144</u>	<u>\$ 68,993,365</u>	<u>\$ 78,023,630</u>
All Other Governmental Funds										
Reserved	\$ 165,129,365	\$ 147,974,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	57,506,689	55,546,744	-	-	-	-	-	-	-	-
Capital projects funds	29,428,677	22,203,699	-	-	-	-	-	-	-	-
Nonspendable	-	-	108,919	95,828	98,819	131,641	70,579	67,986	69,711	78,068
Restricted	-	-	169,837,817	168,127,814	188,434,944	145,352,432	127,294,490	150,498,066	137,842,918	115,222,701
Committed	-	-	11,040,682	10,064,814	10,004,379	10,300,556	10,572,297	10,885,668	11,315,062	10,663,895
Assigned	-	-	30,055,251	40,566,996	25,988,041	23,410,508	22,821,310	30,353,689	27,978,550	34,926,243
Unassigned	-	-	-	(84,673)	-	-	(6,638,667)	-	-	-
Total All Other Governmental Funds	<u>\$ 252,064,731</u>	<u>\$ 225,725,301</u>	<u>\$ 211,042,669</u>	<u>\$ 218,770,779</u>	<u>\$ 224,526,183</u>	<u>\$ 179,195,137</u>	<u>\$ 154,120,009</u>	<u>\$ 191,805,409</u>	<u>\$ 177,206,241</u>	<u>\$ 160,890,907</u>

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

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

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

Table IV

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 93,896,013	\$ 90,783,641	\$ 88,244,772	\$ 87,203,131	\$ 89,948,724	\$ 93,731,980	\$ 98,629,880	\$ 104,369,837	\$ 110,535,434	\$ 118,352,843
Intergovernmental	62,718,223	45,621,921	43,917,343	54,562,371	49,831,144	50,132,922	55,289,472	65,237,794	60,096,580	61,643,624
Charges for Services	18,479,664	18,137,718	16,356,566	18,359,757	21,405,623	17,684,357	19,355,378	21,812,733	24,367,635	26,637,159
Licenses and Permits	1,802,759	1,599,957	1,672,072	2,106,545	2,564,075	2,800,894	3,132,178	4,080,210	4,778,632	5,509,240
Fines and Forfeitures	3,733,047	2,755,104	3,068,861	2,757,022	2,257,477	2,128,289	1,856,640	1,747,528	1,571,788	1,815,644
Rents	395,834	421,289	403,321	486,932	1,101,082	731,901	889,053	915,846	908,678	1,002,948
Investment Earnings	7,174,109	1,992,817	1,238,174	859,146	537,732	757,747	725,208	1,462,408	1,320,578	1,709,765
Special Assessments	2,200,782	2,214,167	2,201,463	2,069,613	1,217,271	1,137,018	381,761	381,950	2,171,319	-
Miscellaneous	7,488,740	8,485,570	18,441,696	4,588,218	5,880,511	5,060,343	3,536,024	3,278,730	4,411,440	5,307,423
Total Revenues	\$ 197,889,171	\$ 172,012,184	\$ 175,544,268	\$ 172,992,735	\$ 174,743,639	\$ 174,165,451	\$ 183,795,594	\$ 203,287,036	\$ 210,162,084	\$ 221,978,646
Expenditures										
General Government	\$ 17,798,947	\$ 16,330,159	\$ 15,818,173	\$ 14,470,822	\$ 15,094,866	\$ 15,866,612	\$ 17,085,501	\$ 19,424,865	\$ 18,216,483	\$ 17,493,779
Culture & Recreation	22,303,852	19,475,634	18,784,735	18,396,187	19,668,598	21,762,725	22,181,064	21,797,069	23,862,880	24,200,927
Public Safety ⁽¹⁾	56,974,453	53,876,911	53,390,368	54,390,977	56,702,266	58,976,873	60,840,413	68,151,428	73,087,082	79,514,160
Development Services	6,489,199	6,529,594	6,051,667	5,328,403	8,568,013	9,311,964	9,714,954	7,129,814	6,291,295	5,935,127
Highways & Streets	15,469,695	13,070,648	13,891,078	14,754,432	16,355,505	17,098,590	19,400,893	19,086,404	21,610,293	25,666,063
Public Works	6,187,633	7,955,394	6,748,102	4,884,713	4,914,720	5,110,924	5,261,842	5,325,264	6,384,151	5,415,791
Human Services	2,343,847	2,145,702	1,952,861	1,586,315	2,213,374	1,604,288	1,147,341	1,725,328	1,184,926	2,447,943
Capital Outlay	77,515,142	60,269,181	29,176,335	26,336,595	39,612,698	17,728,188	26,491,974	12,332,241	29,367,979	25,896,002
Debt Service										
Interest	11,917,582	13,166,242	12,658,032	13,098,263	12,534,039	12,543,974	11,933,264	10,606,558	11,336,938	9,705,255
Principal	25,988,554	44,700,092	34,309,287	25,566,028	20,120,163	21,937,761	17,305,000	18,010,000	19,867,000	19,483,000
Payment to bond escrow agent	-	-	-	-	-	-	-	6,707,216	-	13,604,681
Total Expenditures	\$ 242,988,904	\$ 237,519,557	\$ 192,780,638	\$ 178,812,735	\$ 195,784,242	\$ 181,941,899	\$ 191,362,246	\$ 190,296,187	\$ 211,209,027	\$ 229,362,728
Excess of Revenues over (under) Expenditures	\$ (45,099,733)	\$ (65,507,373)	\$ (17,236,370)	\$ (5,820,000)	\$ (21,040,603)	\$ (7,776,448)	\$ (7,566,652)	\$ 12,990,849	\$ (1,046,943)	\$ (7,384,082)
Other Financing Sources (Uses)										
Refunding bonds issued	\$ -	\$ -	\$ -	\$ 13,690,000	\$ -	\$ -	\$ -	\$ 103,410,000	\$ -	\$ 28,975,000
Issuance of debt	68,440,000	29,170,000	7,920,000	14,715,000	35,510,000	112,000	35,000	30,325,000	3,000,000	5,199,304
Premium on bonds issued	808,192	495,890	16,960	645,188	1,039,481	-	-	14,096,688	108,061	-
Payments to bond refunding escrow agent	-	-	-	(13,690,000)	-	-	-	(114,802,841)	-	(28,814,053)
Special Item: Close out Section 8 Housing	-	-	-	(464,390)	-	-	-	-	-	-
Transfers In	18,855,279	23,567,886	28,388,910	16,740,587	16,968,105	20,159,941	16,357,492	12,890,960	17,925,171	17,684,545
Transfers Out	(30,928,896)	(20,963,066)	(42,075,019)	(18,106,961)	(27,205,066)	(48,650,688)	(30,113,010)	(20,363,855)	(28,236,236)	(19,786,126)
Total Other Financing Sources (Uses)	\$ 57,174,575	\$ 32,270,710	\$ (5,749,149)	\$ 13,529,424	\$ 26,312,520	\$ (28,378,747)	\$ (13,720,518)	\$ 25,555,952	\$ (7,203,004)	\$ 3,258,670
Net Change in Fund Balance	\$ 12,074,842	\$ (33,236,663)	\$ (22,985,519)	\$ 7,709,424	\$ 5,271,917	\$ (36,155,195)	\$ (21,287,170)	\$ 38,546,801	\$ (8,249,947)	\$ (4,125,412)
Debt Service as a percentage of noncapital expenditures	22.91%	32.65%	28.71%	25.36%	20.91%	21.00%	17.73%	19.85%	17.16%	21.03%

⁽¹⁾ Beginning in Fiscal Year 2015, Police and Fire expenditures were combined into the Public Safety category.

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

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

Table V

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Retail Sales	\$ 26,694,348	\$ 26,857,263	\$ 29,247,900	\$ 31,483,859	\$ 34,115,601	\$ 36,878,825	\$ 38,908,327	\$ 41,216,781	\$ 43,666,206	\$ 45,112,750
Contracting	7,014,131	4,550,512	3,611,614	3,305,409	4,716,985	6,301,005	6,257,112	7,394,036	8,587,978	10,219,772
Rentals	7,107,109	6,927,724	6,980,633	7,414,803	7,918,121	7,214,392	7,522,177	8,123,884	8,383,946	8,823,620
Utilities	6,836,000	6,906,904	6,917,391	7,232,286	7,343,965	7,388,831	7,498,115	7,904,665	8,022,722	8,911,107
Telecom/Cable TV	1,437,589	1,405,352	1,294,565	1,304,092	1,258,991	1,262,651	1,217,583	1,151,941	942,239	816,179
Restaurant/Bar	7,026,265	7,114,625	7,469,189	7,776,190	8,168,064	8,505,082	9,284,232	9,833,912	10,335,218	11,388,465
Amusement	727,023	814,694	856,274	896,320	992,752	960,332	1,036,941	1,034,959	1,021,968	979,386
Use	599,537	374,659	426,017	566,453	474,842	624,795	718,931	740,179	1,243,655	1,707,181
Other	1,562,814	1,325,204	1,278,634	740,236	960,914	2,101,228	2,112,606	2,010,007	2,032,838	1,822,787
Total	\$ 59,004,816	\$ 56,276,937	\$ 58,082,217	\$ 60,719,648	\$ 65,950,235	\$ 71,237,141	\$ 74,556,024	\$ 79,410,364	\$ 84,236,770	\$ 89,781,247
% Growth by Year										
Retail Sales	-13.1%	0.6%	8.9%	7.6%	8.4%	8.1%	5.5%	5.9%	5.9%	3.3%
Contracting	-37.8%	-35.1%	-20.6%	-8.5%	42.7%	33.6%	-0.7%	18.2%	16.1%	19.0%
Rentals	-1.2%	-2.5%	0.8%	6.2%	6.8%	-8.9%	4.3%	8.0%	3.2%	5.2%
Utilities	3.8%	1.0%	0.2%	4.6%	1.5%	0.6%	1.5%	5.4%	1.5%	11.1%
Telecom/Cable TV	-3.7%	-2.2%	-7.9%	0.7%	-3.5%	0.3%	-3.6%	-5.4%	-18.2%	-13.4%
Restaurant/Bar	-0.1%	1.3%	5.0%	4.1%	5.0%	4.1%	9.2%	5.9%	5.1%	10.2%
Amusement	-13.3%	12.1%	5.1%	4.7%	10.8%	-3.3%	8.0%	-0.2%	-1.3%	-4.2%
Use	-39.2%	-37.5%	13.7%	33.0%	-16.2%	31.6%	15.1%	3.0%	68.0%	37.3%
Other	-33.5%	-15.2%	-3.5%	-42.1%	29.8%	118.7%	0.5%	-4.9%	1.1%	-10.3%
Total	-13.8%	-4.6%	3.2%	4.5%	8.6%	8.0%	4.7%	6.5%	6.1%	6.6%

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 VI

	Year Taxes Are Payable										
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
City Direct Rates (1):											
Retail Sales (excluding groceries)	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Groceries	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.60%	1.60%	1.60%	1.60%	1.60%
Contracting	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Rentals	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Hotel/Transient Lodging	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%
Utilities	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%
Telecommunications	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Restaurant/Bar	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
Amusement	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
All Others	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
County Rates:											
Retail Sales (excluding groceries)	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
Groceries	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
Hotel/Transient Lodging	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%
Mining - Nonmetal	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%
All Others	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
State Rates (2):											
Retail Sales (excluding groceries)	5.60%	6.60%	6.60%	6.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%
Hotel/Transient Lodging	5.50%	6.50%	6.50%	6.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Mining - Nonmetal	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%
Mining - Severance	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
All Others	5.60%	6.60%	6.60%	6.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%

Notes:

(1) Pursuant to City Charter, increases in the City transaction privilege (sales) tax rates are subject to voter approval. Prior to January 2017, the City collected its own sales tax. In January 2017, the state began collecting and remitting the sales tax to the City. The City has earmarked 0.8% of its sales tax for payment of Excise Tax and State Shared Revenue Obligations.

(2) The State transaction privilege (sales) tax is levied against the same categories of business activity as the City's sale tax with the exception of groceries and prescription drugs, which the State exempts from tax. The State collects and distributes a portion of its sales tax revenues to all cities and towns based on the city or town's population relative to the aggregate population of all cities and towns as shown by the latest census.

Source: ADOR Transaction Privilege And Other Tax Rate Tables

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

Table VII

Category	2018				2009			
	<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	3,784	25.8%	45,112,750	50.2%	3,343	23.2%	\$ 26,694,348	45.2%
Contracting	2,681	18.3%	10,219,772	11.4%	4,280	29.7%	7,014,131	11.9%
Restaurant/Bar	499	3.4%	11,388,465	12.7%	338	2.3%	7,026,265	11.9%
Rental	6,526	44.5%	8,823,620	9.8%	4,977	34.6%	7,107,109	12.0%
Utilities	18	0.1%	8,911,107	9.9%	15	0.1%	6,836,000	11.6%
Telecom/Cable TV	161	1.1%	816,179	0.9%	131	0.9%	1,437,589	2.4%
Use	844	5.7%	1,707,181	1.9%	1,175	8.2%	599,537	1.0%
Amusement	65	0.4%	979,386	1.1%	62	0.4%	727,023	1.2%
Others	102	0.7%	1,822,787	2.0%	82	0.6%	1,562,814	2.6%
Total	14,680	100.00%	\$ 89,781,247	100.000%	14,403	100.00%	\$ 59,004,816	100.00%

Source: City Sales Tax system
City financial records

**CITY OF PEORIA, ARIZONA
ASSESSED VALUES BY PROPERTY CLASSIFICATION
LAST TEN FISCAL YEARS**

Table VIII

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016(b)	2017	2018
Residential (Owner occupied)	\$ 1,219,595,280	\$ 1,048,710,389	\$ 818,535,888	\$ 687,456,278	\$ 620,970,965	\$ 546,593,560	\$ 614,234,433	\$ 626,696,840	\$ 674,378,782	\$ 740,037,974
Residential (Renter occupied)	146,413,989	155,720,660	147,284,152	122,978,913	119,387,647	161,107,937	199,613,372	214,086,717	230,466,048	243,816,250
Commercial, Industrial, Mining & Utilities	419,192,584	495,336,050	495,318,990	378,992,788	341,042,160	304,844,019	298,078,633	291,761,032	297,883,403	310,764,850
Agriculture & Vacant	207,476,727	193,685,182	147,216,152	85,330,391	54,523,204	43,659,181	42,347,136	44,305,284	40,513,630	44,053,047
Railroad	1,837,324	1,647,040	1,563,689	1,429,130	1,399,678	1,118,206	1,205,775	1,137,482	1,040,707	1,065,441
Historic & Environmental	76,020	64,530	53,641	140,493	103,122	83,177	59,907	24,540	396,725	305,265
Public Property Improvements	-	-	-	7,869	7,964	7,124	48,182	5,100	-	25,390
Net Assessed Value	<u>\$ 1,994,591,924</u>	<u>\$ 1,895,163,851</u>	<u>\$ 1,609,972,512</u>	<u>\$ 1,276,335,862</u>	<u>\$ 1,137,434,740</u>	<u>\$ 1,057,413,204</u>	<u>\$ 1,155,587,438</u>	<u>\$ 1,178,016,995</u>	<u>\$ 1,244,679,295</u>	<u>\$ 1,340,068,217</u>
% Growth	21.5%	-5.0%	-15.0%	-20.7%	-10.9%	-7.0%	9.3%	1.9%	5.7%	7.7%
Net Assessed Value Per Capita	\$ 12,524	\$ 12,301	\$ 10,377	\$ 8,141	\$ 7,087	\$ 6,444	\$ 6,860	\$ 6,879	\$ 7,186	\$ 7,632
Population	159,263	154,065	155,148	156,780	160,504	164,104	168,450	171,237	173,208	175,585
Total Direct Secondary Tax Rate	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Full Cash Value	18,279,838,277	17,162,776,025	14,588,623,722	11,862,384,776	10,635,350,631	10,057,364,678	11,162,489,178	13,968,351,523	15,264,587,035	16,607,545,225
% Growth	20.9%	-6.1%	-15.0%	-18.7%	-10.3%	-5.4%	11.0%	25.1%	9.3%	8.8%
Full Cash Value Per Capita	\$ 114,778	\$ 111,400	\$ 94,030	\$ 75,663	\$ 66,262	\$ 61,287	\$ 66,266	\$ 81,573	\$ 88,129	\$ 94,584
Net Assessed Value as a Percentage of Full Cash Value	10.9%	11.0%	11.0%	10.8%	10.7%	10.5%	10.4%	8.4%	8.2%	8.1%

Note: All property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each classification is defined by property use and has an assessment ratio that is multiplied by the taxable value of the property to obtain the assessed valuation. The assessment ratios for the major classes of property are as follows:

Property Tax Assessment Ratios (a)

Fiscal Year	<u>Commercial, Industrial, Mining & Utilities</u>	<u>Residential</u>	<u>Agriculture and Vacant Land</u>	<u>Railroad</u>
	2009	23.0%	10%	16%
2010	22.0%	10%	16%	18%
2011	21.0%	10%	16%	17%
2012	20.0%	10%	16%	15%
2013	20.0%	10%	16%	15%
2014	19.5%	10%	16%	15%
2015	19.0%	10%	16%	16%
2016	18.5%	10%	16%	15%
2017	18.0%	10%	15%	14%
2018	18.0%	10%	15%	15%

- (a) Several additional classes of property exist, but seldom amount to a significant portion of an entity's total valuation.
- (b) Prior to FY2015-16, Primary or Limited Property Values were used for primary ad valorem taxes which are levied for operations of the city and Secondary Assessed Values were used for secondary ad valorem taxes which are levied for debt service. Beginning in FY2015-16, with a voter approved constitutional amendment, both primary and secondary ad valorem taxes are now levied on the Limited Property Values. Because FY2015-16 is the first year for implementation of the constitutional amendment and use of Limited Property Values, there is no comparative data from prior years and accordingly the Net Assessed Values presented for years prior to FY2015-16 represent Secondary Assessed Values based on the then-applicable but now replaced valuation rules.

Source: Arizona Department of Revenue - Property Tax Division-Abstract of the Assessment Roll
City Financial Records

**CITY OF PEORIA, ARIZONA
COMPARATIVE ASSESSED VALUES
LAST TEN FISCAL YEARS**

Table IX

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016 (a)</u>	<u>2017</u>	<u>2018</u>
City of Peoria	\$ 1,994,591,924	\$ 1,895,163,851	\$ 1,609,972,512	\$ 1,276,335,862	\$ 1,137,434,740	\$ 1,057,413,204	\$ 1,155,587,438	\$ 1,178,016,995	\$ 1,244,679,295	\$ 1,340,068,217
Peoria Unified School District No. 11	2,484,660,275	2,393,720,410	2,030,314,508	1,581,371,147	1,460,442,551	1,350,310,615	1,471,213,352	1,475,721,803	1,549,607,885	1,649,351,547
Maricopa County	58,303,635,287	57,984,051,727	49,662,543,618	38,760,296,498	34,400,455,712	32,229,006,810	35,079,646,593	34,623,670,323	36,135,494,474	38,251,891,249
State of Arizona	86,183,351,753	86,525,272,506	75,664,423,588	61,764,402,437	56,283,023,907	52,598,341,678	55,349,948,120	54,840,074,052	56,573,588,295	59,404,007,785

(a) Prior to FY2015-16, Primary or Limited Property Values were used for primary ad valorem taxes which are levied for operations of the city and Secondary Assessed Values were used for secondary ad valorem taxes which are levied for debt service. Beginning in FY2015-16, with a voter approved constitutional amendment, both primary and secondary ad valorem taxes are now levied on the Limited Property Values. Because FY2015-16 is the first year for implementation of the constitutional amendment and use of Limited Property Values, there is no comparative data from prior years and accordingly the Net Assessed Values presented for years prior to FY2015-16 represent Secondary Assessed Values based on the then-applicable but now replaced valuation rules.

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 X

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Direct City										
Primary	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Secondary	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Total	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>	<u>1.44</u>
Peoria Unified School District No. 11 (1)										
Primary	3.77	2.99	3.24	3.71	4.01	4.18	4.43	4.93	4.78	4.51
Secondary	1.90	2.46	2.09	1.68	3.02	3.35	2.84	2.84	3.26	3.03
Total	<u>5.67</u>	<u>5.45</u>	<u>5.33</u>	<u>5.39</u>	<u>7.03</u>	<u>7.53</u>	<u>7.27</u>	<u>7.77</u>	<u>8.04</u>	<u>7.54</u>
Maricopa County (2)										
Primary	1.78	2.05	2.20	2.68	2.87	3.08	3.11	3.13	3.14	3.09
Secondary	0.59	0.59	0.64	0.54	0.78	0.79	0.86	0.97	1.01	1.07
Total	<u>2.37</u>	<u>2.64</u>	<u>2.84</u>	<u>3.22</u>	<u>3.65</u>	<u>3.87</u>	<u>3.98</u>	<u>4.10</u>	<u>4.15</u>	<u>4.16</u>
Total										
Primary	5.74	5.23	5.63	6.58	7.07	7.45	7.73	8.25	8.11	7.79
Secondary	3.74	4.30	3.98	3.47	5.05	5.39	4.95	5.06	5.52	5.35
Total	<u>9.48</u>	<u>9.53</u>	<u>9.61</u>	<u>10.05</u>	<u>12.12</u>	<u>12.84</u>	<u>12.69</u>	<u>13.31</u>	<u>13.63</u>	<u>13.14</u>

(1) Peoria Unified School District 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:

	Primary	Secondary
Deer Valley Unified School District	\$ 4.28	\$ 2.47

(2) The Maricopa County rates includes the rates for the County, State Education Equalization Assistance and other county districts and special districts as follows:

	Primary	Secondary
Maricopa County	\$ 1.40	\$ -
State Education Equalization Assistance	0.49	-
Maricopa County Community College District	1.20	0.21
Maricopa County Flood Control District	-	0.18
Maricopa County Fire District Assistance	-	0.01
Maricopa County Library District	-	0.06
Maricopa County Special Health Care District	-	0.29
West Maricopa Education Center	-	0.18
Central Arizona Water Conservation District	-	0.14
Fiscal Year 2018 Tax Rate	<u>\$ 3.09</u>	<u>\$ 1.07</u>

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

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

Table XI

	Tax Levy Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Direct City										
Primary	\$ 2,849,397	\$ 3,202,665	\$ 2,901,540	\$ 2,411,739	\$ 2,154,484	\$ 1,998,305	\$ 2,115,212	\$ 2,238,232	\$ 2,364,891	\$ 2,546,130
Secondary	<u>24,932,399</u>	<u>23,689,548</u>	<u>20,124,656</u>	<u>15,954,198</u>	<u>14,217,934</u>	<u>13,217,665</u>	<u>14,444,843</u>	<u>14,725,212</u>	<u>15,558,491</u>	<u>16,750,853</u>
Total	<u>27,781,796</u>	<u>26,892,213</u>	<u>23,026,196</u>	<u>18,365,937</u>	<u>16,372,418</u>	<u>15,215,970</u>	<u>16,560,055</u>	<u>16,963,444</u>	<u>17,923,382</u>	<u>19,296,983</u>
Peoria Unified School District No. 11 (1)										
Primary	71,071,459	63,259,063	63,956,114	60,801,278	58,370,644	56,069,720	62,749,751	72,782,246	74,140,908	74,370,911
Secondary	47,095,296	58,903,282	43,487,879	27,635,770	44,104,877	45,266,377	41,807,627	41,966,017	50,494,525	50,046,959
Maricopa County (2)										
Primary	811,397,481	1,016,398,826	1,030,448,332	1,031,164,830	982,926,843	986,315,014	1,043,203,072	1,083,409,268	1,134,787,546	1,179,611,336
Secondary	312,172,569	312,960,824	295,233,122	264,170,408	249,995,761	251,345,124	274,744,408	234,978,404	337,146,316	356,706,002
Total										
Primary	885,318,337	1,082,860,554	1,097,305,986	1,094,377,847	1,043,451,971	1,044,383,039	1,108,068,035	1,158,429,746	1,211,293,345	1,256,528,377
Secondary	<u>384,200,264</u>	<u>395,553,654</u>	<u>358,845,657</u>	<u>307,760,376</u>	<u>308,318,572</u>	<u>309,829,166</u>	<u>330,996,878</u>	<u>291,669,633</u>	<u>403,199,332</u>	<u>423,503,814</u>
Total	<u>1,269,518,601</u>	<u>1,478,414,208</u>	<u>1,456,151,643</u>	<u>1,402,138,223</u>	<u>1,351,770,543</u>	<u>1,354,212,205</u>	<u>1,439,064,913</u>	<u>1,450,099,379</u>	<u>1,614,492,677</u>	<u>1,680,032,191</u>

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

	Primary	Secondary
Deer Valley Unified School District	\$ 104,476,755	\$ 60,329,985

(2) The tax levies for Maricopa County include those for the County, State Education Equalization, and other county and special districts whose most recent tax levies are as follows:

	Primary	Secondary
Maricopa County	\$ 535,870,745	\$ -
State Education Equalization Assistance	186,400,980	-
Maricopa County Community College District	457,339,611	81,872,034
Maricopa County Flood Control District	-	62,198,813
Maricopa County Fire District Assistance	-	3,893,879
Maricopa County Library District	-	21,268,052
Maricopa County Special Health Care District	-	109,012,094
West Maricopa Education Center	-	24,930,385
Central Arizona Water Conservation District	-	53,530,745
Fiscal Year 2018 Tax Levy	<u>\$ 1,179,611,336</u>	<u>\$ 356,706,002</u>

Source: Maricopa County Assessor - Tax Rates and Levies publication

**CITY OF PEORIA, ARIZONA
LIMITED PROPERTY VALUE TOP TEN TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Table XII

Taxpayer	Type of Business	2018 (a)		% of Limited Property Assessed	2009		% of Taxable Secondary Assessed
		Limited Property Assessed Value	Rank		Taxable Secondary Assessed Value	Rank	
Arizona Public Service	Gas & Electric Utility	\$ 25,180,398	1	1.88%	\$ 20,300,229	1	1.02%
Vestar LPTC LLC	Property Development	9,132,413	2	0.68%	-		
Sprint Wireless	Telecommunications	6,995,982	3	0.52%	-		
Parke West Retail I LLC	Shopping Center	5,711,473	4	0.43%	10,462,263	5	0.52%
Southwest Gas Corporation	Gas Utility	4,907,602	5	0.37%	-		
DDRA Arrowhead Crossing LLC	Shopping Center	4,714,819	6	0.35%	7,828,875	8	0.39%
Miller Family Real Estate LLC	Shopping Center	4,624,704	7	0.35%	-		
BCC Development Inc	Property Development	3,961,811	8	0.30%	6,130,813	10	0.31%
Freedom Plaza Limited Partnership Lease	Retirement Housing	3,666,360	9	0.27%	-		
Peoria Center Apartments South LLC	Multi-family Housing	3,502,554	10	0.25%	-		
Arizona State Land Department	Government	-			19,562,225	2	0.98%
Vistancia LLC	Multi-family Housing	-			13,745,350	3	0.69%
Vestar Arizona XLVIII LLC	Property Development	-			12,245,102	4	0.61%
Sprint Nextel Wireless LP	Telecommunications	-			8,918,055	6	0.45%
Qwest Corporation	Telecommunications	-			8,086,064	7	0.41%
Plaza III Limited Partnership	Nursing Home/Apartments	-			6,881,353	9	0.35%
Total		\$ 72,398,116		5.40%	\$ 114,160,329		5.73%

(a) Prior to FY2015-16, Primary or Limited Property Values were used for primary ad valorem taxes which are levied for operations of the city and Secondary Assessed Values were used for secondary ad valorem taxes which are levied for debt service. Beginning in FY2015-16, with a voter approved constitutional amendment, both primary and secondary ad valorem taxes are now levied on the Limited Property Values. Because FY2015-16 is the first year for implementation of the constitutional amendment and use of Limited Property Values, there is no comparative data from prior years and accordingly the Net Assessed Values presented for years prior to FY2015-16 represent Secondary Assessed Values based on the then-applicable but now replaced valuation rules.

Note - As a quasi-governmental entity, Salt River Project pays in-Lieu taxes, rather than property taxes. For fiscal year 2018, the assessed value of Salt River Project property within the City of Peoria is \$19,404,047.

Source - Maricopa County Treasurer's or Assessor's Office

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

Table XIII

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year ⁽¹⁾	Collected with the Fiscal Year of the Levy ⁽²⁾		Collections in Subsequent Years ⁽²⁾	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018	\$ 19,296,983	\$ 18,955,264	98.23%	\$ -	\$ 18,955,264	98.23%
2017	17,923,382	17,596,843	98.18%	203,688	17,800,531	99.31%
2016	16,963,444	16,695,651	98.42%	156,495	16,852,146	99.34%
2015	16,560,055	16,290,571	98.37%	179,380	16,469,951	99.46%
2014	15,215,970	14,882,168	97.81%	229,063	15,111,231	99.31%
2013	16,372,418	15,962,490	97.50%	247,157	16,209,647	99.01%
2012	18,365,937	17,628,300	95.98%	373,768	18,002,068	98.02%
2011	23,026,196	21,884,397	95.04%	544,602	22,428,999	97.41%
2010	26,892,213	25,561,505	95.05%	788,706	26,350,211	97.98%
2009	27,781,796	26,280,210	94.60%	933,627	27,213,837	97.96%

Notes: ⁽¹⁾ Levy figures obtained from Maricopa County Tax Levy Books-February Publication.
⁽²⁾ Collection amount obtained from Maricopa County Treasurer's Secured Levy Report at 6/30/2018.

Source: Maricopa County Treasurer's Office
Maricopa County Assessor's Office
City financial records and reports

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

Table XIV

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016 (c)</u>	<u>2017</u>	<u>2018</u>
Water										
Average bill	\$36.73	\$35.46	\$34.36	\$38.00	\$37.41	\$37.31	\$35.54	\$37.53	\$39.13	\$41.44
% Increase	3.20%	-3.46%	-3.10%	10.59%	-1.55%	-0.27%	-4.74%	5.60%	4.26%	5.90%
Wastewater										
Average bill	21.36	21.45	20.45	21.49	24.16	23.36	23.99	24.64	25.22	25.26
% Increase	0.56%	0.42%	-4.66%	5.09%	12.42%	-3.31%	2.70%	2.71%	2.35%	0.16%
Residential Solid Waste										
Average bill	15.18	15.36	15.35	15.40	13.38	13.38	13.35	13.44	13.39	14.23
% Increase	2.22%	1.19%	-0.07%	0.33%	-13.12%	0.00%	-0.22%	0.67%	-0.37%	6.27%

**Utility Service Connections
Last Ten Fiscal Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016 (c)</u>	<u>2017</u>	<u>2018</u>
Water										
# of Accounts	46,902	47,606	47,793	48,509	49,416	50,399	51,405	55,558	57,011	58,061
% Increase	1.64%	1.50%	0.39%	1.50%	1.87%	1.99%	2.00%	8.08%	2.62%	1.84%
Wastewater										
# of Accounts	49,923	50,383	50,715	51,527	52,674	53,548	54,599	56,235	57,909	59,499
% Increase	2.39%	0.92%	0.66%	1.60%	2.23%	1.66%	1.96%	3.00%	2.98%	2.75%
Residential Solid Waste										
# of Accounts	48,006	48,382	48,752	49,506	50,727	51,609	52,640	54,262	55,828	57,452
% Increase	1.82%	0.78%	0.76%	1.55%	2.47%	1.74%	2.00%	3.08%	2.89%	2.91%

**Charges for Water Services
Base Minimum Monthly Bill
As of June 30, 2018**

**Charges for Wastewater Services
Base Minimum Monthly Bill
As of June 30, 2018**

Multi Family Customers	Resid., Commerc. & Landscape Customers		Multi Family Customers	Resid., Commerc. & Landscape Customers	
	Meter Size	Charge		Meter Size	Charge
	5/8"-3/4"	\$ 15.88		5/8"-3/4"	\$ 9.38 (& Resid. 1")
Base Charge	1"	18.94	Base Charge	1"	11.79
per Meter	1 1/2"	30.13	per Meter	1 1/2"	20.62
\$9.60	2"	42.36	\$4.14	2"	30.27
	3"	75.02		3"	56.03
Charge per	4"	111.71	Charge per	4"	84.97
Dwelling Unit	6"	213.60	Dwelling Unit	6"	165.34
\$3.61	8"	335.92	\$2.97	8"	261.82

- (a) Base service charge is based on each bill rendered.
(b) For residential & multi-plex users, volume is measured as the rate per 1,000 gallons of a four-month winter average (December - March).
For commercial customers, the volume charge is based on actual monthly usage.
(c) Water account total includes the acquisition of New River System. These accounts were excluded from the FY16 average water bill calculation, but included beginning in FY17.
Source: City customer service and billing records

(continued)

CITY OF PEORIA, ARIZONA
UTILITY STATISTICAL DATA

Volume Charges for Water Services Usage Per Month As of June 30, 2018				Charges for Residential Solid Waste As of June 30, 2018
Volume Consumption (gallons)	Residential (per 1,000 gallons)	Multiplex (per 1,000 gallons)	Commercial (per 1,000 gallons)	
0 - 4,000	\$ 1.13	\$ -	\$ -	Monthly fee
4,001 - 10,000	2.92	-	-	Single container & recycling \$ 13.60
10,001 - 20,000	4.12	-	-	Additional container 11.00
10,001 - 25,000	4.50	-	-	
1,000+	-	2.92	-	
0 - 10,000	-	-	1.13	
10,001 - 50,000	-	-	2.92	
50,001+	-	-	4.12	

Water Meter Permit Charges As of June 30, 2018		Charges for Storm Water As of June 30, 2018	
Meter Size	Charge	Monthly	All Customers
3/4"	\$ 317		
1 1/2"	493		
2"	629 - 1,033		
3"	1,751 - 2,662		
4"	2,231 - 3,172		
6"	3,781 - 5,086		
Hydrant meter	1,280		
Commercial accounts	By meter size	Base charge	\$ 1.00

- (a) Base service charge is based on each bill rendered.
- (b) For residential & multiplex users, volume is measured as the rate per 1,000 gallons of a three-month winter average (December - February).
For commercial customers, the volume charge is based on actual monthly usage.

Source: City customer service and billing records

(continued)

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

Table XIV

<u>Entity</u>	<u>Type of User</u>	<u>2018</u>			<u>2009</u>		
		<u>Avg Monthly Water Usage</u>	<u>Rank</u>	<u>Monthly Water Usage</u>	<u>Avg Monthly Water Usage</u>	<u>Rank</u>	<u>Monthly Water Usage</u>
Desert Harbor Lake	Homeowner's Association	7,780	1	0.94%	7,162	1	0.99%
City of Peoria Padre's Pump Station	Sports Complex	7,349	2	0.89%	5,959	2	0.82%
Trilogy at Vistancia	Commercial Landscape	2,565	3	0.31%	3,070	3	0.42%
Ventana Lakes N. of Beardsley Lake	Homeowner's Association	2,072	4	0.25%	1,398	7	0.19%
Sun Garden Park II HOA	Homeowner's Association	1,889	5	0.23%	2,168	4	0.30%
Sun Garden Mobile Home Park	Homeowner's Association	1,643	6	0.20%			
Desert Harbor Landscape	Homeowner's Association	1,607	7	0.19%			
Freedom Plaza Care Center	Healthcare Facility	1,433	8	0.17%	1,884	5	0.26%
Equity Lifestyle Prop Inc - Casa Del Sol East	Multi-Family Residential	1,416	9	0.17%	1,362	8	0.19%
Polynesian Village	Homeowner's Association	1,293	10	0.16%	1,303	10	0.18%
Centennial High School	Public School				1,529	6	0.21%
5 Star Quality Care - Desert Harbor	Healthcare Facility				1,343	9	0.19%

Source: City customer service and billing records

(concluded)

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

Table XV

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Fiscal Year</u> <u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities										
General Obligation Bonds	\$ 183,060,000	\$ 184,960,000	\$ 167,580,000	\$ 170,960,000	\$ 162,375,000	\$ 152,820,000	\$ 145,088,146	\$ 170,995,550	\$ 158,031,697	\$ 135,863,947
Municipal Development Authority Debt Obligations	60,985,393	55,943,338	58,365,965	52,480,000	85,230,000	81,035,000	77,797,482	73,257,994	68,529,573	34,792,700
Highway User Revenue Bonds	3,005,000	-	-	-	-	-	-	-	-	-
Direct Purchase and Loan Obligations	-	-	-	-	-	-	-	-	-	36,514,304
Special Assessment Bonds	10,402,812	8,042,321	6,155,000	4,660,000	3,520,000	3,195,000	2,865,416	2,508,814	2,137,211	-
Community Facilities District Bonds	63,060,000	60,890,000	58,615,000	56,230,000	53,725,000	51,095,000	48,409,540	40,575,685	40,400,804	37,266,862
Business-type Activities										
Water and Sewer Revenue Bonds	18,000,000	15,780,000	15,780,000	38,480,000	37,295,000	32,720,000	29,669,224	24,622,433	19,095,643	13,383,853
WIFA Loans	117,346,302	130,298,508	121,975,538	89,803,906	82,212,652	77,780,535	73,235,496	78,549,337	74,229,903	70,004,831
Municipal Development Authority Debt Obligations	1,229,607	861,662	449,034	-	-	-	-	-	-	-
Long-Term Loan Payable	1,064,632	6,883,276	-	-	-	-	-	-	-	-
Total Primary Government	<u>\$ 458,153,746</u>	<u>\$ 463,659,105</u>	<u>\$ 428,920,537</u>	<u>\$ 412,613,906</u>	<u>\$ 424,357,652</u>	<u>\$ 398,645,535</u>	<u>\$ 377,065,304</u>	<u>\$ 390,509,813</u>	<u>\$ 362,424,831</u>	<u>\$ 327,826,497</u>
Total Debt Per Capita	\$ 2,876.71	\$ 3,009.50	\$ 2,764.59	\$ 2,631.80	\$ 2,643.91	\$ 2,429.22	\$ 2,238.44	\$ 2,280.52	\$ 2,092.43	\$ 1,867.05
Total Debt as a % of Personal Income	7.6%	8.5%	7.8%	7.4%	7.1%	6.4%	5.8%	5.7%	5.1%	4.4%

Source: City financial records. Debt schedule exhibits and Long-term liability activity footnote

**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 XVI

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Bonded Debt (1)	\$ 183,060,000	\$ 184,960,000	\$ 167,580,000	\$ 170,960,000	\$ 162,375,000	\$ 152,820,000	\$ 145,088,146	\$ 170,995,550	\$ 158,031,697	\$ 135,863,947
Less:										
Debt Service Reserves (2)	<u>44,978,714</u>	<u>35,352,142</u>	<u>31,849,469</u>	<u>30,782,503</u>	<u>30,825,566</u>	<u>28,924,537</u>	<u>25,859,071</u>	<u>26,583,502</u>	<u>25,529,967</u>	<u>15,887,194</u>
Net Bonded Debt	<u>\$ 138,081,286</u>	<u>\$ 149,607,858</u>	<u>\$ 135,730,531</u>	<u>\$ 140,177,497</u>	<u>\$ 131,549,434</u>	<u>\$ 123,895,463</u>	<u>\$ 119,229,075</u>	<u>\$ 144,412,048</u>	<u>\$ 132,501,730</u>	<u>\$ 119,976,753</u>
Percentage of Net Bonded Debt to Full Cash Value	0.8%	0.9%	0.9%	1.2%	1.2%	1.2%	1.1%	1.0%	0.9%	0.7%
Percentage of Net Bonded Debt to Assessed Value (3)	6.9%	7.9%	8.4%	11.0%	11.6%	11.7%	10.3%	12.3%	10.6%	9.0%
Net Bonded Debt Per Capita	\$867	\$971	\$875	\$894	\$820	\$755	\$708	\$843	\$765	\$683
Net Bonded Debt as a % of Personal Income	2.30%	2.74%	2.47%	2.53%	2.20%	1.99%	1.83%	2.12%	1.87%	1.62%

(1) Represents face value of general obligation debt outstanding plus deferred bond premiums

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

(3) Prior to FY2015-16, Primary or Limited Property Values were used for primary ad valorem taxes which are levied for operations of the city and Secondary Assessed Values were used for secondary ad valorem taxes which are levied for debt service.

Beginning in FY2015-16, with a voter approved constitutional amendment, both primary and secondary ad valorem taxes are now levied on the Limited Property Values.

Because FY2015-16 is the first year for implementation of the constitutional amendment and use of Limited Property Values, there is no comparative data from prior years and accordingly the Net Assessed Values presented for years prior to FY2015-16 represent Secondary Assessed Values based on the then-applicable but now replaced valuation rules.

Note: Personal income and population information may be found on Table XXV
Full cash value information may be found on Table VIII

Sources - City debt service schedules & Long-term liability footnote.

CITY OF PEORIA, ARIZONA
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT - CURRENT FISCAL YEAR
AS OF JUNE 30, 2018

Table XVII

Governmental Unit	Limited Assessed Valuation	General Obligation Bonds Outstanding (2)	Percentage Applicable to City of Peoria (1)	Amount Applicable to City of Peoria	Secondary Tax Rate per \$100 Assessed
Overlapping:					
State of Arizona	\$ 59,404,007,785	\$ -	2.26%	\$ -	\$ -
Maricopa County	38,251,891,249	-	3.50%	-	-
Maricopa County Community College District	38,251,891,249	445,570,000	3.50%	15,609,534	0.21
Maricopa County Flood Control District	34,709,158,781	-	3.86%	-	0.18
Maricopa County Library District	38,251,891,249	-	3.50%	-	0.06
Maricopa County Fire District Assistance	38,251,891,249	-	3.50%	-	0.01
Maricopa County Special Health Care District	38,236,246,402	112,000,000	3.50%	3,925,271	0.29
Central AZ Water Conservation	38,236,246,402	-	3.50%	-	0.14
West MEC Vocational District	14,005,834,321	138,655,000	9.57%	<u>13,266,411</u>	0.18
Sub-total - City-wide overlapping				<u>32,801,216</u>	
Total City-wide debt levies (3)				168,665,163	
Unified School Districts:					
Peoria No. 11	1,145,771,520	231,560,000	69.50%	160,934,200	3.03
Deer Valley No. 97	183,633,141	215,155,000	7.57%	16,287,234	2.47
Nadaburg No. 81	1,360,574	535,000	2.34%	<u>12,519</u>	0.30
Sub-total - Unified school district overlapping				<u>177,233,953</u>	
Total overlapping				<u>210,035,169</u>	
Direct:					
City of Peoria	\$ 1,340,068,217	\$ 135,863,947	100.00%	<u>135,863,947</u>	\$ 1.25
Total direct and overlapping debt				<u>\$ 345,899,116</u>	

Notes: Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the city. This table estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses in the city. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Does not include debt amount of Vistancia Community Facilities District (\$34,175,425) or Vistancia West Community Facilities District (\$3,091,437).

(1) Percentage applicable to the City is computed on the ratio of secondary assessed valuation.

(2) Includes total stated principal amount of general obligation bonds outstanding. Does not include certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed.

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

Sources: - City of Peoria financial records
- Maricopa County Treasurer
- Individual jurisdictions' CAFRs and official statements

- Maricopa County Assessor
- State of Arizona, Department of Revenue, Abstract of the Assessment Roll

CITY OF PEORIA, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT - CURRENT FISCAL YEAR
AS OF JUNE 30, 2018

Table XVIII

Governmental Unit	Limited Assessed Valuation	Debt Outstanding (2)	Percentage Applicable to City of Peoria (1)	Amount Applicable to City of Peoria	Secondary Tax Rate per \$100 Assessed
Overlapping:					
State of Arizona	\$ 59,404,007,785	\$ -	2.26%	\$ -	\$ -
Maricopa County	38,251,891,249	-	3.50%	-	-
Maricopa County Community College District	38,251,891,249	445,570,000	3.50%	15,609,534	0.21
Maricopa County Flood Control District	34,709,158,781	-	3.86%	-	0.18
Maricopa County Library District	38,251,891,249	-	3.50%	-	0.06
Maricopa County Fire District Assistance	38,251,891,249	-	3.50%	-	0.01
Maricopa County Special Health Care District	38,236,246,402	-	3.50%	-	0.29
Central AZ Water Conservation	38,236,246,402	-	3.50%	-	0.14
West MEC Vocational District	14,005,834,321	138,655,000	9.57%	13,266,411	0.18
Sub-total - City-wide overlapping				<u>28,875,945</u>	
Total City-wide debt levies (3)				236,046,896	
Unified School Districts:					
Peoria No. 11	1,145,771,520	231,560,000	69.50%	160,934,200	3.26
Deer Valley No. 97	183,633,141	215,155,000	7.57%	16,287,234	2.47
Nadaburg No. 81	1,360,574	535,000	2.34%	12,519	0.30
Sub-total - Unified school district overlapping				<u>177,233,953</u>	
Total overlapping				<u>206,109,898</u>	
Direct:					
City of Peoria	1,340,068,217	\$ 207,170,951	100.00%	<u>207,170,951</u>	\$ 1.25
Total direct and overlapping debt				<u>\$ 413,280,849</u>	

Notes: Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the city. This table estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses in the city. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Does not include debt amount of Vistancia Community Facilities District (\$34,175,425) or Vistancia West Community Facilities District (\$3,091,437).

(1) Percentage applicable to the City is computed on the ratio of secondary assessed valuation.

(2) Includes total stated principal amount of general obligation bonds outstanding. Does not include certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed.

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

Sources: - City of Peoria financial records
- Maricopa County Treasurer
- Individual jurisdictions' CAFRs and official statements

- 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 XIX

Governmental Unit	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Overlapping:										
State of Arizona	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maricopa County	-	-	-	-	-	-	-	-	-	-
Community College District	17,301,999	21,354,408	23,908,932	22,084,125	25,357,414	23,384,382	21,550,210	20,203,810	17,547,206	15,609,534
County Flood Control District	-	-	-	-	-	-	-	-	-	-
County Free Library	-	-	-	-	-	-	-	-	-	-
Fire District Assistance	-	-	-	-	-	-	-	-	-	-
Education Equalization	-	-	-	-	-	-	-	-	-	-
West MEC Vocational District	-	-	-	-	3,241,000	3,198,843	3,025,964	6,722,916	13,247,434	13,266,411
Central AZ Water Conservation	-	-	-	-	-	-	-	-	-	-
Sub-total - City-wide overlapping	<u>17,301,999</u>	<u>21,354,408</u>	<u>23,908,932</u>	<u>22,084,125</u>	<u>28,598,414</u>	<u>26,583,225</u>	<u>24,576,174</u>	<u>26,926,726</u>	<u>30,794,640</u>	<u>28,875,945</u>
Total City-wide levies (1)	<u>393,645,062</u>	<u>405,549,288</u>	<u>384,534,551</u>	<u>371,967,077</u>	<u>394,056,576</u>	<u>317,946,402</u>	<u>298,736,758</u>	<u>314,264,769</u>	<u>188,826,337</u>	<u>236,046,896</u>
Unified School Districts:										
Peoria No. 11	210,241,616	166,217,415	196,735,864	177,729,492	163,033,794	208,200,535	180,916,246	219,811,259	186,654,480	160,934,200
Deer Valley No. 97	21,558,687	26,201,313	24,618,198	25,445,126	25,160,995	27,264,686	25,506,618	26,927,344	30,347,141	16,287,234
Nadaburg No. 81	-	-	7,800	4,524	284,900	2,286	1,212	789	579	12,519
Sub-total - Unified school district overlapping	<u>231,800,303</u>	<u>192,418,728</u>	<u>221,361,862</u>	<u>203,179,142</u>	<u>188,479,689</u>	<u>235,467,507</u>	<u>206,424,076</u>	<u>246,739,392</u>	<u>217,002,200</u>	<u>177,233,953</u>
Total overlapping	<u>249,102,302</u>	<u>213,773,136</u>	<u>245,270,794</u>	<u>225,263,267</u>	<u>217,078,103</u>	<u>262,050,732</u>	<u>231,000,250</u>	<u>273,666,118</u>	<u>247,796,840</u>	<u>206,109,898</u>
Direct (2):										
City of Peoria	<u>376,343,063</u>	<u>384,194,880</u>	<u>360,625,619</u>	<u>349,882,952</u>	<u>365,458,162</u>	<u>291,363,177</u>	<u>274,160,584</u>	<u>287,338,043</u>	<u>158,031,697</u>	<u>207,170,951</u>
Total direct and overlapping debt	<u>\$ 625,445,365</u>	<u>\$ 597,968,016</u>	<u>\$ 605,896,413</u>	<u>\$ 575,146,219</u>	<u>\$ 582,536,265</u>	<u>\$ 553,413,909</u>	<u>\$ 505,160,834</u>	<u>\$ 561,004,161</u>	<u>\$ 405,828,537</u>	<u>\$ 413,280,849</u>

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

(2) - Due to a recommended change in accounting principle, the contracts payable category is no longer being used to calculate direct governmental activities debt.

Sources: City Financial Records
Individual jurisdictions' CAFRs and official statements for debt of other entities

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

Table XX

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Fiscal Year 2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Property Assessed Value (1)	\$ 1,994,591,924	\$ 1,895,163,851	\$ 1,609,972,512	\$ 1,276,335,862	\$ 1,137,434,740	\$ 1,057,413,204	\$ 1,155,587,438	\$ 1,178,016,995	\$ 1,244,679,295	\$ 1,340,068,217
6% Limitation										
Debt limit	\$ 119,675,515	\$ 113,709,831	\$ 96,598,351	\$ 76,580,152	\$ 68,246,084	\$ 63,444,792	\$ 69,335,246	\$ 70,681,020	\$ 74,680,758	\$ 80,404,093
Total net debt applicable to limit	<u>6,745,000</u>	<u>5,565,000</u>	<u>4,570,000</u>	<u>2,735,000</u>	<u>1,665,000</u>	<u>350,000</u>	<u>-</u>	<u>4,814,727</u>	<u>4,149,727</u>	<u>2,999,727</u>
Legal 6% Debt Margin	<u>\$ 112,930,515</u>	<u>\$ 108,144,831</u>	<u>\$ 92,028,351</u>	<u>\$ 73,845,152</u>	<u>\$ 66,581,084</u>	<u>\$ 63,094,792</u>	<u>\$ 69,335,246</u>	<u>\$ 65,866,293</u>	<u>\$ 70,531,031</u>	<u>\$ 77,404,366</u>
Total net debt applicable to the limit as a percentage of debt limit	5.6%	4.9%	4.7%	3.6%	2.4%	0.6%	0.0%	6.8%	5.6%	3.7%
20% Limitation										
Debt limit	\$ 398,918,385	\$ 379,032,770	\$ 321,994,502	\$ 255,267,172	\$ 227,486,948	\$ 211,482,641	\$ 231,117,488	\$ 235,603,399	\$ 248,935,859	\$ 268,013,643
Total net debt applicable to limit	<u>176,315,000</u>	<u>179,395,000</u>	<u>163,010,000</u>	<u>168,225,000</u>	<u>160,710,000</u>	<u>152,470,000</u>	<u>142,925,000</u>	<u>155,345,273</u>	<u>144,090,273</u>	<u>124,055,273</u>
Legal 20% Debt Margin	<u>\$ 222,603,385</u>	<u>\$ 199,637,770</u>	<u>\$ 158,984,502</u>	<u>\$ 87,042,172</u>	<u>\$ 66,776,948</u>	<u>\$ 59,012,641</u>	<u>\$ 88,192,488</u>	<u>\$ 80,258,126</u>	<u>\$ 104,845,586</u>	<u>\$ 143,958,370</u>
Total net debt applicable to the limit as a percentage of debt limit	44.2%	47.3%	50.6%	65.9%	70.6%	72.1%	61.8%	65.9%	57.9%	46.3%

(1) Prior to FY2015-16, Primary or Limited Property Values were used for primary ad valorem taxes which are levied for operations of the city and Secondary Assessed Values were used for secondary ad valorem taxes which are levied for debt service. Beginning in FY2015-16, with a voter approved constitutional amendment, both primary and secondary ad valorem taxes are now levied on the Limited Property Values. Because FY2015-16 is the first year for implementation of the constitutional amendment and use of Limited Property Values, there is no comparative data from prior years and accordingly the Net Assessed Values presented for years prior to FY2015-16 represent Secondary Assessed Values based on the then-applicable but now replaced valuation rules.

Source: Maricopa County Assessor and City records

CITY OF PEORIA, ARIZONA
PLEDGED REVENUE COVERAGE - EXCISE TAX AND STATE SHARED REVENUE DEBT OBLIGATIONS
GOVERNMENTAL PORTION
LAST TEN FISCAL YEARS

Table XXI

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Fiscal Year</u> <u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 (6)</u>
Senior Lien Excise Tax and State Shared Revenue Debt Obligations										
Pledged Revenues										
Sales and use taxes (1)	\$ 50,215,336	\$ 47,957,886	\$ 49,541,810	\$ 51,737,833	\$ 56,145,066	\$ 60,587,446	\$ 63,331,915	\$ 67,425,794	\$ 71,476,726	\$ 76,168,326
State-shared sales tax	10,991,095	10,137,682	11,649,489	12,087,651	12,665,191	13,431,637	14,139,128	14,760,029	15,631,512	15,894,140
Urban revenue sharing	20,395,663	17,469,936	13,408,996	13,231,006	14,425,958	17,172,500	18,650,521	18,549,406	20,949,613	20,334,388
Franchise taxes	4,019,182	3,955,416	4,037,897	4,084,163	4,136,004	4,194,371	4,312,836	4,461,864	4,501,681	5,035,331
License and permits	1,802,759	1,599,957	1,672,072	2,106,545	2,564,075	2,800,894	3,132,178	4,080,210	4,778,632	5,509,240
Fines and forfeitures	3,309,210	2,525,753	2,813,535	2,521,407	2,058,925	1,933,142	1,699,818	1,601,014	1,433,868	1,728,303
User fees and charges	11,420,810	10,185,728	10,502,078	10,895,825	11,889,776	12,535,479	12,703,987	11,998,841	14,376,186	16,758,517
Miscellaneous	3,781,537	1,674,775	2,692,430	1,656,235	2,534,262	1,379,952	2,146,784	2,341,988	2,980,499	4,696,224
Total Pledged Revenues	\$ 105,935,592	\$ 95,507,133	\$ 96,318,307	\$ 98,320,665	\$ 106,419,257	\$ 114,035,421	\$ 120,117,167	\$ 125,219,146	\$ 136,128,717	\$ 146,124,469
Senior Lien Debt Service Requirements										
Principal (2)	3,400,000	3,575,000	3,990,000	1,569,999	665,000	2,010,000	2,020,000	2,085,000	2,165,000	2,361,806
Interest (2)	842,867	670,386	482,594	505,827	1,065,571	1,708,383	1,642,083	1,567,808	1,483,533	1,385,086
Total Senior Lien Debt Service Requirements	4,242,867	4,245,386	4,472,594	2,075,826	1,730,571	3,718,383	3,662,083	3,652,808	3,648,533	3,746,892
Estimated Coverage	24.97	22.50	21.54	47.36	61.49	30.67	32.80	34.28	37.31	39.00
Other Excise Tax and State Shared Revenue Debt Obligations (3)										
Net Pledged Revenues from above (4)	101,692,725	91,261,747	91,845,713	96,244,839	104,688,686	110,317,038	116,455,084	121,566,339	132,480,184	142,377,577
Additional Pledged Revenues (5)	9,356,675	8,491,097	8,682,846	9,088,210	9,927,436	10,861,145	11,334,889	12,231,059	12,939,338	13,977,877
Total	111,049,400	99,752,844	100,528,559	105,333,049	114,616,122	121,178,183	127,789,973	133,797,398	145,419,522	156,355,454
Debt Service Requirements										
Principal	1,760,000	1,835,000	1,920,000	2,005,000	2,095,000	2,185,000	2,285,000	2,385,000	2,490,000	2,665,000
Interest	1,659,171	2,005,188	1,940,963	1,873,763	1,803,588	1,730,263	1,648,325	1,545,500	1,438,175	1,114,408
Total Annual Requirements	3,419,171	3,840,188	3,860,963	3,878,763	3,898,588	3,915,263	3,933,325	3,930,500	3,928,175	3,779,408
Estimated Coverage	32.48	25.98	26.04	27.16	29.40	30.95	32.49	34.04	37.02	41.37

Note: (1) Excludes the 0.3% Transportation Sales Tax approved by voters in September 2005.

(2) Although the pledged revenues for all Senior Lien Debt Obligations are excise taxes and state shared revenues (excluding the 0.3% Transportation Sales Tax), some debt service payments, including the 2011 MDA Debt Obligation, are funded by Enterprise Funds.

(3) Other Excise Tax and State Shared Revenue Debt Obligations are backed by a senior lien on the .03% transaction privilege tax approved by voters in 2005 and a subordinated lien on the Excise Taxes and State Shared revenues listed above.

(4) Pledged revenues on the Senior Lien Debt Obligations, less the debt requirements for the Senior Lien Debt Obligations

(5) Revenues of the Transportation Sales Tax Fund, primarily consisting of the 0.3% transaction privilege tax in Note (1).

(6) During FY2018, the 2006 and 2008 MDA debt obligations were refunded using direct purchase obligations. As part of the refunding the City deposited \$3,128,884, which was available for upcoming debt service payments for the debt being refunded, with the bond escrow agent. This amount is included in debt principal and interest listed above.

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

CITY OF PEORIA, ARIZONA
PLEGGED REVENUE COVERAGE - WATER AND WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS

Table XXII

	Fiscal Year									
	<u>2009</u> ⁽²⁾	<u>2010</u>	<u>2011</u>	<u>2012</u> ⁽⁶⁾	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Gross Revenue (1)	\$ 46,956,831	\$ 48,087,688	\$ 46,141,098	\$ 50,720,705	\$ 52,680,761	\$ 54,515,296	\$ 52,770,260	\$ 60,010,324	\$ 64,032,933	\$ 69,512,706
Operating and Maintenance Expenses (2)	33,751,517	28,067,908	28,610,625	28,823,261	28,974,990	30,942,736	35,326,061	33,060,448	35,787,927	38,664,295
Net Revenue Available for Debt Service	<u>\$ 13,205,314</u>	<u>\$ 20,019,780</u>	<u>\$ 17,530,473</u>	<u>\$ 21,897,444</u>	<u>\$ 23,705,771</u>	<u>\$ 23,572,560</u>	<u>\$ 17,444,199</u>	<u>\$ 26,949,876</u>	<u>\$ 28,245,006</u>	<u>\$ 30,848,411</u>
Development Fee Revenue	1,841,126	1,616,718	1,899,935	2,820,416	3,205,623	4,311,153	4,418,565	5,116,972	6,268,689	6,034,425
Total Net Revenue	<u>\$ 15,046,440</u>	<u>\$ 21,636,498</u>	<u>\$ 19,430,408</u>	<u>\$ 24,717,860</u>	<u>\$ 26,911,394</u>	<u>\$ 27,883,713</u>	<u>\$ 21,862,764</u>	<u>\$ 32,066,848</u>	<u>\$ 34,513,695</u>	<u>\$ 36,882,836</u>
Debt Service Requirements										
Principal (3)	4,372,224	7,362,889	7,025,129	7,941,123	8,776,254	9,007,117	9,210,038	9,456,159	10,635,513	10,983,985
Interest (4)	4,852,315	4,332,089	4,501,266	4,242,754	3,579,904	3,343,413	3,097,542	3,026,940	2,621,761	2,567,632
Total Debt Service Requirements	<u>\$ 9,224,539</u>	<u>\$ 11,694,978</u>	<u>\$ 11,526,395</u>	<u>\$ 12,183,877</u>	<u>\$ 12,356,158</u>	<u>\$ 12,350,530</u>	<u>\$ 12,307,580</u>	<u>\$ 12,483,099</u>	<u>\$ 13,257,274</u>	<u>\$ 13,551,617</u>
Ratio of Total Net Revenue/ Total Bond Expense	1.63	1.85	1.69	2.03	2.18	2.26	1.78	2.57	2.60	2.72
Ratio of Net Available/ Total Bond Expense (5)	1.43	1.71	1.52	1.80	1.92	1.91	1.42	2.16	2.13	2.28

(1) Includes total operating revenues and investment income of the Water Utility and Wastewater Utility Enterprise Funds.

(2) Includes total operating expenses of the Water Utility and Wastewater Utility Enterprise Funds, less depreciation amortization. For FY09 also excludes a one-time insurance claim (\$7,930,000) and a one-time charge from Central Arizona Project for back billed water capital recovery charges (\$3,670,364).

(3) Includes principal for Water and Sewer Revenue bonds and Water Infrastructure Finance Authority loans. Although some MDA bonds are financed by the Utility Funds, the pledged revenue is excise tax therefore the debt is included in the MDA Bond debt coverage calculations on Table XXI.

(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 position.

(5) Excludes Development Fee Revenue.

(6) In FY2012 \$24,810,509 in principal and \$405,829 in interest were defeased. These additional debt payments have been removed from the FY12 debt service requirements so as not to distort the ratios.

Source: Statement of Revenues, Expenses, and Changes in Fund Net Position
 Repayment schedules for debt serviced by Water and Wastewater Utility Enterprise funds

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

Table XXIII

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Fiscal Year</u> <u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Pledged Revenues (1)	\$ 3,365,342	\$ 3,402,865	\$ 2,645,451	\$ 2,262,112	\$ 1,484,283	\$ 1,259,303	\$ 1,168,526	\$ 1,078,196	\$ 2,787,558	\$ 2,130,000
Debt Service Requirements										
Principal	1,624,615	2,360,492	1,887,322	1,495,000	1,140,000	325,000	340,000	355,000	370,000	2,130,000
Interest (2)	675,958	559,205	432,302	316,720	222,820	149,600	135,788	121,338	106,250	90,825
Total Annual Requirements	<u>\$ 2,300,573</u>	<u>\$ 2,919,697</u>	<u>\$ 2,319,624</u>	<u>\$ 1,811,720</u>	<u>\$ 1,362,820</u>	<u>\$ 474,600</u>	<u>\$ 475,788</u>	<u>\$ 476,338</u>	<u>\$ 476,250</u>	<u>\$ 2,220,825</u>
Estimated Coverage	1.46	1.17	1.14	1.25	1.09	2.65	2.46	2.26	5.85	0.96

(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
 GASB Ref: 2800.129

**CITY OF PEORIA, ARIZONA
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS**

Table XXIV

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (3)</u>	<u>2015 (4)</u>	<u>2016 (5)</u>	<u>2017 (6)</u>	<u>2018</u>
Current Assessments Due	\$ 2,196,027	\$ 2,211,609	\$ 2,171,435	\$ 1,849,026	\$ 1,213,646	\$ 455,116	\$ 381,761	\$ 381,950	\$344,741	\$ -
Assessments Collected	2,193,992	2,211,599	2,171,435	1,848,788	1,213,646	455,116	381,761	381,950	344,741	-
Prepaid Assessments Collected	2,041	38,301	-	205,901	-	675,958	-	-	1,809,173	-
Total Assessments Collected (1)	<u>\$ 2,196,033</u>	<u>\$ 2,249,900</u>	<u>\$ 2,171,435</u>	<u>\$ 2,054,689</u>	<u>\$ 1,213,646</u>	<u>\$ 1,131,074</u>	<u>\$ 381,761</u>	<u>\$ 381,950</u>	<u>\$2,153,914</u>	<u>\$ -</u>
Ratio of Current Collections to Amount Due	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	N/A
Outstanding Assessment Principal (2)	\$ 9,871,061	\$ 8,141,515	\$ 6,328,423	\$ 4,551,324	\$ 3,520,000	\$ 2,603,127	\$ 2,326,112	\$ 2,036,876	\$0.00	\$0.00

(1) Does not include penalties or administrative 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 may include delinquent administrative charges, interest and penalties.

(3) These Special Assessments relate to Improvement District 0601 which includes three lots. The tax rolls of Maricopa County Assessor's Office indicate that the current full cash value of the Assessed Property is approximately \$25,957,000 for Lot No. 1, \$17,577,500 for Lot No. 2 and \$669,500 for Lot No. 3. There are no overlapping Assessment Districts and all lots are current in their assessment payments.

(4) These Special Assessments relate to Improvement District 0601 which includes three lots. The tax rolls of Maricopa County Assessor's Office indicate that the current full cash value of the Assessed Property is approximately \$25,957,000 for Lot No. 1, \$23,400,000 for Lot No. 2 and \$669,500 for Lot No. 3. There are no overlapping Assessment Districts and all lots are current in their assessment payments.

(5) These Special Assessments relate to Improvement District 0601 which includes three lots. The tax rolls of Maricopa County Assessor's Office indicate that the current full cash value of the Assessed Property is approximately \$30,000,000 for Lot No. 1, \$21,066,600 for Lot No. 2 and \$770,300 for Lot No. 3. There are no overlapping Assessment Districts and all lots are current in their assessment payments.

(6) These Special Assessments relate to Improvement District 0601 which includes three lots. The tax rolls of Maricopa County Assessor's Office indicate that the current full cash value of the Assessed Property is approximately \$30,000,000 for Lot No. 1, \$25,285,800 for Lot No. 2 and \$733,200 for Lot No. 3. There are no overlapping Assessment Districts and all lots are current in their assessment payments.

Source: City financial records and reports

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

Table XXV

Fiscal Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (3)	Median Age (4)	Public School Enrollment (5)	Unemployment Rate (6)
2009	159,263	5,998,322	37,663	36.2	36,180	6.7%
2010	154,065	5,462,529	35,456	35.5	35,978	7.0%
2011	155,148	5,489,757	35,384	38.4	35,334	8.7%
2012	156,780	5,547,504	37,171	39.4	35,095	7.1%
2013	160,504	5,966,094	38,006	38.3	35,231	6.8%
2014	164,104	6,236,937	38,745	40.2	34,952	6.0%
2015	168,450	6,526,595	39,846	40.5	34,897	5.0%
2016	171,237	6,823,110	40,811	36.9	34,966	4.9%
2017	173,208	7,068,792	42,218	41.6	34,912	4.2%
2018	175,585	7,412,848	N/A	41.0	35,388	4.0%

(1) City population for most current year based on City staff estimates based on building permit activity.

(2) Peoria personal income calculated by multiplying Phoenix Metropolitan Statistical Area (MSA) per capita income times Peoria population divided by 1,000. Current year calculated by multiplying current year population by prior year per capital personal income.

(3) Bureau of Economic Analysis - Phoenix Metropolitan Statista Area (MSA)

(4) US Census Bureau - American Community Surveys

(5) Arizona Department of Education

(6) US Bureau of Labor Statistics

**CITY OF PEORIA, ARIZONA
MAJOR EMPLOYERS WITHIN THE CITY
CURRENT YEAR AND TEN YEARS AGO**

Table XXVI

Employer	2018			2009		
	# of Employees	Rank	Percentage of Total City Employment	# of Employees	Rank	Percentage of Total City Employment
Peoria Unified School District	3,945	1	4.7%	3,776	1	5.3%
City of Peoria	1,204	2	1.4%	1,236	2	1.7%
Fry's Food Stores (Multiple Locations)	894	3	1.1%	533	5	0.7%
Walmart (Multiple Locations)	698	4	0.8%	635	4	0.9%
Target Stores Inc (Multiple Locations)	411	5	0.5%	492	6	0.7%
Oak Craft Inc	376	6	0.5%	-		0.0%
Banner Health	354	7	0.4%	-		0.0%
McDonalds (Multiple Locations)	345	8	0.4%	-		0.0%
Immanuel Campus of Care	330	9	0.4%	350	7	0.5%
The Antigua Group Inc	324	10	0.4%	-		0.0%
Plaza Del Rio Campus/Freedom Plaza & Care Center				700	3	1.0%
Larry Miller Dodge/Hyundai				263	9	0.4%
Safeway (4 Locations)				301	8	0.4%
Good Shepherd Care Center				250	10	0.3%
Total	8,881		10.6%	8,536		11.9%
 Total City Employment	 83,513			 71,868		

Sources: City of Peoria Economic Development Department & Maricopa Association of Governments Employer Database 2017
Arizona Unemployment Statistics Program Special Employment Report www.azstats.gov

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

Table XXVII

Full-time Equivalent Employees as of June 30, 2018

	<u>2009</u>	<u>2010</u>	<u>2011 *</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government										
Mayor & Council	6.00	6.00	-	-	-	-	-	-	-	-
City Manager	13.00	10.00	15.00	15.00	16.00	16.00	16.00	16.00	18.00	18.00
Office of Communications	9.50	8.50	8.00	7.00	8.00	8.00	8.00	9.00	9.00	9.00
Human Resources	17.00	19.00	18.00	17.00	17.50	17.50	17.50	19.00	19.00	20.00
Attorney	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00
City Clerk	9.00	9.00	9.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00
Court	22.00	22.00	21.00	20.90	20.90	20.90	20.90	20.90	20.90	20.90
Economic Development***	5.00	13.30	27.80	26.00	26.00	28.00	30.50	31.50	8.00	8.00
Finance & Budget	96.00	89.75	86.75	80.75	80.75	80.00	80.00	79.00	79.00	80.00
Culture & Recreation	142.04	125.47	115.97	113.57	111.97	115.97	115.97	119.22	121.47	121.20
Police	287.00	271.00	287.00	289.00	288.00	292.00	292.00	295.00	299.00	306.00
Fire	170.00	167.00	164.00	162.00	167.50	168.50	168.50	175.50	194.50	194.50
Community Development	49.80	51.00	15.50	12.50	12.50	13.50	14.00	15.00	16.00	16.00
Development and Engineering***	45.25	39.75	39.75	33.25	33.25	33.25	33.25	33.25	65.00	65.00
Highways & Streets	43.00	41.00	44.00	38.80	38.80	38.80	38.80	38.80	38.80	38.80
Public Works	69.50	63.75	56.75	57.95	57.95	57.95	57.95	57.95	57.95	57.95
Human Services	14.50	11.75	10.00	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Water Utility	72.75	60.75	57.75	56.50	55.50	55.50	55.50	55.50	58.50	58.50
Wastewater Utility	28.25	29.25	29.25	29.50	29.50	29.50	29.50	31.50	32.50	32.50
Solid Waste Utility	45.00	45.00	43.25	45.00	45.00	45.50	45.50	49.50	53.25	56.25
Information Technology	47.00	46.00	41.60	39.00	39.00	40.00	40.00	41.00	42.00	42.00
Stadium	19.00	19.00	15.50	15.50	16.50	17.50	17.50	17.50	18.50	18.50
Total FTE**	<u>1,236.59</u>	<u>1,174.27</u>	<u>1,131.87</u>	<u>1,100.72</u>	<u>1,105.12</u>	<u>1,118.87</u>	<u>1,121.87</u>	<u>1,145.62</u>	<u>1,191.87</u>	<u>1,203.60</u>

Note: Counts do include part-time non-seasonal benefitted employees.

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

**The Total FTE presentation for years 2008-2013 was updated to reflect a calculation correction.

***The presentation was updated in fiscal year 2017 to reflect the renaming of departments.

Source: City budget office

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

Table XXVIII

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities:										
General Government										
Registered Voters in City	76,323	82,578	86,803	85,592	87,432	89,604	87,541	93,916	101,881	102,460
Voter Participation (last election)	81.2%	29.2%	29.2%	23.7%	23.7%	24.9%	31.3% ^(F)	N/A	76.7%	N/A
Culture & Recreation										
Recreation Participants	131,372	132,391	134,661	136,200	134,045	122,318	120,232	104,544	109,220	112,802
New Recreation Accounts	6,237	5,903	5,968	6,106	5,396	5,533	5,483	5,166	5,396	5,029
Special Event Participants	*	46,578	60,715	65,347	73,800	74,950	79,550	71,300	102,938	95,822
Police										
Calls for Service	60,219	56,683	56,764	57,184	54,159	52,193	47,612	53,256	55,136	53,574
Avg Response Time (minutes)	5.47	5.65	5.87	6.01	4.52 ^(C)	4.39 ^(C)	4.55 ^(C)	5.13 ^(C)	5.40 ^(C)	5.33 ^(C)
Fire										
Number of Incidents	13,361	14,874	15,403	17,717	18,719	19,312	20,873	23,824	23,726	24,932
Avg Response Time (minutes)	4.43	5.02	5.19	5.08	5.14	5.30	5.24	5.38	5:16 ^(A)	5:24 ^(A)
Development Services										
Building Permits Issued	1,486	1,497	1,401	2,371	3,625 ^(D)	3,993 ^(D)	4,534 ^(D)	5,818 ^(D)	6,336 ^(D)	6,231 ^(D)
Value of Building Permits (millions \$)	\$84.5	\$131.8	\$63.8	\$111.2	\$169.0	\$188.3	\$221.1	\$311.9	\$393.3	\$355.0
Highways & Streets										
Asphalt Used (in tons)	2,441	2,832	2,677	2,038	3,122	2,227	2,302	1,289	1,930	1,566
Centerline Miles Swept	7,526	5,935	6,159	6,202	6,143	5,660	4,968	4,118	6,199	5,052
Miles Inspected	423	422	85 ^(B)	163	187	205	211	296	1,551 ^(G)	0 ^(G)
Public Works										
Number of Vehicle Work Orders	5,917	5,697	5,856	5,608	5,899	5,464	5,493	5,558	5,732	5,416
Human Services										
Number of Dial-a-Ride users	6,174	899	747	759	830	836	850	749	585	599
Number of Annual Trips	43,263	31,568	27,440	31,082	32,101	33,308	30,212	30,756	27,241	28,033
Business-type Activities										
Water Utility ^(E)										
Annual Consumption (000's gal)	8,674,450	8,212,711	8,003,947	8,448,795	8,405,929	8,662,507	8,090,136	8,650,664	9,488,059	9,950,302
Wastewater Utility										
Wastewater Treated (billion gal)	3.90	3.70	3.50	3.61	3.64	3.69	3.74	3.78	3.87	3.98
Solid Waste Utility										
Residential Tonnage Processed	48,970	47,540	47,989	46,299	47,717	47,987	51,666	52,593	54,967	55,757
Commercial Tonnage Processed	22,856	21,981	20,340	19,700	20,561	21,176	25,227	23,309	20,895	20,974
Recycle Tonnage Processed	16,084	15,516	16,277	15,715	15,184	15,155	16,077	16,447	16,698	17,109
Stadium										
Spring Training Attendance	211,243	200,029	188,244	190,643	196,881	192,513	238,847	240,111	227,646	201,272
Sporting Rentals Days	246	208	336	350	290	322	297	339	333	335
Non-Sporting Rentals Days	66	74	108	134	143	146	151	204	210	196

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

^(A) Decrease in Fire Average Response time reflects change in calculation. Beginning in FY17, average response time is calculated 1st unit on scene and only includes code 3 (emergency calls).

^(B) Changed from lane miles to center line miles in FY11 to be consistent with other highway

^(C) Decrease in Police Average Response time reflects calculation change. New Calculation=Dispatch to Arrival. Previous calculation=Call for Service to Arrival.

^(D) Beginning FY13, this number includes all permits issued including tenant improvements, C of O permits, and spec suite permits.

^(E) Beginning in FY15, Average Gallons/Household/Year is no longer being presented.

^(F) Percentage reflects voter participation in March 2015 Special General Election for Mesquite District Council. Eligible registered voters = 16,582.

^(G) Starting In FY17 an electronic survey of every road is completed every third year.

Source: Various City Departments

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

Table XXIX

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities:										
General Government										
Annexed Area (square miles)	177.9	179.0	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1
Culture & Recreation										
# of Neighborhood Parks	28	28	28	32	33	33	34	34	34	34
Total Neighborhood Park Acreage	314	322	322	285	294	294	305	301	301	301
# of Community Parks	1	1	1	1	1	2	2	2	2	2
Total Community Park Acreage	52	52	52	52	52	139	139	139	139	139
Public Safety										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Marked Patrol Vehicles (units)	92	86	86	86	86	88	88	90	91	92
Fire										
Stations (full-time / part-time)	7 / 1	7 / 1	7 / 1	7 / 1	7/1	7/1	7/1	8/0	8/0	8/0
Number of Fire Engines ^(B)	9	9	7	7	7	7	7	7	7	7
Number of Ladder Trucks	2	2	2	2	2	2	2	2	2	2
Highways & Streets										
Streets (miles maintained)	551	554	584	590	622	1,452 ^(A)	1,505 ^(A)	1,534	1,551	1,559
Crack Seal Application (linear feet)	*	*	*	*	*	1,165,460	1,156,722	2,144,476	2,007,173	3,381,554
Surface Treatments (lane miles)	*	*	*	*	*	88	96	60	99	153
Public Works										
Street Lights	13,726	13,901	14,093	14,333	15,006	14,786	14,945	15,565	15,722	15,973
Vehicles in Fleet	683	670	673	687	714	738	732	778	795	840
Water Services										
Number of Pump Stations	*	*	*	*	*	25	25	30	30	30
Number of Lift Stations	*	*	*	*	*	15	14	13	13	13
Number of Wells	*	*	*	*	*	38	40	46	47	47
Number of Reservoirs	*	*	*	*	*	30	30	33	33	33
Human Services										
Dial-a-Ride Buses	11	9	7	7	7	6	5	5	5	5
Business-type Activities										
Water Utility										
Number of Water Accounts	46,902	47,606	47,793	48,509	49,516	50,399	51,405	55,558	57,011	58,061
Storage Capacity (million gal)	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0
Wastewater Utility										
Number of Wastewater Accounts	49,923	50,383	50,715	51,527	52,674	53,548	54,599	56,235	57,909	59,499
Treatment Capacity (billion gal)	16.25	16.25	16.25	16.25	16.25	16.25	16.25	16.25	16.25	16.00
Solid Waste Utility										
Number of Solid Waste Accounts	48,006	43,382	48,752	49,506	50,727	51,609	52,640	54,262	55,828	57,452
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 ^(C)	125	125	125	125	125	125	125	125	125	125

Notes: * Information not tracked during this fiscal year.

^(A) Measurement changed from centerlane miles to lane miles in FY14.

^(B) Number of fire engines reported in FY13, FY14, FY15 and FY16 was restated to exclude a bush truck previously reported as a fire engine.

^(C) Number updated in FY17 for all years presented to reflect land owned by the City which was used to construct office space, and thus not part of Stadium complex acreage.

Source: Various City Departments

A wide-angle photograph of a desert landscape at sunset. The sky is filled with soft, golden light and scattered clouds. In the foreground, there are several tall, columnar cacti and some low-lying desert shrubs. The middle ground shows a vast, flat desert plain extending to a range of low mountains in the distance. A dark blue rectangular box with a white border is overlaid on the lower half of the image, containing the text "Continuing Disclosures" in white, bold, sans-serif font.

Continuing Disclosures

Continuing Disclosure Section

SEC Rule 15c2-12, as amended, requires the City to provide Continuing Disclosure Annual Reports that include audited financial statements and other financial information for the benefit of owners and holders of bond obligations issued by the City. The Continuing Disclosure Annual Report shall contain or incorporate by reference certain information as set forth in the Continuing Disclosure Agreements and Undertakings executed by the City with the issuance of its municipal bond obligations.

Information in this section is provided solely pursuant to the requirements of SEC Rule 15c2-12 and Continuing Disclosure Agreements and Undertakings and include financial information that is not required for fair presentation in conformity with accounting principles generally accepted in the United States of America and is therefore unaudited and not covered by the auditor's opinion.

Annual continuing disclosure information is filed with the Municipal Securities Rulemaking Board (MSRB) for public access via their Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

Continuing Disclosures Annual Report

For the Year Ended June 30, 2018

Audited Financial Statements

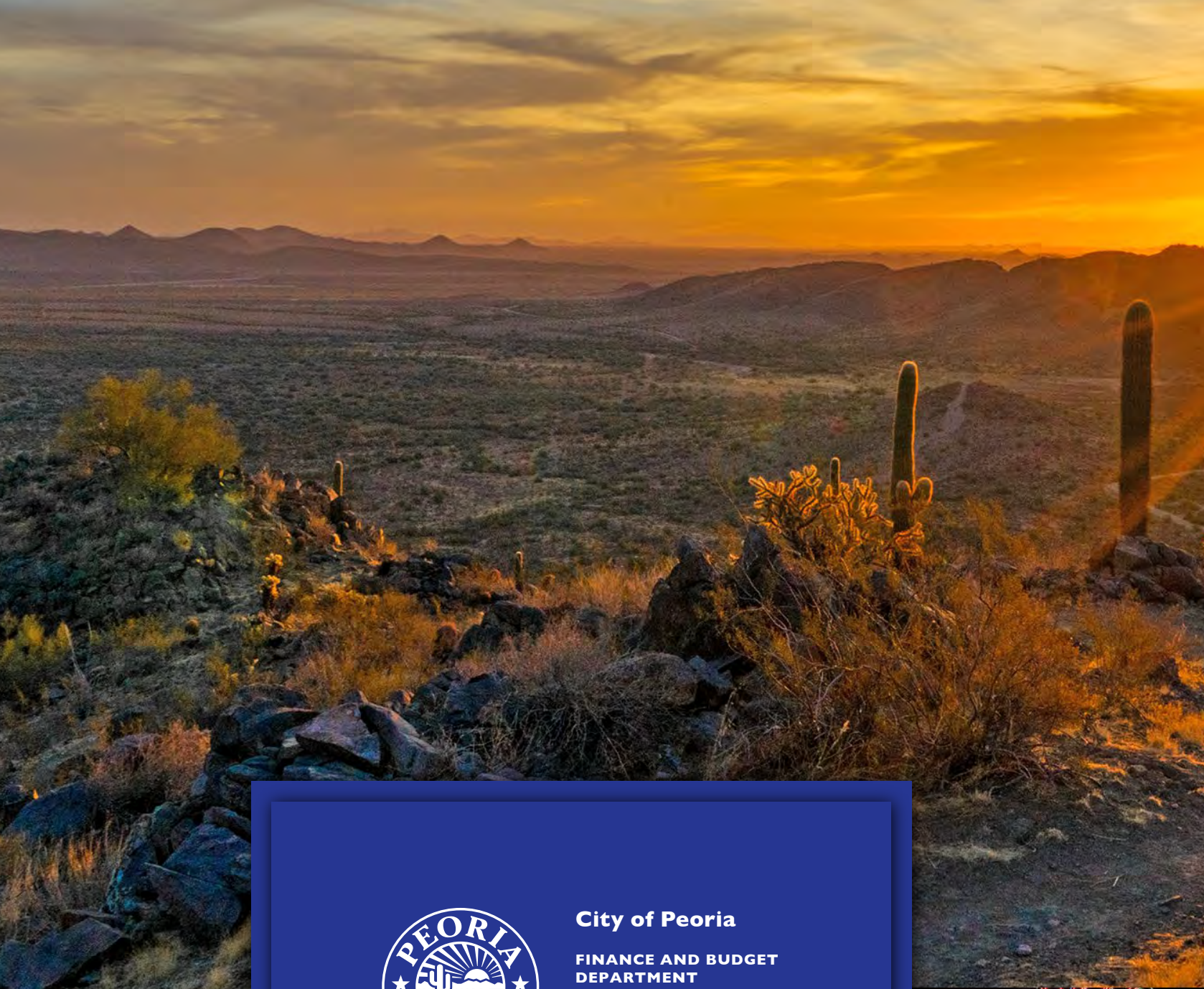
The City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2018, is included as part of this submittal.

Other Financial Information

Information concerning the outstanding debt by type of bond can be found in the Notes to the Financial Statements, Note 7 Long Term Debt.

Other financial information required per the City's Continuing Disclosure Agreements and Undertakings for each type of bond obligation is incorporated by reference as follows:

	<u>Statistical Section</u>	<u>Page</u>
<u>General Obligation Bonds (CUSIP 712838)</u>		
Assessed values by property classification	Table VIII	123
Comparison of assessed value to full cash value	Table VIII	123
Comparative assessed values	Table IX	124
Direct and overlapping assessed values	Table XVII	134
Direct and overlapping tax rates	Table X	125
Property tax levies and collections	Table XIII	128
Direct and overlapping general obligation bonds	Table XVII	134
Direct general obligation debt ratios	Table XVI	133
Legal debt margin and unused borrowing capacity	Table XX	137
<u>Water and Wastewater Revenue Bonds (CUSIP 712851)</u>		
Net revenues and debt service coverage	Table XXII	139
Number of utility service connections	Table XIVa	129
Ten largest water users	Table XIVc	131
<u>Municipal Development Authority Bonds (CUSIP 71284R and 71285A)</u>		
Excise tax and state shared revenues and debt service coverage	Table XXI	138
Privilege and use tax rates by category	Table VI	121
Annual debt service requirements	Table XXI	140
<u>Improvement District Bonds (CUSIP 712844)</u>		
Legal debt margin and unused borrowing capacity	Table XX	137
Assessed values by property classification	Table VIII	123
Property tax levies and collections	Table XIII	128
Special assessment collections	Table XXIV	141



City of Peoria

**FINANCE AND BUDGET
DEPARTMENT**

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