

**NEW ISSUE - BOOK-ENTRY-ONLY**

**RATING: See "RATING" herein**

*In the opinion of Greenberg Traurig, LLP, Special Counsel, assuming the accuracy of certain representations and certifications and the continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, the portion of each installment payment made by the City pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Holders of the 2026 Obligations (the "Interest Portion") will be excludable from gross income for federal income tax purposes. Further, the Interest Portion will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion will not be excluded from the determination of adjusted financial statement income. See "TAX EXEMPTION" herein for a description of certain other federal tax consequences of ownership of the 2026 Obligations. Special Counsel is further of the opinion that the Interest Portion will be exempt from income taxation under the laws of the State of Arizona so long as the Interest Portion is excludable from gross income for federal income tax purposes.*

**\$32,480,000\***



**WATER AND WASTEWATER REVENUE OBLIGATIONS, SERIES 2026**

**Evidencing Proportionate Interests of the Holders Thereof in**

**Installment Payments of the Purchase Price to be Paid by the**

**CITY OF PEORIA, ARIZONA,**

**Pursuant to a Series 2026 Purchase Agreement,**

**Dated as of June 1, 2026**

**Dated: Date of Initial Delivery**

**Due: July 15, as shown on inside front cover page**

The \$32,480,000\* principal amount of Water and Wastewater Revenue Obligations, Series 2026 (the "2026 Obligations") are being executed and delivered pursuant to a Series 2026 Obligation Indenture, to be dated as of June 1, 2026, between the City of Peoria, Arizona (the "City"), and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). Interest with respect to the 2026 Obligations will be payable semiannually on January 15 and July 15 of each year, commencing January 15, 2027. The 2026 Obligations will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), for purposes of the book-entry-only system described herein and will be available to ultimate purchasers in the amounts of \$5,000 of principal represented by the 2026 Obligations due on a specific maturity date, or any integral multiple thereof, pursuant to the book-entry-only system maintained by DTC. Payments of principal and interest with respect to the 2026 Obligations will be paid by the Trustee to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the 2026 Obligations. See Appendix H - "BOOK-ENTRY-ONLY SYSTEM."

The 2026 Obligations are being executed and delivered for the purpose of (i) financing the costs of improvements to the City's water and wastewater system (the "System"), and (ii) paying costs incurred in connection with the execution and delivery of the 2026 Obligations. See "SOURCES AND USES OF FUNDS" herein.

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**SEE MATURITY SCHEDULE ON INSIDE FRONT COVER PAGE**

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The 2026 Obligations will be subject to redemption prior to maturity as described herein. See "THE 2026 OBLIGATIONS - Redemption Provisions."

The 2026 Obligations will evidence undivided proportionate interests of the Holders (as defined herein) thereof in the right to receive certain installments of the Purchase Price (as defined herein) pursuant to the Series 2026 Purchase Agreement, to be dated as of June 1, 2026 (the "Purchase Agreement"), between the City and the Trustee in its capacity as seller. Principal and interest with respect to the Purchase Agreement, together with principal and interest on the Outstanding Parity Lien Obligations (as defined herein) and any Additional Parity Lien Obligations (as defined herein), will be payable solely from the Net Revenues (as defined herein) derived by the City from the operation of the System. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2026 OBLIGATIONS" herein. *The 2026 Obligations will not be general obligations of the City and will not constitute an indebtedness of the City when computing its bonded indebtedness for purposes of debt limitations imposed by constitutional or statutory provisions, a charge against the general credit limitations imposed by constitutional or statutory provisions or against the general credit or taxing power of the City nor a liability of the City for payment of the 2026 Obligations other than from the sources described herein.*

**THE "RISK FACTORS" SECTION OF THIS OFFICIAL STATEMENT SHOULD BE REVIEWED PRIOR TO MAKING AN INVESTMENT DECISION WITH RESPECT TO THE 2026 OBLIGATIONS.**

*Electronic bids for the purchase of the 2026 Obligations will be received by the City until 8:00 a.m., Pacific Daylight Time, on June 9, 2026, unless postponed as set forth in the Notice Inviting Bids for the Purchase of Obligations (the "Notice"). Please refer to the Notice beginning on page (v) herein for additional information concerning bidding parameters and requirements for the purchase of the 2026 Obligations (including good faith deposit requirements).*

The 2026 Obligations will be offered when, as and if executed and delivered by the Trustee, subject to the approving opinion of Greenberg Traurig, LLP, Special Counsel, as to validity of the 2026 Obligations and tax exemption and the approval of certain matters by Greenberg Traurig, LLP, as disclosure counsel. It is expected that the 2026 Obligations will be available for delivery through the facilities of DTC on or about June 24, 2026.

*This cover page contains only a brief description of the 2026 Obligations and the security therefor. It is not intended to be a summary of material information with respect to the 2026 Obligations. Investors should read the entire Official Statement to obtain information necessary to make an informed investment decision.*

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\* Preliminary, subject to change. See "MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT" in the Notice.

**\$32,480,000\***  
**WATER AND WASTEWATER REVENUE OBLIGATIONS, SERIES 2026**  
**Evidencing Proportionate Interests of the Holders Thereof in**  
**Installment Payments of the Purchase Price to be Paid by the**  
**CITY OF PEORIA, ARIZONA,**  
**Pursuant to a Series 2026 Purchase Agreement,**  
**Dated as of June 1, 2026**

**MATURITY SCHEDULE\***

| Maturity Date<br>(July 15) | Principal<br>Amount | Interest<br>Rate | Yield | CUSIP®(a)<br>No. |
|----------------------------|---------------------|------------------|-------|------------------|
| 2027                       | \$ 670,000          |                  |       |                  |
| 2028                       | 705,000             |                  |       |                  |
| 2029                       | 740,000             |                  |       |                  |
| 2030                       | 775,000             |                  |       |                  |
| 2031                       | 815,000             |                  |       |                  |
| 2032                       | 860,000             |                  |       |                  |
| 2033                       | 900,000             |                  |       |                  |
| 2034                       | 950,000             |                  |       |                  |
| 2035                       | 995,000             |                  |       |                  |
| 2036                       | 1,050,000           |                  |       |                  |
| 2037                       | 1,100,000           |                  |       |                  |
| 2038                       | 1,160,000           |                  |       |                  |
| 2039                       | 1,220,000           |                  |       |                  |
| 2040                       | 1,280,000           |                  |       |                  |
| 2041                       | 1,345,000           |                  |       |                  |
| 2042                       | 1,415,000           |                  |       |                  |
| 2043                       | 1,490,000           |                  |       |                  |
| 2044                       | 1,565,000           |                  |       |                  |
| 2045                       | 1,645,000           |                  |       |                  |
| 2046                       | 1,730,000           |                  |       |                  |
| 2047                       | 1,820,000           |                  |       |                  |
| 2048                       | 1,910,000           |                  |       |                  |
| 2049                       | 2,010,000           |                  |       |                  |
| 2050                       | 2,110,000           |                  |       |                  |
| 2051                       | 2,220,000           |                  |       |                  |

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\* Preliminary, subject to change. See “MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT” in the Notice.

**CITY OF PEORIA, ARIZONA**  
**Incorporated in 1954**

**CITY COUNCIL**

Jason Beck  
*Mayor*

Michael Finn, *Vice Mayor*

Matt Bullock, *Mayor Pro Tem*

Jennifer Crawford, *Councilmember*

Denette Dunn, *Councilmember*

Jon Edwards, *Councilmember*

Rick Stokes, *Councilmember*

**ADMINISTRATIVE OFFICIALS**

Michael Faust  
*City Manager*

Kevin Burke  
*Deputy City Manager*

Travis Cutright  
*Deputy City Manager*

Sean Kindell  
*Chief Financial Officer*

Emily Jurmu  
*City Attorney*

Agnes Goodwine  
*City Clerk*

**SPECIAL COUNSEL**

Greenberg Traurig, LLP  
Phoenix, Arizona

**MUNICIPAL ADVISOR**

PFM Financial Advisors LLC  
Chandler, Arizona

**TRUSTEE**

U.S. Bank Trust Company, National Association  
Tempe, Arizona

## **REGARDING THIS OFFICIAL STATEMENT**

No dealer, broker, salesperson or other person has been authorized by the City of Peoria, Arizona (the “City”) to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the City’s Water and Wastewater Revenue Obligations, Series 2026 (the “2026 Obligations”) by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been obtained from the City and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the City or PFM Financial Advisors LLC (the “Municipal Advisor”), is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the City or the Municipal Advisor.

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the City has been identified by source and has not been independently confirmed or verified by the City or the Municipal Advisor and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the City or any of the other parties or matters described herein since the date hereof.

The 2026 Obligations will not be registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon the exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, pertaining to the issuance and sale of municipal securities, and will not be qualified under the Securities Act of Arizona in reliance upon various exemptions contained in such Act. Neither the Securities and Exchange Commission (“SEC”) nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of the Official Statement or approved the 2026 Obligations for sale.

The information in Appendix H - “BOOK-ENTRY-ONLY SYSTEM” has been furnished by The Depository Trust Company and no representation is made by the City or any of their respective counsel or agents, as to the accuracy or completeness of such information.

The City will undertake to provide continuing disclosure as described in this Official Statement under the heading “CONTINUING DISCLOSURE” and in Appendix G - “FORM OF CONTINUING DISCLOSURE UNDERTAKING,” all pursuant to Rule 15c2-12 of the SEC.

A wide variety of information, including financial information, concerning the City is available from publications and websites of the City and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of, or incorporated into, this Official Statement, except as expressly noted herein.

References to website addresses presented herein are for information purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the SEC.

## TABLE OF CONTENTS

|                                                                           | Page |
|---------------------------------------------------------------------------|------|
| NOTICE INVITING BIDS FOR THE PURCHASE OF OBLIGATIONS.....                 | (v)  |
| INTRODUCTORY STATEMENT .....                                              | 1    |
| THE 2020A OBLIGATIONS.....                                                | 1    |
| Authorization and Purpose .....                                           | 1    |
| General Provisions .....                                                  | 2    |
| Redemption Provisions.....                                                | 2    |
| Notice of and Procedure for Redemption .....                              | 2    |
| SECURITY FOR AND SOURCE OF PAYMENT OF THE 2026A OBLIGATIONS .....         | 2    |
| General .....                                                             | 2    |
| Source of Purchase Payments.....                                          | 3    |
| Rate Covenant .....                                                       | 3    |
| Additional Obligations; No Prior Obligations .....                        | 4    |
| SOURCES AND USES OF FUNDS.....                                            | 6    |
| DEBT SERVICE REQUIREMENTS AND PROJECTED DEBT SERVICE COVERAGE .....       | 6    |
| RISK FACTORS.....                                                         | 8    |
| Limited Obligations.....                                                  | 8    |
| System Expenses and Future Rates .....                                    | 8    |
| System Demand.....                                                        | 8    |
| Water Supply and Drought Conditions.....                                  | 9    |
| Security of the System.....                                               | 9    |
| Factors Adversely Affecting Development .....                             | 9    |
| Limitations on Remedies.....                                              | 10   |
| Statutory and Regulatory Compliance; Future Legislation .....             | 10   |
| Limited Secondary Market for the 2020A Obligations .....                  | 11   |
| Loss of Tax Exemption on the 2020A Obligations .....                      | 11   |
| Economic, Political, Social, and Environmental Conditions .....           | 11   |
| Cybersecurity; Other Safety and Security Risks.....                       | 11   |
| Pending Municipal Fee, Tax, and Utility Rate Moratorium Legislation ..... | 11   |
| LITIGATION .....                                                          | 12   |
| TAX EXEMPTION .....                                                       | 12   |
| General .....                                                             | 12   |
| Original Issue Discount and Original Issue Premium .....                  | 13   |
| Changes in Federal and State Tax Law .....                                | 14   |
| Information Reporting and Backup Withholding .....                        | 14   |
| LEGAL MATTERS .....                                                       | 15   |
| RATING .....                                                              | 15   |
| MUNICIPAL ADVISOR .....                                                   | 15   |
| CONTINUING SECONDARY MARKET DISCLOSURE.....                               | 15   |
| FINANCIAL STATEMENTS.....                                                 | 16   |
| ADDITIONAL INFORMATION .....                                              | 16   |
| CERTIFICATION CONCERNING OFFICIAL STATEMENT.....                          | 16   |
| CONCLUDING STATEMENT .....                                                | 17   |

Appendix A - CITY OF PEORIA, ARIZONA - THE SYSTEM

Appendix B - CITY OF PEORIA, ARIZONA - GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION

Appendix C - CITY OF PEORIA, ARIZONA - FINANCIAL INFORMATION

Appendix D - FORM OF OPINION OF SPECIAL COUNSEL

Appendix E - ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF PEORIA, ARIZONA FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Appendix F - 2026 OBLIGATIONS DOCUMENTS SUMMARIES

Appendix G - FORM OF CONTINUING DISCLOSURE UNDERTAKING

Appendix H - BOOK-ENTRY-ONLY SYSTEM

**\$32,480,000\***  
**WATER AND WASTEWATER REVENUE OBLIGATIONS, SERIES 2026**  
**Evidencing Proportionate Interests of the Holders Thereof in**  
**Installment Payments of the Purchase Price to be Paid by the**  
**CITY OF PEORIA, ARIZONA,**  
**Pursuant to a Series 2026 Purchase Agreement,**  
**Dated as of June 1, 2026**

**NOTICE INVITING BIDS FOR THE PURCHASE OF OBLIGATIONS**  
(Electronic Bidding Only)

**NOTICE IS HEREBY GIVEN** that unconditional bids will be received to and including the hour of 8:00 a.m., Pacific Daylight Time, on June 9, 2026, by the Mayor and Council of the City of Peoria, Arizona (the “City”) for the purchase of all, but not less than all, of the captioned Obligations of the City in the principal amount of \$32,480,000\*, to be designated “City of Peoria, Arizona Water and Wastewater Revenue Obligations, Series 2026” (the “2026 Obligations”) as electronic bids using the facilities of PARITY® (“PARITY”). For purposes of the bids received through the electronic bid process, the time as maintained by PARITY shall constitute the official time.

The City reserves the right to cancel or reschedule the sale of the 2026 Obligations or alter the terms thereof upon notice given through PARITY at [www.ipreo.com](http://www.ipreo.com) at any time prior to the time bids are to be received. If no legal bid or bids are received for the 2026 Obligations on said date (or such later date as is established as provided herein) at the time specified, bids will be received for the 2026 Obligations on such other date and at such other time as shall be designated through PARITY as soon as practicable. As an accommodation to the bidders, telephonic, telecopied or emailed notice of the postponement of the sale date or dates or of a change in the principal payment schedule will be given to any bidder who has requested such notice of the City’s Municipal Advisor, PFM Financial Advisors LLC (the “Municipal Advisor”), Darren Hodge (email: [hodged@pfm.com](mailto:hodged@pfm.com); telephone: (480) 318-1284). Failure of any bidder to receive such telephonic, telecopied or emailed notice shall not affect the legality of the sale.

Any prospective purchaser that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. The normal fee for the use of PARITY may be obtained from PARITY, and such fee will be the responsibility of those submitting bids. All bids must be submitted on the official bid form that resides on the PARITY system (the “Official Bid Form”), without alteration or interlineation. All electronic bids must be submitted by 8:00 a.m., Pacific Daylight Time, on June 9, 2026. Subscription to i-Deal’s BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. Representatives of the City will not confirm any subscription nor be responsible for the failure of any prospective purchaser to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the 2026 Obligations on the terms provided in this Notice Inviting Bids for the Purchase of Obligations (this “Notice”) and shall be binding upon the bidder as if made by a signed, sealed proposal delivered to the City. Neither the City nor the Municipal Advisor shall be responsible for any malfunction or mistake made by, or as a result of, the use of the facilities of PARITY, the use of such facilities being the sole risk of the bidder.

If any provisions of this Notice shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice shall control. All electronic bids will be deemed to incorporate the provisions of this Notice and the Official Bid Form. Further information about PARITY, including any fee charged, may be obtained from IPREO at 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (212) 849-5021 and from the following website: [www.newissuehome.i-deal.com](http://www.newissuehome.i-deal.com).

For information purposes only, bidders are requested to state in their electronic bid the “true interest cost” as described under “AWARD AND DELIVERY” herein.

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\* Preliminary, subject to change. See “MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT” herein.

## 2026 OBLIGATIONS IN GENERAL

The 2026 Obligations will be dated the date of initial delivery. The 2026 Obligations are being executed and delivered pursuant to a Series 2026 Obligation Indenture, to be dated as of June 1, 2026 (the “Indenture”), between the City of Peoria, Arizona (the “City”), and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Interest with respect to the 2026 Obligations will be payable semiannually on January 15 and July 15 of each year, commencing January 15, 2027. The 2026 Obligations will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), for purposes of the book-entry-only system described herein and will be available to ultimate purchasers in the amounts of \$5,000 of principal represented by the 2026 Obligations due on a specific maturity date, or any integral multiple thereof, pursuant to the book-entry-only system maintained by DTC. Payments of principal and interest with respect to the 2026 Obligations will be paid by the Trustee to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the 2026 Obligations. See Appendix H - “BOOK-ENTRY-ONLY SYSTEM” to the preliminary official statement relating to the 2026 Obligations (the “Preliminary Official Statement”).

Except as otherwise provided under “MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT” and “REDEMPTION PROVISIONS – Mandatory Redemption,” the 2026 Obligations will mature (or be subject to mandatory redemption) on July 15 in each of the years and in the amounts as follows (the “Maturity Schedule”):

| Maturity Date<br>(July 15)* | Principal<br>Amount* |
|-----------------------------|----------------------|
| 2027                        | \$ 670,000           |
| 2028                        | 705,000              |
| 2029                        | 740,000              |
| 2030                        | 775,000              |
| 2031                        | 815,000              |
| 2032                        | 860,000              |
| 2033                        | 900,000              |
| 2034                        | 950,000              |
| 2035                        | 995,000              |
| 2036                        | 1,050,000            |
| 2037                        | 1,100,000            |
| 2038                        | 1,160,000            |
| 2039                        | 1,220,000            |
| 2040                        | 1,280,000            |
| 2041                        | 1,345,000            |
| 2042                        | 1,415,000            |
| 2043                        | 1,490,000            |
| 2044                        | 1,565,000            |
| 2045                        | 1,645,000            |
| 2046                        | 1,730,000            |
| 2047                        | 1,820,000            |
| 2048                        | 1,910,000            |
| 2049                        | 2,010,000            |
| 2050                        | 2,110,000            |
| 2051                        | 2,220,000            |

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\* Subject to change. See “MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT” herein.

As described below under the heading “REDEMPTION PROVISIONS – Mandatory Redemption,” bidders may specify that the principal amount of 2026 Obligations scheduled to mature on or after July 15, 2046, shall be combined into one or more term Bonds. Serial maturities converted to term Bonds, as specified, must bear the same rate of interest.

### **MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT**

The preliminary aggregate principal amount of the 2026 Obligations and the preliminary principal amount of each annual principal payment for the 2026 Obligations as set forth in this Notice (collectively, the “Preliminary Amounts”) may be revised before the receipt of electronic bids for their purchase (such revised amounts referred to collectively as the “Revised Amounts”). ANY SUCH REVISIONS WILL BE PUBLISHED ON PARITY NOT LATER THAN 5:00 P.M., PACIFIC DAYLIGHT TIME, ON THE LAST BUSINESS DAY PRIOR TO THE DATE OF SALE. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts, and the Revised Amounts will be used to compare bids and select the winning bidder.

The City reserves the right to change the principal payment schedule set forth in this Notice after determination of the winning bidder, by adjusting one or more principal payments of the 2026 Obligations in increments of \$5,000.

As promptly as reasonably possible after the bids are received, the City will notify the winning bidder, if and when award is made, and such entity, upon such notice, shall advise the City of the initial reoffering prices to the public of each maturity of the 2026 Obligations (the “Initial Reoffering Prices”). The Initial Reoffering Prices, among other things, will be used by the City to calculate the final principal amount of each annual principal payment for the 2026 Obligations (collectively, the “Final Amounts”) to accommodate the objectives of the City. THE WINNING BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES PROPOSED OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS. The dollar amount bid by such entity will be adjusted to reflect changes in the dollar amount of the underwriter’s discount and the original issue discount/premium, if any, but will not change the compensation per \$1,000 of aggregate par amount of 2026 Obligations from the compensation that would have been received based on the purchase price in the winning bid and the Initial Reoffering Prices. The Final Amounts will be communicated to such entity as soon as possible, but not later than 3:00 p.m. Pacific Daylight Time, on the date of the sale.

### **REDEMPTION PROVISIONS**

*Optional Redemption.* The 2026 Obligations maturing before or on July 15, 2036, are not subject to redemption prior to maturity. The 2026 Obligations maturing on or after July 15, 2037, are subject to redemption, in whole or in part on any date on or after July 15, 2036, in increments of \$5,000 of principal amount due on a specific maturity date, in any order of maturity, all as directed by the City, and by lot within a maturity by payment of the principal amount of each 2026 Obligation to be redeemed plus interest accrued to the date fixed for redemption, without premium.

*Mandatory Redemption.* A bidder may specify that the principal amount of 2026 Obligations scheduled to mature on or after July 15, 2046, shall be combined into one or more term 2026 Obligations maturing in the years as specified, which are subject to mandatory redemption, by lot, selected by the Trustee annually until payment at maturity in the principal amounts shown in the maturity schedule above at par and accrued interest to the date fixed for redemption, without premium. If so specified, then serial maturities converted into a single term 2026 Obligation must bear the same rate of interest.

*Notice of Redemption.* Notice of any redemption will be sent by first-class mail not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption to the Holder of each 2026 Obligation, initially DTC, to be redeemed, in whole or in part, at the address shown on the registration books maintained by the Trustee or at such other address as may be furnished by such Holders to the Trustee. Any notice of redemption will also contain a statement that on the redemption date, the redemption price of such 2026 Obligations called for redemption will become due and payable and that, from and after such date, the 2026 Obligations being redeemed will cease to accrue interest; provided, that no notice of redemption shall be sent unless (i) the Trustee has on deposit funds to effect such redemption or (ii) such redemption notice states that the call for optional redemption is conditioned upon the deposit

with the Trustee of an amount sufficient to pay the principal of the 2026 Obligations being redeemed on the redemption date.

## **AUTHORITY AND PURPOSE**

The Trustee will be authorized to execute and deliver the 2026 Obligations pursuant to the provisions of the Indenture and a resolution adopted by the Mayor and Council of the City on May 5, 2026 (the “Resolution”).

The 2026 Obligations are being executed and delivered for the purpose of (i) financing the costs of improvements to the hereinafter defined System, and (ii) paying costs incurred in connection with the execution and delivery of the 2026 Obligations.

## **SECURITY AND SOURCES OF PAYMENT**

*The information under this heading contains only a brief description of the security and sources of payment of the 2026 Obligations. It is not intended to be a complete description of all material information with respect to the security and sources of payment of the 2026 Obligations. Investors should read the entire Preliminary Official Statement to obtain information necessary to make an informed investment decision.*

### *General*

The 2026 Obligations evidence proportionate interests of the registered owners of each 2026 Obligation (the “Holders”), in certain installment payments (the “Purchase Payments” and collectively, the “Purchase Price”) to be paid by the City pursuant to a Series 2026 Purchase Agreement, to be dated as of June 1, 2026 (the “Purchase Agreement”), between the Trustee, in its capacity as seller, and the City. The 2026 Obligations will be executed and delivered pursuant to the Indenture. Principal and interest with respect to the Purchase Agreement, together with principal and interest on the Outstanding Parity Lien Obligations (as such term and all other terms used but not defined in this Notice are defined in the Preliminary Official Statement) and any Additional Parity Lien Obligations, will be payable solely from the Net Revenues derived by the City from the operation of the City’s water and wastewater system (the “System”). *The 2026 Obligations will not be general obligations of the City and will not constitute an indebtedness of the City when computing its bonded indebtedness for purposes of debt limitations imposed by constitutional or statutory provisions, a charge against the general credit limitations imposed by constitutional or statutory provisions or against the general credit or taxing power of the City nor a liability of the City for payment of the 2026 Obligations other than from the sources described in the Preliminary Official Statement.*

## **THE “RISK FACTORS” SECTION OF THE PRELIMINARY OFFICIAL STATEMENT SHOULD BE REVIEWED PRIOR TO MAKING AN INVESTMENT DECISION WITH RESPECT TO THE 2026 OBLIGATIONS.**

For the amounts payable pursuant to the Purchase Agreement (including the Purchase Price), the Trustee, in its separate capacity as seller, will sell and convey to the City, and the City will purchase from the Trustee, in its separate capacity as seller, the Projects, the Projects to be financed with the proceeds of the 2026 Obligations. During the term of the Purchase Agreement, the Purchase Payments will be required to be made regardless of damage to the Projects or commercial frustration of purpose, without right of set-off or counterclaim, regardless of any contingencies and whether or not the City possesses or uses the System. The obligations of the City to make the Purchase Payments will continue until all of the Purchase Payments and all other amounts due under the Purchase Agreement have been paid. No security interest will be held by the Trustee for the benefit of the Holders of the 2026 Obligations in any portion of the Projects or the System. Remedies available upon a failure of the City to make the Purchase Payments when due will be limited and will not include acceleration of the Purchase Payments or recourse to the Projects or any portion of the System.

Brief descriptions of the security for the 2026 Obligations and of matters related to the City are included in this Notice. The Preliminary Official Statement contains a summary of select provisions of the Purchase Agreement and the Indenture. Such descriptions do not purport to be comprehensive or definitive. All references to the Purchase Agreement and the Indenture are qualified in their entirety by reference to such documents, and references herein to the 2026 Obligations are qualified in their entirety by reference to the form thereof included in the Indenture, copies of all of which are available for inspection as described under “FURTHER INFORMATION” below.

See “SECURITY FOR AND SOURCE OF PAYMENT OF THE 2026 OBLIGATIONS,” “DEBT SERVICE REQUIREMENTS AND PROJECTED DEBT SERVICE COVERAGE” and “RISK FACTORS” in the Preliminary Official Statement. See also Appendix F - “2026 OBLIGATIONS DOCUMENTS SUMMARIES” for descriptions of the terms of the Purchase Agreement and the Indenture, as well as definitions of certain capitalized terms.

For information concerning the System, the Net Revenues from which are pledged to payment of the Purchase Payments, see Appendix A - “CITY OF PEORIA, ARIZONA - THE SYSTEM.”

#### *Source of Purchase Payments*

As described above, the obligation of the City to make the Purchase Payments under the Purchase Agreement will be payable from and secured by a first lien on, pledge of, and security interest in the Net Revenues. “Net Revenues” means that portion of the Revenues remaining after deducting sufficient funds for the Operation and Maintenance Expenses of the System, subject to certain additions or subtractions under certain circumstances as provided in the Purchase Agreement. “Revenues” means and includes all income, moneys and receipts to be received by the City, directly or indirectly, from the ownership, use or operation of the System including any waste material or by-products of the System, and also including investment income. “Operation and Maintenance Expenses” means all costs reasonably incurred in connection with the operation, use and maintenance of the System, including (i) repairs necessary to keep the System in efficient and economical operating condition, (ii) the payments of premiums for insurance required to be carried on the System, (iii) payments of reasonable Administrative Expenses, and (iv) generally all expenses of the System except depreciation, interest expense on the Series 2026 Obligations, the Outstanding Parity Lien Obligations and any Additional Parity Lien Obligations and interest expenses on any obligations subordinate to such obligations.

Such lien on, pledge of and security interest in the Net Revenues will be on parity with the Outstanding Parity Lien Obligations and any Additional Parity Lien Obligations subsequently issued or incurred under separate documentation in accordance with the Purchase Agreement.

The pledge of, lien on and security interest in the Net Revenues will be irrevocably made in the Purchase Agreement and created for the prompt and punctual payment of the principal of and interest on the 2026 Obligations, the Outstanding Parity Lien Obligations and the Additional Parity Lien Obligations, according to their terms and to make other payments specified. None of the 2026 Obligations, the Outstanding Parity Lien Obligations or any of the Additional Parity Lien Obligations will be entitled to priority or distinction over any of the others in the application of the Net Revenues, regardless of the issuance or incurrence of the 2026 Obligations, the Outstanding Parity Lien Obligations or any of the Additional Parity Lien Obligations in series or the delivery of the 2026 Obligations, the Outstanding Parity Lien Obligations or any of the Additional Parity Lien Obligations prior to the delivery of the 2026 Obligations, the Outstanding Parity Lien Obligations or any other of the Additional Parity Lien Obligations of that series or regardless of the time or times the 2026 Obligations, the Outstanding Parity Lien Obligations or the Additional Parity Lien Obligations mature or are called for redemption prior to maturity or otherwise. The 2026 Obligations, the Outstanding Parity Lien Obligations and the Additional Parity Lien Obligations will be co-equal as to the pledge of and lien on the Net Revenues for the payment thereof and will share ratably, without preference, priority or distinction, as to the source or method of payment or security therefor.

#### *Rate Covenant*

The City has covenanted and agreed in the Purchase Agreement to establish and maintain schedules of rates, fees and charges for all services supplied by the System fully sufficient at all times, after making reasonable allowance for contingencies and errors in estimates, to produce Revenues in each Fiscal Year that are sufficient, (a) to pay the Operation and Maintenance Expenses of the System; (b) to produce an aggregate amount of Net Revenues in each Fiscal Year of the City equal to (1) one hundred twenty five percent (125%) of the aggregate of the debt service, loan or rental payments payable on the Series 2026 Obligations, the Outstanding Parity Lien Obligations and any Additional Parity Lien Obligations in such Fiscal Year, and (2) one hundred percent (100%) of the aggregate of the bond insurance policy costs payable in such Fiscal Year and other amounts secured on a subordinate basis by Net Revenues pursuant to the terms of the authorizing documents related to any obligations described in the preceding clause (2); and (c) to maintain all necessary fund balances required under the resolutions of the City authorizing Outstanding Parity Lien Obligations or Additional Parity Lien Obligations.

### *Additional Parity Lien Obligations; No Prior Obligations*

Pursuant to the provisions of the Purchase Agreement, the City may, in the future, incur Additional Parity Lien Obligations having a lien upon and payable from Net Revenues on parity with the 2026 Obligations, but only as provided in the Purchase Agreement and only to provide funds to make improvements and expansions to the existing System, to purchase capacity rights in sewage treatment plant facilities owned by other political subdivisions of the State, to purchase capacity rights in water treatment plant facilities owned by other political subdivisions of the State, to acquire land, rights in land or water rights for the System, to provide reasonable reserves for Additional Parity Lien Obligations, to refund Outstanding Parity Lien Obligations or Additional Parity Lien Obligations or the 2026 Obligations or to refund other bonds of the City, whether revenue bonds, general obligation bonds or other bonds or obligations, issued to provide funds to construct or acquire additions, extensions, improvements, expansions or replacements to the System, subject to certain other conditions, including that the Net Revenues of the System for the last full Fiscal Year immediately preceding the issuance of such Additional Parity Lien Obligations, as shown in a certificate or report of an independent public accountant or firm of such accountants presented to the Clerk of the City, have been (i) not less than one hundred twenty five percent (125%) of the highest year's debt service on all of the Outstanding Parity Lien Obligations, the Series 2026 Obligations and any Additional Parity Lien Obligations then outstanding and on the Additional Parity Lien Obligations then to be issued, (ii) not less than one hundred percent (100%) of the aggregate of bond insurance policy costs then due and owing, and (iii) not less than one hundred percent (100%) any additional amounts required to maintain or fund necessary fund balances under the resolutions or other agreements of the City relating to obligations described in (i).

Notwithstanding anything to the contrary in the Purchase Agreement, particularly the provisions of the preceding paragraph, upon payment or provision for payment in full of the Outstanding Parity Lien Obligations (other than the Series 2020A Purchase Agreement) and any other Parity Lien Obligations that include conflicting provisions relating to the incurrence of Additional Parity Lien Obligations, Additional Parity Lien Obligations may be incurred (A) for the purpose of making extensions, renewals, improvements or replacements to the System or to refund the Series 2026 Obligations, the Outstanding Parity Lien Obligations or Additional Parity Lien Obligations if there shall not be any Indenture Event of Default or Purchase Event of Default upon the incurrence thereof and the Net Revenues for the completed Fiscal Year immediately preceding the incurrence of such Additional Parity Lien Obligations have been (i) not less than one hundred twenty five percent (125%) of the highest year's debt service on all of the Outstanding Parity Lien Obligations, the Series 2026 Obligations and any Additional Parity Lien Obligations then outstanding and on the Additional Parity Lien Obligations then to be issued, (ii) not less than one hundred percent (100%) of the aggregate of bond insurance policy costs then due and owing, and (iii) not less than one hundred percent (100%) any additional amounts required to maintain or fund necessary fund balances under the resolutions or other agreements of the City relating to obligations described in (i) of this paragraph, or (B) to refund the Series 2026 Obligations, the Outstanding Parity Lien Obligations or Additional Parity Lien Obligations if the Trustee shall have received a certificate of a City Representative (i) setting forth the aggregate amount of interest and principal becoming due and payable from the date of such determination to maturity or earlier redemption (I) with respect to the Parity Lien Obligations of all series outstanding immediately prior to the date of authentication and delivery of such refunding Additional Parity Lien Obligations, and (II) with respect to the Parity Lien Obligations of all series to be outstanding immediately thereafter, and (ii) demonstrating that the amount set forth pursuant to (II) above is not greater than the amount set forth pursuant to (I) above. Amounts may be added to the Net Revenues for purposes of this paragraph under the circumstances described in the Purchase Agreement.

The Purchase Agreement provides that the City shall not incur any obligations payable from the Net Revenues ranking prior to the obligations of the City under the Purchase Agreement.

### **BID DETAILS AND PARAMETERS**

*Form of Bids.* Bids for the 2026 Obligations must be unconditional, and for not less than the entire offering of the 2026 Obligations. By submitting a bid, each bidder agrees to all of the terms and conditions of this Notice (including any amendments issued by the City through PARITY and i-Deal Prospectus). Bids must be submitted electronically PARITY. Bids may not be withdrawn or revised after the time that bids are due.

*Interest Rates Bid.* Interest on the 2026 Obligations is payable commencing on January 15, 2027, and thereafter on July 15 and January 15 of each year. Interest is calculated on the basis of a 30-day month and 360-day year from the date of the 2026 Obligations. Bids may specify any number of interest rates in multiples of one-eighth of one percent

(1/8 of 1 percent) or one-twentieth of one percent (1/20 of 1 percent). All 2026 Obligations of the same maturity must bear interest at the same rate and no 2026 Obligation shall bear interest at more than one rate. The minimum rate of interest on each maturity of the 2026 Obligations shall be 5.00%. No rate of interest may exceed 5.50%.

*Premium and Discount.* No bid will be considered for a price that is less than 100 percent of the aggregate par value of the 2026 Obligations.

#### **ESTABLISHMENT OF ISSUE PRICE\***

(a) The winning bidder shall assist the City in establishing the issue price of the 2026 Obligations and shall execute and deliver to the City on the date of execution and delivery of the 2026 Obligations (the “Closing Date”) an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2026 Obligations, together with the supporting pricing wires or equivalent communications, substantially in the form attached as the Exhibit to this Notice, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City, the Municipal Advisor, and Greenberg Traurig, LLP (“Special Counsel”). All actions to be taken by the City under this Notice to establish the issue price of the 2026 Obligations may be taken on behalf of the City by the Municipal Advisor, and any notice or report to be provided to the City may be provided to the Municipal Advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the 2026 Obligations) will apply to the initial sale of the 2026 Obligations (the “competitive sale requirements”) because:

- (1) the City shall disseminate this Notice to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the 2026 Obligations to the bidder who submits a firm offer in conformance with this Notice to purchase the 2026 Obligations at a price that produces the lowest true interest cost to the City, as set forth in this Notice under the heading “AWARD AND DELIVERY.”

Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the 2026 Obligations, as specified in the bid.

(c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. The City may determine to treat (i) the first price at which 10% of a maturity of the 2026 Obligations (the “10% test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the 2026 Obligations as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City if any maturity of the 2026 Obligations satisfies the 10% test as of the date and time of the award of the 2026 Obligations. The City shall promptly advise the winning bidder, at or before the time of award of the 2026 Obligations, which maturities (and if different rates apply within a maturity, which separate CUSIP number within that maturity) of the 2026 Obligations shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the 2026 Obligations. Bidders should prepare their bids on the assumption that some or all of the maturities of the 2026 Obligations will be subject to the hold-the-offering-price rule in order to establish the issue price of the 2026 Obligations.

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\* Note: 10% test or hold-the-offering-price rule may apply if competitive sale requirements are not satisfied.

(d) By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the 2026 Obligations to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder, and (ii) agree, on behalf of the underwriters participating in the purchase of the 2026 Obligations, that the underwriters will neither offer nor sell unsold 2026 Obligations of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the 2026 Obligations to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the 2026 Obligations to the public at a price that is no higher than the initial offering price to the public.

(e) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the 2026 Obligations, the winning bidder agrees to promptly report to the City the prices at which the unsold 2026 Obligations of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all 2026 Obligations of that maturity have been sold or (ii) the 10% test has been satisfied as to the 2026 Obligations of that maturity, provided that, the winning bidder’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or Special Counsel.

(f) The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the 2026 Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2026 Obligations, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the 2026 Obligations to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the 2026 Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2026 Obligations, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the 2026 Obligations to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the 2026 Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2026 Obligations, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the 2026 Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2026 Obligations, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the 2026 Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2026 Obligations.

(g) By submitting a bid, each bidder confirms that:

- (1) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the 2026 Obligations to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold 2026 Obligations of each maturity allocated to it, whether or not the Closing Date has occurred, until either all 2026 Obligations of that maturity allocated to it have

been sold or it is notified by the winning bidder that the 10% test has been satisfied as to the 2026 Obligations of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder and as set forth in the related pricing wires,

(B) to promptly notify the winning bidder of any sales of 2026 Obligations that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the 2026 Obligations to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

- (2) any agreement among underwriters or selling group agreement relating to the initial sale of the 2026 Obligations to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the 2026 Obligations to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold 2026 Obligations of each maturity allocated to it, whether or not the Closing Date has occurred, until either all 2026 Obligations of that maturity allocated to it have been sold or it is notified by the winning bidder or such underwriter that the 10% test has been satisfied as to the 2026 Obligations of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

(h) Sales of any 2026 Obligations to any person that is a related party to an underwriter participating in the initial sale of the 2026 Obligations to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Notice. Further, for purposes of this Notice:

- (1) “public” means any person other than an underwriter or a related party,
- (2) “underwriter” means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2026 Obligations to the public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2026 Obligations to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the 2026 Obligations to the public),
- (3) a purchaser of any of the 2026 Obligations is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) at least 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

- (4) “sale date” means the date that the 2026 Obligations are awarded by the City to the winning bidder.

### **RIGHT OF REJECTION**

The Mayor and Council of the City or their designees reserve the right to reject any and all bids and to waive any irregularity or informality in any bid, except that the time for receiving bids shall be of the essence.

### **AWARD AND DELIVERY**

Unless all bids are rejected or the receipt of bids is continued, the award of the 2026 Obligations will be made not later than 11:59 p.m., Pacific Daylight Time, on June 9, 2026. The 2026 Obligations will be sold to the bidder submitting a bid in conformance with this Notice that produces the lowest true interest cost to the City, based on the bid price, the interest rates specified in the bid and the principal amounts identified in this Notice. The true interest cost will be the rate necessary, on a 30/360 basis and semiannual compounding, to discount the debt service payments from the payment dates to the date of the 2026 Obligations and to the price bid. The true interest cost calculations will be performed by the Municipal Advisor, and the City will base its determination of the best bid solely on such calculations. (See “BID DETAILS AND PARAMETERS.”) Delivery of the 2026 Obligations will be made to the purchaser through the facilities of DTC upon payment in federal or immediately available funds, at the offices of Special Counsel, or, at the purchaser’s request and expense, at any other place mutually agreeable to both the City and the purchaser. The closing of the sale of the 2026 Obligations will be on or about June 24, 2026, or on such other date as is mutually agreed upon.

### **CANCELLATION**

Pursuant to Arizona law, if within three years from the award of the contract for the purchase of the 2026 Obligations any person who was significantly involved in initiating, negotiating, securing, drafting or creating a contract for the purchase of the 2026 Obligations on behalf of the City becomes an employee or agent of the winning bidder in any capacity or a consultant to the winning bidder with respect to the contract for the purchase of the 2026 Obligations, the City may cancel the award of the contract without penalty or further obligation by the City and refuse to deliver the 2026 Obligations to the winning bidder. In addition to such cancellation, if such person becomes an employee or agent of such entity with respect to the contract for the purchase of the 2026 Obligations, the City may recoup any fees or commissions paid or due to the winning bidder with respect to the award to the winning bidder and the actual sale of the 2026 Obligations.

### **GOOD FAITH DEPOSIT**

The winning bidder for the 2026 Obligations shall deliver a good faith deposit in the amount of \$325,000.00 to the City, as instructed by the City. The good faith deposit must be paid by federal funds wire transfer delivered no later than two hours following the winning bidder’s receipt of the verbal award. Wiring instructions will be provided to the winning bidder at the time of the verbal award. If not so received, the bid of the lowest bidder will be rejected and the City may direct the second lowest bidder to submit a Good Faith Deposit and thereafter may award the sale of the 2026 Obligations to the same. The good faith deposit will be retained by the City as security for the performance of the winning bidder and shall be applied to the purchase price of the 2026 Obligations upon delivery of the 2026 Obligations to the winning bidder. Pending delivery of the 2026 Obligations, the good faith deposit may be invested for the sole benefit of the City. If the 2026 Obligations are ready for delivery and the winning bidder fails or neglects to complete the purchase within 30 days following acceptance of its bid, the good faith deposit shall be retained by the City as reasonable liquidated damages, and not as a penalty.

Such retention will constitute a full release and discharge of all claims by the City against the winning bidder and, in that event, the City may call for additional bids. The City’s actual damages may be higher or lower than the amount of such good faith deposit. Such amount constitutes a good faith estimate of the City’s actual damages. Each bidder waives the right to claim that actual damages arising from such default are less than such amount.

## LEGAL OPINION

In connection with the execution and delivery of the 2026 Obligations, the City will furnish the purchaser with the approving opinion of Special Counsel. Special Counsel has been retained by the City to render its opinion only upon the legality of the 2026 Obligations under Arizona law and on the exemption of the interest income on such 2026 Obligations from federal and State of Arizona income taxes, the delivery of said opinion being a condition precedent to the delivery of the 2026 Obligations and the purchase thereof. (See “TAX EXEMPTION.”) The fees of Special Counsel will be paid from proceeds of the sale of the 2026 Obligations. Except to the extent necessary to issue its approving opinion as to validity of the 2026 Obligations, Special Counsel has not been requested to examine or review, and has not examined or reviewed, any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the 2026 Obligations and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials. In submitting a bid for the 2026 Obligations, the bidder agrees to the representation of the City by Special Counsel. Certain legal matters will be passed upon for the City by Greenberg Traurig, LLP, as disclosure counsel. See “LEGAL MATTERS” in the Preliminary Official Statement and Appendix D - “FORM OF OPINION OF SPECIAL COUNSEL” to the Preliminary Official Statement.

## TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the “Code”), includes requirements which the City must continue to meet after the execution and delivery of the 2026 Obligations in order that the portion of each of the Purchase Payments made by the City pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Holders of the 2026 Obligations (the “Interest Portion”) will be and remain excludable from gross income for federal income tax purposes. The City’s failure to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the 2026 Obligations. The City has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion.

In the opinion of Special Counsel to be rendered with respect to the 2026 Obligations on the date of execution and delivery of the 2026 Obligations, assuming the accuracy of certain representations and certifications of the City and continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the Interest Portion will be excludable from gross income of the holders thereof for federal income tax purposes and will be exempt from Arizona income taxation so long as the Interest Portion is excludable from gross income for federal income tax purposes. The Interest Portion will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion is not excluded from the determination of adjusted financial statement income. Special Counsel will express no opinion as to any other tax consequences regarding the Interest Portion or the 2026 Obligations. Prospective purchasers of the 2026 Obligations should consult their own tax advisors as to the status of the Interest Portion under the tax laws of any state other than Arizona.

Except as described above, Special Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the Interest Portion, or the ownership or disposition of the 2026 Obligations. Prospective purchasers of Obligations should be aware that the ownership of Obligations may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the 2026 Obligations, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the Interest Portion, (iii) the inclusion of the Interest Portion in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the Interest Portion in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, (v) the inclusion of the Interest Portion in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits, (vi) net gain realized upon the sale or other disposition of property such as the 2026 Obligations generally must be taken into account when computing the Medicare tax with respect to net investment income or undistributed net investment income, as applicable, imposed on certain high income individuals and specified trusts and estates, and (vii) receipt of certain investment income,

including the Interest Portion, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the 2026 Obligations. Prospective purchasers of the 2026 Obligations should consult their own tax advisors as to the impact of these and any other tax consequences.

See “TAX EXEMPTION” in the Preliminary Official Statement.

### **CERTIFICATES TO BE DELIVERED**

In connection with the initial execution and delivery of the 2026 Obligations, representatives of the City will deliver a certificate certifying that no litigation is pending affecting the sale and execution and delivery of the 2026 Obligations, an arbitrage certificate covering its expectations concerning the use of proceeds from the sale of the 2026 Obligations and related matters and a certificate regarding the accuracy of the hereinafter described final official statement for the 2026 Obligations.

### **CUSIP IDENTIFICATION NUMBERS**

It is anticipated that CUSIP identification numbers will be printed on the 2026 Obligations; however, neither the failure to print CUSIP numbers on any 2026 Obligation nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the 2026 Obligations. The Municipal Advisor will obtain CUSIP numbers. The charge of the CUSIP Service Bureau shall be paid by the City.

### **PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL; DELIVERY OF OFFICIAL STATEMENT**

The City deems the Preliminary Official Statement to be final as of its date, except for the omission of the offering prices or yields, the interest rates and any other terms or provisions required by the City to be specified in bids for the 2026 Obligations, and other terms of the 2026 Obligations depending on such matters. The winning bidder shall supply the Chief Financial Officer of the City, within 24 hours after the award of the 2026 Obligations, all necessary pricing information and any underwriter identification necessary to complete the final official statement to be used in connection with the sale of the 2026 Obligations.

Promptly after receiving such information, the City will prepare such final official statement in substantially the same form as the Preliminary Official Statement, subject to any amendments which the City believes should be made in such final official statement.

The City will provide the winning bidder with such final official statements within seven (7) business days of the award of the 2026 Obligations. Such final official statements will be provided to the winning bidder electronically. No hard copies of such final official statement will be provided to the winning bidder.

### **CONTINUING DISCLOSURE**

The City, as the “obligated person” with respect to the 2026 Obligations, will covenant for the benefit of the owners of the 2026 Obligations to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2027 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices of Listed Events”). The Annual Reports and the Notices of Listed Events will be filed by the City through the Electronic Municipal Market Access System. These covenants will be made in order to assist the purchaser in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”), and the form of the undertaking necessary pursuant to the Rule is included as Appendix G - “FORM OF CONTINUING DISCLOSURE UNDERTAKING” to the Preliminary Official Statement. *Pursuant to Arizona Law, the ability of the City to comply with such covenants will be subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants.* A failure by the City to comply with these covenants, including due to failure to appropriate for such purposes, must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase

or sale of the 2026 Obligations in the secondary market. See “CONTINUING DISCLOSURE” in the Preliminary Official Statement.

The City (i) failed to properly associate one continuing disclosure filing with certain CUSIPs for two series of the City’s outstanding indebtedness, (ii) failed to file a portion of certain operating data during the previous five years, and (iii) failed to timely file notice of the incurrence of a material financial obligation in two instances, in each case as required by the terms of its existing continuing disclosure undertakings. Remedial filings addressing the foregoing were filed in 2021.

#### **FURTHER INFORMATION**

Further information, including copies of the Resolution, the Purchase Agreement, the Indenture and the Preliminary Official Statement, may be obtained from the City of Peoria, Chief Financial Officer at (623) 773-5206, or from PFM Financial Advisors, LLC, Municipal Advisor to the City: Darren Hodge (by telephone (480) 318-1284 or by email: [hodged@pfm.com](mailto:hodged@pfm.com)).

DATED: June 2, 2026

/s/ Sean Kindell  
Sean Kindell, Chief Financial Officer  
City of Peoria, Arizona

**EXHIBIT**

**ISSUE PRICE CERTIFICATE**

**\$32,480,000\***

**WATER AND WASTEWATER REVENUE OBLIGATIONS, SERIES 2026**

**Evidencing Proportionate Interests of the Holders Thereof in  
Installment Payments of the Purchase Price to be Paid by the  
CITY OF PEORIA, ARIZONA,**

**Pursuant to a Series 2026 Purchase Agreement,  
Dated as of June 1, 2026**

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] [“(SHORT NAME OF UNDERWRITER)”] [(the “Representative”)] [, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”)] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “2026 Obligations”).

**[Alternative 1-Competitive Sale Rule applies]**

**1. [ *Reasonably Expected Initial Offering Price.* ]**

(a) As of the Sale Date, the reasonably expected initial offering prices of the 2026 Obligations to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the 2026 Obligations used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the 2026 Obligations. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the 2026 Obligations.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the 2026 Obligations.]

**[Alternatives 2-4 are available choices if Alternative 1 does not apply] [Note that Alternative 3 [where two rules apply] involves portions of Sections 1, 2(a) and 2(b) and Alternative 4 involves portions of 2(a) and 2(b)]**

**[1. *Sale of the 2026 Obligations.* [Alternative 2 – All Maturities Use General Rule:** As of the date of this certificate, for each Maturity of the 2026 Obligations, the first price at which at least 10% of such Maturity of the 2026 Obligations was sold to the Public is the respective price listed in Schedule A.][Alternative 3 – Select Maturities Use General Rule: *Sale of the General Rule Maturities.* As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the 2026 Obligations was sold to the Public is the respective price listed in Schedule A.]

**2. [Initial Offering Price of the [2026 Obligations]/[Hold-the-Offering-Price Maturities]].**

(a) **[Alternative 4 – All Maturities Use Hold-the-Offering-Price Rule:** [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the 2026 Obligations to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the 2026 Obligations is attached to this certificate as Schedule B.] **[Alternative 3 – Select Maturities Use Hold-the-Offering-Price Rule:** [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Hold- the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the

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\* Preliminary, subject to change. See “MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT” herein.

Sale Date. A copy of the pricing wire or equivalent communication for the 2026 Obligations is attached to this certificate as Schedule B.]

(b) **[Alternative 4 – All Maturities use Hold-the-Offering-Price Rule:** As set forth in the Notice Inviting Bids for the Purchase of Obligations and bid award, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the 2026 Obligations, [it][they] would neither offer nor sell any of the 2026 Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the 2026 Obligations at a price that is higher than the respective Initial Offering Price for that Maturity of the 2026 Obligations during the Holding Period.] **[Alternative 3 - Select Maturities Use Hold-the-Offering-Price Rule:** As set forth in the Notice Inviting Bids for the Purchase of Obligations and bid award, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the 2026 Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the 2026 Obligations during the Holding Period.]

[2.][3.] **Total Issue Price.** The total of the issue prices of all the Maturities is \$.....

[2.][4.] **Defined Terms.**

(a) *General Rule Maturities* means those Maturities of the 2026 Obligations listed in Schedule A hereto as the “General Rule Maturities.”]

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the 2026 Obligations listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the- Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering- Price Maturity.]

(a) *Issuer* means the City of Peoria, Arizona.

(b) *Maturity* means the 2026 Obligations with the same credit and payment terms. The 2026 Obligations with different maturity dates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of the 2026 Obligations generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) The *Sale Date* of the 2026 Obligations is June 9, 2026.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2026 Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the 2026 Obligations to the Public (including a

member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2026 Obligations to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER/REPRESENTATIVE]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate Relating To Federal Tax Matters of the Issuer and with respect to compliance with the federal income tax rules affecting the 2026 Obligations, and by Greenberg Traurig, LLP, as Special Counsel, in connection with rendering its opinion that the interest on the 2026 Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the 2026 Obligations.

[UNDERWRITER/REPRESENTATIVE]

By:.....  
Authorized Representative

Dated: ....., 2026

**SCHEDULE A**  
**[EXPECTED OFFERING PRICES] [SALE PRICES]**  
**(ATTACHED)**

**SCHEDULE B**  
**[COPY OF UNDERWRITER'S BID] (ATTACHED)**

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## **OFFICIAL STATEMENT**

**\$32,480,000\***

### **WATER AND WASTEWATER REVENUE OBLIGATIONS, SERIES 2026**

**Evidencing Proportionate Interests of the Holders Thereof in  
Installment Payments of the Purchase Price to be Paid by the**

**CITY OF PEORIA, ARIZONA,**

**Pursuant to a Series 2026 Purchase Agreement,**

**Dated as of June 1, 2026**

## **INTRODUCTORY STATEMENT**

The purpose of this Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, is to provide information in connection with the sale and execution and delivery of the \$32,480,000\* principal amount of Water and Wastewater Revenue Obligations, Series 2026 (the “2026 Obligations”), evidencing proportionate interests of the registered owners of each 2026 Obligation (the “Holders”), in certain installment payments (the “Purchase Payments” and collectively, the “Purchase Price”) to be paid by the City of Peoria, Arizona (the “City”), pursuant to a Series 2026 Purchase Agreement, to be dated as of June 1, 2026 (the “Purchase Agreement”), between U.S. Bank Trust Company, National Association (the “Trustee”), in its capacity as seller, and the City. The 2026 Obligations will be executed and delivered pursuant to a Series 2026 Obligation Indenture, to be dated as of June 1, 2026 (the “Indenture”), between the City and the Trustee in its capacity as trustee thereunder.

The offering of the 2026 Obligations is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2026 Obligations. Accordingly, prospective purchasers of the 2026 Obligations should read this entire Official Statement before making their investment decision.

All financial and other information presented in this Official Statement with respect to the City has been provided by representatives of the City from its records, except for information expressly attributed to other sources. The presentation of financial and other information, including tables of receipts from System (as defined herein) revenues and other sources, is intended to show recent historical information and, except as expressly stated otherwise, is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by the financial and other information, will necessarily continue or be repeated in the future.

References to provisions of State of Arizona (the “State” or “Arizona”) law, whether codified in the Arizona Revised Statutes or uncoded, or of the Arizona Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

For definitions of certain capitalized terms used in this Official Statement and not otherwise defined, as well as for certain provisions of the Purchase Agreement and the Indenture, see Appendix F - “2026 OBLIGATIONS DOCUMENTS SUMMARIES.”

## **THE 2026 OBLIGATIONS**

### **Authorization and Purpose**

The Trustee will be authorized to execute and deliver the 2026 Obligations pursuant to the provisions of the Indenture and a resolution adopted by the Mayor and Council of the City on May 5, 2026 (the “Resolution”).

The 2026 Obligations are being executed and delivered for the purpose of (i) financing the costs of improvements to the System (collectively, the “Projects”), and (ii) paying costs incurred in connection with the execution and delivery of the 2026 Obligations. See “SOURCES AND USES OF FUNDS” herein.

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\* Preliminary, subject to change. See “MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT” in the Notice.

## **General Provisions**

The 2026 Obligations will be dated the date of initial delivery thereof and will be issued in the form of fully registered obligations in amounts of \$5,000 of principal due on a maturity date or any integral multiple thereof. As described in Appendix H - "BOOK-ENTRY-ONLY SYSTEM," the 2026 Obligations will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). So long as DTC, or its nominee, is the registered owner of all of the 2026 Obligations, all payments on the 2026 Obligations will be made directly to DTC for payment to the owners as described in Appendix H - "BOOK-ENTRY-ONLY SYSTEM."

The 2026 Obligations will bear interest from their dated date, payable semiannually on January 15 and July 15 of each year, commencing January 15, 2027. The 2026 Obligations will bear interest at the rates and will mature on the dates and in the amounts set forth on the inside front cover page of this Official Statement. Interest will be computed on the basis of a year comprised of three hundred sixty (360) days consisting of twelve (12) months of thirty (30) days each. Interest on the 2026 Obligations will be paid by the Trustee to the holders thereof (initially Cede & Co., as nominee of DTC) as shown on the registration books maintained by the Trustee, at the close of business on the first day of the month of each Obligation Payment Date (the "Record Date"). So long as the 2026 Obligations are in DTC's book-entry-only system, and thereafter at the written request and expense of the owners of \$1,000,000 or more in aggregate principal amount of 2026 Obligations delivered to the Trustee prior to a Record Date, interest and principal will be paid by wire transfer to a bank account in the continental United States.

## **Redemption Provisions**

The 2026 Obligations maturing before or on July 15, 2036, are not subject to redemption prior to maturity. The 2026 Obligations maturing on or after July 15, 2037, are subject to redemption, in whole or in part on any date on or after July 15, 2036, in increments of \$5,000 of principal amount due on a specific maturity date, in any order of maturity, all as directed by the City, and by lot within a maturity by payment of the principal amount of each 2026 Obligation to be redeemed plus interest accrued to the date fixed for redemption, without premium.

## **Notice of and Procedure for Redemption**

Notice of any redemption will be sent by first-class mail not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption to the Holder of each 2026 Obligation, initially DTC, to be redeemed, in whole or in part, at the address shown on the registration books maintained by the Trustee or at such other address as may be furnished by such Holders to the Trustee.

Any notice of redemption given as described in the preceding paragraph will also contain a statement that on the redemption date, the redemption price of such 2026 Obligations called for redemption will become due and payable and that, from and after such date, the 2026 Obligations being redeemed will cease to accrue interest; provided, that no notice of redemption shall be sent unless (i) the Trustee has on deposit funds to effect such redemption or (ii) such redemption notice states that the call for optional redemption is conditioned upon the deposit with the Trustee of an amount sufficient to pay the principal of the 2026 Obligations being redeemed on the redemption date.

## **SECURITY FOR AND SOURCE OF PAYMENT OF THE 2026 OBLIGATIONS**

### **General**

For the amounts payable pursuant to the Purchase Agreement (including the Purchase Price), the Trustee, in its separate capacity as seller, will sell and convey to the City, and the City will purchase from the Trustee, in its separate capacity as seller, the Projects to be financed with the proceeds of the 2026 Obligations.

The 2026 Obligations represent undivided proportionate interests of the Holders thereof in the right to receive the Purchase Payments to be paid by the City pursuant to the Purchase Agreement, which includes amounts sufficient to pay when due the principal of and interest on the 2026 Obligations. During the term of the Purchase Agreement, the Purchase Payments will be required to be made regardless of damage to the Projects or commercial frustration of purpose, without right of set-off or counterclaim, regardless of any contingencies and whether or not the City possesses

or uses the water and wastewater system of the City (the “System”). The obligations of the City to make the Purchase Payments will continue until all of the Purchase Payments and all other amounts due under the Purchase Agreement have been paid. No security interest will be held by the Trustee for the benefit of the Holders of the 2026 Obligations in any portion of the Projects or the System. Remedies available upon a failure of the City to make the Purchase Payments when due will be limited and will not include acceleration of the Purchase Payments or recourse to the Projects or any portion of the System. For a description of events of default and remedies under the Purchase Agreement, see Appendix F - “2026 OBLIGATIONS DOCUMENTS SUMMARIES - The Purchase Agreement - Purchase Events of Default” and “- Remedies on Default by City.” For information concerning the System, see Appendix A - “CITY OF PEORIA, ARIZONA - THE SYSTEM.”

### **Source of Purchase Payments**

The obligation of the City to make the Purchase Payments under the Purchase Agreement will be payable from and secured by a first lien on, pledge of, and security interest in, the Net Revenues. “Net Revenues” means that portion of the Revenues remaining after deducting sufficient funds for the Operation and Maintenance Expenses of the System, subject to certain additions or subtractions under certain circumstances as provided in the Purchase Agreement. “Revenues” means and includes all income, moneys and receipts to be received by the City, directly or indirectly, from the ownership, use or operation of the System including any waste material or by-products of the System, and also including investment income. “Operation and Maintenance Expenses” means all costs reasonably incurred in connection with the operation, use and maintenance of the System, including (i) repairs necessary to keep the System in efficient and economical operating condition, (ii) the payments of premiums for insurance required to be carried on the System, (iii) payments of reasonable Administrative Expenses, and (iv) generally all expenses of the System except depreciation, interest expense on the Series 2026 Obligations, the Outstanding Parity Lien Obligations and any Additional Parity Lien Obligations and interest expenses on any obligations subordinate to such obligations.

Such lien on, pledge of and security interest in the Net Revenues will be on parity with the Outstanding Parity Lien Obligations and any Additional Parity Lien Obligations subsequently issued or incurred under separate documentation in accordance with the Purchase Agreement.

The pledge of, lien on and security interest in the Net Revenues will be irrevocably made in the Purchase Agreement and created for the prompt and punctual payment of the principal of and interest on the 2026 Obligations and to make other payments specified. None of the 2026 Obligations, the Outstanding Parity Lien Obligations or any of the Additional Parity Lien Obligations will be entitled to priority or distinction over any of the others in the application of the Net Revenues, regardless of the issuance or incurrence of the 2026 Obligations, the Outstanding Parity Lien Obligations or any of the Additional Parity Lien Obligations in series or the delivery of the 2026 Obligations, the Outstanding Parity Lien Obligations or any of the Additional Parity Lien Obligations prior to the delivery of the 2026 Obligations, the Outstanding Parity Lien Obligations or any other of the Additional Parity Lien Obligations of that series or regardless of the time or times the 2026 Obligations, the Outstanding Parity Lien Obligations or the Additional Parity Lien Obligations mature or are called for redemption prior to maturity or otherwise. The 2026 Obligations, the Outstanding Parity Lien Obligations and the Additional Parity Lien Obligations will be co-equal as to the pledge of and lien on the Net Revenues for the payment thereof and will share ratably, without preference, priority or distinction, as to the source or method of payment or security therefor.

*Neither the 2026 Obligations nor the obligations of the City pursuant to the Purchase Agreement constitute a debt or a pledge of the full faith and credit of the City, the State or any political subdivision thereof for constitutional or statutory purposes. The 2026 Obligations do not obligate the City to levy or pledge any form of ad valorem or other taxes. The 2026 Obligations are a limited obligation of the City secured solely by Net Revenues and otherwise as provided in the Resolution and the Purchase Agreement.*

### **Rate Covenant**

The City has covenanted and agreed in the Purchase Agreement to establish and maintain schedules of rates, fees and charges for all services supplied by the System fully sufficient at all times, after making reasonable allowance for contingencies and errors in estimates, to produce Revenues in each Fiscal Year that are sufficient, (a) to pay the Operation and Maintenance Expenses of the System; (b) to produce an aggregate amount of Net Revenues in each Fiscal Year of the City equal to (1) one hundred twenty five percent (125%) of the aggregate of the debt service, loan

or rental payments payable on the Series 2026 Obligations, the Outstanding Parity Lien Obligations and any Additional Parity Lien Obligations in such Fiscal Year, and (2) one hundred percent (100%) of the aggregate of the bond insurance policy costs payable in such Fiscal Year and other amounts secured on a subordinate basis by Net Revenues pursuant to the terms of the authorizing documents related to any obligations described in the preceding clause (2); and (c) to maintain all necessary fund balances required under the resolutions of the City authorizing Outstanding Parity Lien Obligations or Additional Parity Lien Obligations.

#### **Additional Parity Lien Obligations; No Prior Obligations**

Pursuant to the provisions of the Purchase Agreement, the City may, in the future, incur Additional Parity Lien Obligations having a lien upon and payable from Net Revenues on parity with the 2026 Obligations, but only as provided in the Purchase Agreement and only to provide funds to make improvements and expansions to the existing System, to purchase capacity rights in sewage treatment plant facilities owned by other political subdivisions of the State, to purchase capacity rights in water treatment plant facilities owned by other political subdivisions of the State, to acquire land, rights in land or water rights for the System, to provide reasonable reserves for Additional Parity Lien Obligations, to refund Outstanding Parity Lien Obligations or Additional Parity Lien Obligations or the 2026 Obligations or to refund other bonds of the City, whether revenue bonds, general obligation bonds or other bonds or obligations, issued to provide funds to construct or acquire additions, extensions, improvements, expansions or replacements to the System, subject to the following conditions:

(a) The City will not, at the time of the issuance of such Additional Parity Lien Obligations, be in default under any Outstanding Parity Lien Obligations, the Series 2026 Obligations or under any resolution related thereto or providing for the issuance of Additional Parity Lien Obligations or any related credit or reserve fund credit instrument;

(b) The issuance of Additional Parity Lien Obligations will be duly authorized at an election, if required by law, except as to any bonds or obligations to be issued exclusively for the purpose of refunding any Outstanding Parity Lien Obligations or Additional Parity Lien Obligations or the Series 2026 Obligations;

(c) The issuance of Additional Parity Lien Obligations will be provided for by a resolution duly adopted by the City Council and such Additional Parity Lien Obligations will mature and interest will be paid on the same days of the year as Outstanding Parity Lien Obligations; and

(d) The Net Revenues of the System for the last full Fiscal Year immediately preceding the issuance of such Additional Parity Lien Obligations, as shown in a certificate or report of an independent public accountant or firm of such accountants presented to the Clerk of the City, have been (i) not less than one hundred twenty five percent (125%) of the highest year's debt service on all of the Outstanding Parity Lien Obligations, the Series 2026 Obligations and any Additional Parity Lien Obligations then outstanding and on the Additional Parity Lien Obligations then to be issued, (ii) not less than one hundred percent (100%) of the aggregate of bond insurance policy costs then due and owing, and (iii) not less than one hundred percent (100%) any additional amounts required to maintain or fund necessary fund balances under the resolutions or other agreements of the City relating to obligations described in (d)(i).

For the purposes of subparagraph (d), additional amounts may be added to the Net Revenues as shown on the accountant's certificate or report in the following circumstances:

(1) If Revenues have been increased as a result of construction of additions or acquisitions to the System made prior to the issuance of such Additional Parity Lien Obligations but during either the Fiscal Year in which the Additional Parity Lien Obligations are to be issued or in the preceding Fiscal Year, such increased Revenues may be treated as if such additions to the System were completed on the first day of the Fiscal Year used for purposes of computation. The Revenues derived from such additions and acquisitions to the System may be converted for purposes of computation to estimated Net Revenues which would have been derived therefrom if said additions and acquisitions had actually been completed on the first day of the year used for computation purposes, such estimates to be made by an independent engineer or firm of such engineers having a favorable reputation with respect to such matters.

(2) If all or part of the proceeds of the Additional Parity Lien Obligations are to be expended for the acquisition of existing water or sewer properties or facilities, there may be added to the Net Revenue of such preceding Fiscal Year the Net Revenues derived from the operation of such properties or facilities to be acquired as converted to Net Revenues which would have been derived from the operation of such properties or facilities had such properties or facilities been operated by the City under the City's applicable rate schedule during the entire Fiscal Year, such converted Net Revenues to be estimated by an independent engineer or firm of such engineers having a favorable reputation with respect to such matters.

(3) If prior to the issuance of the Additional Parity Lien Obligations and subsequent to the first day of such preceding Fiscal Year, the City shall have increased its rates or charges imposed for water and sewer services, there may be added to the Net Revenues of such Fiscal Year the additional Net Revenues which would have been received from the operation of the System during such Fiscal Year and such increase been in effect throughout such Fiscal Year, such additional Net Revenues to be estimated by an independent engineer or firm of such engineers having a favorable reputation with respect to such matters.

In the event Additional Parity Lien Obligations are to be issued exclusively for the purpose of refunding or retiring a portion of the Outstanding Parity Lien Obligations or Additional Parity Lien Obligations then outstanding or the Series 2026 Obligations, for the purpose of calculation required under subparagraph (d), the percentage requirement on such obligations will be taken into consideration only in any future Fiscal Year in which any fractional part of such obligations will remain outstanding after the issuance of such Additional Parity Lien Obligations; provided that nothing herein contained shall be construed to limit or restrict the issuance of any Additional Parity Lien Obligations if, before or as a result of the issuance and delivery of such Additional Parity Lien Obligations, any other obligations theretofore issued will no longer be outstanding, or full payment for any such obligations will be provided for by funds from the bond or obligation proceeds.

Notwithstanding anything to the contrary in the Purchase Agreement, particularly the provisions summarized above, upon payment or provision for payment in full of the Outstanding Parity Lien Obligations (other than the Series 2020A Purchase Agreement) and any other Parity Lien Obligations that include conflicting provisions relating to the incurrence of Additional Parity Lien Obligations, Additional Parity Lien Obligations may be incurred (A) for the purpose of making extensions, renewals, improvements or replacements to the System or to refund the Series 2026 Obligations, the Outstanding Parity Lien Obligations or Additional Parity Lien Obligations if there shall not be any Indenture Event of Default or Purchase Event of Default upon the incurrence thereof and the Net Revenues for the completed Fiscal Year immediately preceding the incurrence of such Additional Parity Lien Obligations have been (i) not less than one hundred twenty five percent (125%) of the highest year's debt service on all of the Outstanding Parity Lien Obligations, the Series 2026 Obligations and any Additional Parity Lien Obligations then outstanding and on the Additional Parity Lien Obligations then to be issued, (ii) not less than one hundred percent (100%) of the aggregate of bond insurance policy costs then due and owing, and (iii) not less than one hundred percent (100%) any additional amounts required to maintain or fund necessary fund balances under the resolutions or other agreements of the City relating to obligations described in (i) of this paragraph, or (B) to refund the Series 2026 Obligations, the Outstanding Parity Lien Obligations or Additional Parity Lien Obligations if the Trustee shall have received a certificate of a City Representative (i) setting forth the aggregate amount of interest and principal becoming due and payable from the date of such determination to maturity or earlier redemption (I) with respect to the Parity Lien Obligations of all series outstanding immediately prior to the date of authentication and delivery of such refunding Additional Parity Lien Obligations, and (II) with respect to the Parity Lien Obligations of all series to be outstanding immediately thereafter, and (ii) demonstrating that the amount set forth pursuant to (II) above is not greater than the amount set forth pursuant to (I) above. Amounts may be added to the Net Revenues for purposes of this paragraph under the circumstances described in subparagraphs (d)(1) through (d)(3) above.

The Purchase Agreement provides that the City will not incur any obligations payable from the Net Revenues ranking prior to the obligations of the City under the Purchase Agreement.

## SOURCES AND USES OF FUNDS

### Sources of Funds:

|                                      |                  |
|--------------------------------------|------------------|
| Principal Amount of 2026 Obligations | \$32,480,000.00* |
| [Net] Original Issue Premium         |                  |

### Total Sources

### Uses of Funds:

|                                  |  |
|----------------------------------|--|
| Payment of Costs of the Projects |  |
| Payment of Costs of Issuance (a) |  |

### Total Uses

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(a) *Costs related to the execution and delivery of the 2026 Obligations, including underwriter's compensation.*

## DEBT SERVICE REQUIREMENTS AND PROJECTED DEBT SERVICE COVERAGE\*

The following table sets forth (i) the annual debt service requirements of the Outstanding Parity Lien Obligations, (ii) the annual debt service requirements of the 2026 Obligations, (iii) the combined annual debt service requirements following execution and delivery of the 2026 Obligations, and (iv) the projected debt service coverage based on actual Net Revenues for the fiscal year ended June 30, 2025.

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\* Preliminary, subject to change. See "MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT" in the Notice.

\* Preliminary, subject to change. See "MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT" in the Notice.

**CITY OF PEORIA, ARIZONA**  
**SCHEDULE OF ANNUAL WATER AND WASTEWATER REVENUE OBLIGATION DEBT SERVICE REQUIREMENTS**  
**AND PROJECTED DEBT SERVICE COVERAGE (a)**

| Fiscal Year<br>Ending (June 30) | Net Revenues (b) | Outstanding<br>Parity Lien Obligations | 2026 Obligations |              | Combined Debt<br>Service Requirements | Debt Service<br>Coverage (e) |
|---------------------------------|------------------|----------------------------------------|------------------|--------------|---------------------------------------|------------------------------|
|                                 |                  | Debt Service Requirements (c)          | Principal        | Interest (d) |                                       |                              |
| 2025                            | \$39,839,123     |                                        |                  |              |                                       |                              |
| 2026                            |                  | \$15,786,114                           |                  |              | \$15,786,114                          |                              |
| 2027                            |                  | 15,796,019                             |                  | \$ 906,733   | 16,702,752                            | 2.38x                        |
| 2028                            |                  | 13,897,756                             | \$ 670,000       | 1,607,250    | 16,175,006                            |                              |
| 2029                            |                  | 11,085,212                             | 705,000          | 1,572,875    | 13,363,087                            |                              |
| 2030                            |                  | 10,266,886                             | 740,000          | 1,536,750    | 12,543,636                            |                              |
| 2031                            |                  | 9,559,222                              | 775,000          | 1,498,875    | 11,833,097                            |                              |
| 2032                            |                  | 9,551,943                              | 815,000          | 1,459,125    | 11,826,068                            |                              |
| 2033                            |                  | 9,551,348                              | 860,000          | 1,417,250    | 11,828,598                            |                              |
| 2034                            |                  | 9,547,184                              | 900,000          | 1,373,250    | 11,820,434                            |                              |
| 2035                            |                  | 9,547,151                              | 950,000          | 1,327,000    | 11,824,151                            |                              |
| 2036                            |                  | 9,546,696                              | 995,000          | 1,278,375    | 11,820,071                            |                              |
| 2037                            |                  | 8,659,978                              | 1,050,000        | 1,227,250    | 10,937,228                            |                              |
| 2038                            |                  | 5,387,880                              | 1,100,000        | 1,173,500    | 7,661,380                             |                              |
| 2039                            |                  | 5,385,717                              | 1,160,000        | 1,117,000    | 7,662,717                             |                              |
| 2040                            |                  | 5,380,709                              | 1,220,000        | 1,057,500    | 7,658,209                             |                              |
| 2041                            |                  | 5,377,755                              | 1,280,000        | 995,000      | 7,652,755                             |                              |
| 2042                            |                  | 5,376,655                              | 1,345,000        | 929,375      | 7,651,030                             |                              |
| 2043                            |                  | 5,372,306                              | 1,415,000        | 860,375      | 7,647,681                             |                              |
| 2044                            |                  | 3,218,506                              | 1,490,000        | 787,750      | 5,496,256                             |                              |
| 2045                            |                  |                                        | 1,565,000        | 711,375      | 2,276,375                             |                              |
| 2046                            |                  |                                        | 1,645,000        | 631,125      | 2,276,125                             |                              |
| 2047                            |                  |                                        | 1,730,000        | 546,750      | 2,276,750                             |                              |
| 2048                            |                  |                                        | 1,820,000        | 458,000      | 2,278,000                             |                              |
| 2049                            |                  |                                        | 1,910,000        | 364,750      | 2,274,750                             |                              |
| 2050                            |                  |                                        | 2,010,000        | 266,750      | 2,276,750                             |                              |
| 2051                            |                  |                                        | 2,110,000        | 163,750      | 2,273,750                             |                              |
| 2052                            |                  |                                        | 2,220,000        | 55,500       | 2,275,500                             |                              |

(a) This schedule was prepared by the Municipal Advisor (as defined herein). Amounts may not add due to rounding.

(b) Reflects actual Net Revenues available for debt service for the fiscal year ended June 30, 2025, as provided by the City. See APPENDIX A.

(c) Debt service for WIFA loans assumes such loans are fully drawn.

(d) The first interest payment on the 2026 Obligations will be due January 15, 2027. Thereafter, interest payments will be made semiannually on July 15 and January 15 until the final maturity, or prior redemption, of the 2026 Obligations.

(e) Debt service coverage is computed using Net Revenues available for debt service for the fiscal year ended June 30, 2025, divided by the combined maximum annual debt service on the Outstanding Parity Lien Obligations and the 2026 Obligations.

## **RISK FACTORS**

*Investment in the 2026 Obligations involves risks that may not be appropriate for certain investors. The following is a discussion of certain risk factors that should be considered, in addition to other matters set forth herein, in evaluating the 2026 Obligations for investment. The information set forth below does not purport to be an exhaustive listing of the risks and other considerations that may be relevant to an investment in the 2026 Obligations. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.*

### **Limited Obligations**

The obligation of the City under the Purchase Agreement will not constitute a debt or a pledge of the full faith and credit of the City, the State or any other political subdivision thereof. The City will not pledge any form of *ad valorem* property taxes to the payment of the 2026 Obligations. The 2026 Obligations will be special, limited obligations of the City, secured only by the Purchase Payments which are to be paid from, and secured by a pledge of, the Net Revenues. No security interest will be held by the Trustee for the benefit of the owners of the 2026 Obligations in any portion of the Projects or the System. Remedies available to the Trustee upon a failure of the City to make the Purchase Payments when due will be generally limited to specific performance against the City to payment from the Net Revenues.

No assurance can be made that the Net Revenues, estimated or otherwise, will be realized by the City in amounts sufficient to pay the Purchase Payments. In addition, the realization of future Net Revenues is subject to, among other things, the capabilities of management of the City, the ability of the City to provide water and wastewater management services to its customers, and the ability of the City to meet its covenant to fix, prescribe, and collect rates and charges for the System in amounts sufficient to timely pay the Purchase Payments. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE 2026 OBLIGATIONS - Rate Covenant.” Additional obligations may be incurred in the future that are secured by the Net Revenues on a parity with the 2026 Obligations. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE 2026 OBLIGATIONS - Additional Parity Lien Obligations; No Prior Obligations.”

### **System Expenses and Future Rates**

Increases in expenses could require a significant increase in rates or charges in order to pay for projects and to pay the debt service on any Parity Lien Obligations, including, without limitation, the Purchase Payments securing the 2026 Obligations. Also, any such rate increases could increase the likelihood of nonpayment by purchasers of water and wastewater services from the City and could also decrease demand from such purchasers and may impact the City’s ability to make the Purchase Payments, which could in turn adversely impact the City’s ability to make payments of the principal of and interest on the 2026 Obligations. In addition, the operations of the System on a daily basis require a significant amount of electrical power and natural gas. Electricity is needed to run pumps, lights, computers, mechanical valves and other machinery. Prices for electricity or gas may increase, which could adversely affect the System’s financial condition. No assurance can be given that any future significant reduction or loss of power would not materially adversely affect the operations of the System.

### **System Demand**

There can be no assurance that the local demand for the services provided by the System will be maintained at levels described in this Official Statement. Because of the potential for changes in demographics within the boundaries of the City, as well as unpredictable future hydrological conditions, it is possible for the demand for water and wastewater services to decline over the term of the 2026 Obligations. A significant decline in demand might create a situation in which the City could not increase rates sufficiently to offset the decrease in customers or usage. This could reduce the City’s ability to make the Purchase Payments, which could in turn adversely impact the City’s ability to make payments of the principal of and interest on the 2026 Obligations as and when due.

## **Water Supply and Drought Conditions**

The ability of the System to operate effectively can be affected by the water supply available to the City. If the water supply decreases significantly, whether by operation or mandatory supply restrictions, prohibitively high water costs or otherwise, System sales may diminish and Net Revenues available to pay the Purchase Payments may be adversely affected.

The City has planned and managed reserve supplies to account for normal occurrences of drought conditions. The City currently meets its water supply needs from four sources: (1) City-operated wells, (2) Central Arizona Project (“CAP”) surface water, (3) Salt River Project (“SRP”) surface water, and (4) reclaimed water. For a more detailed description of such sources, see Appendix A - “CITY OF PEORIA, ARIZONA - THE SYSTEM - The Water System - Water Sources and Supply.” In addition, the City has adopted a comprehensive drought management plan.

The City is currently designated with a 100-Year Assured Water Supply by the Arizona Department of Water Resources (“ADWR”). It is the opinion of City management that the City has adequate water supplies for growth. The City has engaged in planning and resource management to provide for current and future availability of water supplies during normal and drought conditions. However, the ability of the System to operate effectively may still be affected, and potentially may be significantly affected, by the water supply available to the City, which is situated in a desert environment. In particular, recent conditions on the Colorado River system may be indicative of future challenges, [although most of the City’s CAP water supplies have a relatively high priority in right as compared to other recipients of CAP water]. The City is evaluating and implementing response options based on evolving conditions on the Colorado River, including actions authorized under its drought management plan. If the water supply decreases significantly, whether by physical limitation, regulatory restrictions, increased water costs or otherwise, water sales may be diminished and Net Revenues available to pay the debt service may be adversely affected.

Notwithstanding the foregoing, while the multiple sources of supply available to the City along with the various plants, wells, reservoirs and other facilities may help to mitigate risk, future water availability, drought, flooding, environmental conditions and other climate related conditions in Arizona and the other Colorado River Basin states are unpredictable and subject to change. For example, since January 2022, Arizona has operated under a drought contingency plan and has received a reduction to its deliveries of Colorado River water as described above. Additional reductions may result from the federal Colorado River Post 2026 Operations process, including the development of new operational guidelines for Lake Powell and Lake Mead by the United States Bureau of Reclamation in coordination with the other Colorado River Basin states and/or from litigation over new operational guidelines. The impacts associated with climate variability, natural disasters, and other “force majeure” events on the City cannot be predicted but could be significant.

## **Security of the System**

To ensure water quality and delivery service are maintained, the City continually plans and prepares for emergency situations such as fire, power failure, or possible terrorist activities. There can be no assurance that any existing or additional safety and security measures will prove adequate in the event of an emergency situation affecting the System, or that costs of security measures will not be greater than presently anticipated. Further, damage to certain components of the System could require the City to increase expenditures for repairs to the System significantly enough to adversely impact the City’s ability to make the Purchase Payments, which could in turn adversely impact the City’s ability to make payments of the principal of and interest on the 2026 Obligations.

## **Factors Adversely Affecting Development**

Development fees (“Development Fees”), a component of the Net Revenues, are paid to the City as building permits are pulled for the construction of new homes and other structures. The pace at which building permits are pulled will be affected by changes in general economic conditions, fluctuations in land prices both locally and nationally, availability of water, water treatment, wastewater treatment and power necessary for development, changes in the income tax treatment of land and ownership, changes in the availability and cost of borrowed funds and numerous other factors. In addition, land development operations are subject to comprehensive federal, State and local regulation. Approval is required from various agencies in connection with the layout and design of developments, the nature and

extent of improvements, the availability of an assured water supply, construction activity, land use, zoning, school and health requirements and many other matters.

In areas of substantial growth, such as the City, public and or political attitudes toward growth are subject to shifts from support for growth to opposition to growth. Although growth cannot be prevented, no assurance can be given that the City Council as now constituted or a future City Council will not delay or defer action required for continued growth. Such action by the City Council as now constituted or a future City Council could have a material adverse effect on future Development Fee collections. See Appendix A – “CITY OF PEORIA, ARIZONA - THE SYSTEM - Development Fees.”

### **Limitations on Remedies**

Any remedies available to the owners of the 2026 Obligations upon the occurrence of an Indenture Event of Default or a Purchase Event of Default will be in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

Further, enforceability of the rights and remedies of the owners of the 2026 Obligations, and the obligations incurred by the City, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, receivership, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the I exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against political subdivisions in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2026 Obligations to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights. The opinion to be delivered by Special Counsel, concurrently with the execution and delivery of the 2026 Obligations, that the 2026 Obligations constitute valid and binding limited obligations of the City and the Indenture constitutes a valid and binding obligation of the City will be subject to such limitations and the various other legal opinions to be delivered concurrently with the execution and delivery of the 2026 Obligations will be similarly qualified. See Appendix D - “FORM OF OPINION OF SPECIAL COUNSEL.”

If the City fails to comply with its covenants under the Purchase Agreement to pay the Purchase Payments, there can be no assurance of the availability, or timeliness, of remedies adequate to protect the interests of the Holders of the 2026 Obligations.

### **Statutory and Regulatory Compliance; Future Legislation**

The System is subject to a variety of federal and State statutory and regulatory requirements. Laws and regulations governing water and wastewater treatment and the delivery of water are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly and, as more stringent standards are developed to ensure safe drinking water standards and the provision of water for other purposes, such costs will likely increase.

The City’s failure to comply with applicable laws and regulations could result in significant fines and penalties. Such claims are payable from assets of the System or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for public agency water and wastewater systems such as that operated by the City may also lead to administrative orders issued by federal or State regulators. The City is unable to predict the adoption or amendment of any such laws, rules or regulations, or their effect on the operations of the System or financial condition of the City. Future compliance with such orders can also impose substantial additional costs on the System.

No assurance can be given that the cost of compliance with such laws, regulations, and orders would not adversely affect the ability of the System to generate Net Revenues sufficient to pay the debt service on any 2026 Obligations

or Additional Parity Lien Obligations, including, without limitation, the Purchase Payments, which could in turn adversely impact the City's ability to make payments of the principal of and interest on the 2026 Obligations.

For example, in April 2024, the United States Environmental Protection Agency ("EPA") established Maximum Contaminant Levels ("MCLs") for per- and polyfluoroalkyl substances ("PFAS") that are more stringent than the initial health advisory limits set in 2016. Two water wells in the City currently exceed applicable EPA thresholds for PFAS subject to the MCLs and such wells have been put offline. The City is actively exploring options to determine a PFAS mitigation solution with respect to such wells, though such wells being offline has not had a material effect on the System's ability to deliver water to customers to date. While certain other PFAS compounds remain unregulated, the City will be required to comply with the EPA's PFAS MCLs and any applicable State requirements. The scope, timing, and cost of additional actions that may be necessary, including potential capital improvements, operational changes, or other measures, cannot be predicted with certainty and could result in increased costs.

### **Limited Secondary Market for the 2026 Obligations**

There can be no guarantee that there will ever be a secondary market for purchase or sale of the 2026 Obligations or, if a secondary market exists, that the 2026 Obligations can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

### **Loss of Tax Exemption on the 2026 Obligations**

As discussed under heading "TAX EXEMPTION," the Interest Portion (as defined herein) received by Holders of the 2026 Obligations could become included in gross income for purposes of federal income taxation, retroactive to the date the 2026 Obligations were executed and delivered, as a result of future acts or omissions of the City in violation of its covenants in the Indenture and the Purchase Agreement.

### **Economic, Political, Social, and Environmental Conditions**

Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, and/or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage, and natural disasters. The City cannot guarantee that prices for electricity will not increase, which could adversely affect the System's financial condition.

### **Cybersecurity; Other Safety and Security Risks**

Cybersecurity breaches could damage the City's information and security systems and cause material disruption to its operations. The occurrence of military conflicts and terrorist activities, including cyber terrorism, could also adversely impact the operations of the System or the finances of the City. The City maintains active security (including information security) and emergency preparedness programs and has a number of security measures and safeguards in place. However, there can be no assurance that any existing or additional safety and security measures will prove adequate in the event that military conflicts or terrorist activities, including cyber terrorism, or acts of malfeasance are directed against the assets of the System or the information technology systems of the City. The costs of security measures or of remedying damage from security breaches could be greater than presently anticipated.

### **Pending Municipal Fee, Tax, and Utility Rate Moratorium Legislation**

House Concurrent Resolution 2016 ("HCR 2016") is currently pending in the State Legislature. If approved by the State Legislature, HCR 2016 is a referendum that would be presented to voters at the statewide election in November

2026. HCR 2016, if ultimately approved by voters, would impose a four-year moratorium on increases in municipal fees, taxes and utility rates above the current fees, taxes and utility rates imposed as of July 1, 2026. Specifically, HCR 2016 permits limited increases in utility rates for municipalities that have not raised utility rates by a cumulative twelve percent (12%) or more in the preceding four fiscal years. Notwithstanding the foregoing, HCR 2016 permits the adoption, imposition or collection of a new or increased rate or fee to fund the acquisition and delivery of new or additional water resources. Furthermore, HCR 2016 prohibits municipalities from (i) adopting or imposing a new tax classification or expanding the tax base to additional taxpayers, (ii) imposing a new charge that is substantially similar in effect to an increase in a fee, tax, or utility rate, and (iii) adopting or amending a fee, tax or utility rate to avoid the application of HCR 2016. HCR 2016 expressly applies to all municipal fees, taxes and utility rates related to (A) taxable transactions, (B) receiving a governmental service, (C) obtaining a permit, license, approval or inspection, and (D) connecting to or receiving a municipally provided utility service. If HCR 2016 is approved by voters, certain municipal tax increases are permitted, but only if such increases are approved by the qualified electors of the municipality, at least sixty percent (60%) of the votes cast at the election are in favor of the tax increase, and the election is conducted in an even-numbered year at a consolidated election pursuant to Section 16-204, Arizona Revised Statutes. HCR 2016 does not have any similar provision permitting voter approval of utility rate increases. HCR 2016, if approved by voters, also states that any fee, tax or utility rate imposed by a municipality in violation of HCR 2016 is void, and creates a cause of action for any taxpayer, resident, business or property owner to bring an action for declaratory or injunctive relief. The City is unable to predict whether HCR 2016 will be approved by the State Legislature and referred to voters at the November 2026 election, and, if so referred, whether voters will ultimately vote in favor of the referendum. Furthermore, no representative of the City, the Municipal Advisor or Special Counsel is able to predict what effect, if any, the moratorium on fee, tax and utility rate increases, if imposed pursuant to HCR 2016, would have on the City's financial condition or ability to pay debt service when due on the Obligations, but it could be material and adverse. To the extent the provisions of HCR 2016 are enacted into law, the City may be prohibited from complying with certain of the City's covenants included in the Purchase Agreement. Furthermore, the City is unable to predict whether the State Legislature will take future, similar actions affecting the Net Revenues, or the possible effect of any future, similar actions. An investment in the Obligations should be made only after due consideration of the foregoing. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2026 OBLIGATIONS – Rate Covenant."

## **LITIGATION**

To the knowledge of appropriate representatives of the City, no litigation or administrative action or proceeding is pending or threatened to restrain or enjoin, or seeking to restrain or enjoin: the execution or delivery of the Purchase Agreement, the Indenture or the 2026 Obligations, the application of the proceeds of the 2026 Obligations or the pledge and/or collection of Net Revenues to pay the principal of, and interest on, the 2026 Obligations; contesting or questioning the proceedings and authority under which the Purchase Agreement, the Indenture or the 2026 Obligations have been authorized and are to be sold, executed or delivered, or the validity of the 2026 Obligations.

The City is party to various lawsuits and other claims incidental to the ordinary course of its operations. The City's management believes, based on the advice of the City Attorney, that the resolution of such matters will not have a materially adverse effect on the City's financial position. Certificates of appropriate representatives of the City to that effect will be delivered at the time of the original delivery of the 2026 Obligations.

## **TAX EXEMPTION**

### **General**

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the City must continue to meet after the execution and delivery of the 2026 Obligations in order that the portion of each of the Purchase Payments made by the City pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Holders of the 2026 Obligations (the "Interest Portion") be and remain excludable from gross income for federal income tax purposes. The City's failure to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the 2026 Obligations. The City has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion.

In the opinion of Special Counsel, assuming the accuracy of certain representations and certifications of the City and continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the Interest Portion will be excludable from gross income of the holders thereof for federal income tax purposes and will be exempt from Arizona income taxation so long as the Interest Portion is excludable from gross income for federal income tax purposes. The Interest Portion will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion will not be excluded from the determination of adjusted financial statement income. Special Counsel will express no opinion as to any other tax consequences regarding the Interest Portion or the 2026 Obligations. Prospective purchasers of the 2026 Obligations should consult with their own tax advisors as to the status of the Interest Portion under the tax laws of any state other than the State.

The above opinion on federal tax matters with respect to the 2026 Obligations will be based on and will assume the accuracy of certain representations and certifications of the City, and compliance with certain covenants of the City to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the 2026 Obligations will be and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. Special Counsel will not independently verify the accuracy of those certifications and representations. Special Counsel will express no opinion as to any other consequences regarding the 2026 Obligations.

Except as described above, Special Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the Interest Portion, or the ownership or disposition of the 2026 Obligations. Prospective purchasers of the 2026 Obligations should be aware that the ownership of the 2026 Obligations may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the 2026 Obligations, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the Interest Portion, (iii) the inclusion of the Interest Portion in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the Interest Portion in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, (v) the inclusion of the Interest Portion in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits, (vi) net gain realized upon the sale or other disposition of property such as the 2026 Obligations generally must be taken into account when computing the Medicare tax with respect to net investment income or undistributed net investment income, as applicable, imposed on certain high income individuals and specified trusts and estates, and (vii) receipt of certain investment income, including the Interest Portion, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the 2026 Obligations. Prospective purchasers of the 2026 Obligations should consult their own tax advisors as to the impact of these and any other tax consequences.

Special Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Special Counsel as of the date thereof. Special Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Special Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Special Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Special Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

### **Original Issue Discount and Original Issue Premium**

Certain of the 2026 Obligations ("Discount Obligations") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Obligation determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Obligation over the period to maturity based on the constant yield method,

compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Obligation (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Obligations, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Obligation.

Certain of the 2026 Obligations ("Premium Obligations") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Obligations callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Obligation, based on the yield to maturity of that Premium Obligation (or, in the case of a Premium Obligation callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Obligation), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Obligation. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Obligation, the owner's tax basis in the Premium Obligation is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Obligation for an amount equal to or less than the amount paid by the owner for that Premium Obligation.

Owners of Discount Obligations and Premium Obligations should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount Obligations or Premium Obligations and as to other federal tax consequences, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or state tax matters, respectively, described above including, without limitation, the excludability from gross income of the Interest Portion, adversely affect the market price or marketability of the 2026 Obligations, or otherwise prevent the holders from realizing the full current benefit of the status of the Interest Portion. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the 2026 Obligations. Prospective purchasers of the 2026 Obligations should consult their tax advisors as to the impact of any proposed or pending legislation.

### **Information Reporting and Backup Withholding**

Interest paid on tax-exempt obligations such as the 2026 Obligations is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of the Interest Portion from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of the 2026 Obligations, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the 2026 Obligations and proceeds from the sale of the 2026 Obligations. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of the 2026 Obligations. This withholding generally applies if the owner of the 2026 Obligations (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the 2026 Obligations may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

## **LEGAL MATTERS**

Legal matters incident to the execution and delivery of the 2026 Obligations and with regard to the tax-exempt status of the Interest Portion are subject to the legal opinion of Greenberg Traurig, LLP, Special Counsel (“Special Counsel”), whose services have been retained by the City. The signed legal opinion of Special Counsel, dated and premised on the law in effect as of the date of the 2026 Obligations, will be delivered to the underwriter of the 2026 Obligations at the time of original delivery of the 2026 Obligations. Certain legal matters will be passed upon by Greenberg Traurig, LLP, as disclosure counsel.

The proposed text of the legal opinion is set forth as Appendix D - “FORM OF OPINION OF SPECIAL COUNSEL.” The legal opinion to be delivered may vary from the text of Appendix D - “FORM OF OPINION OF SPECIAL COUNSEL” if necessary to reflect the facts and law existing on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Special Counsel has reviewed or expressed any opinion concerning any matters relating to the 2026 Obligations subsequent to the original delivery of the 2026 Obligations.

While Special Counsel has participated in the preparation of portions of this Official Statement, it has not been engaged to confirm or verify, and expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the City or the Obligations that may be prepared or made available by the City or others to holders of the Obligations or others.

The legal opinions to be delivered concurrently with the delivery of the 2026 Obligations will express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein dated and speaking only as of the date of delivery of the 2026 Obligations. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **RATING**

S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (“S&P”) has assigned the rating of “AA+” to the 2026 Obligations. The significance of such rating should be obtained from the S&P at One California Street, 31st Floor, San Francisco, California 94111. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price or the marketability of the 2026 Obligations. The City will covenant in its continuing disclosure undertaking with respect to the 2026 Obligations that it will file notice of any formal change in any rating relating to the 2026 Obligations. See “CONTINUING DISCLOSURE” and Appendix G - “FORM OF CONTINUING DISCLOSURE UNDERTAKING” herein.

## **MUNICIPAL ADVISOR**

The City has retained PFM Financial Advisors LLC as Municipal Advisor (the “Municipal Advisor”) for the sale of the 2026 Obligations. The Municipal Advisor’s fee for services rendered with respect to the sale of the 2026 Obligations is contingent upon issuance and delivery of the 2026 Obligations. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

## **CONTINUING DISCLOSURE**

The City will covenant for the benefit of the Holders of the 2026 Obligations to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2027 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices”). The Annual

Reports and the Notices will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access system as described in Appendix G - “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” The specific nature of the information to be contained in the Annual Reports and the Notices is set forth in Appendix G - “FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

These covenants have been made in order to assist the underwriter of the 2026 Obligations in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Rule”). Pursuant to Arizona law, the ability of the City to provide information pursuant to such covenants is subject to annual appropriation to, among other things, cover the costs of preparing and disseminating the Annual Reports and the Notices to the MSRB. A failure by the City to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2026 Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2026 Obligations and their market price.

The City (i) failed to properly associate one continuing disclosure filing with certain CUSIPs for two series of the City’s outstanding indebtedness, (ii) failed to file a portion of certain operating data during the previous five years, and (iii) failed to timely file notice of the incurrence of a material financial obligation in two instances, in each case as required by the terms of its existing continuing disclosure undertakings. Remedial filings addressing the foregoing were filed in 2021.

### **FINANCIAL STATEMENTS**

The financial statements of the City for the Fiscal Year ended June 30, 2025, which are included in Appendix E - “ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF PEORIA, ARIZONA FOR THE FISCAL YEAR ENDED JUNE 30, 2025” to this Official Statement, have been audited by Heinfeld, Meech & Co., P.C., as stated in its opinion which appears in Appendix E - “ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF PEORIA, ARIZONA FOR THE FISCAL YEAR ENDED JUNE 30, 2025”. The City neither requested nor obtained the consent of Heinfeld, Meech & Co., P.C. to include its report and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering its opinion on the financial statements.

**THE FINANCIAL STATEMENTS INCLUDED IN APPENDIX E OF THIS OFFICIAL STATEMENT ARE CURRENT AS OF THEIR DATE ONLY AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE CITY.**

### **ADDITIONAL INFORMATION**

Additional information and copies of this Official Statement, the Purchase Agreement and the Indenture may be obtained from PFM Financial Advisors LLC, Darren Hodge (email: [hodged@pfm.com](mailto:hodged@pfm.com); telephone: (480) 318-1284).

### **CERTIFICATION CONCERNING OFFICIAL STATEMENT**

The closing documents will include a certificate confirming that, to the best knowledge, information and belief of the City’s Chief Financial Officer, the descriptions and statements contained in this Official Statement relating to the City and its operation and properties were at the time of the sale of the 2026 Obligations, and are at the time of the delivery thereof, true, correct and complete in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein in order to make the statements, in light of the circumstances under which they are made, not misleading. In the event this Official Statement is supplemented or amended prior to the date of delivery of the 2026 Obligations, the foregoing confirmation will also encompass such supplements or amendments. All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show certain historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

### **CONCLUDING STATEMENT**

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Official Statement has been derived by the City from official and other sources and is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as a part of a contract with the original purchasers or subsequent owners of the 2026 Obligations.

CITY OF PEORIA, ARIZONA

By: \_\_\_\_\_  
Chief Financial Officer

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**CITY OF PEORIA, ARIZONA – THE SYSTEM****General Background**

The “System” consists of the City’s water treatment plants and distribution systems (the “Water System”) and the City’s wastewater treatment plants and collection system (the “Wastewater System”). The System is the primary municipal and industrial utility service provider within the corporate limits of the City. However, certain water users are served by private water companies or by privately-owned wells within the City’s service area.

The System is self-sufficient in terms of operation and maintenance. The City’s Finance Department, which has the responsibility for all financial administration in the City, performs general accounting duties for the System. The System is operated by the City’s Water Services Department.

The System is operated in a manner similar to a private business enterprise in that the costs of providing goods and services to the general public on a continuing basis are financed primarily by user charges and fees. The System’s accounting records are kept separate from City general government accounting records. Although a separate audit of the System’s records is not conducted, such records are subject to audit procedures in conjunction with the annual audit of the City’s combined financial statements. The System’s authority and responsibility are derived from the City’s Charter and ordinances and resolutions of the Mayor and Council. The Mayor and Council also adopt the System’s annual budget, which, in accordance with State laws governing municipal water and wastewater systems, establishes water and wastewater rates and fee structures and provides overall policy direction.

**The Water System***Water Service Area*

The Water System provides services to approximately 65,000 customer accounts, including approximately 300 outside-city accounts located in unincorporated Maricopa County “islands” that are surrounded by the City’s corporate boundaries. See TABLE A-4 - “Current and Projected Number of Water and Wastewater Accounts” herein.

Currently, the Water System is completely within the City’s corporate boundaries and covers approximately 181 square miles. As described above, several private water companies serve customers in those portions of the City that are not supplied by the Water System. These companies include Sunrise Water Company, Rose Valley Water Company, and EPCOR Water.

*Water Sources and Supply*

The average daily water demand (potable and non-potable) on the Water System during calendar year 2024 was 31.52 million gallons per day (“mgd”) or 96.75 acre-feet per day. The historical peak single day demand was 46.5 mgd in July 2018. The City currently meets its water supply needs from four sources: (1) City-operated wells, (2) CAP surface water, (3) SRP surface water, and (4) reclaimed water. In addition, the City participates in the State’s Underground Water Storage, Savings and Replenishment Program. Under this program, the City receives storage credits for either direct underground storage of renewable water resources or groundwater savings due to the direct substitution of renewable water resources for groundwater. Long-term storage credits provide the City legal access to renewable water from the ground in the event drought or shortage conditions limit surface water supplies.

TABLE A-1 lists the City’s current water supply sources and the maximum annual amount available from each source.

**TABLE A-1**

**City of Peoria Water System – Water Sources**

| <b>Water Source</b> | <b>Legal Water Availability (Acre-Feet)</b> | <b>Volume Produced in 2024 (Acre-Feet)</b> | <b>Volume Produced in 2024 (Million Gallons)</b> |
|---------------------|---------------------------------------------|--------------------------------------------|--------------------------------------------------|
| Wells               | 90,259                                      | 3,480                                      | 1,134                                            |
| CAP                 | 34,121                                      | 26,921                                     | 8,772                                            |
| SRP                 | 39,931                                      | 9,395                                      | 3,061                                            |
| Reclaimed Water     | 14,516                                      | 14,516                                     | 4,730                                            |
| <b>TOTALS</b>       | <b>178,827</b>                              | <b>54,312</b>                              | <b>17,697</b>                                    |

*City-Operated Wells.* The City has rights to operate forty-four (44) potable water wells and two (2) groundwater wells converted to non-potable irrigation systems. The maximum permitted capacity of these wells is 80.57 mgd (90,259 acre-feet). Note, maximum permitted capacity refers to the legal right to withdraw water, not the City’s ability to actively utilize this capacity as the latter figure changes as wells are drilled, rehabilitated, and abandoned. As of January 1, 2025, actively available well capacity is approximately 25.11 mgd (28,123 acre-feet per year) at a 54% duty rating. Of all 46 wells, the City actively operates 22. Average daily production from these wells was 3.11 mgd in 2024. Potable storage capacity of 43.37 million gallons (133.10 acre-feet) exists at twenty-five (25) locations throughout the service area. The current service area consists of eleven pressure zones, which generally operate independently; however, water can be transferred from zones with higher elevations to zones with lower elevations. In certain areas, the City has infrastructure to boost water from lower elevation pressure zones to higher elevation pressure zones. The City operates one smaller stand-alone system located in the Quintero development, which will ultimately be tied into the main service area. The production and storage capacity for this system is included in the totals above.

*Central Arizona Project.* CAP is administered by the Central Arizona Water Conservation District (“CAWCD”). CAWCD pumps water from the Colorado River into the 336-mile long CAP canal that transports the water into central and southern Arizona. The City’s annual CAP Municipal & Industrial subcontract allocation is 27,121 acre-feet of surface water, which can be used anywhere within the City’s limits. The City has an additional annual allotment of 7,000 acre-feet of CAP water leased from the Gila River Indian Community through 2108. Colorado River allocations delivered via the CAP canal are subject to potential future shortage reductions that could temporarily impact the ability of the City to utilize and serve this renewable supply. In such event, the City would, if necessary, access the other water sources described in TABLE A-1 during any period of shortage reductions with respect to Colorado River allocations. The City directly used 21,633 acre-feet (7,049 million gallons) of CAP water and recovered 1,390 acre-feet of recharged CAP water via wells to meet customer demand in 2024. The City directed 5,288 acre-feet of its CAP allocation to long-term underground storage. In 2024, the City also participated in the United States Bureau of Reclamation’s Lower Colorado Conservation and Efficiency Program to support water elevations at Lake Mead and pledged 7,200 acre-feet of its CAP allocation to the program. See “RISK FACTORS - Water Supply and Drought Conditions” herein.

The City’s directly used CAP water is primarily treated at the Pyramid Peak Water Treatment Plant. The City and the City of Glendale jointly own the Pyramid Peak Water Treatment Plant, located on the south side of the CAP aqueduct at 63rd Avenue in the City of Phoenix. The City currently owns 24.0 mgd (44.4%) of the total 54 mgd of treatment capacity available at this facility. The City also has a small surface water treatment plant located at the far northwest side of the City, servicing the Quintero development. The Quintero Water Treatment Facility has a capacity to treat 576,400 gallons per day or 1.77 acre-feet.

*Salt River Project.* SRP is a quasi-public power and water utility that provides electric and water service to portions of central Arizona. Originally authorized under the Reclamation Act of 1902, SRP’s water system provides service to 240,000 acres in the Phoenix metropolitan area, just over 10,000 of which are within City limits. These lands were used as collateral to secure a federal loan to construct the Roosevelt Dam to supply irrigation water and electric power

to these lands. SRP water can only be used by member lands within the Salt River Project Water Users Association (“Association”) district boundaries. Based on an agreement with SRP, the City is entitled to three sources of SRP water: (1) Stored and Developed water; (2) Normal Flow water; and (3) Pump Right water.

Stored water is water stored behind six SRP operated dams, while Developed water is pumped from over 250 SRP wells. Normal Flow water is water that would have flowed in the Salt and Verde Rivers had they not been dammed. Pump Right water represents additional water pumping rights purchased in 1929 and 1948. The City’s agreement with SRP provides the City with an annual entitlement of up to 39,931 acre-feet of water. Importantly, the City can only use this water on Association lands and only an amount necessary to meet demand from that land within a single year (i.e., it cannot be stored underground). This amount is a combination of renewable and non-renewable water with the mix fluctuating annually. The City plans to use only the renewable portion of this supply on a long-term basis, averaging approximately 15,000 acre-feet per year (though such plans remain subject to change). The City used approximately 10,351 acre-feet (3,373 million gallons) of its annual SRP entitlement during 2024.

The Greenway Water Treatment Plant, completed in 2002, treats the City’s SRP surface water allocation. This plant has a capacity of 16.0 mgd (49.1 acre-feet per day). Future expansions of this facility could, if necessary, bring total treatment capacity first to 24.0 mgd (73.65 acre-feet per day) and then ultimately to 32.0 mgd (98.2 acre-feet per day).

*Reclaimed Water.* The Wastewater System collects and treats wastewater at three wastewater treatment plants or water reclamation facilities (WRF). Over 97% of wastewater reclaimed at these treatment plants is beneficially used by the City. In calendar year 2024, of the 13,672 acre-feet of reclaimed water produced, the City recharged 12,074.55 acre-feet underground. Of this, 616.04 acre-feet was recovered via wells with the remaining 11,458.51 acre-feet left underground for long-term storage. Nearly 1,245 acre-feet was directly used for landscape irrigation and other non-potable uses with the remaining 352 acre-feet discharged into a dry riverbed or not put to use. Reclaimed water is the City’s most reliable and resilient supply and is a cornerstone of the City’s plans to grow sustainably.

*Underground Water Storage, Savings and Replenishment Program.* As described above, the City participates in the State’s Underground Water Storage, Savings and Replenishment Program. Under this program, the City receives storage credits for either direct underground storage of renewable water resources or groundwater savings due to the direct substitution of renewable water resources for groundwater. Storage credits may be used on either an annual basis or credited to a Long-Term Storage Account for future use. In 2024, the City recovered from wells 2,006 acre-feet (654 million gallons) of annual and long-term storage credits. Additionally, the City delivered 15,771 acre-feet (5.139723 billion gallons) of renewable CAP and reclaimed supplies to underground storage facilities to become Long-Term Storage Credits. As of December 31, 2024, the City had 243,031 acre-feet (63.9 billion gallons) of available long-term storage credits accumulated through underground storage. Long-term storage credits provide the City legal access to renewable water from the ground in the event drought or shortage conditions limit surface water supplies. The City’s recharge program relies on recharge capacity available at multiple underground storage facilities (“USF”) listed in TABLE A-2.

**TABLE A-2**

**City of Peoria Water System – Underground Storage Facilities**

| <b>Storage Facility Name</b>                        | <b>Operator</b> |
|-----------------------------------------------------|-----------------|
| Beardsley Road WRF USF                              | City            |
| Butler WRF Aquifer Storage & Recovery USF           | City            |
| Vistancia Recharge Facility USF                     | City            |
| Agua Fria Recharge Project USF                      | CAWCD           |
| Hieroglyphic Mountains Recharge Project USF         | CAWCD           |
| Tonopah Desert Recharge Project USF                 | CAWCD           |
| New River-Agua Fria Underground Storage Project USF | SRP             |
| SRP Groundwater Savings Facility                    | SRP             |
| Southern Avra Valley Storage & Recovery Project USF | City of Tucson  |

*Water Supply Conversion.* In the 1950s, the State identified a problem that resulted from groundwater being pumped from underground aquifers in excess of the rate at which those aquifers were being replenished. This condition, known as groundwater overdraft, depletes groundwater and causes other conditions such as land subsidence and earth fissures. Groundwater overdraft was most noticeable in the more populated areas of central and southern Arizona, now defined as Active Management Areas (AMAs). To mitigate this problem and achieve a balance referred to as safe-yield, in 1980 the State mandated that water systems in the AMAs reduce their reliance on groundwater. In order to comply, the City developed a course of action to convert from total reliance on groundwater to the use of renewable water resources. The City has now completely switched from mining groundwater to using surface water from SRP and CAP canals, reclaimed water along with recovering water previously stored underground and pumping a small, sustainable amount of groundwater.

Arizona's 1980 Groundwater Management Act ("GMA") and the Assured Water Supply ("AWS") rules have mandated that the water providers reduce their reliance on mined groundwater and increase their use of renewable water resources. The GMA is administered by ADWR. Under the GMA, a developer must demonstrate to ADWR that an assured or adequate water supply exists for the development area in order for new development to take place. To demonstrate an assured water supply, the developer can obtain its own AWS certificate or have its development served by an AWS designated water system. In order to receive an AWS designation, an applicant must demonstrate water supplies that are physically, continuously, and legally available for at least 100 years to meet both current demand as well as committed and projected demand (incremental growth). The City was able to meet these requirements through a combination of its existing water supply sources, future maximization of reclaimed water for non-potable uses, and a continued commitment to water resource conservation. Therefore, in 2010, ADWR renewed the City's Designation of Assured Water Supply. By obtaining its AWS designation, the City has demonstrated that it is capable of continuing to provide an adequate supply of quality water to existing customers and projected new development over the next 100 years. One hundred-year designations must be renewed at least every 15 years, to maintain a rolling 100-year guarantee. The City submitted its updated AWS designation renewal application in December 2023 and it is in process with ADWR.

## **The Wastewater System**

The City provides sewer service to the residents of the City by operating its own wastewater collection system and water reclamation facilities.

### *Wastewater Service Area*

The Wastewater System provides service to approximately 68,000 customer accounts, including approximately 521 outside-city accounts in unincorporated Maricopa County "islands" that are surrounded by the City's corporate boundaries. See TABLE A-4 - "Current and Projected Number of Water and Wastewater Accounts" herein.

The City treats its collected wastewater at three water reclamation facilities: the Butler Water Reclamation Facility ("Butler WRF"), the Beardsley Water Reclamation Facility ("Beardsley WRF") and the Jomax Water Reclamation Facility ("Jomax WRF"). A fourth water reclamation facility has been constructed for the Quintero development, but the community has not reached sufficient flow volumes to begin operation. The current capacity and treated volumes at the City's water reclamation facilities are listed in TABLE A-3.

**TABLE A-3**

**City of Peoria Water System – Water Reclamation Facilities**

| <b>Water Reclamation Facility</b> | <b>Current Capacity<br/>(mgd)</b> | <b>2024 Average<br/>Treated Volume<br/>(mgd)</b> |
|-----------------------------------|-----------------------------------|--------------------------------------------------|
| Butler WRF                        | 10                                | 7.54                                             |
| Beardsley WRF                     | 6                                 | 3.48                                             |
| Jomax WRF                         | 3                                 | 1.11                                             |

Jomax WRF was recently expanded from 2.25 to 3.0 mgd capacity and Beardsley WRF was recently expanded from 4.0 to 6.0 mgd. The City is currently studying the expansion of the treatment capacity of the Beardsley WRF to 9 mgd and later 12 mgd.

The Butler WRF discharges its effluent (treated wastewater) into the New River-Agua Fria Underground Storage Project (“NAUSP”) and the City’s Butler Reclaimed Water System. By using NAUSP, of which the City is part owner, the City earns underground storage credits that can be used to recover water through the City’s wells. The Butler Reclaimed Water System includes landscape and turf irrigation elements as well as an aquifer storage & recovery well that also generates storage credits through recharge.

The Beardsley WRF has its own underground storage facility and directly recharges nearly all its effluent. Beardsley WRF also supplies reclaimed water to Paloma Community Park as well as some smaller irrigated turf areas along the pipeline between Beardsley and Paloma.

The Jomax WRF produces effluent that is used in a reclaimed water irrigation system for the Vistancia master-planned development. The reclaimed system supports two golf courses, a City park, and several homeowner association common areas.

**Demand for System Service**

Projections of growth in the number of water and wastewater accounts and demand estimates were based on information provided in the 2025 water and wastewater utility and cost of service study. The rate study was prepared by FCS Group and utilized the City’s permit projections to estimate expected growth. This document provides a formal forecast of development activity and the timing and costs of public facilities required by development. This information forms the basis for the City’s Capital Improvement Program (“CIP”), used for planning and constructing major capital projects. See “Capital Improvement Program” below. Projections of growth in the number of water and wastewater accounts and demand estimates, including as shown in TABLES A-4 and A-5, are “forward looking” statements and should be considered with an abundance of caution. No assurances can be given that growth in the number of water and wastewater accounts and demand estimates will be realized at the times or in the amounts shown.

TABLE A-4

**Current and Projected Number of Water and Wastewater Accounts  
Fiscal Year Ending June 30**

|                          | <b>Actual</b>      |                    |                    | <b>Projected</b>   |                    |                    |
|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                          | <b><u>2023</u></b> | <b><u>2024</u></b> | <b><u>2025</u></b> | <b><u>2026</u></b> | <b><u>2027</u></b> | <b><u>2028</u></b> |
| <b><u>Water</u></b>      |                    |                    |                    |                    |                    |                    |
| Residential              | 59,642             | 59,367             | 60,516             | 62,267             | 63,668             | 65,101             |
| Multiplex                | 613                | 593                | 681                | 620                | 634                | 648                |
| Commercial               | 3,320              | 3,611              | 3,475              | 1,695              | 1,733              | 1,772              |
| Total Accounts           | 63,575             | 63,571             | 64,672             | 64,582             | 66,035             | 67,521             |
| Percentage Growth        | 0.34%              | -0.01%             | 1.73%              | -0.14%             | 2.25%              | 2.25%              |
| <b><u>Wastewater</u></b> |                    |                    |                    |                    |                    |                    |
| Residential              | 63,813             | 64,130             | 65,144             | 66,581             | 68,079             | 69,611             |
| Multiplex                | 544                | 544                | 567                | 557                | 569                | 582                |
| Commercial               | 1,566              | 1,608              | 1,599              | 1,644              | 1,681              | 1,719              |
| Total Accounts           | 65,923             | 66,282             | 67,310             | 68,782             | 70,330             | 71,912             |
| Percentage Growth        | 1.16%              | 0.54%              | 1.55%              | 2.19%              | 2.25%              | 2.25%              |

TABLE A-5

**Projected Water and Wastewater Usage (1,000 gallons)  
Fiscal Year Ending June 30 <sup>(a)</sup>**

|                          | <b>Actual</b>      |                    |                    | <b>Projected</b>   |                    |                    |
|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                          | <b><u>2023</u></b> | <b><u>2024</u></b> | <b><u>2025</u></b> | <b><u>2026</u></b> | <b><u>2027</u></b> | <b><u>2028</u></b> |
| <b><u>Water</u></b>      |                    |                    |                    |                    |                    |                    |
| Residential              | 4,924,012          | 5,457,901          | 5,940,659          | 6,074,324          | 6,210,996          | 6,350,744          |
| Multiplex                | 752,010            | 805,313            | 871,827            | 891,443            | 911,501            | 932,009            |
| Commercial               | 2,534,362          | 2,896,759          | 3,164,852          | 3,236,061          | 3,308,873          | 3,383,322          |
| Total Usage              | 8,210,384          | 9,159,973          | 9,977,338          | 10,201,828         | 10,431,369         | 10,666,075         |
| Percentage Growth        |                    | 11.57%             | 8.92%              | 2.25%              | 2.25%              | 2.25%              |
| <b><u>Wastewater</u></b> |                    |                    |                    |                    |                    |                    |
| Residential              | 5,986,694          | 5,550,062          | 5,884,804          | 5,822,547          | 5,953,554          | 6,087,509          |
| Multiplex                | 663,531            | 659,710            | 675,088            | 692,584            | 708,167            | 724,101            |
| Commercial               | 792,542            | 809,288            | 841,514            | 881,055            | 900,879            | 921,148            |
| Total Usage              | 7,442,767          | 7,019,060          | 7,401,406          | 7,396,186          | 7,562,600          | 7,732,758          |
| Percentage Growth        |                    | -5.69%             | 5.45%              | -0.07%             | 2.25%              | 2.25%              |

(a) Water consumption excludes non-potable water and includes landscaping.

Listed in TABLE A-6 are the City’s ten largest Water System account users.

**TABLE A-6**

**List of 10 Largest Water Account Users**

| <b>Entity</b>                      | <b>Type of User</b>      | <b>Average<br/>Monthly Water<br/>Usage (1,000<br/>gallons)</b> | <b>Percentage of<br/>Total City<br/>Average Monthly<br/>Water Usage</b> |
|------------------------------------|--------------------------|----------------------------------------------------------------|-------------------------------------------------------------------------|
| Trilogy at Vistancia               | Commercial Landscape     | 20,638                                                         | 2.21%                                                                   |
| Infinity Capital Golf              | Golf Course              | 17,151                                                         | 1.84                                                                    |
| TVAQ1 Community Assoc              | Homeowner’s Association  | 16,775                                                         | 1.80                                                                    |
| Blackstone Country Club            | Golf Course              | 15,573                                                         | 1.67                                                                    |
| Sunrise Water Company              | Water Company            | 12,710                                                         | 1.36                                                                    |
| Sun Harbor Community Assoc         | Health Care Facility     | 10,026                                                         | 1.07                                                                    |
| Ventana Lakes N. of Beardsley Lake | Homeowner’s Association  | 9,631                                                          | 1.03                                                                    |
| City of Peoria – Sports Complex    | Sports Complex           | 8,876                                                          | 0.95                                                                    |
| City of Peoria – Right of Way      | Right of Way Landscape   | 8,090                                                          | 0.87                                                                    |
| Saddleback Peoria Partners LLC     | Residential Construction | 7,403                                                          | 0.79                                                                    |

### **Water Quality Regulations**

The State is charged with enforcement of most EPA drinking water compliance programs, except the Lead and Copper Rule and the Information Collection Rule, enforcement of which has been retained by the EPA. ADWR, the Arizona Department of Environmental Quality and the Maricopa County Department of Environmental Services also regulate water quality. The City’s water and wastewater systems have historically operated in compliance with these regulations, and the City maintains up-to-date water and wastewater master planning documents to proactively address regulatory issues.

The City’s CIP includes planned water and wastewater capital projects to comply with all applicable regulations, including National Pollutant Discharge Elimination System permit requirements, and to address the water and wastewater requirements of the City’s service area. Even though federal, state, and county environmental regulations are subject to change, neither City management nor its engineering consultants anticipate regulatory changes that will require additional capital costs to maintain operating permits during the ten-year period included in the CIP.

### **Administration and Management**

The Water Services Department has seventeen (17) cost centers across water and wastewater according to major operations including administration, water treatment plants, wastewater reclamation facilities, distribution, collections, environmental compliance. As of July 1, 2025, the department has 117 authorized full-time equivalent personnel. Managers, supervisors, and administrative staff monitor expenditures throughout the year and use this information to project annual operation and maintenance expenses. A ten-year Capital Improvement Plan (CIP) is developed by City engineering staff based on the Integrated Water Utilities Master Plan (IWUMP). The CIP is updated annually to remain consistent with actual development trends.

## Billing and Accounting

The City's Finance and Budget Department performs all accounting services for the Water Services Department, which includes billing for water, wastewater, and sanitation services that are billed together on one monthly customer statement.

If a water bill has not been paid within 56 days of the initial billing, then water service is discontinued until such time as the account is fully paid. In addition, the customer is charged a fee of \$50.00 in order to have service restored. Approximately 0.7% of the total accounts have their water service interrupted at any one time.

The City also requires a security deposit of \$225 for rental properties.

**TABLE A-7**

### Number of Utility Customer Accounts

| <b>Fiscal Year</b> | <b>Water</b> | <b>Wastewater</b> |
|--------------------|--------------|-------------------|
| 2025               | 64,672       | 67,310            |
| 2024               | 63,571       | 66,282            |
| 2023               | 63,575       | 65,923            |
| 2022               | 63,357       | 65,169            |
| 2021               | 62,803       | 63,924            |
| 2020               | 60,705       | 62,617            |
| 2019               | 59,185       | 60,913            |
| 2018               | 58,061       | 59,499            |
| 2017               | 57,011       | 57,909            |
| 2016               | 55,558       | 56,235            |
| 2015               | 51,405       | 54,599            |
| 2014               | 50,399       | 53,548            |
| 2013               | 49,416       | 52,674            |
| 2012               | 48,509       | 51,527            |

## System Rates and Charges

The City's structure of rates, fees, and other charges for each system is reviewed annually by the City Council and may be revised by a resolution adopted by the City Council, which has the ultimate responsibility for setting System rates, fees and charges. The principal sources of revenue for the City are derived from user fees charged for services provided and a one-time connection fee charged to new users for connection to the System. The City also receives System revenues from turn-on fees, engineering review and inspection fees, interest earnings, and other miscellaneous income.

In the past, the City Council has consistently implemented incremental rate increases for two years at a time. A rate increase went into effect in July 2025, and another rate increase will go into effect in July 2026. Both of these rate adjustments increased water rates by 3.50% and wastewater rates by 5.75% for the average residential customer.

## Water and Wastewater Customer Connection Charges

*Water Meter Charges.* Water meter charges are for the recovery of costs of materials, labor and overhead to physically connect customers to the System.

**TABLE A-8**

| <b>Water Meter Charges</b> |                        |
|----------------------------|------------------------|
| <b>Meter Size</b>          | <b>Charges</b>         |
| 3/4"                       | \$379                  |
| 1"                         | \$723-1,016            |
| 1 1/2"                     | \$724-1,016            |
| 2"                         | \$865-1,186            |
| 3"                         | \$2,755-3,481          |
| 4"                         | \$3,186-3,883          |
| 6"                         | \$5,147-6,449          |
| 8"                         | \$7,509-10,111         |
| Hydrant Meter              | \$2,931                |
| Commercial Accounts        | By meter size and type |

*Expansion Fees.* Expansion Fees are charged to customers to recover capital costs associated with providing treatment capacity for new water and wastewater customers, as well as the costs of trunk and transmission facilities associated with serving those customers. Expansion Fees are based upon equivalent dwelling units ("EDU") and vary depending on geographical location within the City. Each new water or wastewater connection is converted to an EDU to determine the amount of the Expansion Fee. TABLE A-9 shows the current Expansion Fees per EDU charged for the different Expansion Fee zones located in the City.

**TABLE A-9**

### Expansion Fees (Per EDU)

| <b><u>Water</u></b>                                 | <b><u>Expansion Fees</u></b> |
|-----------------------------------------------------|------------------------------|
| Off-SRP Project Service Area <sup>(a)</sup>         |                              |
| Water Resource Fee                                  | \$730                        |
| North of Bell Rd. Water Expansion Fee               | \$3,745                      |
| South of Bell Rd. Water Expansion Fee               | \$3,358                      |
| West of Agua Fria, South of SR74 & North of Bell Rd |                              |
| Water Expansion Fee                                 | \$4,725                      |
| <b><u>Wastewater</u></b>                            |                              |
| West of Agua Fria Wastewater Expansion Fee          | \$3,157                      |
| East of Agua Fria Wastewater Expansion Fee          | \$1,913                      |

---

(a) Includes that portion of the City's service area that lies outside the boundaries of SRP lands and has access to CAP allocation, but not to SRP water.

## Monthly Service Charges

The following tables summarize the current monthly service charge and the user fee rates used in calculating the monthly commodity usage charge for the water and wastewater utility services.

*Water Monthly Service Charges.* The City's current rate schedule has a minimum charge with a usage allowance that is based on meter size. The City utilizes a water volume charge structure with inverted rate blocks. Residential and Multiplex (Multi-family) customers are charged under an inverted four-block structure. Commercial customers have an inverted five-block structure. The minimum charge has an outside-City differential that is charged only to Residential and Multiplex customers. TABLE A-10 shows the monthly service charges for water under the existing rate structure. TABLE A-11 shows the volume service charges for water under the existing rate structure.

**TABLE A-10**

**Charges for Water Services Base  
Minimum Monthly Bill**

**(Effective January 1, 2026)**

| <b>Meter Size</b> | <b>Multi-Residential</b> | <b>All Other Customers</b> |
|-------------------|--------------------------|----------------------------|
| All sizes         | \$11.45                  | --                         |
| 5/8" - 3/4"       |                          | \$21.98                    |
| 1"                |                          | 26.87                      |
| 1 1/2"            |                          | 44.93                      |
| 2"                |                          | 64.65                      |
| 3"                |                          | 117.30                     |
| 4"                |                          | 176.47                     |
| 6"                |                          | 340.73                     |
| 8"                |                          | 537.95                     |

**TABLE A-11**

**Volume Charges for Water Services  
(Effective January 1, 2026)  
Usage Per Month**

| <b>Volume<br/>Consumption<br/>(gallons)</b> | <b>Residential<br/>(per 1,000 gallons)</b> | <b>Multiplex<br/>(per 1,000 gallons)</b> | <b>Commercial<br/>(per 1,000 gallons)</b> |
|---------------------------------------------|--------------------------------------------|------------------------------------------|-------------------------------------------|
| 0 – 4,000                                   | \$1.58                                     | -                                        | -                                         |
| 4,001 – 10,000                              | 4.22                                       | -                                        | -                                         |
| 10,001 – 20,000                             | 6.00                                       | -                                        | -                                         |
| 20,000+                                     | 6.64                                       | -                                        | -                                         |
| 1,000+                                      | -                                          | \$4.22                                   | -                                         |
| 0 – 10,000                                  | -                                          | -                                        | \$1.58                                    |
| 10,001 – 50,000                             | -                                          | -                                        | 4.22                                      |
| 50,000+                                     | -                                          | -                                        | 6.00                                      |
| Capacity charge per dwelling unit           |                                            | 6.31                                     |                                           |

**TABLE A-12**

**Charges for Wastewater Services and Storm Water Services (All Customers-Effective January 1, 2026)**

| <b>Meter Size</b>                                     | <b>Residential, Commercial and Landscape Customers</b> |
|-------------------------------------------------------|--------------------------------------------------------|
| 5/8", 3/4", 1"                                        | \$11.46                                                |
| 1 1/2"                                                | 27.44                                                  |
| 2"                                                    | 41.19                                                  |
| 3"                                                    | 77.92                                                  |
| 4"                                                    | 119.16                                                 |
| 6"                                                    | 223.72                                                 |
| 8"                                                    | 371.24                                                 |
| <b>Volume Charge-All Usage (per thousand gallons)</b> | 2.50                                                   |

**Recent History of Changes to Average Utility Bill**

TABLE A-13 summarizes the fiscal year percentage changes in the average monthly bills for the water and wastewater utilities.

**TABLE A-13**

**Average Residential Utility Bills  
Last Ten Fiscal Years <sup>(a)</sup>**

| <b>Fiscal Year</b> | <b>Water (\$)</b> | <b>% Change</b> | <b>Wastewater (\$)</b> | <b>% Change</b> |
|--------------------|-------------------|-----------------|------------------------|-----------------|
| 2025               | 48.02             | 5.29            | 34.22                  | 5.48            |
| 2024               | 45.60             | -1.61           | 25.19                  | -13.29          |
| 2023               | 46.35             | 2.82            | 29.05                  | 1.64            |
| 2022               | 45.08             | 2.76            | 28.58                  | 4.73            |
| 2021               | 43.87             | 1.98            | 27.29                  | 1.41            |
| 2020               | 43.02             | 2.06            | 26.91                  | 1.17            |
| 2019               | 42.15             | 1.71            | 26.60                  | 5.30            |
| 2018               | 41.44             | 5.90            | 25.26                  | 0.16            |
| 2017               | 39.13             | 4.26            | 25.22                  | 2.35            |
| 2016               | 37.53             | 5.60            | 24.64                  | 2.71            |

*(a) Decreases in utility bills are due primarily to decreases in consumption volume.*

TABLE A-14

**City of Peoria, Arizona**  
**Water and Wastewater System Funds**  
**Historical and Projected Statement of Revenues, Expenses, Debt Service and Debt Service Coverage**  
**for Fiscal Years Ended June 30, 2021 through June 30, 2030**

|                                          | Actual         |               |                |                |                |
|------------------------------------------|----------------|---------------|----------------|----------------|----------------|
|                                          | 2021 (f)       | 2022          | 2023           | 2024           | 2025           |
| Gross Revenues                           | \$ 78,379,187  | \$ 75,671,386 | \$ 83,416,136  | \$ 101,684,311 | \$ 109,478,211 |
| Development Fee Revenues (a)             | 9,163,448      | 6,932,135     | 2,541,541      | 8,298,875      | 7,694,384      |
| Revenues (b)                             | 87,542,635     | 82,603,521    | 85,957,677     | 109,983,186    | 117,172,595    |
| Operation and Maintenance Expenses (c)   | 49,575,457     | 61,522,222    | 62,430,763     | 64,198,439     | 77,333,472     |
| Net Revenues Available for Debt Service  | 37,967,178     | 21,081,299    | 23,526,914     | 45,784,747     | 39,839,123     |
| Total Debt Service Requirements          | \$ 13,045,500  | \$ 10,166,886 | \$ 10,755,633  | \$ 11,334,973  | \$ 12,709,536  |
| Ratio of Net Revenues/Total Debt Service | 2.91           | 2.07          | 2.18           | 4.04           | 3.13           |
|                                          | Projected (e)  |               |                |                |                |
|                                          | 2026           | 2027          | 2028           | 2029           | 2030           |
| Gross Revenues                           | \$ 101,652,752 | \$ 99,875,061 | \$ 102,224,992 | \$ 104,655,739 | \$ 106,398,542 |
| Development Fee Revenues (a)             | 10,686,796     | 10,624,801    | 10,627,516     | 10,704,040     | 10,869,932     |
| Revenues (b)                             | 112,339,548    | 110,499,862   | 112,852,508    | 115,359,779    | 117,268,474    |
| Operation and Maintenance Expenses (c)   | 60,166,581     | 68,175,292    | 69,626,370     | 72,702,934     | 76,386,641     |
| Net Revenues Available for Debt Service  | 52,172,967     | 42,324,570    | 43,226,138     | 42,656,845     | 40,881,833     |
| Total Debt Service Requirements (d)      | \$ 15,786,114  | \$16,702,752  | \$ 17,779,858  | \$ 16,777,227  | \$ 19,167,479  |
| Ratio of Net Revenues/Total Debt Service | 3.30           | 2.53          | 2.43           | 2.54           | 2.13           |

(a) See "Development Fees" below.

(b) Includes all income, moneys and receipts received by the City, directly or indirectly, from the ownership, use or operation of the System including any waste material or by-products of the System, and also including investment income.

(c) Costs reasonably incurred in connection with the operation, use and maintenance of the System.

(d) Based on current debt service requirements plus estimates for debt service on future financing needs. See "Capital Improvement Program" below.

(e) Projected Revenues are based on estimates provided by the City's Finance Department and assume 2% growth in the City's population and annual rate increases for System services between 2% and 4%. These amounts are "forward looking" statements and should be considered with an abundance of caution. No assurances can be given that the projected revenues from the System will be realized at the times or in the amounts shown. Each revenue source is independently projected based on historical performance.

(f) In fiscal year 2021 the City issued revenue refunding obligations, the proceeds of which were used to pay an additional \$40,718,061 of principal on outstanding WIFA loans in connection with a refinancing of such WIFA loans. As such, that payment is not included in the total debt service requirements line.

### Development Fees

To ensure new growth pays its proportionate share of infrastructure costs, Development Fees are collected by the City to distribute the burden of facility capacity to serve new development. These one-time charges are assessed to new development to recover the proportional cost of facilities benefiting new development based on specific calculations using standardized assessment schedules. Each development project pays a proportionate share of the cost of new

infrastructure or necessary public services needed to support the new development. Development Fees are a component of the Net Revenues. The procedures for assessing, collecting and administering Development Fees are set forth in Section 9-463.05, Arizona Revised Statutes. See “RISK FACTORS - Factors Adversely Affecting Development” herein.

### **Capital Improvement Program**

The CIP is a balanced plan that addresses projects that are needed, or will be needed, across the Water System and the Wastewater System. Each year, the CIP is updated for changes in cost, scope and timing of the capital projects. Water and wastewater projects, such as treatment facilities, water acquisition, and distribution infrastructure, are funded primarily through user fees, debt financing including revenue bonds/obligations and WIFA loans, and development impact fees.

In Fiscal Year 2026, the City has budgeted \$157.3 million for water/wastewater CIP projects. This figure includes \$120.7 million in estimated carryover funding (i.e., projects that were budgeted in FY 2025 but not finished). Of the \$157.3 million budgeted in Fiscal Year 2026, approximately \$37.2 million is funded with debt proceeds from prior years, \$82.0 million from user fees, \$20.1 million from development impact fees, \$7.3 million from other sources, and the remaining amount from proceeds of the 2026 Obligations. Through Fiscal Year 2030, the water/wastewater CIP totals \$422.0 million (including the Fiscal Year 2026 CIP previously described), of which the City currently anticipates funding approximately \$85 million from proceeds of Additional Parity Lien Obligations.

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**CITY OF PEORIA, ARIZONA – GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION**

*The following information regarding the City is provided for background information only. No representation is made as to the relevance of the data to the repayment of the 2026 Obligations. The 2026 Obligations are payable solely from Purchase Payments to be paid by the City under the Purchase Agreement which are secured by a first lien pledge of the Net Revenues as described under the heading “SECURITY FOR AND SOURCE OF PAYMENT OF THE 2026 OBLIGATIONS.”*

**General**

The City, located in the northwestern portion of the Phoenix metropolitan area, the State’s economic, political and population center, is the ninth largest city in the State based on population and currently encompasses an area of approximately 179 square miles. The City is situated in the northern portion of Maricopa County, Arizona (the “County”) and a minor portion of the City extends north into southern Yavapai County, Arizona.

The City was settled in 1886 by former residents of Peoria, Illinois, who over the years purchased water rights from the Arizona Canal Company, which in 1885 had constructed a canal to provide irrigation water. The City was incorporated in 1954.

The table below sets forth the population figures for the City for the years indicated.

**TABLE B-1**

| <b>Population Statistics<br/>City of Peoria, Arizona</b> |                   |
|----------------------------------------------------------|-------------------|
| <b>Year</b>                                              | <b>Population</b> |
| 2025 Estimate (a)                                        | 206,063           |
| 2020 Census                                              | 190,985           |
| 2010 Census                                              | 154,065           |
| 2000 Census                                              | 108,364           |
| 1990 Census                                              | 50,675            |
| 1980 Census                                              | 12,171            |

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(a) Publicly available data for July 1, 2025, from Arizona Office of Economic Opportunity.

Source: U.S. Census Bureau, Arizona Office of Economic Opportunity.

The table below sets forth the City’s square mile statistics for the years indicated.

**TABLE B-2**

**Square Mile Statistics  
City of Peoria, Arizona**

| <b>Year</b> | <b>Approximate Square Miles</b> |
|-------------|---------------------------------|
| 2025        | 179                             |
| 2010        | 179                             |
| 2005        | 177                             |
| 2000        | 144                             |
| 1995        | 100                             |
| 1990        | 63                              |
| 1985        | 31                              |

**Municipal Government**

The City operates under the Council-Manager form of government. Its original Charter was adopted in 1954 and has been subsequently amended from time to time. Legislative authority is vested in a six member Council and the Mayor. In 1989, the voters amended the City Charter to change the method of electing the City Council members from an at-large system to a district system. The names of the districts are Willow, Pine, Ironwood, Acacia, Mesquite and Palo Verde. On March 11, 1997, the City Charter was amended to provide for a four-year term for the Mayor commencing in 1999. The Council members are elected for four year terms on a staggered basis.

The Council fixes the duties and compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing moneys, licensing and regulating business and trades and other municipal purposes. The Council appoints the City Manager.

The City Manager is responsible for executing Council policies and administering City operations. The City government is responsible for furnishing basic municipal services. Primary services are delivered by the 17 departments and approximately 1,390 employees, and include police, municipal courts, fire medical, recreation and community services, planning and development services, public transportation and utility services and general administration. These services are provided in Fiscal Year 2026 through an adopted budget of \$1,192 million. Of this, the general fund and special revenue fund budgets total \$559 million (not including operating transfers), which is for general municipal services and excludes enterprise activities such as water, sewers and sanitation.

**Employment**

The City Economic Development Department facilitates new business and industry moving to the City. Along with a number of new commercial and retail developments, high quality “Class A” office buildings have recently opened and more are under construction. Amkor is planning to invest approximately \$7 billion in a semiconductor testing and packaging plant in the northern area of the City that is expected to create 3,000 jobs. Most employers in the City are in the government, commercial, healthcare and service sectors. Many residents also commute to nearby jobs in the greater Phoenix metropolitan area.

The following is a partial list of major employers in the City.

**TABLE B-3**

**Major Employers  
City of Peoria, Arizona**

| Employer                                            | Description                    | Approximate<br>Number of<br>Employees |
|-----------------------------------------------------|--------------------------------|---------------------------------------|
| Peoria Unified School District                      | School District                | 3,950                                 |
| City of Peoria                                      | Government                     | 1,431                                 |
| Fry's Food Stores                                   | Grocery                        | 952                                   |
| Walmart                                             | Retail                         | 812                                   |
| Target Stores Inc                                   | Retail                         | 638                                   |
| Plaza Del Rio Campus/Freedom Plaza<br>& Care Center | Assisted Living and Healthcare | 531                                   |
| Safeway                                             | Grocery                        | 521                                   |
| Banner Health                                       | Healthcare                     | 363                                   |
| Immanuel Campus of Care                             | Healthcare                     | 354                                   |
| Home Depot                                          | Retail                         | 334                                   |

Source: Annual Comprehensive Report of the City for the fiscal year ended June 30, 2025.

The table below sets forth unemployment statistics for the City.

**TABLE B-4**

**Unemployment Rate Averages**

| Year     | City of Peoria (a) |
|----------|--------------------|
| 2025 (b) | 4.1%               |
| 2024     | 3.5                |
| 2023     | 3.2                |
| 2022     | 3.2                |
| 2021     | 4.5                |

Source: U.S. Bureau of Labor Statistics.

(a) Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Sub-state area data subsequently are revised to incorporate updated inputs, re-estimation, and controlling to new statewide totals.

(b) As of August 2025.

## Construction

The following tables set forth the value of building permits for residential and non-residential construction and new housing starts for the City, in each case for the years indicated.

**TABLE B-5**

**Value of Building Permits  
City of Peoria, Arizona**

| <b>Fiscal Year</b> | <b>Residential</b> | <b>Commercial and<br/>Industrial</b> | <b>Other</b> | <b>Total</b>  |
|--------------------|--------------------|--------------------------------------|--------------|---------------|
| 2025               | \$189,006,344      | \$32,254,343                         | \$67,781,124 | \$289,041,811 |
| 2024               | 241,027,658        | 45,199,709                           | 68,854,379   | 355,081,746   |
| 2023               | 68,801,649         | 43,733,198                           | 51,818,309   | 164,353,156   |
| 2022               | 213,963,051        | 32,201,847                           | 66,842,883   | 313,007,781   |
| 2021               | 248,875,576        | 16,894,609                           | 32,563,175   | 298,333,360   |

**TABLE B-6**

**New Housing Starts (a)  
City of Peoria, Arizona**

| <b>Fiscal Year</b> | <b>City</b> | <b>Phoenix MSA</b> |
|--------------------|-------------|--------------------|
| 2025               | 1,287       | 40,759             |
| 2024               | 1,864       | 44,644             |
| 2023               | 468         | 45,616             |
| 2022               | 1,857       | 51,241             |
| 2021               | 1,576       | 48,219             |

Source: University of Arizona.

(a) Includes both single family and multi-family.

## Commerce

Commerce is a growing segment of the City's economy. The City serves as a trade center for the neighboring retirement communities of Sun City, Sun City West and Youngtown, as well as the cities of El Mirage and Surprise and Luke Air Force Base, located a few miles west of the City.

The City Sales Tax is 1.8% on most taxable activities within the City, utilities are taxed at 3.3%, restaurants and bars and amusements are taxed at 2.8%, and hotels and motels are taxed at 5.6%. Pursuant to the City Charter, increases in the City's sales tax rates are subject to voter approval. In September 2005 voters approved a 0.3% transportation sales tax to fund transportation improvements. The 0.3% transportation sales tax is included in the city's sales tax rate of 1.8%.

The table below sets forth the City's sales tax revenue for the years indicated.

**TABLE B-7**  
**Sales Tax Revenue**  
**City of Peoria, Arizona**  
**(\$'s in 000's)**

| <b>Fiscal Year</b> | <b>Amount</b> |
|--------------------|---------------|
| 2025               | \$139,949     |
| 2024               | 134,078       |
| 2023               | 131,030       |
| 2022               | 125,522       |
| 2021               | 113,853       |

### **Tourism**

Tourism contributes to the economy of the City with scenic attractions such as Lake Pleasant Regional Park. Lake Pleasant, which is located within Lake Pleasant Regional Park, is a 24,500-acre lake (Arizona's second largest lake) and is used for boating, fishing, swimming and water skiing. Lake Pleasant is served by two full-service marinas. Another significant contributor to tourism within the City is the Peoria Sports Complex, which is home to the Seattle Mariners and San Diego Padres during Major League Baseball's spring training season. Recent media attention has also brought increased tourism.

### **Education**

Residents of the City are served by two unified school districts and one elementary school district, operating more than 95 elementary and secondary schools throughout the City's metropolitan area. Education is also provided by private and parochial schools located throughout the metropolitan area. The Maricopa County Community College District serves the educational needs of the Phoenix metropolitan area through seven institutions. Glendale Community College is located within four miles of the City and has an approximate enrollment of 30,000. Arizona State University West (ASU West), a branch of the Arizona State University campus is located in northwest Glendale, and is within five miles of the City. The City is also relatively close to a number of other private colleges and technical institutions.

### **Transportation**

The City is served by main lines of the Union Pacific and Santa Fe Railroads, two transcontinental bus lines (Greyhound and Continental Trailways), and 10 transcontinental, 34 interstate, and 39 intrastate truck lines. U.S. Highway 60 parallels the railroad through the City, connecting the Phoenix metropolitan area with points in northwestern Arizona and Las Vegas, Nevada. State Route 101, or Loop 101, is a semi-beltway encompassing much of the Phoenix Metropolitan Area, connecting the City with several suburbs of Phoenix, including Tolleson, Glendale, Scottsdale, Mesa, Tempe and Chandler. State Route 303, or Loop 303, connects Interstate 10 with Interstate 17. Long-term plans call for the extension of Loop 303 south of the interchange with I-10 in Goodyear to the planned I-10 'Reliever Route' Freeway, SR 30, and continuing south through Goodyear to connect with the planned alignment of future Interstate 11. If completed, Loop 303 will serve as a Phoenix bypass route for the southwestern suburbs of Goodyear, Avondale, and Buckeye as well as an alternate Phoenix bypass route for I-10 traffic headed westbound to the Greater Los Angeles Area and northbound via I-17 to Flagstaff, Arizona. Phoenix Sky Harbor Airport is located approximately 25 miles from the City's downtown center and provides local, regional, and transcontinental air service through a number of major airlines.

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## CITY OF PEORIA, ARIZONA – FINANCIAL INFORMATION

*The following information regarding the City is provided for background information only. No representation is made as to the relevance of the data to the repayment of the 2026 Obligations. The 2026 Obligations are payable solely from Purchase Payments to be paid by the City under the Purchase Agreement which are secured by a first lien pledge of the Net Revenues as described under the heading “SECURITY FOR AND SOURCE OF PAYMENT OF THE 2026 OBLIGATIONS.”*

## OUTSTANDING INDEBTEDNESS

TABLE C-1

**Parity Lien Obligations Outstanding and to be Outstanding (a)**  
**City of Peoria, Arizona**

| Issue Date                                                      | Original Amount | Purpose                                             | Maturity Dates | Balance Outstanding |
|-----------------------------------------------------------------|-----------------|-----------------------------------------------------|----------------|---------------------|
| 7-17-09                                                         | \$ 4,371,597    | WIFA Beardsley                                      | 7-1-10/29      | \$ 974,643          |
| 10-29-15                                                        | 14,000,000      | WIFA New River Utility Acquisition                  | 7-15-16/34     | 7,825,199           |
| 2-9-17                                                          | 49,013,733      | WIFA Pyramid Peak                                   | 7-15-17/36     | 31,287,509          |
| 10-20-20                                                        | 35,190,000      | City Water/Wastewater Revenue Refunding Obligations | 7-15-21/29     | 11,190,000          |
| 5-24-22                                                         | 28,955,000      | City Water/Wastewater Revenue Obligations           | 7/15/23-42     | 26,285,000          |
| 9-15-23                                                         | 35,075,000      | WIFA Wellfield                                      | 7-1-24/43      | 31,397,786          |
| 3-15-24                                                         | 13,088,000      | WIFA Lake Pleasant                                  | 7-1-25/43      | 12,563,156          |
| Total Parity Lien Obligations Outstanding                       |                 |                                                     |                | \$121,523,293       |
| Plus: the 2026 Obligations                                      |                 |                                                     |                | 32,480,000*         |
| Total Parity Lien Obligations Outstanding and to be Outstanding |                 |                                                     |                | \$154,003,293*      |

(a) Secured, or to be secured, by a first lien pledge of the Net Revenues.

\* Preliminary, subject to change.

**TABLE C-2**

**Direct General Obligation Bonded Debt Outstanding  
City of Peoria, Arizona**

| Issue Date                                       | Original Amount | Purpose                                         | Maturity Dates | Balance Outstanding |
|--------------------------------------------------|-----------------|-------------------------------------------------|----------------|---------------------|
| 6-28-12                                          | \$14,715,000    | Parks, Streets, Community Center, Public Safety | 7-1-13/32      | \$ 6,060,000        |
| 12-15-15                                         | 30,325,000      | Parks, Streets, Public Safety, Drainage         | 7-1-16/35      | 17,945,000          |
| 12-15-15                                         | 66,425,000      | Refunding                                       | 7-1-16/28      | 13,630,000          |
| 6-5-19                                           | 30,420,000      | Parks, Public Safety, Streets, Drainage         | 7-15-20/39     | 22,005,000          |
| 9-13-19 (a)                                      | 6,288,130       | Drainage (WIFA Loan)                            | 7-1-20/39      | 3,874,144           |
| 8-13-21 (a)                                      | 17,764,029      | Reclaimed Water, Pipeline (WIFA Loan)           | 7-1-22/41      | 13,883,508          |
| 12-9-21                                          | 55,880,000      | Parks, Public Safety, Streets, Reclaimed Water  | 7-15-22/41     | 47,975,000          |
| 11-2-22                                          | 23,810,000      | Public Safety, Streets, Reclaimed Water         | 7-15-23/42     | 20,930,000          |
| 5-13-25                                          | 87,055,000      | Public Safety, Streets, Reclaimed Water         | 7-15-25/50     | 83,155,000          |
| Total General Obligation Bonded Debt Outstanding |                 |                                                 |                | \$229,457,652       |

(a) *Under loan agreements with WIFA, the City has agreed to make semi-annual payments equal to the principal and interest on such WIFA loans. The City has pledged ad valorem property taxes to the payment of such WIFA loans. Such loan agreements contain provisions for partial principal forgiveness which is reflected in the balance outstanding.*

**TABLE C-3**

**City of Peoria, Arizona  
Senior Lien Excise Tax and State Shared Revenue Debt Outstanding (a)**

| Issue Date                                                                    | Original Amount | Purpose                    | Maturity Dates | Balance Outstanding |
|-------------------------------------------------------------------------------|-----------------|----------------------------|----------------|---------------------|
| 4-27-22                                                                       | \$21,495,000    | City Refunding Obligations | 7-15-22/32     | \$14,550,000        |
| 1-21-26                                                                       | 11,076,750      | City Project Obligations   | 7-15-26/42     | 11,076,750          |
| Total Senior Lien Excise Tax and State Shared Revenue Obligations Outstanding |                 |                            |                | \$25,626,750        |

(a) *Table does not reflect planned execution and delivery in June 2026, of approximately \$34,100,000 principal amount of the City's Pledged Excise Tax/State Shared Revenue Obligations, Series 2026B, the proceeds of which will be applied to finance various City capital improvement projects. Such obligations (and the other obligations referenced in this TABLE C-3) are, or will be, secured by a first lien pledge of the City's unrestricted excise taxes and State shared revenues, not the Net Revenues.*

**TABLE C-4**

**Equipment Lease/Purchase Agreement Debt Outstanding  
City of Peoria, Arizona**

| Issue<br>Date                                             | Original<br>Amount | Purpose        | Maturity Dates | Balance<br>Outstanding |
|-----------------------------------------------------------|--------------------|----------------|----------------|------------------------|
| 9-7-17                                                    | \$5,199,304        | Taxable NCREBS | 9-1-18/37      | \$3,682,718            |
| Total Equipment Lease/Purchase Agreement Debt Outstanding |                    |                |                | \$3,682,718            |

**PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS**

**Pension and Retirement Plans**

The City contributes to the retirement plans (the “Plans”) described in Note 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS in Appendix E. See Note 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS in Appendix E for a description of the Plans, the benefits provided by the Plans, the contributions to the Plans, the pension liabilities associated with the Plans, the pension expenses associated with the Plans, the deferred outflows/inflows of resources related to the Plans, and certain other pertinent information with respect to the Plans.

**Other Post-Employment Benefits**

During the year ended June 30, 2019, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”). The City is required to report the actuarially accrued cost of post-employment benefits, other than pension benefits (“OPEB”), such as health and life insurance for current and future retirees. GASB 75 addresses reporting by governments that provide OPEB by measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB provided through defined benefit OPEB plan.

The City does not offer any OPEB. The City’s employees, their spouses and survivors may be eligible for certain retiree health care benefits under health care programs provided by the State. Employees on long-term disability and their spouses also may qualify for retiree health care benefits through the State. Such individuals may obtain the health care benefits offered by the State by paying 100% of the applicable health care insurance premium, net of any subsidy provided by the State. The benefits are available to all retired participants in the State’s health care program. The City does not make payments for OPEB costs for such retirees.

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FORM OF OPINION OF SPECIAL COUNSEL

[Closing Date]

U.S. Bank Trust Company, National Association  
Tempe, Arizona

Re: Water and Wastewater Revenue Obligations, Series 2026, Evidencing Proportionate Interests of the Holders Thereof in Installment Payments of the Purchase Price To Be Paid by the City of Peoria, Arizona, Pursuant to a Series 2026 Purchase Agreement, Dated as of June 1, 2026

We hereby certify that we have examined a transcript of the proceedings relating to the initial execution and delivery of the above-referenced Obligations (the “*Obligations*”) in the aggregate principal amount of \$32,480,000\* and fully registered form, dated the date of their initial execution and delivery. The Obligations are being executed and delivered to finance the costs of certain improvements to the water and wastewater system (the “*System*”) serving the City of Peoria, Arizona (the “*City*”).

We have examined the law and such documents and matters as we have deemed necessary to render this opinion. As to questions of fact material to the opinions expressed herein, we have relied upon, and have assumed due compliance with the provisions of, such documents and have relied upon certifications and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, the use to be made of the proceeds of the Obligations. Reference is made to certifications of, and opinions of counsel to, parties with respect to the existence and powers of such parties to enter into and perform the instruments referred to, the authorization, execution and delivery of such instruments by such parties and such instruments being binding upon and enforceable against such parties; we express no opinion as to such matters.

The Obligations are being executed and delivered pursuant to the Series 2026 Obligation Indenture, dated as of June 1, 2026 (the “*Indenture*”), by and between the City and U.S. Bank Trust Company, National Association, in its capacity as trustee (the “*Trustee*”). Each of the Obligations represents an undivided and proportionate interest in certain obligations of the City pursuant to the Series 2026 Purchase Agreement, dated as of June 1, 2026 (the “*Purchase Agreement*”), by and between the Trustee, in its separate capacity as seller (the “*Seller*”), and the City, as purchaser, pursuant to which the City has agreed to make certain installment purchase payments to the Seller. The Obligations are payable solely, as to both principal and interest, from such installment purchase payments made by the City pursuant to the Purchase Agreement. The City and the Seller have assigned certain of their rights in and benefits from, and of their obligations pursuant to, the Purchase Agreement to the Trustee pursuant to the Indenture.

Based upon the foregoing, we are of the opinion as of this date, which is the date of initial execution and delivery of the Obligations against payment therefor, that:

1. The Indenture, the Purchase Agreement and the Obligations are valid and binding and enforceable in accordance with their terms. The rights of the holders of the Obligations and the enforceability of those rights pursuant to the Obligations as well as the Indenture and the Purchase Agreement may, however, be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights, and the enforcement of those rights may also be subject to the exercise of judicial discretion in accordance with general principles of equity.

---

\* Preliminary, subject to change. See “MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT” in the Notice.

The enforceability of the indemnification provisions in the Purchase Agreement and the Indenture may be affected by applicable securities laws.

2. The obligation of the City for the payment of the installment purchase payments required to be paid by the City pursuant to the provisions of the Purchase Agreement constitute a valid and binding limited, special obligation of the City, payable together with any other obligations issued on parity therewith, solely from and secured solely by a pledge of, a lien on and a security interest in the Net Revenues (as defined in the Purchase Agreement), consisting generally of revenues derived by the City from the operation of the System after sufficient funds have been provided for the operation and maintenance expenses of the System. Such payments are not secured by an obligation or pledge of any moneys raised by taxation; the Obligations do not represent or constitute a debt or pledge of the general credit of the City or the State of Arizona and the Purchase Agreement, including the obligation of the City to make the payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the City.

3. (a) Based on the representations and covenants of the City and subject to the assumption stated in the last sentence of this paragraph, under existing statutes, regulations, rulings and court decisions, the portion of each payment made by the City pursuant to the Purchase Agreement, denominated and comprising interest and received by the beneficial owners of the Obligations (the "*Interest Portion*"), is excludable from the gross income of the holders thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the "*Code*"), on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion is not excluded from the determination of adjusted financial statement income. We express no opinion regarding other federal tax consequences resulting from the receipt or accrual of the Interest Portion on, or ownership or disposition of, the Obligations. The Code includes requirements which the City must continue to meet after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactive to their date of execution and delivery. The City has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. (Subject to the same limitations in the first numbered paragraph hereof as they would relate to such covenants, the City has full legal power and authority to comply with such covenants.) In rendering the opinion expressed in this paragraph, we have assumed continuing compliance with the tax covenants referred to hereinabove that must be met after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal tax purposes.

(b) Assuming the Interest Portion is so excludable for federal income tax purposes, the Interest Portion is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other state tax consequences resulting from the receipt or accrual of the Interest Portion on, or disposition or ownership of, the Obligations.)

Our opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
OF THE CITY OF PEORIA, ARIZONA  
FOR FISCAL YEAR ENDED JUNE 30, 2025**

Included in the following are the audited financial statements of the City for the Fiscal Year ended June 30, 2025. The City has not requested Heinfeld, Meech & Co., P.C. to perform any review of the City's audited financial statements subsequent to June 30, 2025. These are the most recent audited financial statements available to the City and may not represent the current financial position of the City.

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City of Peoria, Arizona

# **FY25**

## **Annual Comprehensive Financial Report (ACFR)**

*Fiscal Year Ended June 30, 2025*





# Comprehensive Annual Financial Report

For Fiscal Year Ended  
June 30, 2025



**City of Peoria, Arizona**

## **City Council**

Jason Beck, *Mayor*  
Jennifer Crawford, *Vice Mayor*  
Michael Finn, *Mayor Pro Temp*  
Matthew Bullock, *Councilmember*  
Denette Dunn, *Councilmember*  
Jon Edwards, *Councilmember*  
Rick Stokes, *Councilmember*

## **Administrative Staff**

Henry Darwin, *City Manager*  
Kevin Burke, *Deputy City Manager*  
Travis Cutright, *Deputy City Manager*  
Mike Faust, *Deputy City Manager*

## **Prepared By**

Finance Department  
Sean Kindell, *Chief Financial Officer*  
Peter Christensen, *Deputy Finance Director*



## 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

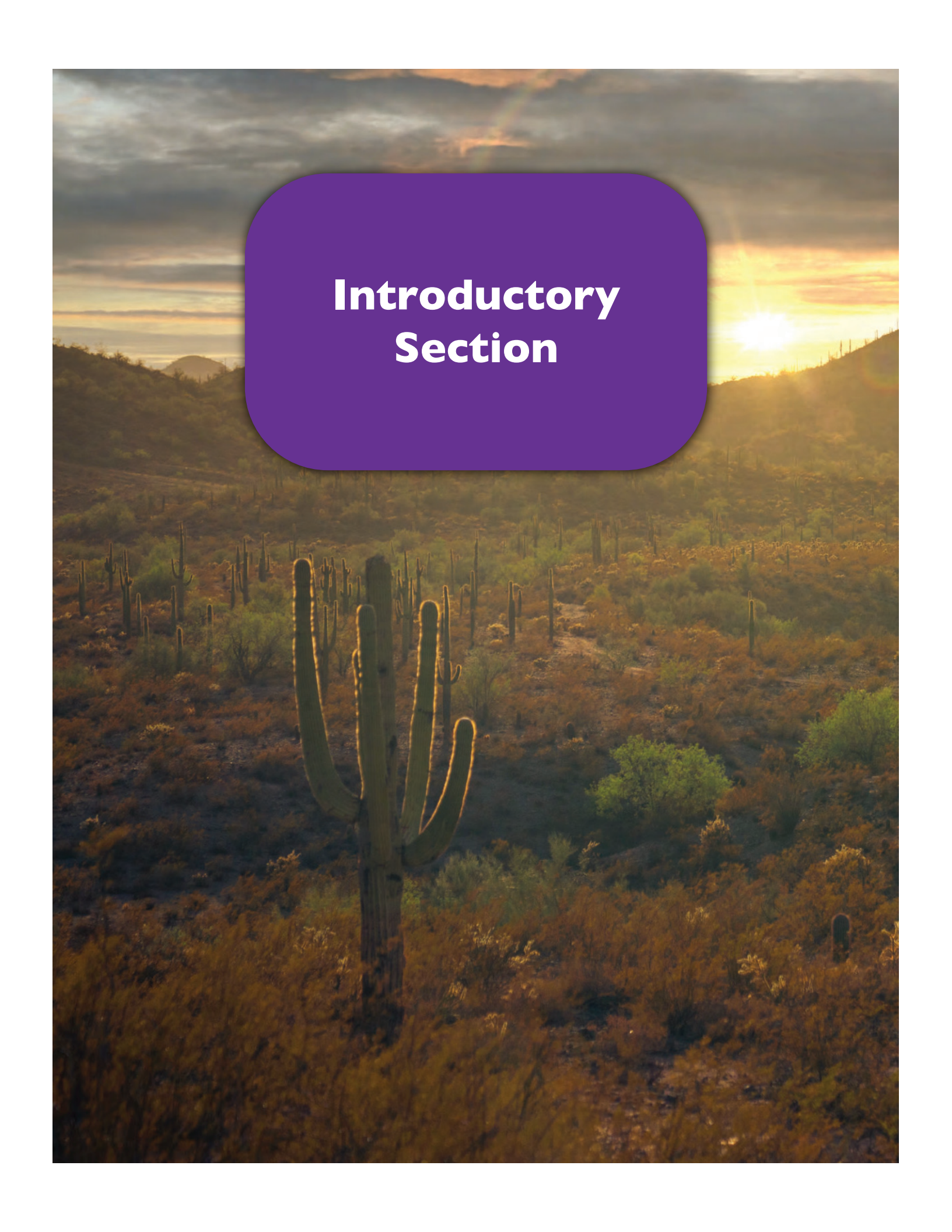
Consistently emphasizes and supports customer service; takes responsibility to respond to all customers in a prompt, efficient, friendly, and patient manner; represents the City in an exemplary manner with civic groups/organizations and the public.

### **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 photograph of a desert landscape at sunset. The sky is filled with dark, dramatic clouds, with a bright sun low on the horizon to the right, casting a warm glow. The foreground and middle ground are covered with numerous saguaro cacti of various sizes, some with arms. The vegetation is dry and brownish-yellow. A large, rounded purple rectangle is superimposed over the upper center of the image, containing the text "Introductory Section" in white.

# **Introductory Section**



CITY OF PEORIA, ARIZONA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
*For the Year Ended June 30, 2025*

TABLE OF CONTENTS

|                                                                                                                                                                           | <u>Page</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>I. INTRODUCTORY SECTION</b>                                                                                                                                            |             |
| Letter of Transmittal                                                                                                                                                     | v           |
| Certificate of Achievement for Excellence in Financial Reporting                                                                                                          | xiv         |
| City of Peoria Organizational Chart                                                                                                                                       | xv          |
| Principal Officials of the City                                                                                                                                           | xvi         |
| City Council Pictures and District Map                                                                                                                                    | xvii        |
| <b>II. FINANCIAL SECTION</b>                                                                                                                                              |             |
| <b>Independent Auditors' Report</b>                                                                                                                                       | 1           |
| <b>A. MANAGEMENT'S DISCUSSION AND ANALYSIS</b>                                                                                                                            | 5           |
| <b>B. BASIC FINANCIAL STATEMENTS</b>                                                                                                                                      |             |
| <b>Government-wide Financial Statements</b>                                                                                                                               |             |
| Statement of Net Position                                                                                                                                                 | 19          |
| Statement of Activities                                                                                                                                                   | 20          |
| <b>Fund Financial Statements</b>                                                                                                                                          |             |
| <b>Governmental Fund Financial Statements</b>                                                                                                                             |             |
| Balance Sheet                                                                                                                                                             | 22          |
| Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Activities                                                                            | 25          |
| Statement of Revenues, Expenditures, and Changes in Fund Balances                                                                                                         | 26          |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances<br>Of Governmental Funds to the Statement of Activities - Governmental Activities | 29          |
| Budgetary Comparison Statements - General Fund and Major Special Revenue Funds:                                                                                           |             |
| General Fund                                                                                                                                                              | 30          |
| Highway User Revenue Fund                                                                                                                                                 | 32          |
| Transportation Sales Tax Fund                                                                                                                                             | 33          |
| Other Grants Fund                                                                                                                                                         | 34          |
| <b>Proprietary Fund Financial Statements</b>                                                                                                                              |             |
| Statement of Net Position                                                                                                                                                 | 36          |
| Statement of Revenues, Expenses, and Changes in Fund Net Position                                                                                                         | 38          |
| Statement of Cash Flows                                                                                                                                                   | 40          |
| <b>Fiduciary Fund Financial Statements</b>                                                                                                                                |             |
| Statement of Net Position                                                                                                                                                 | 44          |
| Statement of Changes in Fiduciary Net Position                                                                                                                            | 45          |
| <b>Notes to the Financial Statements</b>                                                                                                                                  | 47          |

CITY OF PEORIA, ARIZONA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
*For the Year Ended June 30, 2025*

|                                                                                                                  | <u>Page</u> |
|------------------------------------------------------------------------------------------------------------------|-------------|
| <b>C. REQUIRED SUPPLEMENTARY INFORMATION</b>                                                                     |             |
| Schedule of the City's Proportionate Share of the Net Pension/OPEB Liability Cost-Sharing Pension Plan           | 89          |
| Schedule of Changes in Net Pension Liability (Asset) and Related Ratios                                          | 90          |
| Schedule of Changes in Net OPEB Liability and Related Ratios                                                     | 92          |
| Schedule of Pension/OPEB Contributions                                                                           | 94          |
| Notes to Pension/OPEB Plan Schedules                                                                             | 96          |
| <br><b>D. SUPPLEMENTARY INFORMATION - COMBINING FUND FINANCIAL STATEMENTS AND BUDGETARY COMPARISON SCHEDULES</b> |             |
| <br><b>Major Governmental Funds Other Than General Fund and Special Revenue Funds</b>                            |             |
| Budgetary Comparison Schedules – Major Debt Service Fund and Major Capital Projects Fund                         |             |
| Half Cent Sales Tax Fund                                                                                         | 100         |
| General Obligation Bond Debt Service Fund                                                                        | 102         |
| Development Fee Fund                                                                                             | 103         |
| Non-Bond Capital Projects Fund                                                                                   | 104         |
| General Obligation Bond Capital Projects Fund                                                                    | 105         |
| <br><b>Non-Major Governmental Funds</b>                                                                          |             |
| Combining Statements                                                                                             |             |
| Combining Balance Sheet                                                                                          | 109         |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances                                      | 110         |
| Budgetary Comparison Schedules                                                                                   |             |
| Public Transit Fund                                                                                              | 112         |
| Smart and Safe Arizona Fund                                                                                      | 113         |
| Municipal Development Authority (MDA) Debt, Debt Service Fund                                                    | 114         |
| Community Facilities District (CFD) Bonds Debt Service Fund                                                      | 115         |
| Non-Bond Debt Service Fund                                                                                       | 116         |
| Community Facilities District (CFD) Bonds Capital Projects Fund                                                  | 117         |
| <br><b>Internal Service Funds</b>                                                                                |             |
| Combining Statement of Net Position                                                                              | 119         |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Position                                      | 120         |
| Combining Statement of Cash Flows                                                                                | 121         |
| <br><b>Fiduciary Funds</b>                                                                                       |             |
| Combining Statement of Net Position                                                                              | 123         |
| Combining Statement of Changes in Fiduciary Net Position                                                         | 124         |

CITY OF PEORIA, ARIZONA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
*For the Year Ended June 30, 2025*

|                                                                                                        | <u>Table</u> | <u>Page</u> |
|--------------------------------------------------------------------------------------------------------|--------------|-------------|
| <b>III. STATISTICAL SECTION - Unaudited</b>                                                            |              |             |
| Net Position By Component                                                                              | I            | 127         |
| Changes in Net Position                                                                                | II           | 128         |
| Fund Balances, Governmental Funds                                                                      | III          | 130         |
| Changes in Fund Balances, Governmental Funds                                                           | IV           | 131         |
| City Transaction Privilege Taxes By Category                                                           | V            | 132         |
| Direct and Overlapping Sales Tax Rates                                                                 | VI           | 133         |
| Sales Tax Payers - By Category                                                                         | VII          | 134         |
| Assessed Values By Property Classification                                                             | VIII         | 135         |
| Comparative Assessed Values                                                                            | IX           | 136         |
| Direct and Overlapping Property Tax Rates                                                              | X            | 137         |
| Direct and Overlapping Property Tax Levies                                                             | XI           | 138         |
| Limited Property Value Top Ten Tax Payers                                                              | XII          | 139         |
| Property Tax Levies and Collections                                                                    | XIII         | 140         |
| Utility Statistical Data                                                                               | XIV          | 141         |
| Outstanding Debt By Type                                                                               | XV           | 143         |
| Ratio of Net General Bonded Debt to Full Cash Value and Net Bonded Debt Per Capita                     | XVI          | 145         |
| Direct and Overlapping General Obligation Bonded Debt – Current Fiscal Year                            | XVII         | 146         |
| Direct and Overlapping Governmental Activities Debt – Current Fiscal Year                              | XVIII        | 147         |
| Direct and Overlapping Governmental Activities Debt – Last Ten Fiscal Years                            | XIX          | 148         |
| Legal Debt Margin                                                                                      | XX           | 149         |
| Pledged Revenue Coverage – Excise Tax and State Shared Revenue Debt Obligations - Governmental Portion | XXI          | 150         |
| Pledged Revenue Coverage – Water & Wastewater Revenue Bonds                                            | XXII         | 151         |
| Pledged Revenue Coverage – Special Assessment Bonds                                                    | XXIII        | 152         |
| Special Assessment Collections                                                                         | XXIV         | 153         |
| Demographic and Economic Statistics                                                                    | XXV          | 154         |
| Major Employers Within the City                                                                        | XXVI         | 155         |
| Authorized Full-time Equivalent City Government Employees By Function                                  | XXVII        | 156         |
| Operating Indicators By Function/Program                                                               | XXVIII       | 157         |
| Capital Asset Statistics By Function/Program                                                           | XXIX         | 158         |

**IV. CONTINUING DISCLOSURES**

|                                      |     |
|--------------------------------------|-----|
| Continuing Disclosures Annual Report | 160 |
|--------------------------------------|-----|





## City of Peoria

### FINANCE DEPARTMENT Financial Services

8401 West Monroe Street  
Peoria, Arizona 85345  
T 623.773.7150  
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December 22, 2025

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

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) for the City of Peoria, Arizona (the City) for the fiscal year ended June 30, 2025. This report was prepared by the Financial Services Division of the Finance Department.

The ACFR 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 access by the public.

The Management's Discussion and Analysis presented on pages 5-18 has a different focus and purpose than this transmittal letter and should be read in conjunction with this transmittal.

### **THE FINANCIAL REPORTING ENTITY**

This ACFR 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. 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 twelve blended component units, the City of Peoria Municipal Development Authority, Inc., the Vistancia Community Facilities District, the Vistancia West Community Facilities District, the Vistancia North Community Facilities District, the Mystic at Lake Pleasant Heights Community Facilities District, the five Saddleback Community Facilities Districts, 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 northcentral portion of Maricopa County, and is one of several major cities comprising the greater Phoenix metropolitan area. Between the 2010 census and the 2020 census, Peoria's population increased by 24.0%, from 154,065 in 2010 to 190,985

in 2020. The most recent estimate of Peoria's population is 207,499. Peoria is known for its high quality of life with safe, well-planned neighborhoods, a diversity of housing options, excellent school districts, extensive park system and recreation programs. An expanded metropolitan freeway system allows Peoria residents to commute effectively to other cities in the Phoenix metropolitan area, giving residents access to the metropolitan area's diverse array of employment opportunities.

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 37 neighborhood parks encompassing 314 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 third community park, Paloma Community Park, opened in October, 2020. Similar to the Rio Vista and Pioneer parks, the Paloma Community Park offers residents a wide range of recreational activities including a huge fishing lake, large multipurpose fields, pickleball courts and other amenities. 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**

Peoria's population growth continues to be strong with an estimated increase of 16,514 or 8.6% since the 2020 census. Maricopa County had the third largest numeric growth for counties with 57,471 new residents between July 1, 2023 and July 1, 2024. International immigration was a large driver of the increase for Maricopa County. Peoria is part of the Phoenix Metropolitan Area which has seen strong job growth in recent years. The construction of the \$12 billion Taiwan Semiconductor Manufacturing Company (TSMC) on the outskirts of Peoria is expected to increase in-migration both domestically and internationally to the Peoria area in the next several years. This is further expected to have a multiplier effect as TSMC suppliers also relocate or expand to this region as evidenced by the semiconductor packaging and testing company Amkor who will be investing \$7 billion and hiring 3,000 employees in Peoria in the next few years.

The City issued 1037 new single family residential building permits in fiscal year 2025, a decrease of 5.8% versus the prior year. Per the Case-Schiller Home Price index, house prices remained steady from June 2024 to June 2025 in the Phoenix metropolitan area. However, house prices dropped 1.8% between June 2025 and September 2025. The City's total property full cash value, which lags the market, decreased by 3.2% from \$41.2 billion in 2024-25 to \$39.9 billion in 2025-26. The decrease includes both property value changes and growth. Limited property values, which are the basis for the City's tax levies, grew 6.2% from 2024-25 to 2025-26. By state law, limited property value on existing properties cannot grow by more than 5% per year and cannot exceed the full cash value. For 2025-26 the limited value is 56.3% of the full cash value leaving considerable room for growth even if full cash values stay stagnant or decrease somewhat.

The unemployment rate in Peoria at August 2025 was 4.1% matching Arizona and outperforming the U.S. rate, 4.3%. The City's sales and use tax collections in fiscal year 2025 totaled \$140.8 million, a 5.0% increase from the \$134.1 million in the prior year.

## **Economic Outlook**

While we have seen a slowing of the economy, both nationally and in Arizona, it remains resilient. Most economists agree that if a recession occurs, it will be a mild one. Despite the loss of residential rental sales tax in January 2025, local sales tax collections in fiscal year 2025 were 4.4% higher than in fiscal year 2024. As noted above, although home values have decreased in recent months, the City expects to continue to see solid growth in its property tax base. State shared income tax, which lags actual tax collections by two years, will see a reduction in fiscal year 2026 as the City sees the full impact of the State's flat tax, but should see growth in the following years. Peoria's conservative budgeting practices have positioned the City well for the continued slow growth in the economy that we expect to see. Additionally, Peoria's economic development emphasis has put the City in position to outperform both the regional and national economies in the next several years.

## **MAJOR PROJECTS AND INITIATIVES**

**The Peoria Mayor and City Council have adopted three policy priorities as of January 2023. These are Water Security, Public Safety and Economic Development. In addition, the City Manager adopted the administrative priority of Innovative Government.**

### **WATER SECURITY**

#### **Colorado River Water Reductions**

The Colorado River Basin is currently in a Tier 1 shortage for calendar year 2025, calendar year 2026 will also be in a Tier 1 shortage. Under a Tier 1 shortage, the City will not have any reductions to the water allocation. The City currently uses approximately 60-65% of its annual allocation from the Colorado River each year to meet customer demands. Storing the remaining allocation over the years has resulted in a total water storage volume equal to more than five years supply of water assuming no water is received from the Colorado River or any other source. This smart water planning has allowed Peoria to comfortably meet its water obligations as well as service entitled new developments.

In an effort to minimize the drought impact on the Colorado River Basin the City participated in a System Conservation Implementation Agreement which allows the City to leave a portion of its water allocation behind Hoover Dam in Lake Mead in exchange for compensation. The City agreed to conserve up to 7,200 acre feet (21.1% of the annual allocation) per year for the years 2023, 2024 and 2025 in exchange for compensation of \$400 per acre foot.

#### **New Wellfield at Lake Pleasant Parkway and the Central Arizona Project canal**

The City is taking steps to mitigate the impact of potential future shortages due to drought conditions on the Colorado River Basin. One way to do this is to prepare the infrastructure to utilize the water that has been stored for delivery to customers. To this end, the City is continuing the construction of a wellfield and pumping station near Lake Pleasant Parkway and the Central Arizona Project canal. This project will assure residents and businesses in North Peoria of continued water supply in the event of curtailments or outages in Colorado River water supply.

#### **Expansion of Reclaimed Water Service**

In October 2024 the City completed a 7.6 mile pipeline from the Beardsley Reclamation Facility to Paloma Park. This allowed the City to replace 39 million gallons of potable water that was used for lake maintenance and irrigation with reclaimed water. Not only does this result in annual savings of more than \$150 thousand due to the lower cost of reclaimed water, it preserves the potable water for human consumption needs.

### **Large Water Ordinance**

To ensure the City of Peoria can supply new growth with a renewable water supply, city management has developed an ordinance for non-residential customers (e.g., commercial, institutional, industrial) that use a relatively high volume of water to ensure best practices are in place for minimizing consumption, maximizing recycling, and reducing water loss.

The ordinance requires future customers, and existing customers seeking to significantly increase their water use, to apply for a city-issued permit before beginning or expanding water service. Such users include:

- Customers who use more than 50,000 gallons per day on average over a one-year period; or,
- Customers who use more than 100,000 gallons in any 24-hour period; or,
- Those customers that are classified as a water intensive user

### **Treatment Facility Expansions**

The City is completing the expansion of the Beardsley Water Reclamation Facility which will take treatment capability from 4 million gallons per day to 6 million gallons per day. The fiscal year 2026 ten year capital improvement program includes over \$90 million for additional expansions at the Beardsley and Jomax Water Reclamation Facilities. These expansions will provide the capacity needed as the City continues to grow.

### **Turf Reduction**

The City has committed to a turf reduction program and is removing non-programmable turf (on hill sides or sloped areas) from City parks thereby reducing the water requirements without reducing the functionality of the parks. The project is expected to save the City about 30 million gallons of water per year.

## **PUBLIC SAFETY**

### **New Facilities**

The fiscal year 2026 ten year CIP plan includes over \$70 million for construction of new public safety facilities including two new fire stations and a permanent structure for Station 9, currently at Lake Pleasant. This also includes the funding needed to transform the newly acquired police multi-purpose building and prepare it for evidence storage, vehicle impound storage, forensic analysis and processing of vehicles, storage of specialty vehicles, and tactical training.

### **Pension Liabilities Reduction**

The City of Peoria made a conscious effort to reduce the unfunded liabilities associated with both its Police and Fire pension plans. Both plans are governed and managed by the Arizona Public Safety Personnel Retirement System (PSPRS). Consistent with the city's Pension Funding Policy, the Mayor and City Council approved a lump sum payment in FY24 above the Annual Required Contribution (ARC) of \$3 million. Under the Pension Funding Policy the City has kept its public safety pension contribution rates the same as in fiscal year 2022 despite the ARC being lowered due to additional payments being made

Although no lump sum payments were made in fiscal year 2025, the additional contributions made through the freezing of the contribution rate and strong investment returns from the pension system are expected to bring the funded percentage of the plan closer to the 100% goal.

### **Police and Fire Aviation Unit**

On August 20, 2024 the City celebrated the ribbon cutting for the Police and Fire Aviation unit as the City accepted delivery of its first public safety helicopter. The Aviation Unit will expand law enforcement capabilities, search and rescue capabilities, and firefighting services, and improve response times throughout the city. The City is currently seeking grant funding opportunities aimed at securing a second helicopter for the aviation unit to reduce the impact of downtime related to scheduled maintenance on the aircraft.

### **Real Time Crime Center**

On March 24, 2025 the City celebrated the opening of the Real Time Crime Center with a dedication and ribbon cutting ceremony. The Peoria RTCC has quickly achieved national recognition for its innovation, collaboration, and leadership in advancing real-time policing.

At the 2025 National Real Time Crime Center Association (NRTCCA) Annual Conference and Awards in Atlanta, Georgia, Peoria's RTCC received the following awards:

- DICE Development Award - honoring the RTCC's rapid growth, technological advancement, and integration of best practices.
- DICE Collaboration Award - recognizing the Center's groundbreaking partnerships across public safety disciplines, technology providers, and regional agencies.
- National RTCC Supervisor of the Year - awarded to Sergeant Michael Leshner, who has led the RTCC since it opened in March 2025.

Despite being in operation for only seven months, Peoria's RTCC has achieved milestones that rival centers in place for years.

## **ECONOMIC DEVELOPMENT**

### **Peoria Innovation Core**

Following the city's successful \$46.7 million bid for 834.5 acres of Arizona State Trust Land on August 27, 2025, the City Council approved a series of agreements that will jump-start development in Core 2 of the Peoria Innovation Core (PIC).

The first project to move forward on the new site is Amkor Technology's state-of-the-art advanced semiconductor packaging and test facility. The Council-approved land exchange agreement and development agreement amendment allows Amkor to relocate its planned facility from 56 acres in FIVE NORTH at VISTANCIA, to a 104-acre site in Core 2.

On October 6, 2025, Amkor Technology broke ground on the new \$7 billion Peoria campus which will feature more than 750,000 square feet of cleanroom manufacturing space and is expected to create up to 3,000 high-quality jobs in engineering, operations, and advanced manufacturing.

### **Downtown Redevelopment**

The City of Peoria has dedicated over \$15 million dollars to renovate its historic downtown. Over the last decade, the City has acquired multiple properties, demolished dilapidated buildings and/or remediated contaminated sites. Caldwell County BBQ and the Jefferson House will bring new dining and shopping experiences to downtown. Along with bringing in new restaurants and shops the City will also create pedestrian amenities, wider sidewalks, landscaping, lighting, patios, and seating as downtown becomes a "place to be" destination.

## **INNOVATIVE GOVERNMENT**

### **Replacement of the Enterprise Resource Planning (ERP) system**

The City is replacing the ERP system that has been in use since the late 1990's. After a thorough procurement and analysis, the City has signed on with Workday to provide the core financial and human resource system. Workday is a cloud based solution that will provide the City with greater flexibility, efficiency and reporting capabilities. The core financial system went live on October 1, 2025 and the human capital management system will go live in the spring of 2026.

### **Performance Management**

City Manager Darwin is continuing his emphasis on data driven decision making within the City. A centralized dashboard consisting of performance measures from every department is reviewed monthly with the department directors and this process is being pushed down through the organization as directors have adopted this approach within their departments. City Manager Darwin has also implemented several accountability meetings that focus on specific areas of emphasis and promote a consistent messaging around the City's key strategy deployments.

## **BOND RATING**

The City currently maintains the following ratings on its general obligation debt: "AA+" from Standard & Poor's, "Aaa" from Moody's and "AAA" from Fitch. The Excise Tax and State Shared Revenue Obligations received a AAA rating from S&P. For the water and sewer revenue bonds, the ratings are "AA+" from Standard & Poor's, "Aa2" from Moody's and "AA+" from Fitch.

## **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 the cost of a control should not exceed the benefits likely to be derived, and 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 2024-25 was \$1,289,660,507. 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 ACFR, 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, Heinfield, 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, 2025, 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, 2025, 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. There were no instances of material weakness or significant deficiencies reported related to the financial statement audit.

### **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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This is the 40th 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 annual comprehensive 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 Annual Comprehensive 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 Annual Comprehensive Financial Report could not have been accomplished without the efficient and dedicated services of the staff of the Finance Department, especially the Financial Services Division. We want to give special recognition to the City's accounting team for their diligent efforts and superior contributions to this report. We also wish to thank the members of the City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Kindell", written in a cursive style.

Sean Kindell  
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**City of Peoria  
Arizona**

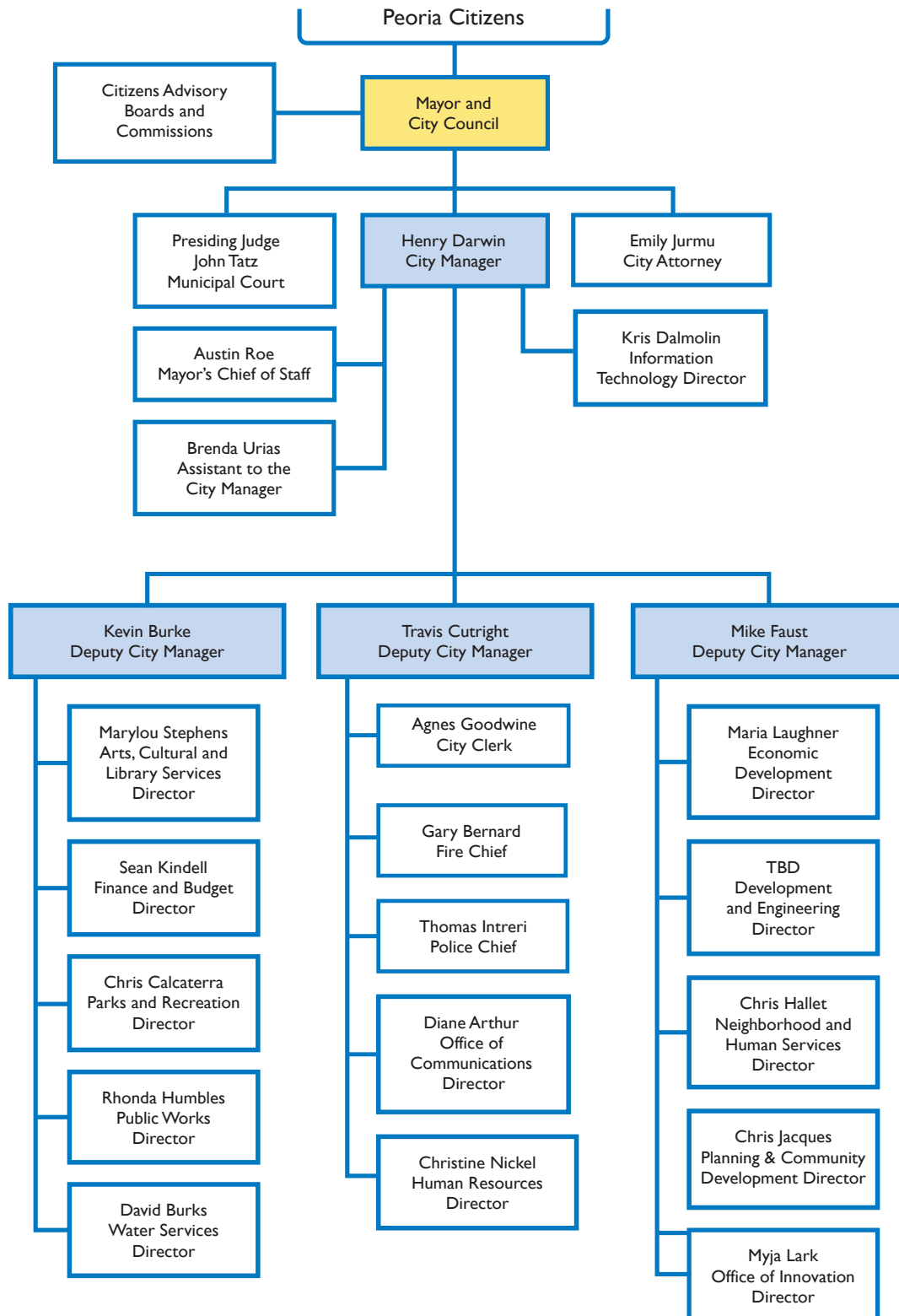
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morrell*

Executive Director/CEO

# City of Peoria Organizational Chart





## City of Peoria Principal Officials of the City Fiscal Year 2025

---

Jason Beck  
*Mayor*

Jennifer Crawford  
*Vice Mayor*

Jon Edwards  
*Councilmember*

Denette Dunn  
*Councilmember*

Michael Finn  
*Mayor Pro Tem*

Rick Stokes  
*Councilmember*

Matthew Bullock  
*Councilmember*

---

Henry Darwin  
*City Manager*

Brenda Urias  
*Assistant to the City Manager*

Kevin Burke  
*Deputy City Manager*

Travis Cutright  
*Deputy City Manager*

Mike Faust  
*Deputy City Manager*

Marylou Stephens  
*Arts, Culture and Library Services Director*

Emily Jurmu  
*City Attorney*

Agnes Goodwine  
*City Clerk*

Diane Arthur  
*Director of Communications*

TBD  
*Development and Engineering Director*

Maria Laughner  
*Economic Development Services Director*

Sean Kindell  
*Chief Financial Officer*

Gary Bernard  
*Fire Chief*

Christine Nickel  
*Human Resources Director*

Kris Dalmolin  
*Information Technology Director*

John Tatz  
*Municipal Judge*

Chris Hallett  
*Neighborhood &  
Human Services Director*

Chris Calcaterra  
*Parks, Recreation &  
Community Facilities Director*

Chris Jacques  
*Planning and Community  
Development Director*

Thomas Intreri  
*Police Chief*

Rhonda Humbles  
*Public Works Director*

David Burks  
*Water Services Director*



## City of Peoria Council Districts



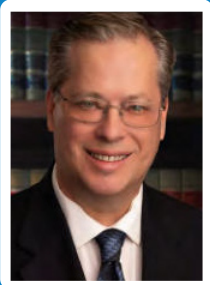
**Mayor  
Jason Beck**  
623.773.4610



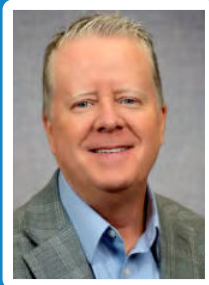
**Vice Mayor  
Jennifer Crawford**  
Acacia District  
623.773.7785



**Mayor Pro Tem  
Michael Finn**  
Palo Verde District  
623.773.7785



**Councilmember  
Rick Stokes**  
Ironwood District  
623.773.7608



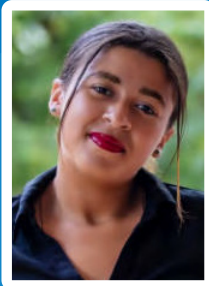
**Councilmember  
Matt Bullock**  
Mesquite District  
623.773.7608



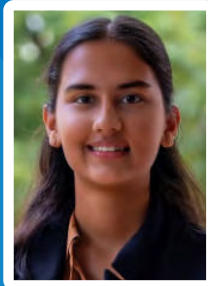
**Councilmember  
Denette Dunn**  
Pine District  
623.773.7785



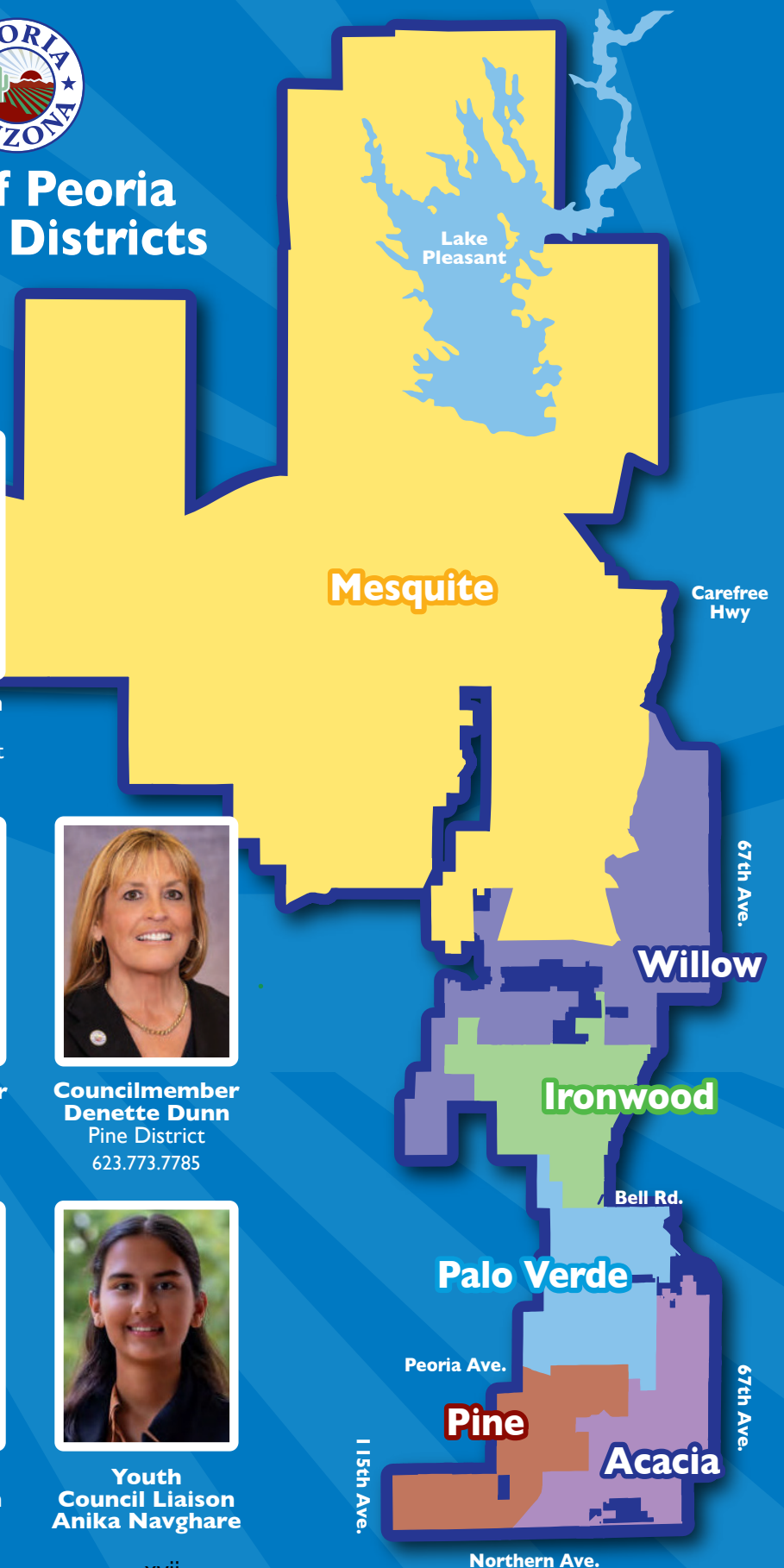
**Councilmember  
Jon Edwards**  
Willow District  
623.773.7608



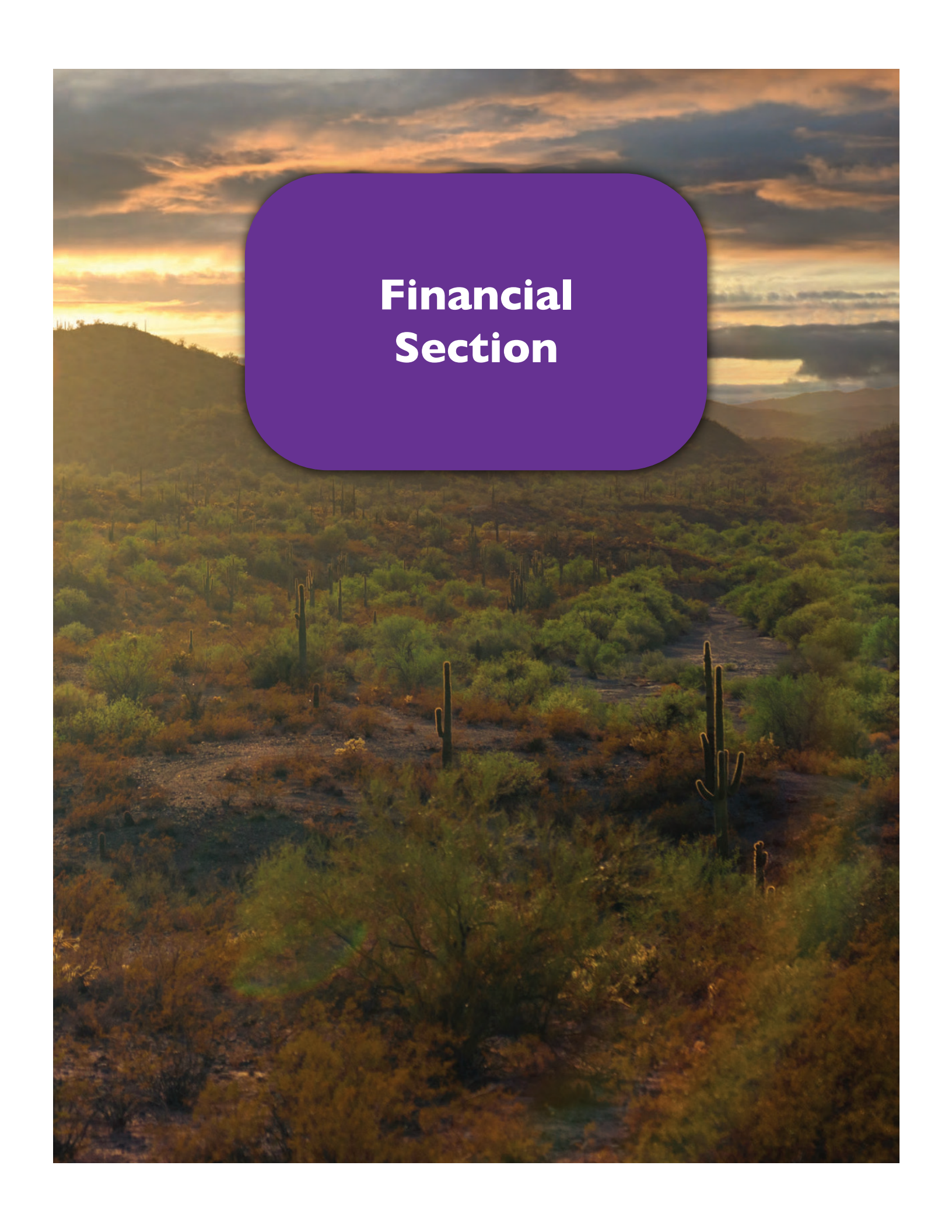
**Youth  
Council Liaison  
Felicia Holly**



**Youth  
Council Liaison  
Anika Navghare**





A wide-angle photograph of a desert landscape at sunset. The sky is filled with dramatic, dark clouds illuminated from below by the setting sun, creating a warm orange and yellow glow. The desert floor is covered with low-lying green and brown shrubs, and several tall saguaro cacti are scattered throughout. In the background, rolling hills are visible under the twilight sky. A large, rounded purple rectangle is superimposed over the upper center of the image, containing the text "Financial Section" in white.

# **Financial Section**



**Independent Auditor's Report**

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

**Report on Audit of Financial Statements*****Opinions***

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 City of Peoria, Arizona (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, highway user revenues special revenue fund, transportation sales tax special revenue fund, and other grants special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of City of Peoria, Arizona, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Change in Accounting Principle***

As described in Note 1 to the financial statements, the City implemented the provisions of GASB Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### ***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 is the responsibility of management and, 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.

*Supplementary 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 Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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 Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section, Statistical Section, and Continuing Disclosures but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

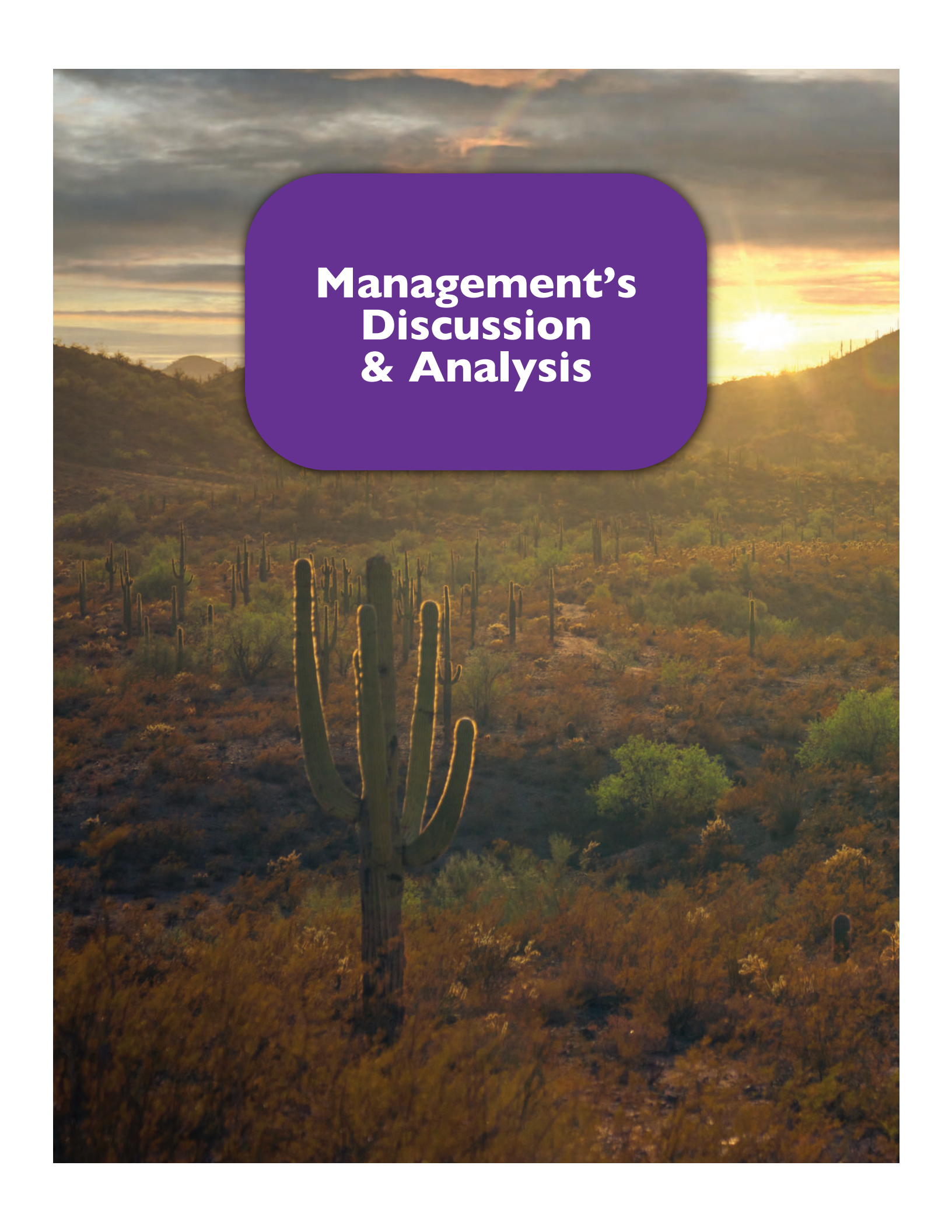
**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, 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 the City of Peoria, Arizona's 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. PC*

Heinfeld, Meech & Co., P.C.  
Scottsdale, Arizona  
December 22, 2025



The background image is a wide-angle photograph of a desert landscape during sunset. In the foreground, a large saguaro cactus with two arms stands prominently. The middle ground is filled with numerous other saguaro cacti of various sizes, interspersed with low-lying desert shrubs. The terrain is hilly and covered in dense vegetation. In the distance, more hills are visible under a sky with scattered clouds. The sun is low on the horizon to the right, creating a warm, golden glow across the entire scene. A large, rounded purple rectangle is superimposed over the upper left portion of the image, containing the title text in white.

# **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, 2025. 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.

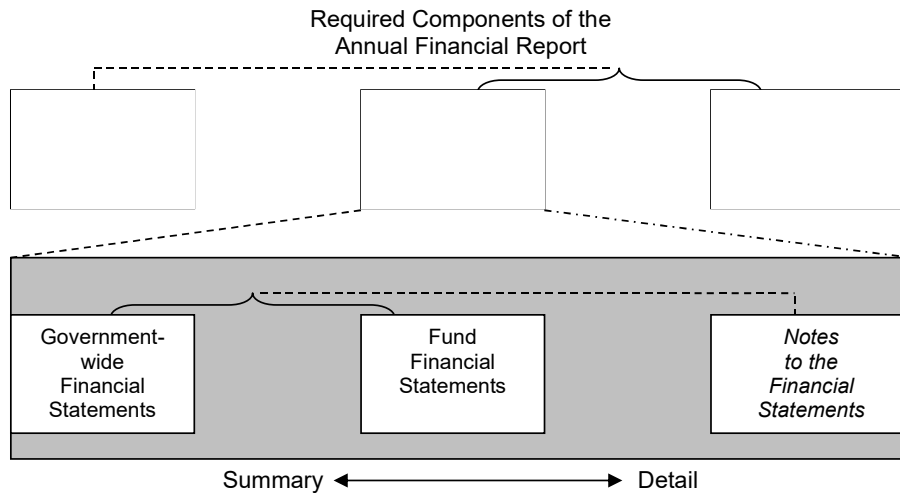
This discussion and analysis (MD&A) has a different focus and purpose than the transmittal letter presented on pages v-xiii of this report. It is designed to be read in conjunction with the transmittal letter as well as the financial statements and the accompanying notes to the financial statements. The City also issues separate financial reports, including management's discussion and analysis, for the Vistancia Community Facilities District, Vistancia West Community Facilities District, Vistancia North Community Facilities District, Mystic at Lake Pleasant Heights 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 increased \$136.6 million, 6.9%, in fiscal year 2025, an increase of \$79.4 million, 7.2%, in governmental activities and an increase of \$57.2 million, 6.6%, in business-type activities.
- ◆ Total net position of the City is \$2,107.1 million, of which \$247.6 million is unrestricted.
- ◆ At June 30, 2025, total fund balance of the governmental funds was \$496.3 million, an increase of \$76.2 million from the previous year. Of this, \$175.5 million or 74.8% of General Fund balance for fiscal year 2025 was unassigned and available for spending at the government's discretion.
- ◆ General Fund revenues (on a budgetary basis) were higher than budgeted inflows by \$20.3 million for fiscal year 2025. Budgetary basis expenditures of the General Fund were 85.3% (\$42.2 million in savings) of the final budgeted expenditures as the City continued cost saving measures due to the uncertainty about future revenues.

### OVERVIEW OF THE FINANCIAL STATEMENTS

As pictured in the following illustration, the financial section of the Annual Comprehensive Financial Report (ACFR) 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 and OPEB 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, Highway User Revenue Fund, Transportation Sales Tax Fund, Other Grants Fund, GO Bond Debt Service Fund, Development Fee Fund, Non-Bond Capital Projects Fund, and GO Bond Capital Project 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, liabilities, and deferred outflows/inflows of resources 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, 2025, 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, 2025, compared to the prior year.

|                                      | Statement of Net Position  |           |                             |          |                             |            |
|--------------------------------------|----------------------------|-----------|-----------------------------|----------|-----------------------------|------------|
|                                      | As of June 30              |           |                             |          |                             |            |
|                                      | (in millions of dollars)   |           |                             |          |                             |            |
|                                      | Governmental<br>Activities |           | Business-type<br>Activities |          | Total<br>Primary Government |            |
|                                      | 2025                       | 2024      | 2025                        | 2024     | 2025                        | 2024       |
| Current and other assets             | \$ 628.7                   | \$ 543.4  | \$ 191.2                    | \$ 186.8 | \$ 819.9                    | \$ 730.2   |
| Capital assets                       | 1,055.7                    | 991.7     | 853.5                       | 813.3    | 1,909.2                     | 1,805.0    |
| Total assets                         | 1,684.4                    | 1,535.1   | 1,044.7                     | 1,000.1  | 2,729.1                     | 2,535.2    |
| Total deferred outflows of resources | 52.8                       | 49.8      | 3.5                         | 2.9      | 56.3                        | 52.7       |
| Other liabilities                    | 49.7                       | 51.9      | 18.8                        | 21.9     | 68.5                        | 73.8       |
| Long-term liabilities outstanding    | 476.8                      | 409.8     | 106.0                       | 115.1    | 582.8                       | 524.9      |
| Total liabilities                    | 526.5                      | 461.7     | 124.8                       | 137.0    | 651.3                       | 598.7      |
| Total deferred inflows of resources  | 22.0                       | 13.9      | 5.0                         | 4.8      | 27.0                        | 18.7       |
| Net position:                        |                            |           |                             |          |                             |            |
| Net investment in capital assets     | 828.8                      | 789.7     | 769.9                       | 725.1    | 1,598.7                     | 1,514.8    |
| Restricted                           | 184.4                      | 168.7     | 41.2                        | 39.4     | 225.6                       | 208.1      |
| Unrestricted                         | 175.5                      | 150.9     | 107.3                       | 96.7     | 282.8                       | 247.6      |
| Total net position                   | \$1,188.7                  | \$1,109.3 | \$ 918.4                    | \$ 861.2 | \$ 2,107.1                  | \$ 1,970.5 |

The net position of the City increased \$136.6 million in fiscal year 2025. Net position of governmental activities increased \$79.4 million, while the business-type activities increased \$57.2 million. The 6.9% growth in net position reflects the strength of Peoria's economy and the City's efforts to control costs while providing valuable services to the public.

Net position consists of three components. The largest portion of net position, \$1,598.7 million reflects the City's investment in capital assets net of accumulated depreciation/amortization 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 \$225.6 million restricted portion of the City's net position represents resources that are subject to external restrictions on how they may be used.

The third portion consists of Unrestricted Net Position of \$282.8 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.

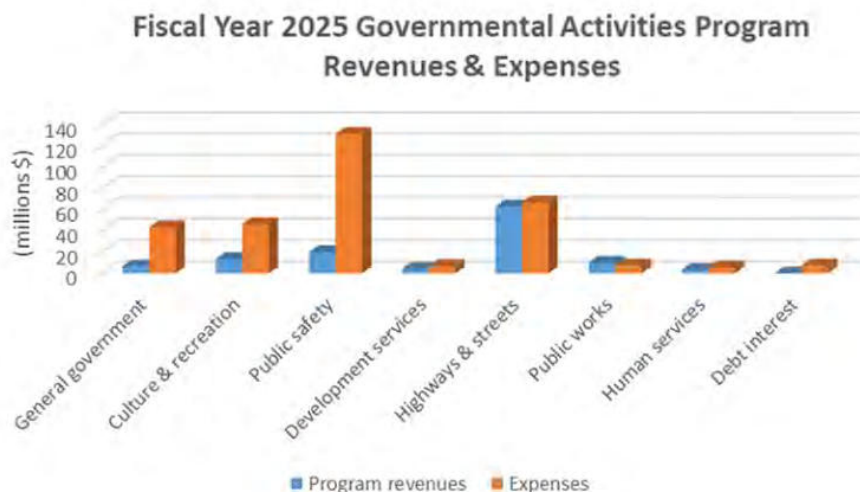
| Changes in Net Position                   |                            |            |                             |          |                             |            |
|-------------------------------------------|----------------------------|------------|-----------------------------|----------|-----------------------------|------------|
| As of June 30<br>(in millions of dollars) |                            |            |                             |          |                             |            |
|                                           | Governmental<br>Activities |            | Business-type<br>Activities |          | Total<br>Primary Government |            |
|                                           | 2025                       | 2024       | 2025                        | 2024     | 2025                        | 2024       |
| <b>REVENUES:</b>                          |                            |            |                             |          |                             |            |
| Program revenues:                         |                            |            |                             |          |                             |            |
| Fees, fines & charges for services        | \$ 48.0                    | \$ 50.0    | \$ 132.9                    | \$ 127.5 | \$ 180.9                    | \$ 177.5   |
| Operating grants and contributions        | 31.8                       | 29.0       | -                           | -        | 31.8                        | 29.0       |
| Capital grants and contributions          | 40.2                       | 61.7       | 34.1                        | 45.1     | 74.3                        | 106.8      |
| General revenues                          |                            |            |                             |          |                             |            |
| Property taxes                            | 37.5                       | 35.7       | -                           | -        | 37.5                        | 35.7       |
| Sales and use taxes                       | 140.8                      | 134.1      | -                           | -        | 140.8                       | 134.1      |
| Franchise taxes                           | 5.6                        | 5.5        | -                           | -        | 5.6                         | 5.5        |
| State shared sales tax                    | 30.5                       | 29.9       | -                           | -        | 30.5                        | 29.9       |
| Urban revenue sharing                     | 42.3                       | 52.4       | -                           | -        | 42.3                        | 52.4       |
| Auto-in-lieu taxes                        | 10.4                       | 9.9        | -                           | -        | 10.4                        | 9.9        |
| Investment earnings(losses)               | 24.9                       | 21.3       | 7.8                         | 7.2      | 32.7                        | 28.5       |
| Miscellaneous                             | 5.0                        | 4.4        | 0.1                         | -        | 5.1                         | 4.4        |
| Total revenues                            | 417.0                      | 433.9      | 174.9                       | 179.8    | 591.9                       | 613.7      |
| <b>EXPENSES:</b>                          |                            |            |                             |          |                             |            |
| Program activities:                       |                            |            |                             |          |                             |            |
| Governmental activities:                  |                            |            |                             |          |                             |            |
| General government                        | 43.1                       | 39.7       | -                           | -        | 43.1                        | 39.7       |
| Culture and recreation                    | 46.2                       | 44.7       | -                           | -        | 46.2                        | 44.7       |
| Public safety                             | 131.0                      | 121.4      | -                           | -        | 131.0                       | 121.4      |
| Development services                      | 6.8                        | 6.5        | -                           | -        | 6.8                         | 6.5        |
| Highways and streets                      | 66.7                       | 66.5       | -                           | -        | 66.7                        | 66.5       |
| Public works                              | 7.5                        | 7.6        | -                           | -        | 7.5                         | 7.6        |
| Human services                            | 5.6                        | 5.1        | -                           | -        | 5.6                         | 5.1        |
| Interest expense on debt                  | 7.5                        | 6.5        | -                           | -        | 7.5                         | 6.5        |
| Business-type activities:                 |                            |            |                             |          |                             |            |
| Water utility                             | -                          | -          | 71.5                        | 63.0     | 71.5                        | 63.0       |
| Wastewater utility                        | -                          | -          | 34.9                        | 30.4     | 34.9                        | 30.4       |
| Solid Waste utility                       | -                          | -          | 21.0                        | 20.2     | 21.0                        | 20.2       |
| Stadium                                   | -                          | -          | 8.9                         | 8.5      | 8.9                         | 8.5        |
| Storm Drain utility                       | -                          | -          | 4.6                         | 4.5      | 4.6                         | 4.5        |
| Total expenses                            | 314.4                      | 298.0      | 140.9                       | 126.6    | 455.3                       | 424.6      |
| Excess (deficit) before transfers         | 102.6                      | 135.9      | 34.0                        | 53.2     | 136.6                       | 189.1      |
| Transfers and Special Items               | (23.2)                     | (23.5)     | 23.2                        | 23.5     | -                           | -          |
| Increase (decrease) in net position       | 79.4                       | 112.4      | 57.2                        | 76.7     | 136.6                       | 189.1      |
| Net position - beginning                  | 1,109.3                    | 996.9      | 861.2                       | 784.5    | 1,970.5                     | 1,781.4    |
| Net position - ending                     | \$ 1,188.7                 | \$ 1,109.3 | \$ 918.4                    | \$ 861.2 | \$ 2,107.1                  | \$ 1,970.5 |

For fiscal year 2025, total governmental activities revenues decreased \$16.9 million while total business-type activities revenues decreased \$4.9 million. Expenses increased \$16.4 million for the governmental activities and increased \$14.3 million for the business-type activities. The increase in expenses was primarily due to increased labor costs and rising material and equipment costs in the enterprise funds.

The general revenues of governmental activities increased \$3.8 million. Local sales and use taxes increased \$6.7 million primarily due to strong growth in construction contracting sales tax which offset losses resulting from the removal of residential rental tax. Urban revenue sharing (shared state income taxes) revenues decreased \$10.1 million in fiscal year 2025. State income tax allocations to the cities lag two years behind collections, so the decrease in fiscal year 2025 represents the decreased collections in fiscal year 2023 that resulted from the legislature approved flat income tax. Investment earnings continued to strengthen as the City's portfolio is taking advantage of the increased interest rates.

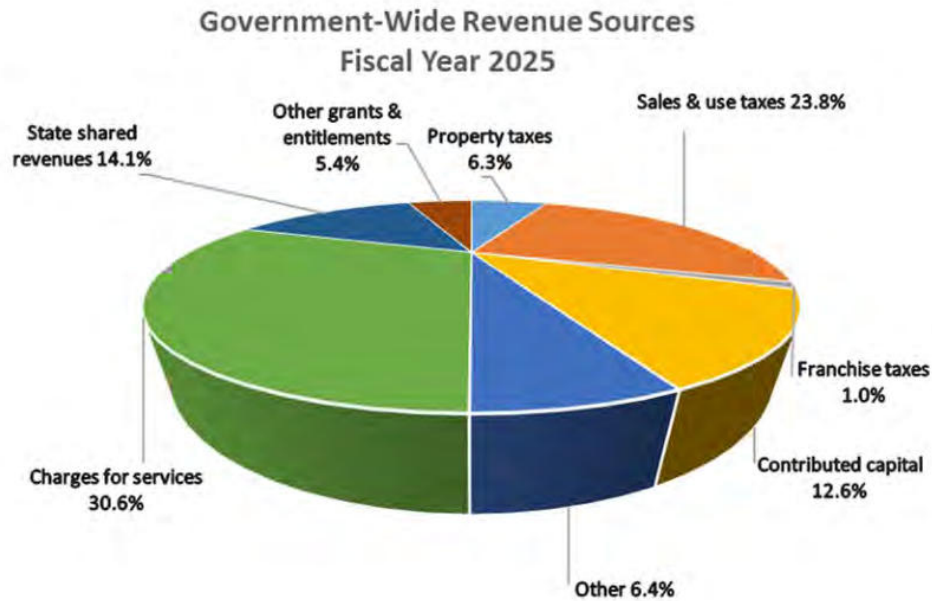
The program revenues of business-type activities saw an increase of \$5.4 million in fees and charges for services reflecting the council approved rate increases that took effect July 1, 2024. However, this was offset by a decrease of \$11.0 million in capital grants and contributions as less assets were acquired by developer contribution.

The following graph shows the functional revenues and expenses of governmental activities to demonstrate the extent to which the governmental functions produce direct revenues to offset the program costs. It should be noted that this is not intended to represent full cost allocation to these functions. Expenses not covered by direct program revenues are covered by general revenues of the City, primarily taxes and state shared revenues. In the governmental activities, the program revenues of \$120.0 million are 38.2% of the governmental activities expenses for fiscal year 2025, down from 47.2% in fiscal year 2024. The decrease is primarily due to a decrease in capital grants and contributions resulting from slowed residential development. In the business-type activities, program revenues of \$167.0 million are 118.5% of the business-type expenses for fiscal year 2025. This compares to \$172.6 million and 136.3% in fiscal year 2024. The decrease in percentage is primarily due to decreased capital contributions in water and wastewater related to slowing development activity.



Governmental activities account for 70.5% of the total revenues of the City and 69.1% of the total expenses in fiscal year 2025. These percentages were 70.7% and 70.2% respectively in fiscal year 2024.

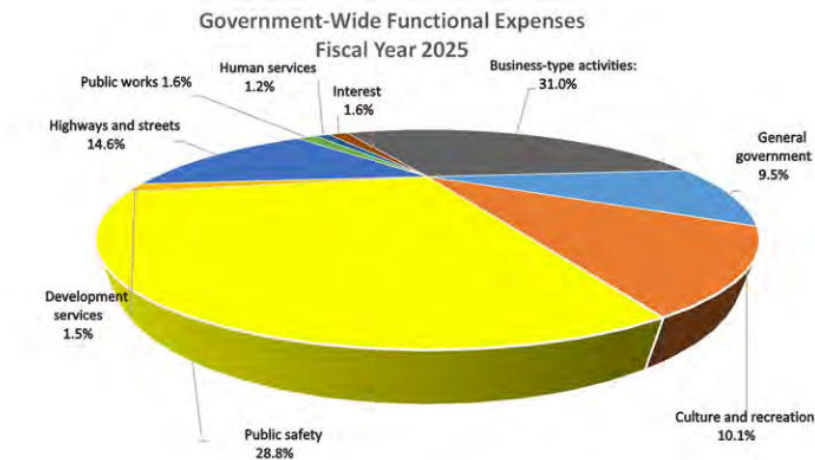
As seen in the following graph, one of the largest financing sources for the City in fiscal year 2025 is charges for services (30.6%), primarily because this is the major funding source of the business-type activities (75.9% of business-type total revenues in fiscal year 2025). The major funding sources of the governmental activities are property taxes, sales/use taxes, and state shared revenues.



Property taxes increased from fiscal year 2024 with an increase in assessed value plus growth in the City. The total City (primary plus secondary) tax rate did not change in fiscal year 2025 compared to the previous year.

Total government-wide expenses of the City increased \$30.7 million, 7.2% in fiscal year 2025. As mentioned above, this was primarily due to labor costs and inflation on materials and equipment.

As shown in the following Government-Wide Functional Expenses graph, business-type activities account for 31.0% of the functional expenses of the City for fiscal year 2025, while governmental activities account for 69.0% of the functional expenses. For the governmental activities, the largest users of resources are public safety (28.8% of total expense, 41.7% of governmental expenses), highways and streets (14.6% of total expenses, 21.2% of governmental expenses), culture and recreation (10.1% of total expenses, 14.7% of governmental expenses), and general government (9.5% of total expenses, 13.7% of governmental expenses).



## 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.

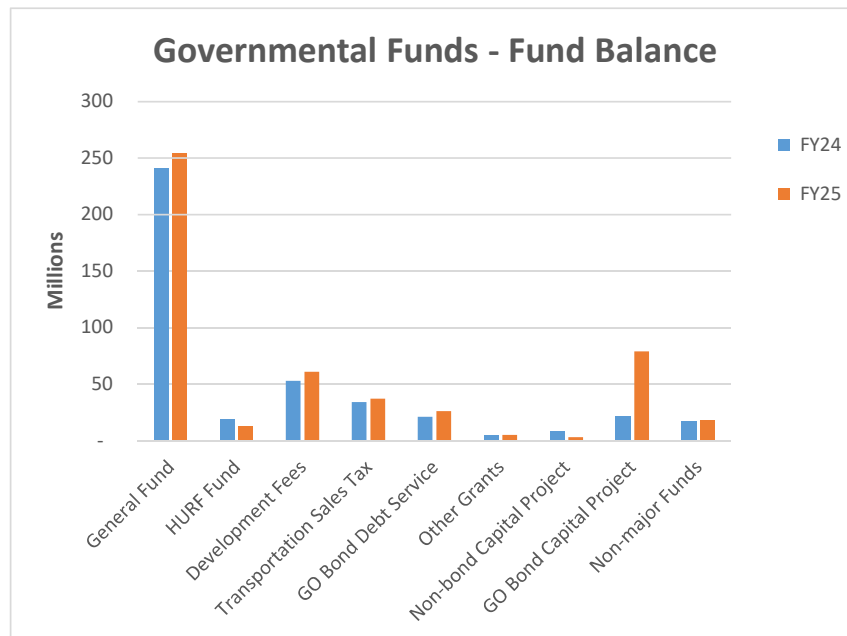
### Governmental funds

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 ACFR immediately following the Required Supplementary Information. Although the Highway User Revenue Fund, Transportation Sales Tax Fund, Development Fee Fund, General Obligation Bond Debt Service Fund, Other Grants Fund and Non-Bond Capital Project 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 \$496.3, an increase of \$76.2 million from the previous year. Of this, \$239.3 million (an increase of \$68.8 million from the previous year) is classified as Non-spendable or Restricted because it is not appropriable for expenditure or is legally segregated for a specific future use. A \$59.1 million increase in fund balance restricted for capital projects resulted from the sale of General Obligation Bonds in fiscal year 2025.

An additional \$83.9 million of the governmental fund balance (an increase of \$2.3 million from the previous year) has been committed or assigned for specific purposes by council or administrative action. These commitments include various stabilization reserves (\$76.7 million), debt service reserves (\$1.0 million), capital projects (\$3.6 million) and arts capital and various other purposes (\$2.5 million).

The remaining \$173.2 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 \$5.1 million compared to the prior year. The City's investment portfolio has been providing increased levels of investment earnings due to the high interest rate environment. Additionally, construction sales tax revenues increased significantly in fiscal year 2025. Since construction sales tax is not considered a stable ongoing revenue stream, expectations for future sales tax revenues were not adjusted for the increase. The City has chosen not to use these short term increased revenue levels for ongoing expenditures, so the excess is included in ending fund balance to be used for future one-time needs.



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 decreased \$1.0 million over the prior fiscal year. Although intergovernmental revenues decreased as the impact of the State's change to flat tax was more fully realized, those decreases were mostly offset by increases in local sales tax collections and investment earnings.

General Fund expenditures increased \$23.3 million in fiscal year 2025 from fiscal year 2024. The increase is primarily the result of increased labor costs from wage increases and expanded staff particularly in public safety. The City also increased its capital spending in fiscal year 2025 as economic development projects moved forward.

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 streetlight improvement districts included in this fund. Expenditures increased by \$8.8 million in fiscal year 2025 over fiscal year 2024 primarily due to increased spending on capital projects.

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 \$1.2 million while expenditures increased \$1.7 million. The City continues to invest in the Streets capital program to maintain the high quality of Peoria roads while budgeting conservatively to assure the ability to provide for future transportation needs. The fund balance increased \$3.0 million in fiscal year 2025. All fund balance in this fund is restricted.

The Other Grants Fund saw increases in both revenues and expenditures of \$4.8 million and \$6.4 million respectively. In fiscal year 2025, the City hired a grant program manager to more aggressively pursue grant funding opportunities.

The GO Bond Debt Service Fund accounts for the payment of general obligation bonds and the related interest. Revenues in this fund increased by \$1.5 million due to increased property valuations and growth. The City did not change the property tax rate from the prior year.

The Development Fee Fund, which collects governmental impact fees for parks and recreational facilities, public safety, and streets and intersections had a decrease in revenues of \$3.0 million in fiscal year 2025 resulting from a 27% decrease in building permits issues from FY24 to FY25. Expenditures increased \$498 thousand in fiscal year 2025 as growth related capital projects continued. Fund balance increased \$8.1 million versus the prior year. All fund balance in this fund is restricted.

The Non-Bond Capital Projects Fund primarily accounts for reimbursements for shared projects with other governments and the expenditures are mostly for street related projects. The \$5.4 million decrease in expenditures from FY24 to FY25 was primarily the result of a decrease in infrastructure project expenditures funded from sources outside of the City.

The GO Bond Capital Project 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. The City issued \$88 million in bonds in fiscal year 2025 resulting in an increase of \$56.8 million in fund balance after project expenditures.

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

### **Proprietary funds**

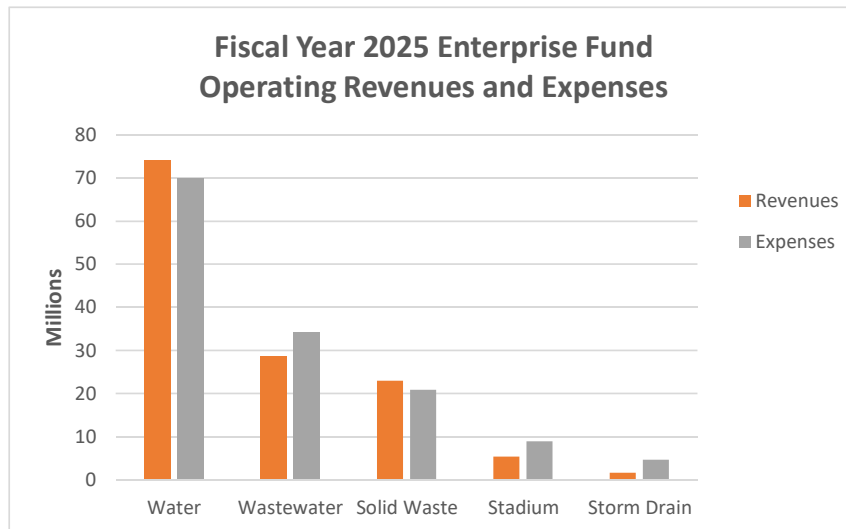
The proprietary fund financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statements but provide additional detail since each major enterprise fund is shown discretely. Although the Solid Waste, Stadium and Storm Drain Funds do not meet 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 \$57.1 million in fiscal year 2025. Net investment in capital assets increased \$44.8 million primarily due to growth and replacement in the water and storm drain systems. Unrestricted net position increased by \$10.6 million. 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 2025. Water, Wastewater and Solid Waste utilities all saw increases in revenues primarily due to rate increases enacted July 1, 2024. In fiscal year 2024, the Arizona Sports and Tourism Authority accelerated the final payment to complete the contractual obligation for contributions to the stadium from a 2014 intergovernmental agreement. Not counting that payment in fiscal year 2024, stadium operating revenues increased \$1.0 million in fiscal year 2025.

Operating expenses of the enterprise funds increased \$15.6 million in fiscal year 2025 primarily due to increased maintenance and materials costs.

The following graph shows the operating revenues and expenses for the enterprise funds for fiscal year 2025.



## 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 30-34. These statements compare the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis. Budgetary schedules for the other governmental funds are also presented on pages 100-105, and pages 112-116.

General Fund revenues of \$237.6 million, on a budgetary basis, exceeded budgeted revenues of \$217.3 million by \$20.3 million due to conservative budgeting. Budgetary basis expenditures of \$244.2 million were 85.3% of final budgeted amounts primarily due to lower capital spending as inflation and supply issues delayed some capital projects. Fire and Human Services had small expenditure overages for functional departmental categories.

During the fiscal year, the original General Fund expenditures and contingencies budget of \$299.4 million was reduced by \$11.7 million to the final expenditure and contingencies budget of \$287.7 million.

Notable budgetary transfers during the year were as follows:

- \$21.2 million transfer from the Half Cent Fund to the General Fund for the public safety subsidies.
- \$4.8 million transfer from the Half Cent Fund to the Stadium Fund as a subsidy in support of the Peoria Sports Complex.
- Various transfers to the debt service funds to meet debt service requirements.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2025, the City had \$1.6 billion invested in various capital assets, net of accumulated depreciation and related debt. The capital assets of the City (net of depreciation/amortization, but not capital debt) are \$1.9 billion. This is a net increase of \$104.2 million from June 30, 2024. Net capital assets of business-type activities increased \$40.2 million while governmental activities increased \$64.0 million.

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

- ✓ The City spent \$12.9 million for regional drainage improvements at 67<sup>th</sup> Ave and Pinnacle Peak Rd.
- ✓ The City spent \$11.1 million to acquire a new multipurpose police facility.
- ✓ The City spent \$31.9 million on various street and traffic improvement projects.
- ✓ The City spent \$11.6 million on water reclamation facility projects.
- ✓ The City spent \$4.1 million to place new wells in the area of Lake Pleasant Parkway and the Central Arizona Project Canal.

The following table provides a breakdown of the capital assets of the City at June 30, 2025, and 2024. Additional information on the City's capital assets may be found in Note 6.

| Capital Assets at June 30<br>(Net of depreciation/amortization) |                            |                 |                             |                 |                             |                  |
|-----------------------------------------------------------------|----------------------------|-----------------|-----------------------------|-----------------|-----------------------------|------------------|
| (in millions of dollars)                                        |                            |                 |                             |                 |                             |                  |
|                                                                 | Governmental<br>Activities |                 | Business-type<br>Activities |                 | Total<br>Primary Government |                  |
|                                                                 | 2025                       | 2024            | 2025                        | 2024            | 2025                        | 2024             |
| Buildings and building improvement                              | \$ 96.8                    | \$ 99.9         | \$ 38.8                     | \$ 41.1         | \$ 135.6                    | \$ 141.0         |
| Equipment; Furniture                                            | 2.3                        | 3.6             | 2.8                         | 2.4             | 5.1                         | 6.0              |
| Vehicles                                                        | 18.6                       | 10.9            | 15.7                        | 11.2            | 34.3                        | 22.1             |
| Surface water system                                            | -                          | -               | 73.4                        | 73.5            | 73.4                        | 73.5             |
| Street system                                                   | 272.2                      | 270.9           | -                           | -               | 272.2                       | 270.9            |
| Park system                                                     | 93.7                       | 95.5            | -                           | -               | 93.7                        | 95.5             |
| Water system                                                    | -                          | -               | 263.8                       | 250.0           | 263.8                       | 250.0            |
| Water rights                                                    | -                          | -               | 8.3                         | 8.5             | 8.3                         | 8.5              |
| Wastewater system                                               | -                          | -               | 254.1                       | 249.0           | 254.1                       | 249.0            |
| Lease Assets                                                    | 5.3                        | 6.0             | -                           | -               | 5.3                         | 6.0              |
| SBITA Intangible Assets                                         | 16.8                       | 4.6             | -                           | -               | 16.8                        | 4.6              |
| Land                                                            | 465.4                      | 456.2           | 18.8                        | 18.8            | 484.2                       | 475.0            |
| Work in progress                                                | 84.6                       | 44.1            | 177.8                       | 158.8           | 262.4                       | 202.9            |
| Total                                                           | <u>\$1,055.7</u>           | <u>\$ 991.7</u> | <u>\$ 853.5</u>             | <u>\$ 813.3</u> | <u>\$1,909.2</u>            | <u>\$1,805.0</u> |

The City has adopted a ten year capital improvement plan budgeted at \$1,906.4 million, including \$572.0 million in fiscal year 2026. Anticipated funding for this plan for fiscal year 2026 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 \$53.6 million. The capital improvement plan is updated annually as part of the City's budget process.

## Long-term Debt

The City's outstanding long-term debt (due in more than one year), including bonds and loans, leases, SBITA, compensated absences, and deferred bond premiums was \$363.6 million at June 30, 2025. Of this total, \$285.5 million was in governmental activities and \$78.1 million was in business-type activities. The City's outstanding debt (due in more than one year excluding claims and net pension liability) decreased by \$45.6 million in fiscal year 2025.

Of the total outstanding bonds and loans of \$373.4 million, \$244.9 million is general obligation bonds or loans backed by the full faith and credit of the City. The outstanding debt also includes \$21.2 million in Community Facilities District bonds where the City has no obligation for payment. All other outstanding debt is secured by pledges of specific revenue sources of the City.

The State constitution imposes certain debt limitations on the City of six percent (6%) and twenty percent (20%) of the assessed valuation of the City. 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 premium, net pension liability and claims payable) as of June 30, 2025, and 2024. 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<br>(in millions of dollars) |          |               |         |          |            |
|--------------------------------------|----------------------------------------------|----------|---------------|---------|----------|------------|
|                                      | Governmental                                 |          | Business-type |         | Total    |            |
|                                      | Activities                                   |          | Activities    |         | Primary  | Government |
|                                      | 2025                                         | 2024     | 2025          | 2024    | 2025     | 2024       |
| General obligation debt              | \$ 244.9                                     | \$ 170.9 | \$ -          | \$ -    | \$ 244.9 | \$ 170.9   |
| Excise tax revenue obligations       | 16.8                                         | 19.0     | -             | -       | 16.8     | 19.0       |
| Direct Purchase and Loan Obligations | 7.8                                          | 11.8     | -             | -       | 7.8      | 11.8       |
| Water/Sewer Revenue bonds and loans  | -                                            | -        | 82.7          | 92.0    | 82.7     | 92.0       |
| Community Facilities District bonds  | 21.2                                         | 18.8     | -             | -       | 21.2     | 18.8       |
| Compensated absences                 | 21.1                                         | 20.2     | 2.5           | 2.2     | 23.6     | 22.4       |
| Leases                               | 5.4                                          | 6.0      | -             | -       | 5.4      | 6.0        |
| SBITA                                | 12.6                                         | 4.0      | -             | -       | 12.6     | 4.0        |
| Total                                | \$ 329.8                                     | \$ 250.7 | \$ 85.2       | \$ 94.2 | \$ 415.0 | \$ 344.9   |

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

## ECONOMIC FACTORS

Local sales tax revenues grew 4.4% in fiscal year 2025, this was higher than the 2.3% growth in fiscal year 2024 and equal to the growth seen in fiscal year 2023. Retail sales tax, the City's largest category, increased by 4.5% from the prior year while restaurant/bar, the second largest category, increased by 2.8%. Beginning January 1, 2025 the City is no longer collecting residential rental sales tax which resulted in a decrease in rental sales tax collections. This was offset by a strong performance on contracting sales tax which increased 53.6% over fiscal year 2024 collections.

In fiscal year 2025 Peoria issued \$289 million in building permits as compared to \$355 million in fiscal year 2024 and \$164 million in fiscal year 2023. The ten year average for permits is \$317 million, so this may be an indicator of a slowing economy.

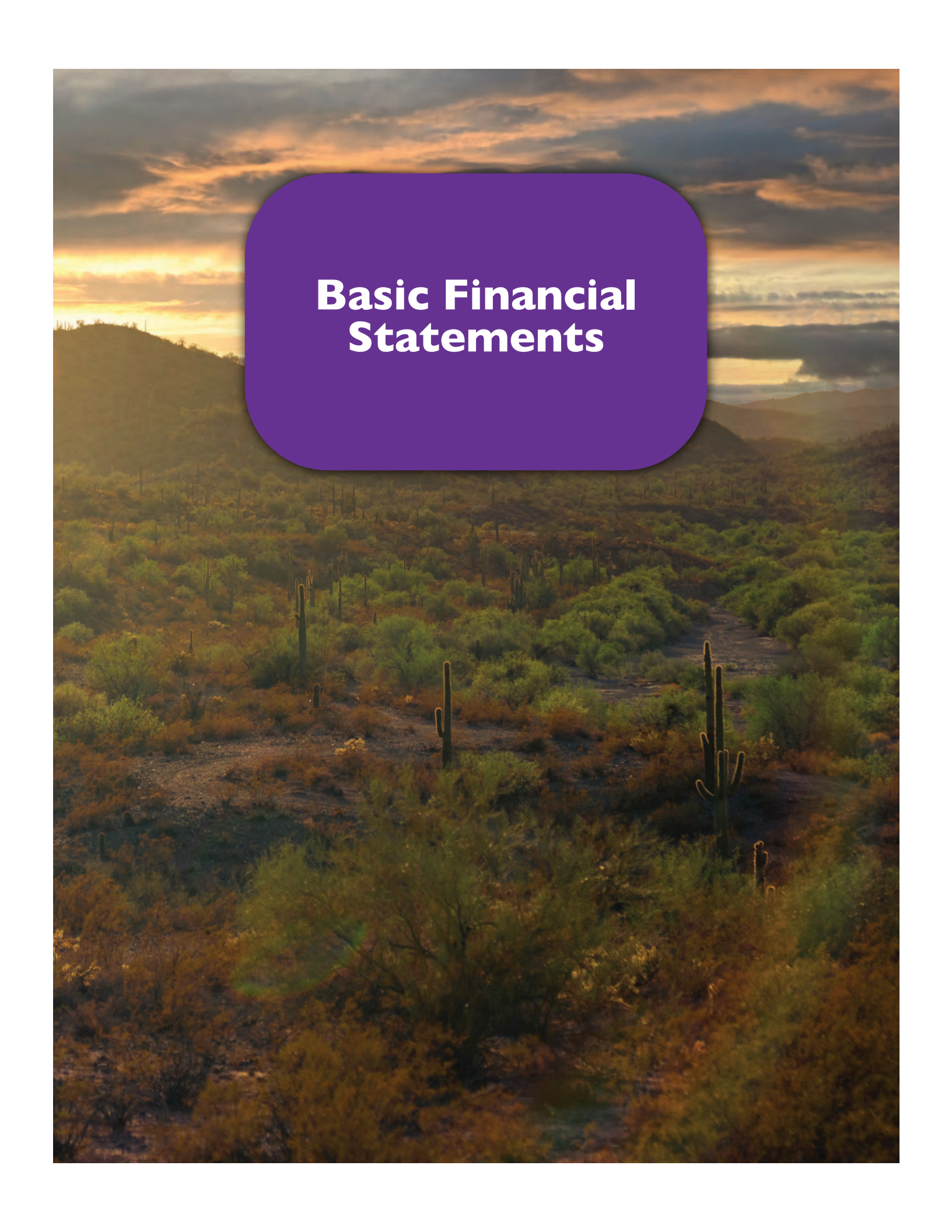
The adopted fiscal year 2026 budget is \$1,192 million, an increase of 19.8% from the fiscal year 2025 budget. The operating budget totals \$620.0 million, which is an increase of 10.2% from 2025. The capital projects portion of the budget, \$572.0 million, is divided in the following manner: \$39.2 million for drainage projects, \$64.0 million for operational facilities, \$27.9 million for parks, trails, open space and libraries, \$43.6 million for public safety projects, \$91.8 million for streets and traffic control projects, \$31.9 million for economic development projects, \$49.7 million for wastewater projects, \$107.6 million for water projects, and \$116.3 million for the Peoria Innovation Core.

The General Fund operating budget is \$255.3 million, up 7.1% from the prior year budget. With the uncertainty surrounding the economy, 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 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 2026 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 Chief Financial Officer 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 dramatic, layered clouds in shades of orange, yellow, and grey. The sun is low on the horizon, casting a warm glow over the scene. The foreground and middle ground are covered in dense desert vegetation, including numerous saguaro cacti of various sizes and low-lying shrubs. The terrain appears to be a mix of sandy soil and rocky patches. In the background, rolling hills or mountains are visible under the twilight sky. A large, rounded purple rectangle is superimposed over the upper center of the image, containing the title text in white.

# **Basic Financial Statements**



**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

|                                                                         | Primary Government         |                             |                         |
|-------------------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|
|                                                                         | Governmental<br>Activities | Business-type<br>Activities | Total                   |
| <b>ASSETS</b>                                                           |                            |                             |                         |
| Pooled cash and investments                                             | \$ 435,555,416             | \$ 148,516,591              | \$ 584,072,007          |
| Cash with fiscal agents                                                 | 343,875                    | -                           | 343,875                 |
| Accounts receivable, net                                                | 20,093,299                 | 15,578,048                  | 35,671,347              |
| Lease receivable                                                        | 11,156,027                 | 3,915,142                   | 15,071,169              |
| Interest receivable                                                     | 3,864,139                  | 1,010,338                   | 4,874,477               |
| Internal balances                                                       | (4,164,084)                | 4,164,084                   | -                       |
| Due from other governments                                              | 9,656,369                  | -                           | 9,656,369               |
| Loan receivable                                                         | -                          | 1,224,546                   | 1,224,546               |
| Prepaid items                                                           | 4,973,062                  | -                           | 4,973,062               |
| Supply inventories                                                      | 656,652                    | 1,132,723                   | 1,789,375               |
| Restricted pooled cash and investments                                  | 22,322,690                 | -                           | 22,322,690              |
| Restricted cash with fiscal agents                                      | 8,574,716                  | 3,759                       | 8,578,475               |
| Restricted investments                                                  | 110,178,383                | 14,966,801                  | 125,145,184             |
| Investments in joint venture agreements                                 | 1,417,076                  | -                           | 1,417,076               |
| Net other postemployment benefits asset                                 | 4,173,389                  | 620,443                     | 4,793,832               |
| Capital assets:                                                         |                            |                             |                         |
| Non-depreciable or amortizable                                          | 561,406,184                | 196,568,997                 | 757,975,181             |
| Depreciable or amortizable (net)                                        | 494,247,394                | 656,954,771                 | 1,151,202,165           |
| Total assets                                                            | <u>1,684,454,587</u>       | <u>1,044,656,243</u>        | <u>2,729,110,830</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                   |                            |                             |                         |
| Deferred outflows related to pensions and other postemployment benefits | 52,250,762                 | 3,072,817                   | 55,323,579              |
| Deferred loss on bond refunding                                         | 530,296                    | -                           | 530,296                 |
| Excess consideration provided for acquisition                           | -                          | 464,132                     | 464,132                 |
| Total deferred outflows of resources                                    | <u>52,781,058</u>          | <u>3,536,949</u>            | <u>56,318,007</u>       |
| <b>LIABILITIES</b>                                                      |                            |                             |                         |
| Accounts payable                                                        | 24,909,610                 | 9,189,852                   | 34,099,462              |
| Accrued payroll                                                         | 6,017,542                  | 642,342                     | 6,659,884               |
| Interest payable                                                        | 4,235,552                  | 1,360,106                   | 5,595,658               |
| Due to other governments                                                | 467,083                    | 363,967                     | 831,050                 |
| Customer deposits                                                       | 44,789                     | 2,342,576                   | 2,387,365               |
| Claims and judgements payable                                           | 165,061                    | -                           | 165,061                 |
| Other liabilities                                                       | 4,851,652                  | 339,019                     | 5,190,671               |
| Unearned revenue-other                                                  | 8,978,756                  | 4,601,864                   | 13,580,620              |
| Non-current liabilities:                                                |                            |                             |                         |
| Due within one year:                                                    |                            |                             |                         |
| Current portion of claims payable                                       | 7,914,708                  | 482,756                     | 8,397,464               |
| Current portion of compensated absences                                 | 10,266,195                 | 1,199,661                   | 11,465,856              |
| Current portion of bonds & loans payable                                | 30,113,785                 | 9,664,245                   | 39,778,030              |
| Current portion of lease payable                                        | 655,480                    | 2,620                       | 658,100                 |
| Current portion of SBITA payable                                        | 2,150,695                  | -                           | 2,150,695               |
| Due in more than one year:                                              |                            |                             |                         |
| Noncurrent portion of claims payable                                    | 1,930,388                  | -                           | 1,930,388               |
| Noncurrent portion of compensated absences                              | 10,787,209                 | 1,252,757                   | 12,039,966              |
| Noncurrent portion of bonds & loans payable                             | 276,120,618                | 77,261,645                  | 353,382,263             |
| Noncurrent portion of lease payable                                     | 4,729,654                  | 4,128                       | 4,733,782               |
| Noncurrent portion of SBITA payable                                     | 10,474,440                 | -                           | 10,474,440              |
| Net pension and other postemployment benefits liabilities               | 121,672,857                | 16,099,533                  | 137,772,390             |
| Total liabilities                                                       | <u>526,486,074</u>         | <u>124,807,071</u>          | <u>651,293,145</u>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                    |                            |                             |                         |
| Deferred inflows related to leases                                      | 10,418,478                 | 3,670,671                   | 14,089,149              |
| Deferred inflows related to pensions and other postemployment benefits  | 11,590,936                 | 1,352,270                   | 12,943,206              |
| Total deferred inflow of resources                                      | <u>22,009,414</u>          | <u>5,022,941</u>            | <u>27,032,355</u>       |
| <b>NET POSITION</b>                                                     |                            |                             |                         |
| Net investment in capital assets                                        | 828,799,497                | 769,907,037                 | 1,598,706,534           |
| Restricted for:                                                         |                            |                             |                         |
| Debt service                                                            | 31,224,033                 | -                           | 31,224,033              |
| Capital projects                                                        | -                          | 40,403,058                  | 40,403,058              |
| Development fees                                                        | 60,578,994                 | -                           | 60,578,994              |
| Transportation purposes                                                 | 49,617,067                 | -                           | 49,617,067              |
| Grant purposes                                                          | 13,790,499                 | -                           | 13,790,499              |
| Facilities maintenance                                                  | 19,989                     | 100,000                     | 119,989                 |
| Public safety                                                           | 2,321,561                  | -                           | 2,321,561               |
| Trust purpose                                                           | 22,730,292                 | -                           | 22,730,292              |
| Net other postemployment benefits                                       | 4,173,389                  | 620,443                     | 4,793,832               |
| Unrestricted                                                            | 175,484,836                | 107,332,642                 | 282,817,478             |
| Total net position                                                      | <u>\$ 1,188,740,157</u>    | <u>\$ 918,363,180</u>       | <u>\$ 2,107,103,337</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, 2025**

| 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                          | \$ 43,135,951  | \$ 3,618,489                       | \$ 2,860,059                       | \$ -                             | \$ (36,657,403)                                   | \$ -                     | \$ (36,657,403)  |
| Culture and recreation                      | 46,199,311     | 11,687,302                         | 1,722,461                          | -                                | (32,789,548)                                      | -                        | (32,789,548)     |
| Public safety                               | 131,017,091    | 11,073,498                         | 8,800,900                          | -                                | (111,142,693)                                     | -                        | (111,142,693)    |
| Development services                        | 6,769,822      | 4,137,964                          | 120,169                            | -                                | (2,511,689)                                       | -                        | (2,511,689)      |
| Highways and streets                        | 66,673,011     | 7,455,761                          | 15,142,164                         | 40,199,091                       | (3,875,995)                                       | -                        | (3,875,995)      |
| Public works                                | 7,528,590      | 9,962,199                          | -                                  | -                                | 2,433,609                                         | -                        | 2,433,609        |
| Human services                              | 5,621,479      | 91,148                             | 3,154,806                          | -                                | (2,375,525)                                       | -                        | (2,375,525)      |
| Interest on long-term debt                  | 7,507,378      | -                                  | -                                  | -                                | (7,507,378)                                       | -                        | (7,507,378)      |
| Total governmental activities               | 314,452,633    | 48,026,361                         | 31,800,559                         | 40,199,091                       | (194,426,622)                                     | -                        | (194,426,622)    |
| Business-type activities:                   |                |                                    |                                    |                                  |                                                   |                          |                  |
| Water utility                               | 71,518,191     | 74,247,327                         | -                                  | 22,706,758                       | -                                                 | 25,435,894               | 25,435,894       |
| Wastewater utility                          | 34,993,493     | 28,689,847                         | -                                  | 8,800,908                        | -                                                 | 2,497,262                | 2,497,262        |
| Solid waste utility                         | 20,934,233     | 22,972,448                         | -                                  | -                                | -                                                 | 2,038,215                | 2,038,215        |
| Stadium                                     | 8,889,253      | 5,350,997                          | -                                  | -                                | -                                                 | (3,538,256)              | (3,538,256)      |
| Storm drain utility                         | 4,619,802      | 1,613,668                          | -                                  | 2,588,745                        | -                                                 | (417,389)                | (417,389)        |
| Total business-type activities              | 140,954,972    | 132,874,287                        | -                                  | 34,096,411                       | -                                                 | 26,015,726               | 26,015,726       |
| Total primary government                    | \$ 455,407,605 | \$ 180,900,648                     | \$ 31,800,559                      | \$ 74,295,502                    | (194,426,622)                                     | 26,015,726               | (168,410,896)    |
| General revenues:                           |                |                                    |                                    |                                  |                                                   |                          |                  |
| Taxes:                                      |                |                                    |                                    |                                  |                                                   |                          |                  |
| Property taxes, levied for general purposes |                |                                    |                                    |                                  | 7,364,070                                         | -                        | 7,364,070        |
| Property taxes, levied for debt service     |                |                                    |                                    |                                  | 30,126,345                                        | -                        | 30,126,345       |
| Sales and use taxes                         |                |                                    |                                    |                                  | 140,746,001                                       | -                        | 140,746,001      |
| Franchise taxes                             |                |                                    |                                    |                                  | 5,620,099                                         | -                        | 5,620,099        |
| Intergovernmental:                          |                |                                    |                                    |                                  |                                                   |                          |                  |
| State shared sales taxes- unrestricted      |                |                                    |                                    |                                  | 30,500,400                                        | -                        | 30,500,400       |
| Urban revenue sharing- unrestricted         |                |                                    |                                    |                                  | 42,279,677                                        | -                        | 42,279,677       |
| Auto in-lieu taxes- unrestricted            |                |                                    |                                    |                                  | 10,420,735                                        | -                        | 10,420,735       |
| Investment earnings                         |                |                                    |                                    |                                  | 24,870,669                                        | 7,893,552                | 32,764,221       |
| Miscellaneous                               |                |                                    |                                    |                                  | 5,063,032                                         | 79,058                   | 5,142,090        |
| Transfers in (out)                          |                |                                    |                                    |                                  | (23,171,774)                                      | 23,171,774               | -                |
| Total general revenues and transfers        |                |                                    |                                    |                                  | 273,819,254                                       | 31,144,384               | 304,963,638      |
| Change in net position                      |                |                                    |                                    |                                  | 79,392,632                                        | 57,160,110               | 136,552,742      |
| Net position - beginning                    |                |                                    |                                    |                                  | 1,109,347,525                                     | 861,203,070              | 1,970,550,595    |
| Net position - ending                       |                |                                    |                                    |                                  | \$ 1,188,740,157                                  | \$ 918,363,180           | \$ 2,107,103,337 |

The accompanying notes are an integral part of the financial statements



**CITY OF PEORIA, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025**

|                                                                           | <b>Major Funds</b>      |                                          |                                              |                                  |                                          |
|---------------------------------------------------------------------------|-------------------------|------------------------------------------|----------------------------------------------|----------------------------------|------------------------------------------|
|                                                                           | <b>General<br/>Fund</b> | <b>Highway User<br/>Revenue<br/>Fund</b> | <b>Transportation<br/>Sales Tax<br/>Fund</b> | <b>Other<br/>Grants<br/>Fund</b> | <b>GO Bond<br/>Debt Service<br/>Fund</b> |
| <b>ASSETS</b>                                                             |                         |                                          |                                              |                                  |                                          |
| Assets:                                                                   |                         |                                          |                                              |                                  |                                          |
| Pooled cash and investments                                               | \$ 232,007,377          | \$ 15,338,558                            | \$ 35,960,789                                | \$ 6,242,109                     | \$ 24,826,494                            |
| Cash with fiscal agents                                                   | 15,633                  | -                                        | -                                            | -                                | -                                        |
| Accounts receivable, net                                                  | 13,499,798              | 426,481                                  | 1,836,164                                    | 3,807,834                        | -                                        |
| Lease receivable                                                          | 11,156,027              | -                                        | -                                            | -                                | -                                        |
| Interest receivable                                                       | 2,089,823               | 99,621                                   | 194,687                                      | 43,523                           | 81,068                                   |
| Due from other funds                                                      | 20,877,636              | -                                        | -                                            | -                                | -                                        |
| Due from other governments                                                | 2,434,126               | 1,499,303                                | -                                            | 2,763,383                        | 330,106                                  |
| Prepaid items                                                             | 229                     | -                                        | -                                            | -                                | -                                        |
| Supply inventories                                                        | 191,907                 | 138,684                                  | -                                            | -                                | -                                        |
| Restricted cash with fiscal agents                                        | -                       | -                                        | -                                            | 691,920                          | 891,656                                  |
| Restricted investments                                                    | -                       | -                                        | -                                            | -                                | -                                        |
| Total assets                                                              | <u>\$ 282,272,556</u>   | <u>\$ 17,502,647</u>                     | <u>\$ 37,991,640</u>                         | <u>\$ 13,548,769</u>             | <u>\$ 26,129,324</u>                     |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES &amp; FUND BALANCES</b> |                         |                                          |                                              |                                  |                                          |
| Liabilities:                                                              |                         |                                          |                                              |                                  |                                          |
| Accounts payable                                                          | \$ 6,825,983            | \$ 4,025,851                             | \$ 948,380                                   | \$ 1,473,127                     | \$ -                                     |
| Accrued payroll                                                           | 5,465,813               | 161,072                                  | -                                            | 36,217                           | -                                        |
| Interest payable                                                          | 60,133                  | -                                        | -                                            | 20,019                           | 116,656                                  |
| Due to other funds                                                        | -                       | -                                        | -                                            | -                                | -                                        |
| Due to other governments                                                  | 467,083                 | -                                        | -                                            | -                                | -                                        |
| Customer deposits                                                         | 44,789                  | -                                        | -                                            | -                                | -                                        |
| Claims and judgements payable                                             | 21,383                  | -                                        | -                                            | -                                | 84,785                                   |
| Other liabilities                                                         | 4,002,751               | 741,917                                  | -                                            | -                                | -                                        |
| Unearned revenue-other                                                    | 860,024                 | -                                        | -                                            | 2,736,627                        | -                                        |
| Total liabilities                                                         | <u>17,747,959</u>       | <u>4,928,840</u>                         | <u>948,380</u>                               | <u>4,265,990</u>                 | <u>201,441</u>                           |
| Deferred Inflows of Resources:                                            |                         |                                          |                                              |                                  |                                          |
| Unavailable revenue-settlements                                           | -                       | -                                        | -                                            | 3,748,934                        | -                                        |
| Related to leases                                                         | 10,418,478              | -                                        | -                                            | -                                | -                                        |
| Unavailable revenue - other                                               | 233,842                 | -                                        | -                                            | 28,824                           | -                                        |
| Total deferred inflows of resources                                       | <u>10,652,320</u>       | <u>-</u>                                 | <u>-</u>                                     | <u>3,777,758</u>                 | <u>-</u>                                 |
| Fund Balances:                                                            |                         |                                          |                                              |                                  |                                          |
| Nonspendable:                                                             |                         |                                          |                                              |                                  |                                          |
| Supply inventories                                                        | 191,907                 | 138,684                                  | -                                            | -                                | -                                        |
| Prepaid items                                                             | 229                     | -                                        | -                                            | -                                | -                                        |
| Restricted for:                                                           |                         |                                          |                                              |                                  |                                          |
| Debt service                                                              | -                       | -                                        | -                                            | -                                | 25,927,883                               |
| Capital projects                                                          | -                       | -                                        | -                                            | -                                | -                                        |
| Development fees                                                          | -                       | -                                        | -                                            | -                                | -                                        |
| Transportation purposes                                                   | -                       | 12,435,123                               | 37,043,260                                   | -                                | -                                        |
| Public safety                                                             | -                       | -                                        | -                                            | -                                | -                                        |
| Grant purposes                                                            | -                       | -                                        | -                                            | 2,966,812                        | -                                        |
| Arts Center maintenance                                                   | 19,989                  | -                                        | -                                            | -                                | -                                        |
| Committed to:                                                             |                         |                                          |                                              |                                  |                                          |
| Debt service                                                              | 1,000,000               | -                                        | -                                            | -                                | -                                        |
| Economic development                                                      | 4,063                   | -                                        | -                                            | -                                | -                                        |
| Arts capital                                                              | -                       | -                                        | -                                            | 2,538,209                        | -                                        |
| Operating reserve                                                         | 26,147,777              | -                                        | -                                            | -                                | -                                        |
| Emergency reserve                                                         | 17,431,852              | -                                        | -                                            | -                                | -                                        |
| Budget stabilization reserve                                              | 28,226,339              | -                                        | -                                            | -                                | -                                        |
| Assigned to:                                                              |                         |                                          |                                              |                                  |                                          |
| Capital projects                                                          | -                       | -                                        | -                                            | -                                | -                                        |
| Municipal complex reserve                                                 | 4,888,501               | -                                        | -                                            | -                                | -                                        |
| Unassigned                                                                | 175,961,620             | -                                        | -                                            | -                                | -                                        |
| Total fund balance                                                        | <u>253,872,277</u>      | <u>12,573,807</u>                        | <u>37,043,260</u>                            | <u>5,505,021</u>                 | <u>25,927,883</u>                        |
| Total liabilities, deferred inflows of resources & fund balance           | <u>\$ 282,272,556</u>   | <u>\$ 17,502,647</u>                     | <u>\$ 37,991,640</u>                         | <u>\$ 13,548,769</u>             | <u>\$ 26,129,324</u>                     |

(continued)

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025**

|                                                                           | <b>Major Funds</b>                  |                                               |                                              |                                             |                                         |
|---------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------|----------------------------------------------|---------------------------------------------|-----------------------------------------|
|                                                                           | <b>Development<br/>Fee<br/>Fund</b> | <b>Non-bond<br/>Capital Projects<br/>Fund</b> | <b>GO Bond<br/>Capital Projects<br/>Fund</b> | <b>Non-Major<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
| <b>ASSETS</b>                                                             |                                     |                                               |                                              |                                             |                                         |
| Assets:                                                                   |                                     |                                               |                                              |                                             |                                         |
| Pooled cash and investments                                               | \$ 61,763,078                       | \$ 8,459,116                                  | \$ -                                         | \$ 13,898,403                               | \$ 398,495,924                          |
| Cash with fiscal agents                                                   | -                                   | -                                             | -                                            | -                                           | 15,633                                  |
| Accounts receivable, net                                                  | -                                   | -                                             | -                                            | 385,306                                     | 19,955,583                              |
| Lease receivable                                                          | -                                   | -                                             | -                                            | -                                           | 11,156,027                              |
| Interest receivable                                                       | 357,741                             | 36,304                                        | 286,468                                      | 98,544                                      | 3,287,779                               |
| Due from other funds                                                      | -                                   | -                                             | -                                            | -                                           | 20,877,636                              |
| Due from other governments                                                | -                                   | 2,553,071                                     | -                                            | 76,380                                      | 9,656,369                               |
| Prepaid items                                                             | -                                   | -                                             | -                                            | 16,446                                      | 16,675                                  |
| Supply inventories                                                        | -                                   | -                                             | -                                            | -                                           | 330,591                                 |
| Restricted cash with fiscal agents                                        | -                                   | -                                             | -                                            | 6,991,140                                   | 8,574,716                               |
| Restricted investments                                                    | -                                   | -                                             | 100,640,174                                  | -                                           | 100,640,174                             |
| Total assets                                                              | <u>\$ 62,120,819</u>                | <u>\$ 11,048,491</u>                          | <u>\$ 100,926,642</u>                        | <u>\$ 21,466,219</u>                        | <u>\$ 573,007,107</u>                   |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES &amp; FUND BALANCES</b> |                                     |                                               |                                              |                                             |                                         |
| Liabilities:                                                              |                                     |                                               |                                              |                                             |                                         |
| Accounts payable                                                          | \$ 1,539,078                        | \$ 2,056,494                                  | \$ 4,061,991                                 | \$ 95,344                                   | \$ 21,026,248                           |
| Accrued payroll                                                           | 2,747                               | -                                             | -                                            | 25,450                                      | 5,691,299                               |
| Interest payable                                                          | -                                   | -                                             | -                                            | 14,417                                      | 211,225                                 |
| Due to other funds                                                        | -                                   | -                                             | 18,083,272                                   | 2,794,364                                   | 20,877,636                              |
| Due to other governments                                                  | -                                   | -                                             | -                                            | -                                           | 467,083                                 |
| Customer deposits                                                         | -                                   | -                                             | -                                            | -                                           | 44,789                                  |
| Claims and judgements payable                                             | -                                   | -                                             | -                                            | 58,893                                      | 165,061                                 |
| Other liabilities                                                         | -                                   | 59,542                                        | -                                            | -                                           | 4,804,210                               |
| Unearned revenue-other                                                    | -                                   | 5,377,105                                     | -                                            | 5,000                                       | 8,978,756                               |
| Total liabilities                                                         | <u>1,541,825</u>                    | <u>7,493,141</u>                              | <u>22,145,263</u>                            | <u>2,993,468</u>                            | <u>62,266,307</u>                       |
| Deferred Inflows of Resources:                                            |                                     |                                               |                                              |                                             |                                         |
| Unavailable revenue-settlements                                           | -                                   | -                                             | -                                            | -                                           | 3,748,934                               |
| Related to leases                                                         | -                                   | -                                             | -                                            | -                                           | 10,418,478                              |
| Unavailable revenue - other                                               | -                                   | -                                             | -                                            | -                                           | 262,666                                 |
| Total deferred inflows of resources                                       | <u>-</u>                            | <u>-</u>                                      | <u>-</u>                                     | <u>-</u>                                    | <u>14,430,078</u>                       |
| Fund Balances:                                                            |                                     |                                               |                                              |                                             |                                         |
| Nonspendable:                                                             |                                     |                                               |                                              |                                             |                                         |
| Supply inventories                                                        | -                                   | -                                             | -                                            | -                                           | 330,591                                 |
| Prepaid items                                                             | -                                   | -                                             | -                                            | 16,446                                      | 16,675                                  |
| Restricted for:                                                           |                                     |                                               |                                              |                                             |                                         |
| Debt service                                                              | -                                   | -                                             | -                                            | 9,515,256                                   | 35,443,139                              |
| Capital projects                                                          | -                                   | -                                             | 78,781,379                                   | 2,278,543                                   | 81,059,922                              |
| Development fees                                                          | 60,578,994                          | -                                             | -                                            | -                                           | 60,578,994                              |
| Transportation purposes                                                   | -                                   | -                                             | -                                            | -                                           | 49,478,383                              |
| Public safety                                                             | -                                   | -                                             | -                                            | 2,321,561                                   | 2,321,561                               |
| Grant purposes                                                            | -                                   | -                                             | -                                            | 7,065,948                                   | 10,032,760                              |
| Arts Center maintenance                                                   | -                                   | -                                             | -                                            | -                                           | 19,989                                  |
| Committed to:                                                             |                                     |                                               |                                              |                                             |                                         |
| Debt service                                                              | -                                   | -                                             | -                                            | -                                           | 1,000,000                               |
| Economic development                                                      | -                                   | -                                             | -                                            | -                                           | 4,063                                   |
| Arts capital                                                              | -                                   | -                                             | -                                            | -                                           | 2,538,209                               |
| Operating reserve                                                         | -                                   | -                                             | -                                            | -                                           | 26,147,777                              |
| Emergency reserve                                                         | -                                   | -                                             | -                                            | -                                           | 17,431,852                              |
| Budget stabilization reserve                                              | -                                   | -                                             | -                                            | -                                           | 28,226,339                              |
| Assigned to:                                                              |                                     |                                               |                                              |                                             |                                         |
| Capital projects                                                          | -                                   | 3,555,350                                     | -                                            | -                                           | 3,555,350                               |
| Municipal complex reserve                                                 | -                                   | -                                             | -                                            | -                                           | 4,888,501                               |
| Unassigned                                                                | -                                   | -                                             | -                                            | (2,725,003)                                 | 173,236,617                             |
| Total fund balance                                                        | <u>60,578,994</u>                   | <u>3,555,350</u>                              | <u>78,781,379</u>                            | <u>18,472,751</u>                           | <u>496,310,722</u>                      |
| Total liabilities, deferred inflows of resources & fund balance           | <u>\$ 62,120,819</u>                | <u>\$ 11,048,491</u>                          | <u>\$ 100,926,642</u>                        | <u>\$ 21,466,219</u>                        | <u>\$ 573,007,107</u>                   |

The accompanying notes are an integral part of the financial statements



**CITY OF PEORIA, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2025**

Fund balances - total governmental funds \$ 496,310,722

Amounts reported for governmental activities in the statement of  
net position are different because:

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the governmental funds.

|                                                |                      |               |
|------------------------------------------------|----------------------|---------------|
| Governmental capital assets                    | \$ 1,498,445,509     |               |
| Less accumulated depreciation and amortization | <u>(472,643,141)</u> | 1,025,802,368 |

Other assets used in governmental activities are not financial resources  
and therefore are not reported in the governmental funds.

|                                      |  |           |
|--------------------------------------|--|-----------|
| Other post employment benefits asset |  | 3,852,230 |
| Deferred loss on bond refunding      |  | 530,296   |

Long-term liabilities, including bonds payable are not due and payable  
in the current period and therefore are not reported in the governmental  
funds.

|                            |                     |               |
|----------------------------|---------------------|---------------|
| Governmental bonds payable | (290,689,281)       |               |
| Leases payable             | (5,385,134)         |               |
| SBITA payable              | (1,665,304)         |               |
| Compensated absences       | <u>(19,840,421)</u> | (317,580,140) |

|                                                                                                        |  |           |
|--------------------------------------------------------------------------------------------------------|--|-----------|
| Equity in joint ventures are not financial resources and, therefore, are<br>not reported in the funds. |  | 1,417,076 |
|--------------------------------------------------------------------------------------------------------|--|-----------|

|                                                                                                                                                               |  |              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|
| Bond premiums are recognized at the time of issuance in the governmental<br>funds, but recognized over the life of the bonds for government-wide<br>reporting |  | (15,545,122) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|

|                                                                                                                                                                                                                                     |  |           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------|
| Property tax revenue and other revenues earned but not received within 60 days<br>of year-end is a deferred inflow of resources for the governmental statements,<br>but is recognized as revenue for the government-wide statements |  | 4,011,600 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------|

|                                                                                  |  |             |
|----------------------------------------------------------------------------------|--|-------------|
| Interest payable on long-term debt is not reported in the governmental<br>funds. |  | (3,739,537) |
|----------------------------------------------------------------------------------|--|-------------|

|                                                                                                                                                                                                                            |  |            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------|
| Internal service funds are used by management to charge the costs<br>of certain activities to individual funds. The assets and liabilities of the<br>internal service funds are reported with the governmental activities. |  | 67,250,733 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------|

|                                                                                                                                                                                   |  |               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------------|
| Long-term liabilities, such as net pension and OPEB liabilities are<br>not due and payable in the current period and, therefore, are not reported as<br>a liability in the funds. |  | (113,339,294) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------------|

Deferred outflows and inflows of resources related to pensions/OPEB are  
applicable to future reporting periods and, therefore, are not reported  
in the funds.

|                                           |                     |            |
|-------------------------------------------|---------------------|------------|
| Deferred outflows related to pension/OPEB | 50,660,187          |            |
| Deferred inflows related to pension/OPEB  | <u>(10,890,962)</u> | 39,769,225 |

|                                               |  |                                |
|-----------------------------------------------|--|--------------------------------|
| Total net position of governmental activities |  | <u><u>\$ 1,188,740,157</u></u> |
|-----------------------------------------------|--|--------------------------------|

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

|                                                           | Major Funds           |                           |                               |                     |                           |
|-----------------------------------------------------------|-----------------------|---------------------------|-------------------------------|---------------------|---------------------------|
|                                                           | General Fund          | Highway User Revenue Fund | Transportation Sales Tax Fund | Other Grants Fund   | GO Bond Debt Service Fund |
| <b>REVENUES:</b>                                          |                       |                           |                               |                     |                           |
| Taxes                                                     | \$ 125,987,316        | \$ 6,347,962              | \$ 21,394,892                 | \$ -                | \$ 24,557,138             |
| Intergovernmental                                         | 83,912,719            | 15,142,164                | -                             | 13,903,513          | -                         |
| Charges for services                                      | 24,544,350            | 336,731                   | -                             | 958,570             | -                         |
| Licenses and permits                                      | 6,234,398             | -                         | -                             | -                   | -                         |
| Fines and forfeitures                                     | 1,937,207             | -                         | -                             | 176,485             | -                         |
| Rents                                                     | 1,786,701             | -                         | -                             | -                   | -                         |
| Investment earnings (loss)                                | 12,388,157            | 865,490                   | 1,689,154                     | 325,651             | 816,219                   |
| Miscellaneous                                             | 3,078,943             | -                         | -                             | 153,076             | -                         |
| Total revenues                                            | <u>259,869,791</u>    | <u>22,692,347</u>         | <u>23,084,046</u>             | <u>15,517,295</u>   | <u>25,373,357</u>         |
| <b>EXPENDITURES:</b>                                      |                       |                           |                               |                     |                           |
| Current:                                                  |                       |                           |                               |                     |                           |
| General government                                        | 37,203,742            | -                         | -                             | 483,959             | 129,300                   |
| Culture and recreation                                    | 36,154,432            | -                         | -                             | 3,099,723           | -                         |
| Public safety                                             | 132,121,331           | -                         | -                             | 1,265,662           | -                         |
| Development services                                      | 5,748,230             | -                         | -                             | 802,062             | -                         |
| Highways and streets                                      | -                     | 26,292,221                | 5,082,781                     | -                   | -                         |
| Public works                                              | 7,065,170             | -                         | -                             | 147,729             | -                         |
| Human services                                            | 1,335,326             | -                         | -                             | 1,272,938           | -                         |
| Debt service:                                             |                       |                           |                               |                     |                           |
| Principal payments                                        | 1,353,031             | -                         | -                             | -                   | 14,527,862                |
| Interest and other charges                                | 212,242               | -                         | -                             | 20,019              | 5,616,562                 |
| Capital outlay                                            | 13,321,257            | 4,150,619                 | 8,125,668                     | 7,141,812           | -                         |
| Total expenditures                                        | <u>234,514,761</u>    | <u>30,442,840</u>         | <u>13,208,449</u>             | <u>14,233,904</u>   | <u>20,273,724</u>         |
| Excess (deficiency) of revenues over (under) expenditures | <u>25,355,030</u>     | <u>(7,750,493)</u>        | <u>9,875,597</u>              | <u>1,283,391</u>    | <u>5,099,633</u>          |
| <b>OTHER FINANCING SOURCES (USES):</b>                    |                       |                           |                               |                     |                           |
| Issuance of debt                                          | -                     | -                         | -                             | -                   | -                         |
| Premium on bonds issued                                   | -                     | -                         | -                             | -                   | -                         |
| Issuance of debt - from subscriptions                     | -                     | -                         | -                             | 832,595             | -                         |
| Transfers in                                              | 1,762,986             | 1,000,000                 | -                             | -                   | -                         |
| Transfers out                                             | (14,572,645)          | (65)                      | (6,903,664)                   | (1,792,421)         | -                         |
| Total other financing sources and uses                    | <u>(12,809,659)</u>   | <u>999,935</u>            | <u>(6,903,664)</u>            | <u>(959,826)</u>    | <u>-</u>                  |
| Net change in fund balances                               | 12,545,371            | (6,750,558)               | 2,971,933                     | 323,565             | 5,099,633                 |
| Fund balances - beginning                                 | 241,326,906           | 19,324,365                | 34,071,327                    | 5,181,456           | 20,828,250                |
| Fund balances - ending                                    | <u>\$ 253,872,277</u> | <u>\$ 12,573,807</u>      | <u>\$ 37,043,260</u>          | <u>\$ 5,505,021</u> | <u>\$ 25,927,883</u>      |

(continued)

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

|                                                              | Major Funds                |                                      |                                     |                                    |                                |
|--------------------------------------------------------------|----------------------------|--------------------------------------|-------------------------------------|------------------------------------|--------------------------------|
|                                                              | Development<br>Fee<br>Fund | Non-bond<br>Capital Projects<br>Fund | GO Bond<br>Capital Projects<br>Fund | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
| <b>REVENUES:</b>                                             |                            |                                      |                                     |                                    |                                |
| Taxes                                                        | \$ -                       | \$ -                                 | \$ -                                | \$ 5,610,274                       | \$ 183,897,582                 |
| Intergovernmental                                            | -                          | 5,020,518                            | -                                   | 1,851,619                          | 119,830,533                    |
| Charges for services                                         | 11,131,194                 | -                                    | -                                   | 91,088                             | 37,061,933                     |
| Licenses and permits                                         | -                          | -                                    | -                                   | -                                  | 6,234,398                      |
| Fines and forfeitures                                        | -                          | -                                    | -                                   | -                                  | 2,113,692                      |
| Rents                                                        | -                          | -                                    | -                                   | -                                  | 1,786,701                      |
| Investment earnings (loss)                                   | 3,025,924                  | 232,246                              | 1,684,568                           | 630,499                            | 21,657,908                     |
| Miscellaneous                                                | -                          | 5,488,683                            | -                                   | 753,662                            | 9,474,364                      |
| Total revenues                                               | <u>14,157,118</u>          | <u>10,741,447</u>                    | <u>1,684,568</u>                    | <u>8,937,142</u>                   | <u>382,057,111</u>             |
| <b>EXPENDITURES:</b>                                         |                            |                                      |                                     |                                    |                                |
| Current:                                                     |                            |                                      |                                     |                                    |                                |
| General government                                           | -                          | -                                    | 19,472                              | 166,387                            | 38,002,860                     |
| Culture and recreation                                       | 86,950                     | -                                    | 623,685                             | -                                  | 39,964,790                     |
| Public safety                                                | 3,583                      | -                                    | 1,629,882                           | -                                  | 135,020,458                    |
| Development services                                         | 229,238                    | -                                    | -                                   | -                                  | 6,779,530                      |
| Highways and streets                                         | 3,194,310                  | 56,363                               | 6,165,597                           | -                                  | 40,791,272                     |
| Public works                                                 | -                          | -                                    | 267,275                             | 107,263                            | 7,587,437                      |
| Human services                                               | -                          | -                                    | -                                   | 2,716,382                          | 5,324,646                      |
| Debt service:                                                |                            |                                      |                                     |                                    |                                |
| Principal payments                                           | -                          | -                                    | -                                   | 10,583,267                         | 26,464,160                     |
| Interest and other charges                                   | -                          | -                                    | 546,614                             | 2,597,795                          | 8,993,232                      |
| Capital outlay                                               | 2,510,518                  | 6,480,939                            | 18,881,757                          | 4,008,482                          | 64,621,052                     |
| Total expenditures                                           | <u>6,024,599</u>           | <u>6,537,302</u>                     | <u>28,134,282</u>                   | <u>20,179,576</u>                  | <u>373,549,437</u>             |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>8,132,519</u>           | <u>4,204,145</u>                     | <u>(26,449,714)</u>                 | <u>(11,242,434)</u>                | <u>8,507,674</u>               |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                            |                                      |                                     |                                    |                                |
| Issuance of debt                                             | -                          | -                                    | 88,513,789                          | 6,810,000                          | 95,323,789                     |
| Premium on bonds issued                                      | -                          | -                                    | 2,633,887                           | 156,078                            | 2,789,965                      |
| Issuance of debt - from subscriptions                        | -                          | -                                    | -                                   | -                                  | 832,595                        |
| Transfers in                                                 | -                          | -                                    | -                                   | 7,309,955                          | 10,072,941                     |
| Transfers out                                                | -                          | (8,980,286)                          | (7,893,578)                         | (1,204,235)                        | (41,346,894)                   |
| Total other financing sources and uses                       | <u>-</u>                   | <u>(8,980,286)</u>                   | <u>83,254,098</u>                   | <u>13,071,798</u>                  | <u>67,672,396</u>              |
| Net change in fund balances                                  | 8,132,519                  | (4,776,141)                          | 56,804,384                          | 1,829,364                          | 76,180,070                     |
| Fund balances - beginning                                    | 52,446,475                 | 8,331,491                            | 21,976,995                          | 16,643,387                         | 420,130,652                    |
| Fund balances - ending                                       | <u>\$ 60,578,994</u>       | <u>\$ 3,555,350</u>                  | <u>\$ 78,781,379</u>                | <u>\$ 18,472,751</u>               | <u>\$ 496,310,722</u>          |

The accompanying notes are an integral part of the financial statements



**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, 2025**

Net change in fund balances - total governmental funds \$ 76,180,070

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. (1,501,085)

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. 638,908

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. (160,331)

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 and amortization expense. This is the amount by which capital outlays (\$64,621,052) exceeds depreciation and amortization (\$38,867,654) in the current period. 25,753,398

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. (4,004,498)

Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities. 34,735,528

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. (96,156,384)

Repayment of bonds principal and lease payments is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. 26,464,160

Bond premiums or discounts and gains or losses on bond refunding are sources or uses of current financial resources for governmental fund reporting when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (644,545)

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. 7,853,522

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. 10,233,889

Change in net position of governmental activities \$ 79,392,632

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, 2025**

|                                                              | <b>Budgeted Amounts</b> |                       | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|-------------------------|-----------------------|-------------------------------------------------|------------------------------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b>          |                                                 |                                                            |
| <b>REVENUES:</b>                                             |                         |                       |                                                 |                                                            |
| Taxes                                                        | \$ 83,630,677           | \$ 83,630,677         | \$ 90,518,472                                   | \$ 6,887,795                                               |
| Intergovernmental                                            | 82,308,014              | 82,308,014            | 83,790,821                                      | 1,482,807                                                  |
| Charges for services                                         | 44,131,028              | 44,131,028            | 44,042,611                                      | (88,417)                                                   |
| Licenses and permits                                         | 4,521,279               | 4,521,279             | 6,234,398                                       | 1,713,119                                                  |
| Fines and forfeitures                                        | 1,217,000               | 1,217,000             | 1,937,207                                       | 720,207                                                    |
| Rents                                                        | 1,076,318               | 1,076,318             | 2,077,410                                       | 1,001,092                                                  |
| Investment earnings                                          | 202,460                 | 202,460               | 6,859,455                                       | 6,656,995                                                  |
| Miscellaneous                                                | 255,000                 | 255,000               | 2,131,855                                       | 1,876,855                                                  |
| Total revenues                                               | <u>217,341,776</u>      | <u>217,341,776</u>    | <u>237,592,229</u>                              | <u>20,250,453</u>                                          |
| <b>EXPENDITURES:</b>                                         |                         |                       |                                                 |                                                            |
| Current:                                                     |                         |                       |                                                 |                                                            |
| General government:                                          |                         |                       |                                                 |                                                            |
| Mayor and council                                            | 949,818                 | 949,818               | 817,065                                         | (132,753)                                                  |
| City manager                                                 | 8,399,853               | 8,455,829             | 6,954,019                                       | (1,501,810)                                                |
| Human resources                                              | 5,670,982               | 5,895,526             | 5,419,613                                       | (475,913)                                                  |
| Attorney                                                     | 5,637,474               | 5,754,023             | 4,847,872                                       | (906,151)                                                  |
| City clerk                                                   | 1,407,195               | 1,407,195             | 1,213,275                                       | (193,920)                                                  |
| Court                                                        | 3,827,973               | 4,182,621             | 3,784,469                                       | (398,152)                                                  |
| Economic development                                         | 3,643,557               | 2,214,557             | 1,814,399                                       | (400,158)                                                  |
| Finance                                                      | 12,325,143              | 12,464,408            | 11,446,209                                      | (1,018,199)                                                |
| Non-departmental                                             | 7,008,579               | 7,120,907             | 4,028,769                                       | (3,092,138)                                                |
| Culture and recreation                                       | 39,854,072              | 40,601,854            | 35,878,905                                      | (4,722,949)                                                |
| Human services                                               | 1,397,099               | 1,392,899             | 1,445,827                                       | 52,928                                                     |
| Public safety:                                               |                         |                       |                                                 |                                                            |
| Police                                                       | 82,911,018              | 82,148,418            | 79,160,817                                      | (2,987,601)                                                |
| Fire                                                         | 55,021,472              | 54,282,634            | 54,392,907                                      | 110,273                                                    |
| Development services                                         | 6,885,195               | 6,884,195             | 5,748,230                                       | (1,135,965)                                                |
| Public works                                                 | 8,203,107               | 8,204,107             | 7,065,170                                       | (1,138,937)                                                |
| Capital outlay                                               | <u>28,722,707</u>       | <u>44,390,929</u>     | <u>20,135,475</u>                               | <u>(24,255,454)</u>                                        |
| Total expenditures                                           | <u>271,865,244</u>      | <u>286,349,920</u>    | <u>244,153,021</u>                              | <u>(42,196,899)</u>                                        |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(54,523,468)</u>     | <u>(69,008,144)</u>   | <u>(6,560,792)</u>                              | <u>62,447,352</u>                                          |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                         |                       |                                                 |                                                            |
| Contingencies                                                | (27,535,521)            | (1,390,883)           | -                                               | 1,390,883                                                  |
| Transfers in                                                 | 28,067,317              | 28,067,317            | 28,068,231                                      | 914                                                        |
| Transfers out                                                | <u>(8,692,868)</u>      | <u>(8,692,868)</u>    | <u>(14,235,011)</u>                             | <u>(5,542,143)</u>                                         |
| Total other financing sources and uses                       | <u>(8,161,072)</u>      | <u>17,983,566</u>     | <u>13,833,220</u>                               | <u>(4,150,346)</u>                                         |
| Net change in fund balances                                  | (62,684,540)            | (51,024,578)          | 7,272,428                                       | 58,297,006                                                 |
| Fund balances - beginning                                    | 155,623,713             | 155,623,713           | 175,445,779                                     | 19,822,066                                                 |
| Fund balances - ending                                       | <u>\$ 92,939,173</u>    | <u>\$ 104,599,135</u> | <u>\$ 182,718,207</u>                           | <u>\$ 78,119,072</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, 2025**

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

**Sources/inflows of resources:**

|                                                                                                                                                      |                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Actual amounts (budgetary basis) "Total revenues" from the General Fund budgetary comparison statement                                               | \$ 237,592,229        |
| Actual amounts (budgetary basis) "Total revenues" from the Half-Cent Sales Tax Fund budgetary comparison schedule                                    | 38,004,061            |
| 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 | (19,498,261)          |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis                                                       | 3,771,762             |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds                             | <u>\$ 259,869,791</u> |

**Uses/outflows of resources:**

|                                                                                                                                                                                  |                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Actual amounts (budgetary basis) "Total expenditures" from the General Fund budgetary comparison statement                                                                       | \$ 244,153,021        |
| Actual amounts (budgetary basis) "Total expenditures" from the Half-Cent Sales Tax Fund budgetary comparison schedule                                                            | 11,348,803            |
| Differences - budget to GAAP:                                                                                                                                                    |                       |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                                                     | (11,011)              |
| Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes                                   | (794,584)             |
| Capital outlay for SBITAs are expenditures for GAAP purposes, but not for budgetary purposes                                                                                     | (683,207)             |
| Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules | (19,498,261)          |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes                                                           |                       |
| Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds                                                     | <u>\$ 234,514,761</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, 2025**

|                                                              | <b>Budgeted Amounts</b> |                     | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|-------------------------|---------------------|-------------------------------------------------|------------------------------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b>        |                                                 |                                                            |
| <b>REVENUES:</b>                                             |                         |                     |                                                 |                                                            |
| Taxes                                                        | \$ 6,770,556            | \$ 6,770,556        | \$ 6,333,531                                    | \$ (437,025)                                               |
| Intergovernmental                                            | 15,481,027              | 15,481,027          | 15,142,164                                      | (338,863)                                                  |
| Charges for services                                         | 135,000                 | 135,000             | 436,731                                         | 301,731                                                    |
| Investment earnings(loss)                                    | 782,000                 | 782,000             | 637,301                                         | (144,699)                                                  |
| Total revenues                                               | <u>23,168,583</u>       | <u>23,168,583</u>   | <u>22,549,727</u>                               | <u>(618,856)</u>                                           |
| <b>EXPENDITURES:</b>                                         |                         |                     |                                                 |                                                            |
| Current:                                                     |                         |                     |                                                 |                                                            |
| Highways and streets                                         | 22,191,682              | 22,084,420          | 19,852,944                                      | (2,231,476)                                                |
| Capital outlay                                               | 9,699,380               | 11,645,841          | 9,913,682                                       | (1,732,159)                                                |
| Total expenditures                                           | <u>31,891,062</u>       | <u>33,730,261</u>   | <u>29,766,626</u>                               | <u>(3,963,635)</u>                                         |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(8,722,479)</u>      | <u>(10,561,678)</u> | <u>(7,216,899)</u>                              | <u>3,344,779</u>                                           |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                         |                     |                                                 |                                                            |
| Contingencies                                                | (1,000,000)             | -                   | -                                               | -                                                          |
| Transfers in                                                 | 2,151,995               | 2,151,995           | 2,097,688                                       | (54,307)                                                   |
| Transfers out                                                | <u>(1,151,995)</u>      | <u>(1,151,995)</u>  | <u>(1,097,688)</u>                              | <u>54,307</u>                                              |
| Total other financing sources and uses                       | <u>-</u>                | <u>1,000,000</u>    | <u>1,000,000</u>                                | <u>-</u>                                                   |
| Net change in fund balances                                  | (8,722,479)             | (9,561,678)         | (6,216,899)                                     | 3,344,779                                                  |
| Fund balances - beginning                                    | 15,032,773              | 15,032,773          | 19,324,365                                      | 4,291,592                                                  |
| Fund balances - ending                                       | <u>\$ 6,310,294</u>     | <u>\$ 5,471,095</u> | <u>\$ 13,107,466</u>                            | <u>\$ 7,636,371</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                                                               | \$ 22,549,727        |
| 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. | (85,569)             |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis                                                         | 228,189              |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds                               | <u>\$ 22,692,347</u> |

**Uses/outflows of resources:**

|                                                                                                                                                                                  |                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison statement                                                                                    | \$ 29,766,626        |
| Differences - budget to GAAP:                                                                                                                                                    |                      |
| Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes                                   | 576,214              |
| Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules | 100,000              |
| Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds                                                     | <u>\$ 30,442,840</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, 2025**

|                                                              | <b>Budgeted Amounts</b> |                      | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|-------------------------|----------------------|-------------------------------------------------|------------------------------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b>         |                                                 |                                                            |
| <b>REVENUES:</b>                                             |                         |                      |                                                 |                                                            |
| Taxes                                                        | \$ 19,284,037           | \$ 19,284,037        | \$ 21,394,892                                   | \$ 2,110,855                                               |
| Investment earnings(loss)                                    | 1,000,000               | 1,000,000            | 1,245,456                                       | 245,456                                                    |
| Total revenues                                               | <u>20,284,037</u>       | <u>20,284,037</u>    | <u>22,640,348</u>                               | <u>2,356,311</u>                                           |
| <b>EXPENDITURES:</b>                                         |                         |                      |                                                 |                                                            |
| Current:                                                     |                         |                      |                                                 |                                                            |
| Highways and streets                                         | 148,087                 | 3,426,674            | 3,211,529                                       | (215,145)                                                  |
| Capital outlay                                               | <u>28,683,462</u>       | <u>26,814,153</u>    | <u>10,114,374</u>                               | <u>(16,699,779)</u>                                        |
| Total expenditures                                           | <u>28,831,549</u>       | <u>30,240,827</u>    | <u>13,325,903</u>                               | <u>(16,914,924)</u>                                        |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(8,547,512)</u>      | <u>(9,956,790)</u>   | <u>9,314,445</u>                                | <u>19,271,235</u>                                          |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                         |                      |                                                 |                                                            |
| Contingencies                                                | (1,000,000)             | -                    | -                                               | -                                                          |
| Transfers out                                                | <u>(6,903,664)</u>      | <u>(6,903,664)</u>   | <u>(6,903,664)</u>                              | <u>-</u>                                                   |
| Total other financing sources and uses                       | <u>(7,903,664)</u>      | <u>(6,903,664)</u>   | <u>(6,903,664)</u>                              | <u>-</u>                                                   |
| Net change in fund balances                                  | (16,451,176)            | (16,860,454)         | 2,410,781                                       | 19,271,235                                                 |
| Fund balances - beginning                                    | 30,334,168              | 30,334,168           | 34,071,327                                      | 3,737,159                                                  |
| Fund balances - ending                                       | <u>\$ 13,882,992</u>    | <u>\$ 13,473,714</u> | <u>\$ 36,482,108</u>                            | <u>\$ 23,008,394</u>                                       |

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

**Sources/inflows of resources:**

|                                                                                                                          |                      |
|--------------------------------------------------------------------------------------------------------------------------|----------------------|
| Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule                   | \$ 22,640,348        |
| Differences - budget to GAAP:                                                                                            |                      |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis                           | 443,698              |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 23,084,046</u> |

**Uses/outflows or resources:**

|                                                                                                                                                |                      |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison statement                                                  | \$ 13,325,903        |
| Differences - budget to GAAP:                                                                                                                  |                      |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                   | 1,871,252            |
| Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes | (1,988,706)          |
| Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds                   | <u>\$ 13,208,449</u> |

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON STATEMENT  
OTHER GRANTS FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

|                                                              | <b>Budgeted Amounts</b> |                     | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|-------------------------|---------------------|-------------------------------------------------|------------------------------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b>        |                                                 |                                                            |
| <b>REVENUES:</b>                                             |                         |                     |                                                 |                                                            |
| Intergovernmental                                            | \$ 12,670,755           | \$ 12,670,755       | \$ 8,903,513                                    | \$ (3,767,242)                                             |
| Charges for services                                         | 501,000                 | 501,000             | 960,743                                         | 459,743                                                    |
| Fines and forfeitures                                        | 99,000                  | 99,000              | 176,485                                         | 77,485                                                     |
| Investment earnings                                          | 105,481                 | 105,481             | 298,956                                         | 193,475                                                    |
| Miscellaneous                                                | 357,949                 | 357,949             | 389,616                                         | 31,667                                                     |
| Total revenues                                               | <u>13,734,185</u>       | <u>13,734,185</u>   | <u>10,729,313</u>                               | <u>(3,004,872)</u>                                         |
| <b>EXPENDITURES:</b>                                         |                         |                     |                                                 |                                                            |
| Current:                                                     |                         |                     |                                                 |                                                            |
| General government                                           | 639,334                 | 533,182             | 483,093                                         | (50,089)                                                   |
| Culture and recreation                                       | 3,934,678               | 4,515,927           | 2,732,146                                       | (1,783,781)                                                |
| Public safety                                                | 4,199,549               | 6,273,872           | 2,110,774                                       | (4,163,098)                                                |
| Development services                                         | 1,650,634               | 2,025,756           | 801,787                                         | (1,223,969)                                                |
| Public works                                                 | -                       | -                   | 113,059                                         | 113,059                                                    |
| Human services                                               | 5,114,654               | 4,951,786           | 1,272,938                                       | (3,678,848)                                                |
| Capital outlay                                               | 3,246,701               | 3,327,737           | 2,893,367                                       | (434,370)                                                  |
| Total expenditures                                           | <u>18,785,550</u>       | <u>21,628,260</u>   | <u>10,407,164</u>                               | <u>(11,221,096)</u>                                        |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(5,051,365)</u>      | <u>(7,894,075)</u>  | <u>322,149</u>                                  | <u>8,216,224</u>                                           |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                         |                     |                                                 |                                                            |
| Issuance of debt                                             | -                       | -                   | 832,595                                         | 832,595                                                    |
| Contingencies                                                | (2,500,000)             | -                   | -                                               | -                                                          |
| Transfers out                                                | (226,683)               | (226,683)           | (253,438)                                       | (26,755)                                                   |
| Total other financing sources and uses                       | <u>(2,726,683)</u>      | <u>(226,683)</u>    | <u>579,157</u>                                  | <u>805,840</u>                                             |
| Net change in fund balances                                  | (7,778,048)             | (8,120,758)         | 901,306                                         | 9,022,064                                                  |
| Fund balances - beginning                                    | 12,983,123              | 12,983,123          | 5,181,456                                       | (7,801,667)                                                |
| Fund balances - ending                                       | <u>\$ 5,205,075</u>     | <u>\$ 4,862,365</u> | <u>\$ 6,082,762</u>                             | <u>\$ 1,220,397</u>                                        |

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

**Sources/inflows of resources:**

|                                                                                                                                   |                      |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule                            | \$ 10,729,313        |
| Differences - budget to GAAP:                                                                                                     |                      |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis                                    | 4,787,982            |
| Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - governmental funds | <u>\$ 15,517,295</u> |

**Uses/outflows of resources:**

|                                                                                                                                                |                      |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison schedule                                                   | \$ 10,407,164        |
| Differences - budget to GAAP:                                                                                                                  |                      |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                   | (421,705)            |
| Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes | 4,248,445            |
| Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds         | <u>\$ 14,233,904</u> |

The accompanying notes are an integral part of the financial statements



**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2025**

|                                                                         | Business-type Activities<br>Major Enterprise Funds |                            |                             |
|-------------------------------------------------------------------------|----------------------------------------------------|----------------------------|-----------------------------|
|                                                                         | Water Utility<br>Fund                              | Wastewater<br>Utility Fund | Solid Waste<br>Utility Fund |
| <b>ASSETS</b>                                                           |                                                    |                            |                             |
| Current assets:                                                         |                                                    |                            |                             |
| Pooled cash and investments                                             | \$ 97,927,577                                      | \$ 20,101,626              | \$ 10,292,238               |
| Restricted pooled cash and investments                                  | -                                                  | -                          | -                           |
| Restricted cash with fiscal agents                                      | -                                                  | -                          | -                           |
| Accounts receivable, net                                                | 9,373,233                                          | 3,279,305                  | 2,736,923                   |
| Leases receivable                                                       | -                                                  | -                          | -                           |
| Interest receivable                                                     | 595,226                                            | 185,528                    | 52,350                      |
| Loan receivable                                                         | 1,224,546                                          | -                          | -                           |
| Prepaid items                                                           | -                                                  | -                          | -                           |
| Supplies inventory                                                      | 1,132,723                                          | -                          | -                           |
| Total current assets                                                    | 110,253,305                                        | 23,566,459                 | 13,081,511                  |
| Non-current assets:                                                     |                                                    |                            |                             |
| Restricted assets:                                                      |                                                    |                            |                             |
| Cash with fiscal agents                                                 | 1,858                                              | 1,901                      | -                           |
| Investments                                                             | 5,997,430                                          | 8,969,371                  | -                           |
| Net restricted assets                                                   | 5,999,288                                          | 8,971,272                  | -                           |
| Capital assets:                                                         |                                                    |                            |                             |
| Buildings and improvements                                              | 1,662,522                                          | 7,612,045                  | -                           |
| Distribution and collection systems                                     | 478,285,931                                        | 462,725,049                | -                           |
| Water rights                                                            | 12,889,809                                         | -                          | -                           |
| Equipment & furniture                                                   | 8,666,935                                          | 2,645,786                  | 400,649                     |
| Vehicles                                                                | 2,836,300                                          | 2,726,187                  | 21,746,424                  |
| Lease assets                                                            | -                                                  | -                          | -                           |
| Intangible-SBITA                                                        | -                                                  | -                          | -                           |
| Less accumulated depreciation and amortization                          | (228,062,288)                                      | (216,357,911)              | (9,221,844)                 |
| Land and improvements                                                   | 6,867,999                                          | 3,878,001                  | -                           |
| Construction in progress                                                | 79,786,414                                         | 72,692,668                 | -                           |
| Capital assets, net                                                     | 362,933,622                                        | 335,921,825                | 12,925,229                  |
| Net other postemployment benefits asset                                 | 253,914                                            | 132,657                    | 179,692                     |
| Total non-current assets                                                | 369,186,824                                        | 345,025,754                | 13,104,921                  |
| Total assets                                                            | 479,440,129                                        | 368,592,213                | 26,186,432                  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                   |                                                    |                            |                             |
| Deferred outflows related to pensions and other postemployment benefits | 1,257,537                                          | 656,999                    | 889,946                     |
| Excess consideration provided for acquisition                           | 464,132                                            | -                          | -                           |
| Total deferred outflows of resources                                    | 1,721,669                                          | 656,999                    | 889,946                     |
| <b>LIABILITIES</b>                                                      |                                                    |                            |                             |
| Current liabilities:                                                    |                                                    |                            |                             |
| Accounts payable                                                        | 4,396,205                                          | 3,899,856                  | 401,889                     |
| Accrued payroll                                                         | 279,007                                            | 132,964                    | 174,004                     |
| Interest payable                                                        | 883,260                                            | 476,846                    | -                           |
| Due to other governments                                                | 363,083                                            | -                          | -                           |
| Customer deposits                                                       | 2,341,576                                          | -                          | -                           |
| Other liabilities                                                       | 339,019                                            | -                          | -                           |
| Current portion of claims payable                                       | 482,756                                            | -                          | -                           |
| Current portion of compensated absences                                 | 521,033                                            | 271,605                    | 307,660                     |
| Current portion of bonds & loans payable                                | 6,204,822                                          | 3,459,423                  | -                           |
| Current portion of lease payable                                        | -                                                  | -                          | -                           |
| Current portion of SBITA payable                                        | -                                                  | -                          | -                           |
| Unearned revenue-other                                                  | 4,593,964                                          | -                          | -                           |
| Total current liabilities                                               | 20,404,725                                         | 8,240,694                  | 883,553                     |
| Non-current liabilities:                                                |                                                    |                            |                             |
| Long-term portion of claims payable                                     | -                                                  | -                          | -                           |
| Long-term portion of compensated absences                               | 595,289                                            | 258,219                    | 343,737                     |
| Long-term portion of bonds & loans payable                              | 54,938,854                                         | 22,322,791                 | -                           |
| Long-term portion of lease payable                                      | -                                                  | -                          | -                           |
| Long-term portion of SBITA payable                                      | -                                                  | -                          | -                           |
| Net pension and other postemployment benefits liabilities               | 6,588,668                                          | 3,442,240                  | 4,662,733                   |
| Total non-current liabilities                                           | 62,122,811                                         | 26,023,250                 | 5,006,470                   |
| Total liabilities                                                       | 82,527,536                                         | 34,263,944                 | 5,890,023                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                    |                                                    |                            |                             |
| Deferred inflows related to pensions and other postemployment benefits  | 553,410                                            | 289,130                    | 391,643                     |
| Deferred inflows related to leases                                      | -                                                  | -                          | -                           |
| Total deferred inflows of resources                                     | 553,410                                            | 289,130                    | 391,643                     |
| <b>NET POSITION</b>                                                     |                                                    |                            |                             |
| Net investment in capital assets                                        | 304,166,052                                        | 311,079,412                | 12,925,229                  |
| Restricted:                                                             |                                                    |                            |                             |
| Capital projects                                                        | 19,797,729                                         | 4,953,217                  | 195                         |
| Facilities maintenance                                                  | -                                                  | -                          | -                           |
| Trust purpose                                                           | -                                                  | -                          | -                           |
| Net other postemployment benefits                                       | 253,914                                            | 132,657                    | 179,692                     |
| Unrestricted                                                            | 73,863,157                                         | 18,530,852                 | 7,689,596                   |
| Total net position                                                      | \$ 398,080,852                                     | \$ 334,696,138             | \$ 20,794,712               |

(continued)

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.

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2025**

|                                                                                                                                                                | Business-type Activities<br>Major Enterprise Funds |                             |                       | Governmental<br>Activities -<br>Internal<br>Service Funds |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|-----------------------------|-----------------------|-----------------------------------------------------------|
|                                                                                                                                                                | Stadium<br>Fund                                    | Storm Drain<br>Utility Fund | Total                 |                                                           |
| <b>ASSETS</b>                                                                                                                                                  |                                                    |                             |                       |                                                           |
| Current assets:                                                                                                                                                |                                                    |                             |                       |                                                           |
| Pooled cash and investments                                                                                                                                    | \$ 18,883,964                                      | \$ 1,311,186                | \$ 148,516,591        | \$ 37,059,492                                             |
| Restricted pooled cash and investments                                                                                                                         | -                                                  | -                           | -                     | 22,322,690                                                |
| Restricted cash with fiscal agents                                                                                                                             | -                                                  | -                           | -                     | 328,242                                                   |
| Accounts receivable, net                                                                                                                                       | 5,904                                              | 182,683                     | 15,578,048            | 137,716                                                   |
| Leases receivable                                                                                                                                              | 3,915,142                                          | -                           | 3,915,142             | -                                                         |
| Interest receivable                                                                                                                                            | 171,977                                            | 5,257                       | 1,010,338             | 576,360                                                   |
| Loan receivable                                                                                                                                                | -                                                  | -                           | 1,224,546             | -                                                         |
| Prepaid items                                                                                                                                                  | -                                                  | -                           | -                     | 4,956,387                                                 |
| Supplies inventory                                                                                                                                             | -                                                  | -                           | 1,132,723             | 326,061                                                   |
| Total current assets                                                                                                                                           | 22,976,987                                         | 1,499,126                   | 171,377,388           | 65,706,948                                                |
| Non-current assets:                                                                                                                                            |                                                    |                             |                       |                                                           |
| Restricted assets:                                                                                                                                             |                                                    |                             |                       |                                                           |
| Cash with fiscal agents                                                                                                                                        | -                                                  | -                           | 3,759                 | -                                                         |
| Investments                                                                                                                                                    | -                                                  | -                           | 14,966,801            | 9,538,209                                                 |
| Net restricted assets                                                                                                                                          | -                                                  | -                           | 14,970,560            | 9,538,209                                                 |
| Capital assets:                                                                                                                                                |                                                    |                             |                       |                                                           |
| Buildings and improvements                                                                                                                                     | 70,823,207                                         | -                           | 80,097,774            | 148,102                                                   |
| Distribution and collection systems                                                                                                                            | -                                                  | 127,539,220                 | 1,068,550,200         | -                                                         |
| Water rights                                                                                                                                                   | -                                                  | -                           | 12,889,809            | -                                                         |
| Equipment & furniture                                                                                                                                          | 2,383,254                                          | 140,938                     | 14,237,562            | 27,194,339                                                |
| Vehicles                                                                                                                                                       | 181,551                                            | 626,644                     | 28,117,106            | 46,290,199                                                |
| Lease assets                                                                                                                                                   | 12,868                                             | -                           | 12,868                | -                                                         |
| Intangible-SBITA                                                                                                                                               | -                                                  | -                           | -                     | 3,876,760                                                 |
| Less accumulated depreciation and amortization                                                                                                                 | (38,930,310)                                       | (54,378,195)                | (546,950,548)         | (59,129,855)                                              |
| Land and improvements                                                                                                                                          | 6,703,349                                          | 1,375,175                   | 18,824,524            | -                                                         |
| Construction in progress                                                                                                                                       | 10,492,682                                         | 14,772,709                  | 177,744,473           | 11,471,665                                                |
| Capital assets, net                                                                                                                                            | 51,666,601                                         | 90,076,491                  | 853,523,768           | 29,851,210                                                |
| Net other postemployment benefits asset                                                                                                                        | 45,061                                             | 9,119                       | 620,443               | 321,159                                                   |
| Total non-current assets                                                                                                                                       | 51,711,662                                         | 90,085,610                  | 869,114,771           | 39,710,578                                                |
| Total assets                                                                                                                                                   | 74,688,649                                         | 91,584,736                  | 1,040,492,159         | 105,417,526                                               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                                                                                                          |                                                    |                             |                       |                                                           |
| Deferred outflows related to pensions and other postemployment benefits                                                                                        | 223,170                                            | 45,165                      | 3,072,817             | 1,590,575                                                 |
| Excess consideration provided for acquisition                                                                                                                  | -                                                  | -                           | 464,132               | -                                                         |
| Total deferred outflows of resources                                                                                                                           | 223,170                                            | 45,165                      | 3,536,949             | 1,590,575                                                 |
| <b>LIABILITIES</b>                                                                                                                                             |                                                    |                             |                       |                                                           |
| Current liabilities:                                                                                                                                           |                                                    |                             |                       |                                                           |
| Accounts payable                                                                                                                                               | 176,819                                            | 315,083                     | 9,189,852             | 3,883,362                                                 |
| Accrued payroll                                                                                                                                                | 50,026                                             | 6,341                       | 642,342               | 326,243                                                   |
| Interest payable                                                                                                                                               | -                                                  | -                           | 1,360,106             | 284,790                                                   |
| Due to other governments                                                                                                                                       | 884                                                | -                           | 363,967               | -                                                         |
| Customer deposits                                                                                                                                              | 1,000                                              | -                           | 2,342,576             | -                                                         |
| Other liabilities                                                                                                                                              | -                                                  | -                           | 339,019               | 47,442                                                    |
| Current portion of claims payable                                                                                                                              | -                                                  | -                           | 482,756               | 7,914,708                                                 |
| Current portion of compensated absences                                                                                                                        | 93,264                                             | 6,099                       | 1,199,661             | 660,650                                                   |
| Current portion of bonds & loans payable                                                                                                                       | -                                                  | -                           | 9,664,245             | -                                                         |
| Current portion of lease payable                                                                                                                               | 2,620                                              | -                           | 2,620                 | -                                                         |
| Current portion of SBITA payable                                                                                                                               | -                                                  | -                           | -                     | 1,237,609                                                 |
| Unearned revenue-other                                                                                                                                         | 7,900                                              | -                           | 4,601,864             | -                                                         |
| Total current liabilities                                                                                                                                      | 332,513                                            | 327,523                     | 30,189,008            | 14,354,804                                                |
| Non-current liabilities:                                                                                                                                       |                                                    |                             |                       |                                                           |
| Long-term portion of claims payable                                                                                                                            | -                                                  | -                           | -                     | 1,930,388                                                 |
| Long-term portion of compensated absences                                                                                                                      | 53,978                                             | 1,534                       | 1,252,757             | 552,333                                                   |
| Long-term portion of bonds & loans payable                                                                                                                     | -                                                  | -                           | 77,261,645            | -                                                         |
| Long-term portion of lease payable                                                                                                                             | 4,128                                              | -                           | 4,128                 | -                                                         |
| Long-term portion of SBITA payable                                                                                                                             | -                                                  | -                           | -                     | 9,722,222                                                 |
| Net pension and other postemployment benefits liabilities                                                                                                      | 1,169,256                                          | 236,636                     | 16,099,533            | 8,333,563                                                 |
| Total non-current liabilities                                                                                                                                  | 1,227,362                                          | 238,170                     | 94,618,063            | 20,538,506                                                |
| Total liabilities                                                                                                                                              | 1,559,875                                          | 565,693                     | 124,807,071           | 34,893,310                                                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                                                                                                           |                                                    |                             |                       |                                                           |
| Deferred inflows related to pensions and other postemployment benefits                                                                                         | 98,211                                             | 19,876                      | 1,352,270             | 699,974                                                   |
| Deferred inflows related to leases                                                                                                                             | 3,670,671                                          | -                           | 3,670,671             | -                                                         |
| Total deferred inflows of resources                                                                                                                            | 3,768,882                                          | 19,876                      | 5,022,941             | 699,974                                                   |
| <b>NET POSITION</b>                                                                                                                                            |                                                    |                             |                       |                                                           |
| Net investment in capital assets                                                                                                                               | 51,659,853                                         | 90,076,491                  | 769,907,037           | 18,539,000                                                |
| Restricted:                                                                                                                                                    |                                                    |                             |                       |                                                           |
| Capital projects                                                                                                                                               | 15,651,917                                         | -                           | 40,403,058            | -                                                         |
| Facilities maintenance                                                                                                                                         | 100,000                                            | -                           | 100,000               | -                                                         |
| Trust purpose                                                                                                                                                  | -                                                  | -                           | -                     | 22,730,292                                                |
| Net other postemployment benefits                                                                                                                              | 45,061                                             | 9,119                       | 620,443               | 321,159                                                   |
| Unrestricted                                                                                                                                                   | 2,126,231                                          | 958,722                     | 103,168,558           | 29,824,366                                                |
| Total net position                                                                                                                                             | \$ 69,583,062                                      | \$ 91,044,332               | 914,199,096           | \$ 71,414,817                                             |
| Adjustment to report the cumulative internal balance for the net effect of the activ<br>between the internal service funds and the enterprise funds over time. |                                                    |                             | 4,164,084             |                                                           |
|                                                                                                                                                                |                                                    |                             | <u>\$ 918,363,180</u> |                                                           |

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

|                                                          | <b>Business-type Activities</b> |                                |                                 |
|----------------------------------------------------------|---------------------------------|--------------------------------|---------------------------------|
|                                                          | <b>Major Enterprise Funds</b>   |                                |                                 |
|                                                          | <b>Water Utility Fund</b>       | <b>Wastewater Utility Fund</b> | <b>Solid Waste Utility Fund</b> |
| <b>OPERATING REVENUES</b>                                |                                 |                                |                                 |
| Charges for services                                     | \$ 70,140,486                   | \$ 28,558,541                  | \$ 22,917,703                   |
| Rents                                                    | -                               | -                              | -                               |
| Intergovernmental                                        | 1,327,759                       | -                              | -                               |
| Miscellaneous                                            | 2,779,082                       | 131,306                        | 54,745                          |
| Total operating revenues                                 | <u>74,247,327</u>               | <u>28,689,847</u>              | <u>22,972,448</u>               |
| <b>OPERATING EXPENSES</b>                                |                                 |                                |                                 |
| Salaries, wages and employee benefits                    | 8,566,486                       | 4,812,187                      | 6,208,605                       |
| Contractual services, materials and supplies             | 46,928,527                      | 17,026,272                     | 12,865,601                      |
| Insurance claims and expenses                            | -                               | -                              | -                               |
| Depreciation and amortization                            | 14,570,148                      | 12,494,915                     | 1,769,172                       |
| Total operating expenses                                 | <u>70,065,161</u>               | <u>34,333,374</u>              | <u>20,843,378</u>               |
| Operating income (loss)                                  | <u>4,182,166</u>                | <u>(5,643,527)</u>             | <u>2,129,070</u>                |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                 |                                 |                                |                                 |
| Investment income(loss)                                  | 4,938,884                       | 1,602,153                      | 465,713                         |
| Interest expense                                         | (1,564,046)                     | (660,589)                      | -                               |
| Gain (loss) on sale of capital assets                    | 38,909                          | 40,149                         | -                               |
| Total non-operating revenues (expenses)                  | <u>3,413,747</u>                | <u>981,713</u>                 | <u>465,713</u>                  |
| Income (loss) before capital contributions and transfers | 7,595,913                       | (4,661,814)                    | 2,594,783                       |
| Capital contributions                                    | 22,706,758                      | 8,800,908                      | -                               |
| Transfers in                                             | 2,130,133                       | 3,572,513                      | -                               |
| Transfers out                                            | (3,179,512)                     | (130,347)                      | (20,518)                        |
| Change in net position                                   | <u>29,253,292</u>               | <u>7,581,260</u>               | <u>2,574,265</u>                |
| Total net position - beginning                           | 368,827,560                     | 327,114,878                    | 18,220,447                      |
| Total net position - ending                              | <u>\$ 398,080,852</u>           | <u>\$ 334,696,138</u>          | <u>\$ 20,794,712</u>            |

(continued)

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

|                                                                                                                         | <b>Business-type Activities</b> |                      |                      | <b>Governmental</b>  |
|-------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------|----------------------|----------------------|
|                                                                                                                         | <b>Major Enterprise Funds</b>   |                      |                      | <b>Activities -</b>  |
|                                                                                                                         | <b>Stadium</b>                  | <b>Storm Drain</b>   | <b>Total</b>         | <b>Internal</b>      |
|                                                                                                                         | <b>Fund</b>                     | <b>Utility Fund</b>  |                      | <b>Service Funds</b> |
| <b>OPERATING REVENUES</b>                                                                                               |                                 |                      |                      |                      |
| Charges for services                                                                                                    | \$ 2,224,745                    | \$ 1,613,668         | \$ 125,455,143       | \$ 64,682,116        |
| Rents                                                                                                                   | 3,115,827                       | -                    | 3,115,827            | -                    |
| Intergovernmental                                                                                                       | -                               | -                    | 1,327,759            | -                    |
| Miscellaneous                                                                                                           | 10,425                          | -                    | 2,975,558            | 1,378,223            |
| Total operating revenues                                                                                                | <u>5,350,997</u>                | <u>1,613,668</u>     | <u>132,874,287</u>   | <u>66,060,339</u>    |
| <b>OPERATING EXPENSES</b>                                                                                               |                                 |                      |                      |                      |
| Salaries, wages and employee benefits                                                                                   | 1,483,062                       | 291,586              | 21,361,926           | 10,702,052           |
| Contractual services, materials and supplies                                                                            | 5,234,537                       | 1,210,846            | 83,265,783           | 22,299,312           |
| Insurance claims and expenses                                                                                           | -                               | -                    | -                    | 29,817,247           |
| Depreciation and amortization                                                                                           | 2,175,645                       | 3,121,487            | 34,131,367           | 6,515,067            |
| Total operating expenses                                                                                                | <u>8,893,244</u>                | <u>4,623,919</u>     | <u>138,759,076</u>   | <u>69,333,678</u>    |
| Operating income (loss)                                                                                                 | <u>(3,542,247)</u>              | <u>(3,010,251)</u>   | <u>(5,884,789)</u>   | <u>(3,273,339)</u>   |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                                                                                |                                 |                      |                      |                      |
| Investment income(loss)                                                                                                 | 847,674                         | 39,128               | 7,893,552            | 3,212,761            |
| Interest expense                                                                                                        | (318)                           | -                    | (2,224,953)          | (342,302)            |
| Gain (loss) on sale of capital assets                                                                                   | -                               | -                    | 79,058               | 183,280              |
| Total non-operating revenues (expenses)                                                                                 | <u>847,356</u>                  | <u>39,128</u>        | <u>5,747,657</u>     | <u>3,053,739</u>     |
| Income (loss) before capital contributions and transfers                                                                | (2,694,891)                     | (2,971,123)          | (137,132)            | (219,600)            |
| Capital contributions                                                                                                   | -                               | 2,588,745            | 34,096,411           | -                    |
| Transfers in                                                                                                            | 5,791,057                       | 15,008,448           | 26,502,151           | 8,166,872            |
| Transfers out                                                                                                           | -                               | -                    | (3,330,377)          | (64,693)             |
| Change in net position                                                                                                  | <u>3,096,166</u>                | <u>14,626,070</u>    | <u>57,131,053</u>    | <u>7,882,579</u>     |
| Total net position - beginning                                                                                          | 66,486,896                      | 76,418,262           | 857,068,043          | 63,532,238           |
| Total net position - ending                                                                                             | <u>\$ 69,583,062</u>            | <u>\$ 91,044,332</u> | <u>914,199,096</u>   | <u>\$ 71,414,817</u> |
| Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds. |                                 |                      | 29,057               |                      |
| Change in net position of business-type activities                                                                      |                                 |                      | <u>\$ 57,160,110</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, 2025**

|                                                                      | <b>Business-type Activities</b> |                                |                                 |
|----------------------------------------------------------------------|---------------------------------|--------------------------------|---------------------------------|
|                                                                      | <b>Major Enterprise Funds</b>   |                                |                                 |
|                                                                      | <b>Water Utility Fund</b>       | <b>Wastewater Utility Fund</b> | <b>Solid Waste Utility Fund</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                                 |                                |                                 |
| Receipts from customers                                              | \$ 73,207,584                   | \$ 28,480,122                  | \$ 22,645,128                   |
| Payments to suppliers                                                | (42,678,843)                    | (14,504,875)                   | (4,566,301)                     |
| Payments to employees                                                | (8,271,565)                     | (4,575,863)                    | (6,335,759)                     |
| Self-insurance costs                                                 | 482,756                         | -                              | -                               |
| Payments to internal service funds                                   | (3,596,479)                     | (1,831,655)                    | (8,199,908)                     |
| Net cash provided (used) by operating activities                     | <u>19,143,453</u>               | <u>7,567,729</u>               | <u>3,543,160</u>                |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>              |                                 |                                |                                 |
| Transfers in                                                         | 2,130,133                       | 3,572,513                      | -                               |
| Transfers out                                                        | (3,179,512)                     | (130,347)                      | (20,518)                        |
| Net cash provided (used) by non-capital financing activities         | <u>(1,049,379)</u>              | <u>3,442,166</u>               | <u>(20,518)</u>                 |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>      |                                 |                                |                                 |
| Acquisition and construction of capital assets                       | (13,233,964)                    | (19,458,773)                   | (3,654,582)                     |
| Proceeds from disposal of capital assets                             | 12,955                          | 9,000                          | 582,853                         |
| Capital contributions                                                | 9,095,693                       | 2,607,173                      | -                               |
| Prepayment of long-term liabilities                                  | (1,224,546)                     | -                              | -                               |
| Principal payments on long-term liabilities                          | (5,975,961)                     | (3,287,592)                    | -                               |
| Interest paid on long-term liabilities                               | (2,041,509)                     | (1,118,229)                    | -                               |
| Net cash provided (used) by capital and related financing activities | <u>(13,367,332)</u>             | <u>(21,248,421)</u>            | <u>(3,071,729)</u>              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |                                 |                                |                                 |
| Purchase of investments                                              | (4,407,665)                     | (4,699,081)                    | -                               |
| Proceeds from sale of investments                                    | 4,107,721                       | 4,379,841                      | -                               |
| Interest received on investments                                     | 4,807,381                       | 1,692,308                      | 460,338                         |
| Net cash provided (used) by investing activities                     | <u>4,507,437</u>                | <u>1,373,068</u>               | <u>460,338</u>                  |
| Net increase (decrease) in cash and cash equivalents                 | 9,234,179                       | (8,865,458)                    | 911,251                         |
| Cash and cash equivalents at beginning of year                       | 88,695,256                      | 28,968,985                     | 9,380,987                       |
| Cash and cash equivalents at end of year                             | <u>\$ 97,929,435</u>            | <u>\$ 20,103,527</u>           | <u>\$ 10,292,238</u>            |
| Classified as:                                                       |                                 |                                |                                 |
| Cash and cash equivalents                                            | \$ 97,927,577                   | \$ 20,101,626                  | \$ 10,292,238                   |
| Restricted pooled cash and investments                               |                                 |                                |                                 |
| Restricted cash with fiscal agents                                   | 1,858                           | 1,901                          | -                               |
| Totals                                                               | <u>\$ 97,929,435</u>            | <u>\$ 20,103,527</u>           | <u>\$ 10,292,238</u>            |

(continued)

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, 2025**

|                                                                      | <b>Business-type Activities</b> |                     |                | <b>Governmental</b>  |
|----------------------------------------------------------------------|---------------------------------|---------------------|----------------|----------------------|
|                                                                      | <b>Major Enterprise Funds</b>   |                     |                | <b>Activities -</b>  |
|                                                                      | <b>Stadium</b>                  | <b>Storm Drain</b>  |                | <b>Internal</b>      |
|                                                                      | <b>Fund</b>                     | <b>Utility Fund</b> | <b>Total</b>   | <b>Service Funds</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                                 |                     |                |                      |
| Receipts from customers                                              | \$ 6,816,472                    | \$ 1,610,407        | \$ 132,759,713 | \$ 65,978,837        |
| Payments to suppliers                                                | (5,465,207)                     | (641,702)           | (67,856,928)   | (26,217,419)         |
| Payments to employees                                                | (2,006,423)                     | (317,538)           | (21,507,148)   | (11,076,750)         |
| Self-insurance costs                                                 | -                               | -                   | 482,756        | (30,171,410)         |
| Payments to internal service funds                                   | (581,406)                       | (303,807)           | (14,513,255)   | -                    |
| Net cash provided (used) by operating activities                     | (1,236,564)                     | 347,360             | 29,365,138     | (1,486,742)          |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING</b>                         |                                 |                     |                |                      |
| <b>ACTIVITIES</b>                                                    |                                 |                     |                |                      |
| Transfers in                                                         | 5,791,057                       | 15,008,448          | 26,502,151     | 8,166,872            |
| Transfers out                                                        | -                               | -                   | (3,330,377)    | (64,693)             |
| Net cash provided (used) by non-capital financing activities         | 5,791,057                       | 15,008,448          | 23,171,774     | 8,102,179            |
| <b>CASH FLOWS FROM CAPITAL AND RELATED</b>                           |                                 |                     |                |                      |
| <b>FINANCING ACTIVITIES</b>                                          |                                 |                     |                |                      |
| Acquisition and construction of capital assets                       | (4,694,489)                     | (14,281,738)        | (55,323,546)   | (14,369,141)         |
| Proceeds from disposal of capital assets                             | -                               | -                   | 604,808        | 193,231              |
| Capital contributions                                                | -                               | -                   | 11,702,866     | -                    |
|                                                                      | -                               | -                   | (1,224,546)    | -                    |
| Principal payments on long-term liabilities                          | (2,521)                         | -                   | (9,266,074)    | 8,512,584            |
| Interest paid on long-term liabilities                               | (318)                           | -                   | (3,160,056)    | (81,496)             |
| Net cash provided (used) by capital and related financing activities | (4,697,328)                     | (14,281,738)        | (56,666,548)   | (5,744,822)          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |                                 |                     |                |                      |
| Purchase of investments                                              | -                               | -                   | (9,106,746)    | (4,351,275)          |
| Proceeds from sale of investments                                    | -                               | -                   | 8,487,562      | 3,831,145            |
| Interest received on investments                                     | 809,082                         | 37,251              | 7,806,360      | 3,142,446            |
| Net cash provided (used) by investing activities                     | 809,082                         | 37,251              | 7,187,176      | 2,622,316            |
| Net increase (decrease) in cash and cash equivalents                 | 666,247                         | 1,111,321           | 3,057,540      | 3,492,931            |
| Cash and cash equivalents at beginning of year                       | 18,217,717                      | 199,865             | 145,462,810    | 56,217,493           |
| Cash and cash equivalents at end of year                             | \$ 18,883,964                   | \$ 1,311,186        | \$ 148,520,350 | \$ 59,710,424        |
| Classified as:                                                       |                                 |                     |                |                      |
| Cash and cash equivalents                                            | \$ 18,883,964                   | \$ 1,311,186        | \$ 148,516,591 | \$ 37,059,492        |
| Restricted pooled cash and investments                               | -                               | -                   | 3,759          | 22,322,690           |
| Restricted cash with fiscal agents                                   | -                               | -                   | 3,759          | 328,242              |
| Totals                                                               | \$ 18,883,964                   | \$ 1,311,186        | \$ 148,520,350 | \$ 59,710,424        |

(continued)

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, 2025**

|                                                                                                             | Business-type Activities<br>Major Enterprise Funds |                            |                             |
|-------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------|-----------------------------|
|                                                                                                             | Water Utility<br>Fund                              | Wastewater<br>Utility Fund | Solid Waste<br>Utility Fund |
| <b>Reconciliation of operating income (loss) to<br/>net cash provided (used) by operating activities</b>    |                                                    |                            |                             |
| Operating income (loss)                                                                                     | \$ 4,182,166                                       | \$ (5,643,527)             | \$ 2,129,070                |
| Adjustments to reconcile operating income (loss) to net cash<br>provided by (used in) operating activities: |                                                    |                            |                             |
| Depreciation and amortization                                                                               | 14,570,148                                         | 12,494,915                 | 1,769,172                   |
| (Increase) decrease in assets/deferred outflows:                                                            |                                                    |                            |                             |
| Accounts receivable                                                                                         | (1,212,166)                                        | (209,725)                  | (327,320)                   |
| Leases receivable                                                                                           | -                                                  | -                          | -                           |
| Prepaid items                                                                                               | 1,211,445                                          | -                          | -                           |
| Supplies inventory                                                                                          | (224,478)                                          | -                          | -                           |
| Net other postemployment benefits asset                                                                     | (42,599)                                           | (24,835)                   | (18,074)                    |
| Deferred outflows - pension and other postemployment<br>benefits                                            | (416,019)                                          | (227,617)                  | (246,335)                   |
| Increase (decrease) in liabilities/deferred inflows:                                                        |                                                    |                            |                             |
| Accounts payable                                                                                            | (848,258)                                          | 1,426,720                  | 99,392                      |
| Accrued payroll                                                                                             | 83,178                                             | 31,252                     | 20,043                      |
| Due to other governments                                                                                    | 175,476                                            | -                          | -                           |
| Other liabilities                                                                                           | 339,019                                            | (736,978)                  | -                           |
| Deposits payable                                                                                            | 172,423                                            | -                          | -                           |
| Claims payable                                                                                              | 482,756                                            | -                          | -                           |
| Unearned revenue - other                                                                                    | -                                                  | -                          | -                           |
| Compensated absences                                                                                        | 151,463                                            | 105,594                    | 128,373                     |
| Net pension and other post employment benefit liability                                                     | 367,567                                            | 267,959                    | (95,288)                    |
| Deferred inflows - pension and other postemployment<br>benefits                                             | 151,331                                            | 83,971                     | 84,127                      |
| Deferred inflows - leases                                                                                   | -                                                  | -                          | -                           |
| Total adjustments                                                                                           | 14,961,287                                         | 13,211,256                 | 1,414,090                   |
| Net cash provided (used) by operating activities                                                            | <u>\$ 19,143,453</u>                               | <u>\$ 7,567,729</u>        | <u>\$ 3,543,160</u>         |
| Non-cash investing, capital and financing activities:                                                       |                                                    |                            |                             |
| Capital assets acquired through contributions from<br>developers and City governmental funds                | \$ 13,449,142                                      | \$ 6,193,735               | \$ -                        |
| Change in balances of capital accounts payable<br>or retainage payable                                      | (326,924)                                          | (2,429,970)                | (192,076)                   |
| Change in fair value of investments                                                                         | 1,195,393                                          | 483,800                    | 130,820                     |
| Total non-cash investing, capital and financing activities                                                  | <u>\$ 14,317,611</u>                               | <u>\$ 4,247,565</u>        | <u>\$ (61,256)</u>          |
|                                                                                                             |                                                    |                            | (continued)                 |

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, 2025**

|                                                                                                             | <b>Business-type Activities<br/>Major Enterprise Funds</b> |                                     |                      | <b>Governmental<br/>Activities -<br/>Internal<br/>Service Funds</b> |
|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------|----------------------|---------------------------------------------------------------------|
|                                                                                                             | <b>Stadium<br/>Fund</b>                                    | <b>Storm Drain<br/>Utility Fund</b> | <b>Total</b>         |                                                                     |
| <b>Reconciliation of operating income (loss) to<br/>net cash provided (used) by operating activities</b>    |                                                            |                                     |                      |                                                                     |
| Operating income (loss)                                                                                     | \$ (3,542,247)                                             | \$ (3,010,251)                      | \$ (5,884,789)       | \$ (3,273,339)                                                      |
| Adjustments to reconcile operating income (loss) to net cash<br>provided by (used in) operating activities: |                                                            |                                     |                      |                                                                     |
| Depreciation and amortization                                                                               | 2,175,645                                                  | 3,121,487                           | 34,131,367           | 6,515,067                                                           |
| (Increase) decrease in assets/deferred outflows:                                                            |                                                            |                                     |                      |                                                                     |
| Accounts receivable                                                                                         | 1,553,019                                                  | (3,261)                             | (199,453)            | (81,502)                                                            |
| Leases receivable                                                                                           | (15,430)                                                   | -                                   | (15,430)             | -                                                                   |
| Prepaid items                                                                                               | -                                                          | -                                   | 1,211,445            | (4,574,700)                                                         |
| Supplies inventory                                                                                          | -                                                          | -                                   | (224,478)            | (28,009)                                                            |
| Net other postemployment benefits asset                                                                     | 9,791                                                      | (1,376)                             | (77,093)             | (35,124)                                                            |
| Deferred outflows - pension and other postemployment<br>benefits                                            | (4,730)                                                    | (14,333)                            | (909,034)            | (451,495)                                                           |
| Increase (decrease) in liabilities/deferred inflows:                                                        |                                                            |                                     |                      |                                                                     |
| Accounts payable                                                                                            | (805,249)                                                  | 265,337                             | 137,942              | 684,602                                                             |
| Accrued payroll                                                                                             | (10,674)                                                   | (743)                               | 123,056              | 38,174                                                              |
| Due to other governments                                                                                    | (6,827)                                                    | -                                   | 168,649              | -                                                                   |
| Other liabilities                                                                                           | -                                                          | -                                   | (397,959)            | 46,773                                                              |
| Deposits payable                                                                                            | -                                                          | -                                   | 172,423              | -                                                                   |
| Claims payable                                                                                              | -                                                          | -                                   | 482,756              | (354,163)                                                           |
| Unearned revenue - other                                                                                    | (17,654)                                                   | -                                   | (17,654)             | -                                                                   |
| Compensated absences                                                                                        | (65,992)                                                   | (23,337)                            | 296,101              | (41,452)                                                            |
| Net pension and other post employment benefit liability                                                     | (445,598)                                                  | 8,694                               | 103,334              | (87,296)                                                            |
| Deferred inflows - pension and other postemployment<br>benefits                                             | (6,158)                                                    | 5,143                               | 318,414              | 155,722                                                             |
| Deferred inflows - leases                                                                                   | (54,460)                                                   | -                                   | (54,460)             | -                                                                   |
| Total adjustments                                                                                           | 2,305,683                                                  | 3,357,611                           | 35,249,927           | 1,786,597                                                           |
| Net cash provided (used) by operating activities                                                            | <u>\$ (1,236,564)</u>                                      | <u>\$ 347,360</u>                   | <u>\$ 29,365,138</u> | <u>\$ (1,486,742)</u>                                               |
| Non-cash investing, capital and financing activities:                                                       |                                                            |                                     |                      |                                                                     |
| Capital assets acquired through contributions from<br>developers and City governmental funds                | \$ -                                                       | \$ 2,588,745                        | \$ 22,231,622        | \$ -                                                                |
| Change in balances of capital accounts payable<br>or retainage payable                                      | -                                                          | -                                   | (2,948,970)          | (349,392)                                                           |
| Change in fair value of investments                                                                         | 63,549                                                     | 5,496                               | 1,879,058            | 132,522                                                             |
| Total non-cash investing, capital and financing activities                                                  | <u>\$ 63,549</u>                                           | <u>\$ 2,594,241</u>                 | <u>\$ 21,161,710</u> | <u>\$ (216,870)</u>                                                 |
|                                                                                                             |                                                            |                                     |                      | (concluded)                                                         |

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2025**

|                               | <b>Custodial<br/>Funds</b> |
|-------------------------------|----------------------------|
| <b>ASSETS</b>                 |                            |
| Pooled cash and investments   | \$ 224,825                 |
| Interest receivable           | 1,033                      |
| Total assets                  | <u>225,858</u>             |
| <b>LIABILITIES</b>            |                            |
| Accounts payable              | <u>3,863</u>               |
| Total liabilities             | <u>3,863</u>               |
| <b>NET POSITION</b>           |                            |
| Restricted for:               |                            |
| Individuals and organizations | 221,901                    |
| Other governments             | 94                         |
| Total net position            | <u><u>\$ 221,995</u></u>   |

The accompanying notes are an integral part of the financial statements

**CITY OF PEORIA, ARIZONA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2025**

|                                          | <b><u>Total<br/>Custodial<br/>Funds</u></b> |
|------------------------------------------|---------------------------------------------|
| <b>ADDITIONS</b>                         |                                             |
| Contributions:                           |                                             |
| Individuals                              | \$ 94,535                                   |
| Investment earnings:                     |                                             |
| Interest                                 | <u>7,358</u>                                |
| Total additions                          | <u>101,893</u>                              |
| <br><b>DEDUCTIONS</b>                    |                                             |
| Recipient payments                       | <u>78,792</u>                               |
| Total deductions                         | <u>78,792</u>                               |
| <br>Change in net position               | <br>23,101                                  |
| <br>Net position - beginning of the year | <br><u>198,894</u>                          |
| Net position - end of the year           | <u><u>\$ 221,995</u></u>                    |

The accompanying notes are an integral part of the financial statements

# Notes to the Financial Statements

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

| <b>Note</b> |                                                                           | <b>Page</b> |
|-------------|---------------------------------------------------------------------------|-------------|
| <b>1</b>    | <b>Summary of Significant Accounting Policies</b>                         | <b>47</b>   |
| <b>2</b>    | <b>Deposits and Investments</b>                                           | <b>59</b>   |
| <b>3</b>    | <b>Deficits in Fund Equity/Excess of Expenditures Over Appropriations</b> | <b>60</b>   |
| <b>4</b>    | <b>Accounts Receivable and Allowance for Doubtful Accounts</b>            | <b>61</b>   |
| <b>5</b>    | <b>Due from Other Governments</b>                                         | <b>61</b>   |
| <b>6</b>    | <b>Capital Assets</b>                                                     | <b>62</b>   |
| <b>7</b>    | <b>Long-term Debt</b>                                                     | <b>63</b>   |
| <b>8</b>    | <b>Risk Financing Activities</b>                                          | <b>68</b>   |
| <b>9</b>    | <b>Leases</b>                                                             | <b>69</b>   |
| <b>10</b>   | <b>Subscription-Based Information Technology Arrangements</b>             | <b>71</b>   |
| <b>11</b>   | <b>Pensions and Other Postemployment Benefits</b>                         | <b>71</b>   |
| <b>12</b>   | <b>Deferred Compensation Plan</b>                                         | <b>83</b>   |
| <b>13</b>   | <b>Contingencies, Commitments and Other Claims</b>                        | <b>83</b>   |
| <b>14</b>   | <b>Interfund Transactions, Receivable and Payable Balances</b>            | <b>84</b>   |
| <b>15</b>   | <b>Stabilization Arrangements</b>                                         | <b>85</b>   |
| <b>16</b>   | <b>Segment Information for Enterprise Funds</b>                           | <b>85</b>   |
| <b>17</b>   | <b>Subsequent Event</b>                                                   | <b>85</b>   |

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**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 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. All of the outstanding debt of the Authority will be repaid by revenues of the City. No separate financial statements are prepared for the Authority.

**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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**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.

**Mystic at Lake Pleasant Heights Community Facilities District**

The Mystic at Lake Pleasant Heights Community Facilities District (Mystic) was formed by petition to the City Council in 2020. Mystic'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, Mystic can levy taxes and issue bonds independently of the City. Property owned in the designated areas is assessed for Mystic's property taxes, and thus for the costs of operating the district. The City Council serves as the Board of Directors of Mystic and City management has operational responsibility for Mystic. The City has no liability for the district's debt. For reporting purposes, the transactions of Mystic are included as governmental funds as if they were part of the City's operations.

**Vistancia North Community Facilities District**

The Vistancia North Community Facilities District (Vistancia North) was formed by petition to the City Council in 2020. Vistancia North'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 North can levy taxes and issue bonds independently of the City. Property owned in the designated areas is assessed for Vistancia North's property taxes, and thus for the costs of operating the district. The City Council serves as the Board of Directors of Vistancia North and City management has operational responsibility for Vistancia North. The City has no liability for the district's debt. For reporting purposes, the transactions of Vistancia North are included as governmental funds as if they were part of the City's operations.

**Saddleback Community Facilities Districts**

The Saddleback Community Facilities Districts (Saddleback) were formed by petition to the City Council in 2025. Five separate districts were created to support the Saddleback Master plan. Saddleback's purpose is to acquire or construct public infrastructure in a specified area of the City. As special purpose districts and separate political subdivisions under the Arizona Constitution, Saddleback can levy taxes and issue bonds independently of the City. Property owned in the designated areas is assessed for Saddleback's property taxes, and thus for the costs of operating the districts. The City Council serves as the Board of Directors of Saddleback and City management has operational responsibility for Saddleback districts. The City has no liability for the district's debt. For reporting purposes, the transactions of Saddleback are included as governmental funds as if they were part of the City's operations.

**City of Peoria Employee Benefit Trust**

The City of Peoria Employee Benefit Trust (the EBT Trust) was formed by petition to the City Council on January 1, 2010. The EBT 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 EBT Trust. For financial reporting purposes, the transactions of the EBT Trust are included as part of the Self-Insurance Fund, an internal service fund in the City's financial statements.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**City of Peoria Workers' Compensation Trust**

The City of Peoria Workers' Compensation Trust (the WC Trust) was formed by petition to the City Council in 2009. The WC Trust's purpose 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 WC Trust. For financial reporting purposes, the transactions of the WC 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, Vistancia North, Mystic, and the two trusts. 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.

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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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The *Other Grants 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.

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

The *Non-Bond Capital Projects 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.

The *General Obligation (GO) Bond Capital Projects 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.

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 *Fiduciary Funds* are custodial funds and use the economic resources measurement focus. The City currently maintains 2 fiduciary 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, 2025

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**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 fiduciary fund financial statements. 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 basis 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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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- The initial budget for the fiscal year may be amended during the year in a legally permissible manner.
- The City Manager is generally authorized to transfer budgeted amounts within any specific 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 fiduciary 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.

Lease receivables are calculated as the net present value of future lease payments for the term of the lease as defined by GASB Statement #87.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**III. Inventory and Prepaid Items**

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of a prepaid item is recorded as an expense when consumed rather than purchased.

**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, right of use leased and subscription assets, 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                          |
| Right to use lease assets                | Varies                     |
| Right to use SBITA                       | Varies                     |

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.

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City is reasonably certain of being exercised—then the lease asset is amortized over the useful life of the underlying asset.

Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**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 allowed accrued leave is 360 hours for permanent employees and 504 hours for Fire department employees. Employees are allowed to count in service years from other PSPRS or ASRS employers. 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 payout for eligible employees, are recorded as a liability. Compensated absences are liquidated when mature by the various operating funds.

In accordance with GASB Statement No. 101, Compensated Absences, the City also recognizes a liability for unused sick leave that is expected to be used rather than forfeited, based on historical usage patterns.

**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 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 net 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 assets that applies to a future period(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 net position and the balance sheet of governmental funds 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 assets 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 and OPEB in the statement of net position, unavailable revenue reported from property taxes and grant or intergovernmental revenues in the balance sheet of governmental funds, and deferred inflows from leases in both reports.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**IX. Pension and Other 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 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 amounts 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. Commitment must be made or removed prior to June 30 in order to be reported in or removed from the financial statements. Much of the authority to commit fund balance is established in the City's Council adopted *Principals of Sound Financial Management*.

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.

*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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**XII. Interfund Transactions**

Interfund transactions, consisting of services performed for other funds or costs billed to other funds are treated as expenditures in the fund receiving the services and as a reimbursement reducing expenditures in the fund performing the services, except for utility services provided to other City departments, which are recorded as revenue in the Utility Enterprise funds. In addition, transfers are made between funds to shift resources from a fund legally authorized to receive revenue to a fund authorized to expend the revenue.

**XIII. 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, 2025:

- 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 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 expenses of the fund for the fiscal year), the Wastewater Utility Fund (25% of the operating expenses of the fund for the fiscal year), and the Solid Waste Utility Fund (20% of the operating expenses 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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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- 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 previously entered into tax abatement agreements as defined by GASB Statement 77. The tax abatements agreements from prior fiscal years have expired. It is the City's policy to review each agreement individually and in the aggregate annually. For the fiscal year ended June 30, 2025, no tax abatement agreements were noted that were applicable to fiscal year 2025.

**H. Joint Ventures**

The City participates in the Regional Wireless Cooperative (RWC), an association of municipalities formed in 2008 to oversee the administration, operation, management, and maintenance of an expanding regional communications network. The RWC was formed through a governance structure founded on the principles of cooperation for the mutual benefit of all members and has expanded to serve a still-growing list of cities, towns, and fire districts, along with many other area entities who serve public safety needs. A regional radio communications network was built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users in and around the Phoenix Metropolitan Region. Financial responsibilities are shared by all members based on their relative size and is measured by the number of subscriber units (radios) on the network.

The City records its share of contributions to the RWC, third party contributions paid to the RWC for the benefit of the City, and equity in the joint venture in the City's governmentwide financial statements. The City's equity balance as of June 30, 2025 was \$1,417,076. The RWC Annual Comprehensive Financial Statement is available from the Regional Wireless Cooperative, 200 West Washington Street, 12th Floor, Phoenix, Arizona, 85003-1611.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**I. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of net position/balance sheet and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**J. Leases and subscription-based information technology arrangements**

**Leases**

As lessee, the City recognizes lease liabilities with an initial, individual value of \$100,000 or more. The City uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The City's estimated incremental borrowing rate is based on the average of recently issued debt.

As lessor, the City recognizes lease receivables with an initial, individual value of \$100,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the City charges the lessee) and the implicit rate cannot be determined, the City uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The City's estimated incremental borrowing rate is calculated as described above.

**Subscription-based information technology arrangements**

The City recognizes subscription liabilities with an initial, individual value of \$100,000 or more. The City uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The City's estimated incremental borrowing rate is calculated as described above.

**K. New Accounting Principles**

GASB has issued the following pronouncements that may effect future financial position, results of operations, cash flows, or financial presentation of the City upon implementation. The City has not fully determined the effect these pronouncements will have on the City's financial statements.

| GASB Statement No. | GASB Accounting Standards                       | Effective Dates                                                                                                                          |
|--------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| 101                | Compensated Absences                            | The requirements of this Statement were implemented in fiscal year ending June 30, 2025 and resulted in no impact on beginning balances. |
| 102                | Certain Risk Disclosures                        | The requirements of this Statement were implemented in fiscal year ending June 30, 2025 and resulted in no impact on beginning balances. |
| 103                | Financial Reporting Model Improvements          | The requirements of this Statement are effective for the fiscal year that ends June 30, 2026.                                            |
| 104                | Disclosure of Certain Capital Asset Disclosures | The requirements of this Statement are effective for the fiscal year that ends June 30, 2026.                                            |

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**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, 2025, the carrying amount of the City's deposits was \$44,975,233 and the bank balance was \$43,847,638. 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 \$1,127,595 represents deposits in transit, outstanding checks and other reconciling items.

The City's cash with fiscal agent balance at June 30, 2025 was \$15,633. The City maintains cash on hand balances in the form of petty cash and change funds. At June 30, 2025, the total amount of these balances was \$8,455.

**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 20% invested for a period of one year or less. At June 30, 2025, 38.4% of the City's investments have a maturity of less than one year.

*Credit risk:* State law and the City's investment policy limits the purchase of Commercial Paper to prime quality securities rated within the top two ratings by a nationally recognized statistical rating organization. The City's investment policy limits the purchase of Corporate Bonds or Notes to those securities rated at least A-/A3 or equivalent at the time of purchase by a nationally recognized statistical rating organization and with a maximum maturity of three years. The City's investment policy also limits the purchase of Banker's Acceptances to those securities rated Aa or better at the time of purchase by two nationally recognized statistical rating organizations and with a maximum maturity of 180 days. At June 30, 2025, the City's investments include \$30.3 million in Commercial Paper and \$158.5 million in Corporate Notes. State law and the City's investment policy also restricts investments in certificates of deposit (CD) to fully collateralized or insured from eligible Arizona depositories limited on a statewide basis by their capital structure on a quarterly basis. Such CDs are further collateralized to 110% with pledged securities held by an independent custodian approved by the City. City policy requires that securities underlying repurchase agreements must have a collateralization level of at least 102 percent of the market value of principal and accrued interest.

| <u>Investment Type</u>   | <u>S&amp;P Ratings range</u> |
|--------------------------|------------------------------|
| Agency coupon securities | A-1+ to AA+                  |
| Commercial Paper         | A-1 to A-1+                  |
| Corporate Bonds          | BBB+ to AA+                  |
| Asset Backed Securities  | 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, 2025, the City's investments include 49.2% in U.S. Treasury Notes, 22.8% in Corporate securities, 14.5% in Money Market Investments, 5.8% in Asset Backed Securities, 4.4% in Commercial Paper, 1.6% in the State of Arizona local government investment pool, 1.5% in U.S. Agency Coupon securities, and 0.2% in Bank Notes.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

There were no investments in any one issuer, excluding U.S. governments that represent 5% or more of total City investments.

*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, 2025:

- All U.S. Treasury securities are valued using quoted prices in active markets (Level 1)
- 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)
- All asset backed securities are valued using other observable inputs (Level 2)

The City's cash and investments are combined with the State's pooled investments, and therefore, do not represent specific identifiable investments. The State categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as described above. 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, 2025, the City's total investments of \$695,687,735 included the following:

|                          | Investment Maturities in Years |               |                |                |               | Fair Value     |
|--------------------------|--------------------------------|---------------|----------------|----------------|---------------|----------------|
|                          | Less than 1                    | 1-2           | 2-3            | 3-4            | Over 4        |                |
| <u>Investments:</u>      |                                |               |                |                |               |                |
| U.S Treasury notes       | \$ 100,590,351                 | \$ 28,665,177 | \$ 59,154,063  | \$ 99,545,828  | \$ 54,418,975 | \$ 342,374,394 |
| Bank note                | -                              | 1,209,459     | -              | -              | -             | \$ 1,209,459   |
| Agency coupon securities | 10,176,408                     | -             | -              | -              | -             | 10,176,408     |
| Commercial paper         | 30,324,932                     | -             | -              | -              | -             | 30,324,932     |
| Corporate notes          | 13,690,892                     | 30,784,509    | 69,293,510     | 38,101,499     | 6,597,975     | 158,468,385    |
| Asset Backed Securities  | -                              | 1,608,586     | 13,270,097     | 10,117,231     | 15,864,439    | 40,860,353     |
| Mutual fund-money market | 101,117,952                    | -             | -              | -              | -             | 101,117,952    |
| State of Arizona LGIP    | 11,155,852                     | -             | -              | -              | -             | 11,155,852     |
| Total Investments        | \$ 267,056,387                 | \$ 62,267,731 | \$ 141,717,670 | \$ 147,764,558 | \$ 76,881,389 | \$ 695,687,735 |

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

At June 30, 2025, the following funds reported a deficit in fund balance/net position.

- Non-Major Governmental Fund: Non-Bond Debt Service Fund

The Non-Bond Debt Service Fund deficit resulted from the timing of debt service transfers into the fund and the debt service payments being made out of the fund.

For the year ended June 30, 2025, expenditures, including capital outlay and transfers, did not exceed budget at the fund level (i.e. the level of budgetary control) in any funds.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

**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, 2025.

| Fund                          | Receivables   | Allowance    | Net           |
|-------------------------------|---------------|--------------|---------------|
| Governmental activities:      |               |              |               |
| General fund                  | \$ 20,121,533 | \$ 6,621,735 | \$ 13,499,798 |
| Highway user revenue fund     | 426,481       | -            | 426,481       |
| Transportation sales tax fund | 1,836,164     | -            | 1,836,164     |
| GO bond debt service fund     | 136,898       | 136,898      | -             |
| Other grants fund             | 4,775,799     | 967,965      | 3,807,834     |
| Other governmental funds      | 398,040       | 12,734       | 385,306       |
| Total governmental funds      | 27,694,915    | 7,739,332    | 19,955,583    |
| Internal service funds        | 137,716       | -            | 137,716       |
| Business-type activities:     |               |              |               |
| Water utility fund            | 9,725,697.00  | 352,464.00   | 9,373,233.00  |
| Wastewater utility fund       | 3,500,517     | 221,212      | 3,279,305     |
| Solid waste utility fund      | 2,867,766     | 130,843      | 2,736,923     |
| Stadium fund                  | 5,904         | -            | 5,904         |
| Storm drain utility fund      | 202,491       | 19,808       | 182,683       |
| Total enterprise funds        | 16,302,375    | 724,327      | 15,578,048    |
| Grand totals                  | \$ 44,135,006 | \$ 8,463,659 | \$ 35,671,347 |

**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, 2025, significant receivables due to the City included \$1,510,421 from the State of Arizona for State Shared Sales Tax revenues recorded in the General fund, \$1,486,130 from the State of Arizona for Highway User Revenue Fees recorded in the Highway User Revenue Fund, \$1,240,197 from the State of Arizona for WIFA water structure grants, \$1,231,187 for WIFA AMI meter system infrastructure grants, and \$1,224,546 for WIFA loan receivable. Most other receivables are comprised of taxes or various grants due from other governments and agencies.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

**6. CAPITAL ASSETS**

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2025, follows:

|                                                                | <b>Balances<br/>June 30, 2024</b> | <b>Additions/<br/>Transfers In</b> | <b>Disposals/<br/>Transfers Out</b> | <b>Balances<br/>June 30, 2025</b> |
|----------------------------------------------------------------|-----------------------------------|------------------------------------|-------------------------------------|-----------------------------------|
| <b>Governmental Activities:</b>                                |                                   |                                    |                                     |                                   |
| Non-depreciable assets:                                        |                                   |                                    |                                     |                                   |
| Work in progress                                               | \$ 44,049,553                     | \$ 55,233,607                      | \$ (14,736,746)                     | \$ 84,546,414                     |
| Land                                                           | 456,198,377                       | 11,800,541                         | (2,610,813)                         | 465,388,105                       |
| Intangible asset-SBITA                                         | -                                 | 11,471,665                         | -                                   | 11,471,665                        |
| Total non-depreciable assets                                   | 500,247,930                       | 78,505,813                         | (17,347,559)                        | 561,406,184                       |
| Depreciable and amortizable assets:                            |                                   |                                    |                                     |                                   |
| Buildings & improvements                                       | 205,991,298                       | 2,140,462                          | -                                   | 208,131,760                       |
| Equipment; furniture                                           | 48,006,222                        | 678,382                            | -                                   | 48,684,604                        |
| Vehicles                                                       | 39,796,321                        | 12,674,166                         | (2,581,683)                         | 49,888,804                        |
| Street system                                                  | 549,647,311                       | 28,039,583                         | (21,650,892)                        | 556,036,002                       |
| Park system                                                    | 145,569,677                       | 1,864,468                          | -                                   | 147,434,145                       |
| Lease equipment; furniture                                     | 5,808,734                         | -                                  | -                                   | 5,808,734                         |
| Lease property                                                 | 880,394                           | -                                  | -                                   | 880,394                           |
| Intangible asset-SBITA                                         | 6,844,936                         | 2,816,517                          | (505,506)                           | 9,155,947                         |
| Total depreciable and amortizable<br>assets at historical cost | 1,002,544,893                     | 48,213,578                         | (24,738,081)                        | 1,026,020,390                     |
| Less accum. depreciation:                                      |                                   |                                    |                                     |                                   |
| Buildings & improvements                                       | (106,133,850)                     | (5,215,910)                        | -                                   | (111,349,760)                     |
| Equipment; furniture                                           | (44,418,114)                      | (1,957,446)                        | -                                   | (46,375,560)                      |
| Vehicles                                                       | (28,934,907)                      | (4,911,526)                        | 2,571,732                           | (31,274,701)                      |
| Street system                                                  | (278,674,828)                     | (26,753,963)                       | 21,650,892                          | (283,777,899)                     |
| Park system                                                    | (50,105,510)                      | (3,665,238)                        | -                                   | (53,770,748)                      |
| Less accum. amortization:                                      |                                   |                                    |                                     |                                   |
| Lease equipment; furniture                                     | (658,007)                         | (711,867)                          | -                                   | (1,369,874)                       |
| Intangible asset-SBITA                                         | (2,193,187)                       | (2,166,773)                        | 505,506                             | (3,854,454)                       |
| Total accumulated<br>depreciation and amortization             | (511,118,403)                     | (45,382,723)                       | 24,728,130                          | (531,772,996)                     |
| Total depreciable assets, net                                  | 491,426,490                       | 2,830,855                          | (9,951)                             | 494,247,394                       |
| Governmental activities<br>capital assets, net                 | \$ 991,674,420                    | \$ 81,336,668                      | \$ (17,357,510)                     | \$ 1,055,653,578                  |

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                 | Balances<br>June 30, 2024 | Additions/<br>Transfers In | Disposals/<br>Transfers Out | Balances<br>June 30, 2025 |
|-------------------------------------------------|---------------------------|----------------------------|-----------------------------|---------------------------|
| <b>Business-type Activities:</b>                |                           |                            |                             |                           |
| Non-depreciable assets:                         |                           |                            |                             |                           |
| Work in progress                                | \$ 158,768,350            | \$ 46,636,551              | \$ (27,660,428)             | \$ 177,744,473            |
| Land                                            | 18,824,524                |                            |                             | 18,824,524                |
| Total non-depreciable assets                    | 177,592,874               | 46,636,551                 | (27,660,428)                | 196,568,997               |
| Depreciable assets:                             |                           |                            |                             |                           |
| Buildings & improvements                        | 80,097,774                |                            |                             | 80,097,774                |
| Equipment; furniture                            | 23,255,389                | 987,409                    | (10,005,236)                | 14,237,562                |
| Vehicles                                        | 24,131,631                | 7,234,313                  | (3,248,838)                 | 28,117,106                |
| Surface water system                            | 124,472,100               | 3,067,120                  |                             | 127,539,220               |
| Water rights                                    | 12,889,809                |                            |                             | 12,889,809                |
| Water system                                    | 464,710,327               | 27,240,847                 | (13,665,243)                | 478,285,931               |
| Wastewater system                               | 446,174,324               | 17,100,387                 | (549,662)                   | 462,725,049               |
| Lease equipment; furniture                      | 12,868                    | -                          | -                           | 12,868                    |
| Total depreciable assets<br>at historical cost  | 1,175,744,222             | 55,630,076                 | (27,468,979)                | 1,203,905,319             |
| Less accum. depreciation:                       |                           |                            |                             |                           |
| Buildings & improvements                        | (38,970,272)              | (2,279,852)                |                             | (41,250,124)              |
| Equipment; furniture                            | (20,890,624)              | (524,107)                  | 10,005,236                  | (11,409,495)              |
| Vehicles                                        | (12,869,965)              | (2,213,518)                | 2,723,087                   | (12,360,396)              |
| Surface water system                            | (51,037,971)              | (3,069,523)                |                             | (54,107,494)              |
| Water rights*                                   | (4,382,594)               | (257,901)                  |                             | (4,640,495)               |
| Water system                                    | (214,667,719)             | (13,528,836)               | 13,665,243                  | (214,531,312)             |
| Wastewater system                               | (197,248,824)             | (11,945,635)               | 549,662                     | (208,644,797)             |
| Less accum. amortization:                       |                           |                            |                             | -                         |
| Lease assets                                    | (3,861)                   | (2,574)                    |                             | (6,435)                   |
| Total accumulated<br>Depreciation/amortization  | (540,071,830)             | (33,821,946)               | 26,943,228                  | (546,950,548)             |
| Total depreciable/amortizable<br>assets, net    | 635,672,392               | 21,808,130                 | (525,751)                   | 656,954,771               |
| Business-type activities<br>capital assets, net | \$ 813,265,266            | \$ 68,444,681              | \$ (28,186,179)             | \$ 853,523,768            |

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

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

| Governmental activities:                    |                      | Business-type activities:                   |                      |
|---------------------------------------------|----------------------|---------------------------------------------|----------------------|
| General government                          | \$ 5,528,068         | Water utility *                             | \$ 14,260,727        |
| Culture and recreation                      | 6,774,218            | Wastewater utility                          | 12,494,915           |
| Public safety                               | 6,224,954            | Storm drain utility                         | 3,121,487            |
| Development services                        | 111,761              | Stadium                                     | 2,175,645            |
| Highway and streets                         | 26,409,424           | Solid waste                                 | <u>1,769,172</u>     |
| Public works                                | 156,553              |                                             |                      |
| Human services                              | <u>177,745</u>       |                                             |                      |
| Total depreciation and amortization expense | <u>\$ 45,382,723</u> | Total depreciation and amortization expense | <u>\$ 33,821,946</u> |

\* Excludes amortization of goodwill of \$309,421.

## 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 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. Excise Tax/State Shared Revenue Obligations

Excise tax/state shared revenue obligations are issued for the construction, acquisition, and equipping of infrastructure, municipal facilities and other capital improvement projects. The obligations are backed by excise tax and state shared revenues that are not restricted by law or other regulation to be expended for other purposes.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**D. 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 obligation 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. In fiscal year 2021 the VCFD refunded the remaining 2016 refunding bonds through an issuance of \$20,855,000 in general obligation bonds. Additionally, as part of the issuance in fiscal year 2021, the VCFD issued \$1,870,000 in new general obligation bonds against the original \$100,000,000 authorization.

The City Council formed the Vistancia West Community Facilities District (VWCDF) in August 2014. In December 2014, the VWCDF was authorized through an election to issue up to \$9,000,000 of general obligation bonds to construct public infrastructure within the district. VWCDF issued taxable general obligation bonds of \$35,000 in fiscal year 2015 and tax-exempt general obligation bonds of \$3,000,000 in fiscal year 2017, and \$2,590,000 in fiscal year 2020.

The City Council formed the Vistancia North Community Facilities District (VNCDF) in June 2020. In October 2020, the VNCDF was authorized through an election to issue up to \$50,000,000 of general obligation bonds to construct public infrastructure within the district. VNCDF issued short-term taxable general obligation bonds of \$15,987 and \$18,950 in fiscal year 2022 and 2023, respectively. In fiscal year 2025, VNCDF issued tax-exempt general obligation bonds of \$5,080,000.

The City Council formed the Mystic at Lake Pleasant Heights Community Facilities District (MCFD) in June 2020. In October 2020, the MCFD was authorized through an election to issue up to \$65,000,000 of general obligation bonds to construct public infrastructure within the district. MCFD issued a short-term taxable general obligation bond of \$56,572 in fiscal year 2022 and tax exempt general obligation bonds of \$3,625,000 and \$1,730,000 in fiscal years 2023 and 2025 respectively.

The City Council formed the Saddleback Community Facilities Districts 1, 2, 4 and 5 (SCFD) in June 2025, SCFD 3 was created in August 2025. In September 2025, the SCFDs were authorized through an election to issue up to \$35,000,000, \$75,000,000, \$70,000,000, \$75,000,000, and \$45,000,000 of general obligation bonds in SCFD 1 through 5 respectively to construct public infrastructure within the districts.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**E. 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 \$35,190,000 in Revenue Refunding Bonds issued in 2020, \$28,955,000 in Revenue Refunding Bonds issued in 2022 and \$115,548,330 in Water Infrastructure Financing Authority loans issued between 2009-2024. 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, 2025, \$82,721,212 in bonds and loans remain outstanding to be repaid by future water and wastewater revenues. For the fiscal year ended June 30, 2025, the pledged revenues, net of operating expenses available for service of this debt were \$39,839,023. The debt principal and interest paid on this debt in fiscal year 2025 was \$12,709,535, net of amortized premium.

The City has pledged certain revenues to repay \$3,220,000 of Pledged Excise Tax 2018 Refunding Obligations and \$21,495,000 of Pledged Excise Tax 2022 Refunding Obligations. 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, 2025, \$445,000 of the Pledged Excise Tax 2018 Obligation and \$16,810,000 of the Pledged Excise Tax 2022 Obligations 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, 2025, the pledged revenues, net of operating expenses available to service this debt were \$248,923,264. The debt principal and interest paid on this debt in fiscal year 2025 was \$3,502,742.

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, 2025, \$3,415,000 of the Pledged Transportation 2018 obligations remained outstanding to be repaid by future revenues. For the fiscal year ended June 30, 2025, the pledged revenues, net of operating expenses available to service this debt were \$268,504,568. The debt principal and interest paid on this debt in fiscal year 2024 was \$3,503,665.

**F. Direct Purchase and Loan Obligations**

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.

In the event of default, the Lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Agreement or the Escrow Agreement or as a secured party in any or all of the Equipment or the Escrow Account or the Delivery Costs Account.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

**G. Tables**

The following schedule summarizes the City's long-term liability activity for the year ended June 30, 2025:

|                                                            | <b>Beginning<br/>Balance</b> | <b>Additions</b>     | <b>Reductions</b>    | <b>Ending<br/>Balance</b> | <b>Due Within<br/>One Year</b> |
|------------------------------------------------------------|------------------------------|----------------------|----------------------|---------------------------|--------------------------------|
| <b>Governmental activities:</b>                            |                              |                      |                      |                           |                                |
| Bonds payable:                                             |                              |                      |                      |                           |                                |
| General obligation bonds                                   | \$ 156,295,000               | \$ 87,055,000        | \$ 13,560,000        | \$ 229,790,000            | \$ 18,110,000                  |
| General obligation WIFA loans                              | 14,582,003                   | 1,458,789            | 967,862              | 15,072,930                | 985,152                        |
| Excise tax revenue obligations                             | 18,965,000                   | -                    | 2,155,000            | 16,810,000                | 2,260,000                      |
| Direct purchase and loan obligations                       | 11,799,618                   | -                    | 4,028,267            | 7,771,351                 | 4,088,633                      |
| CFD bonds                                                  | 18,835,000                   | 6,810,000            | 4,400,000            | 21,245,000                | 4,670,000                      |
| Total bonds payable                                        | 220,476,621                  | 95,323,789           | 25,111,129           | 290,689,281               | 30,113,785                     |
| Net pension and other<br>postemployment benefits liability | 133,834,409                  | 1,690,517            | 13,852,069           | 121,672,857               | -                              |
| Compensated absences*                                      | 20,245,635                   | 807,769              | -                    | 21,053,404                | 10,266,195                     |
| Claims payable                                             | 10,199,259                   | 24,580,035           | 24,934,198           | 9,845,096                 | 7,914,708                      |
| Leases payable                                             | 6,014,307                    | -                    | 629,173              | 5,385,134                 | 655,480                        |
| SBITA payable                                              | 4,003,815                    | 10,746,348           | 2,125,028            | 12,625,135                | 2,150,695                      |
| Deferred bond premium                                      | 14,900,577                   | 2,789,965            | 2,145,420            | 15,545,122                | -                              |
| Governmental activities totals                             | <u>\$409,674,623</u>         | <u>\$135,938,423</u> | <u>\$ 68,797,017</u> | <u>\$ 476,816,029</u>     | <u>\$ 51,100,863</u>           |
| <b>Business-type activities:</b>                           |                              |                      |                      |                           |                                |
| Bonds and loans payable:                                   |                              |                      |                      |                           |                                |
| Revenue bonds                                              | \$ 49,730,000                | \$ -                 | \$ 5,975,000         | \$ 43,755,000             | \$ 6,280,000                   |
| WIFA loans                                                 | 42,254,767                   | 1,224,546            | 4,513,100            | 38,966,213                | 3,384,245                      |
| Net pension and other<br>postemployment benefits liability | 15,996,199                   | 103,334              | -                    | 16,099,533                | -                              |
| Compensated absences*                                      | 2,156,318                    | 296,100              | -                    | 2,452,418                 | 1,199,661                      |
| Claims payable                                             | -                            | 482,756              | -                    | 482,756                   | 482,756                        |
| Leases payable                                             | 9,269                        | -                    | 2,521                | 6,748                     | 2,620                          |
| Deferred bond premium                                      | 4,962,634                    | -                    | 757,957              | 4,204,677                 | -                              |
| Business-type activities totals                            | <u>\$115,109,187</u>         | <u>\$ 2,106,736</u>  | <u>\$ 11,248,578</u> | <u>\$ 105,967,345</u>     | <u>\$ 11,349,282</u>           |

\* Additions and Reductions of compensated absences presented as net change in the liability

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Bonds and loans payable at June 30, 2025 are comprised of the following:

| <b><u>Governmental Activities Debt</u></b>                |                              |                                 |                            |                                         |
|-----------------------------------------------------------|------------------------------|---------------------------------|----------------------------|-----------------------------------------|
| <b><u>General Obligation Bonds</u></b>                    | <b><u>Maturity Dates</u></b> | <b><u>Net Interest Rate</u></b> | <b><u>Issue Amount</u></b> | <b><u>Outstanding June 30, 2025</u></b> |
| Series 2012A                                              | 7/1/12-32                    | 3.32                            | \$ 14,715,000              | \$ 6,815,000                            |
| Series 2015A                                              | 7/15/16-35                   | 2.98                            | 30,325,000                 | 19,415,000                              |
| Series 2015B                                              | 7/15/16-28                   | 2.29                            | 66,425,000                 | 21,465,000                              |
| Series 2019                                               | 7/15/19-39                   | 2.65                            | 30,420,000                 | 23,140,000                              |
| Series 2021                                               | 7/15/22-41                   | 1.72                            | 55,880,000                 | 50,190,000                              |
| Series 2022                                               | 7/15/23-42                   | 3.99                            | 23,810,000                 | 21,710,000                              |
| Series 2025                                               | 7/15/25-50                   | 4.39                            | 87,055,000                 | 87,055,000                              |
| Total General Obligation Bonds                            |                              |                                 | <u>\$ 308,630,000</u>      | <u>\$ 229,790,000</u>                   |
| <b><u>WIFA General Obligation Loans</u></b>               |                              |                                 |                            |                                         |
| WIFA Series 2019                                          | 7/1/20-39                    | 1.6                             | \$ 6,288,130               | \$ 4,119,269                            |
| WIFA Series 2021                                          | 7/1/22-41                    | 1.85                            | 14,094,155                 | 10,953,661                              |
| Total WIFA General Obligations                            |                              |                                 | <u>\$ 20,382,285</u>       | <u>\$ 15,072,930</u>                    |
| <b><u>Excise Tax/State Shared Revenue Obligations</u></b> |                              |                                 |                            |                                         |
| Series 2022                                               | 7/15/22-32                   | 2.73                            | \$ 21,495,000              | \$ 16,810,000                           |
| Total Direct Purchase and Loan Obligations                |                              |                                 | <u>\$ 21,495,000</u>       | <u>\$ 16,810,000</u>                    |
| <b><u>Direct Purchase and Loan Obligations</u></b>        |                              |                                 |                            |                                         |
| Taxable NCREBs                                            | 9/1/1937                     | 4.23                            | \$ 5,199,304               | \$ 3,911,351                            |
| Pledged Excise 2018                                       | 7/15/2025                    | 2.01                            | 3,220,000                  | 445,000                                 |
| Pledged Transportation 2018                               | 1/15/2026                    | 1.97                            | 25,755,000                 | 3,415,000                               |
| Total Direct Purchase and Loan Obligations                |                              |                                 | <u>\$ 34,174,304</u>       | <u>\$ 7,771,351</u>                     |
| <b><u>Community Facility District Bonds</u></b>           |                              |                                 |                            |                                         |
| VCFD – Series 2020                                        | 7/15/21-26                   | 0.87                            | \$ 22,725,000              | \$ 8,080,000                            |
| VWCFD – Series 2016                                       | 7/15/18-29                   | 4.15                            | 3,000,000                  | 1,455,000                               |
| VWCFD – Series 2019                                       | 7/15/20-29                   | 4.00                            | 2,590,000                  | 1,440,000                               |
| VNCFD - Series 2024                                       | 7/15/25-49                   | 4.93                            | 5,080,000                  | 5,080,000                               |
| MCFD – Series 2023                                        | 7/15/23-47                   | 4.36                            | 3,625,000                  | 3,460,000                               |
| MCFD – Series 2025                                        | 7/15/25-47                   | 4.95                            | 1,730,000                  | 1,730,000                               |
| Total Community Facility District Bonds                   |                              |                                 | <u>\$ 38,750,000</u>       | <u>\$ 21,245,000</u>                    |

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

**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, 2025</u> |
|----------------------|-----------------------|--------------------------|----------------------|----------------------------------|
| WWW Series 2020      | 7/15/21-29            | 0.53                     | \$ 35,190,000        | \$ 16,475,000                    |
| WWW Series 2022      | 7/15/23-42            | 3.78                     | 28,955,000           | 27,280,000                       |
| Total Revenue Bonds  |                       |                          | <u>\$ 64,145,000</u> | <u>\$ 43,755,000</u>             |

**WIFA Loans**

|                  |            |      |                      |                      |
|------------------|------------|------|----------------------|----------------------|
| WIFA Series 2009 | 7/1/10-29  | 3.27 | \$ 4,371,597         | \$ 1,250,023         |
| WIFA Series 2015 | 7/15/16-35 | 2.40 | 14,000,000           | 8,510,547            |
| WIFA Series 2017 | 7/15/18-36 | 2.65 | 45,525,775           | 29,205,643           |
| WIFA Series 2023 | 9/15/23-43 | 3.34 | 35,075,000           | -                    |
| Total WIFA loans |            |      | <u>\$ 98,972,372</u> | <u>\$ 38,966,213</u> |

The following table discloses the bond debt service requirements as of June 30, 2025, segregating principal and interest, for the next five years and in five-year increments thereafter.

| Fiscal year | Governmental Activities*           |                       |                                                    |                     | Business-type Activities* |                      |
|-------------|------------------------------------|-----------------------|----------------------------------------------------|---------------------|---------------------------|----------------------|
|             | Bonds and General Obligation Loans |                       | Notes from Direct Borrowings and Direct Placements |                     | Principal                 | Interest             |
|             | Principal                          | Interest              | Principal                                          | Interest            |                           |                      |
| 2026        | \$ 26,025,152                      | \$ 9,185,769          | \$ 4,088,633                                       | \$ 234,789          | \$ 11,454,523             | \$ 4,331,591         |
| 2027        | 23,067,753                         | 9,553,083             | 239,328                                            | 153,258             | 11,935,997                | 3,860,022            |
| 2028        | 15,105,669                         | 8,835,123             | 250,360                                            | 143,018             | 10,442,017                | 3,455,739            |
| 2029        | 15,733,907                         | 8,218,197             | 261,738                                            | 132,308             | 7,930,965                 | 3,154,247            |
| 2030        | 13,537,471                         | 7,622,137             | 273,473                                            | 121,113             | 7,373,901                 | 2,892,984            |
| 2031-2035   | 65,942,685                         | 29,864,927            | 1,556,554                                          | 419,574             | 36,800,166                | 10,956,684           |
| 2036-2040   | 58,459,358                         | 18,938,149            | 1,101,265                                          | 78,811              | 29,036,348                | 5,324,631            |
| 2041-2045   | 36,310,809                         | 10,227,198            | -                                                  | -                   | 18,178,633                | 1,166,590            |
| 2046-2050   | 26,875,000                         | 4,322,451             | -                                                  | -                   | -                         | -                    |
| 2051        | 5,530,000                          | 124,425               | -                                                  | -                   | -                         | -                    |
| Totals      | <u>\$ 286,587,804</u>              | <u>\$ 106,891,459</u> | <u>\$ 7,771,351</u>                                | <u>\$ 1,282,871</u> | <u>\$ 133,152,550</u>     | <u>\$ 35,142,488</u> |

\*Includes required principal and estimated interest payments for approved WIFA loans that have not fully drawn as of 6/30/25, the principal payments are contractual and the loans are expected to draw in FY2026.

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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**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 general liability with a \$1,000,000 self-insured retention (SIR) and a \$4,000,000 general aggregate. The City purchases layers of excess coverage above the underlying policy limits. The City is self-insured for auto physical damage (collision and comp) on all city vehicles valued at under \$100,000. The vehicles valued over \$100,000 are insured for physical damage with a \$25,000 deductible. All city autos have the \$1,000,000 liability SIR. City property is insured through commercial insurance coverage with a \$50,000 deductible. The City has and obtains other specialized policies as needed, in addition to the yearly insurance procurement process and package of coverages and policies.

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 \$2,250,000 per claim for both public safety employees and for all other employees up to an aggregate stop loss of \$5,000,000 for fiscal year 2025. 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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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 \$9,845,096 reported in the Self-Insurance Fund at June 30, 2025, 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 \$1,789,685 for liability/property claims, \$6,128,761 for workers' compensation claims and \$1,926,650 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 2024:

|                  | Beginning of<br>Fiscal Year<br>Liability | Current Year Claims<br>and Changes in<br>Estimates | Claims Payments        | Balance at Fiscal<br>Year-end |
|------------------|------------------------------------------|----------------------------------------------------|------------------------|-------------------------------|
| Risk management  | \$ 1,206,273                             | \$ 2,444,882                                       | \$ (1,306,586)         | \$ 2,344,569                  |
| Workers' comp    | 6,248,614                                | 1,073,033                                          | (1,331,491)            | 5,990,156                     |
| Health insurance | 1,687,988                                | 20,252,586                                         | (20,076,040)           | 1,864,534                     |
|                  | <u>\$ 9,142,875</u>                      | <u>\$ 23,770,501</u>                               | <u>\$ (22,714,117)</u> | <u>\$ 10,199,259</u>          |

Fiscal Year 2025:

|                  | Beginning of<br>Fiscal Year<br>Liability | Current Year Claims<br>and Changes in<br>Estimates | Claims Payments        | Balance at Fiscal<br>Year-end |
|------------------|------------------------------------------|----------------------------------------------------|------------------------|-------------------------------|
| Risk management  | \$ 2,344,569                             | \$ 1,385,213                                       | \$ (1,940,097)         | \$ 1,789,685                  |
| Workers' comp    | 5,990,156                                | 1,196,811                                          | (1,058,206)            | 6,128,761                     |
| Health insurance | 1,864,534                                | 21,998,011                                         | (21,935,895)           | 1,926,650                     |
|                  | <u>\$ 10,199,259</u>                     | <u>\$ 24,580,035</u>                               | <u>\$ (24,934,198)</u> | <u>\$ 9,845,096</u>           |

**9. LEASES**

**A. City as Lessee**

The City has entered into lease agreements for trash compactors and body cameras. Lease terms were five to ten years. The City also entered into a sublease agreement for the right to use hanger space with a lease term of ten years. The lease assets are presented in the Government-wide financial statements and listed separately in Note 6.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The total amount of lease assets and the related accumulated amortization are as follows:

|                                            | Governmental<br>Activities | Business-type<br>Activities |
|--------------------------------------------|----------------------------|-----------------------------|
| Total intangible right-to-use lease assets | \$ 6,689,128               | \$ 12,868                   |
| Less: accumulated amortization             | (1,369,874)                | (6,435)                     |
| Carrying Value                             | <u>\$ 5,319,254</u>        | <u>\$ 6,433</u>             |

The following schedule details minimum lease payments to maturity for the County's leases payable at June 30, 2025:

| Fiscal year | Governmental Activities |                   | Business-type Activities* |               |
|-------------|-------------------------|-------------------|---------------------------|---------------|
|             | Principal               | Interest          | Principal                 | Interest      |
| 2026        | \$ 655,480              | \$ 164,797        | \$ 2,620                  | \$ 218        |
| 2027        | 679,590                 | 144,564           | 2,725                     | 113           |
| 2028        | 704,627                 | 123,597           | 1,403                     | 16            |
| 2029        | 732,356                 | 101,816           | -                         | -             |
| 2030        | 761,150                 | 79,177            | -                         | -             |
| 2031-2035   | 1,851,931               | 92,866            | -                         | -             |
| Totals      | <u>\$ 5,385,134</u>     | <u>\$ 706,817</u> | <u>\$ 6,748</u>           | <u>\$ 347</u> |

**B. City as Lessor**

In 2005, the City leased property and two office buildings in the P83 district. The original lease term, including available extensions, is 75 years. The lease payments are fixed and increase 2.5% per year. The implied interest rate on the lease is 3.81% which resulted in \$312,824 of interest earnings in fiscal year 2025. Lease payments totaled \$210,100 resulting in an interest receivable of \$102,724.

In 2011 the City leased property to a sports medicine and training facility at the Peoria Sports Complex. The original lease term, including available extensions, is 70 years. The lease payments are fixed and increase 10% every five years. The implied interest rate on the lease is 3.02% which resulted in \$77,120 of interest earnings in fiscal year 2025. Lease payments totaled \$61,831 resulting in an interest receivable of \$15,289.

In 2018, the City leased property for a cell tower at Fire Station #4. The original lease term, including available extensions, is 25 years. The lease payments are fixed and increase 4% per year. The implied interest rate on the lease is 2.49%. In fiscal year 2025, the City recognized \$22,590 in payments against the receivable and \$17,376 of interest earnings.

In 2021, the City leased property for a cell tower at Peoria Sports Complex. The original lease term, including available extensions, is 30 years. The lease payment has two components, an annual base rate that is fixed for the term of the lease, and a sub-lease fee that is fixed at a per sub-lessee rate. If the number of sub-lessees changes, the lease payment will change. All calculations are based on the current number of sub-lessees. The implied interest rate on the lease is 2.47% and 2.47-4.40% on the sub-lessees. In fiscal year 2025 the City recognized \$29,052 in payments against the receivable and \$25,063 of interest earnings.

In 2025, the City leased property for Western Maricopa Education Center Career and Technical District. The original lease term, including available extensions, is 10 years. The lease payments are fixed for the first three years and increase 2.5% every year for the remainder of the lease term. The implied interest rate on the lease is 4.40% which resulted in \$38,026 of interest earnings and an interest receivable of \$38,026. There were no lease payments made in fiscal year 2025.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The City has entered into various subscription-based information technology arrangements (SBITA) to provide software solutions. The SBITA terms range from two to thirteen years including options to extend that are reasonably certain to be exercised.

The City had contractual commitments related to subscription-based information technology arrangements for which the subscription term had not yet commenced at June 30, 2025, for Workday, Inc. At June 30, 2025, the City had made payments of \$481,278 to Workday, Inc. and had remaining contractual commitments with Workday, Inc. of \$12,142,786, including the subscription liabilities that will be recognized at the commencement of the subscription terms. SBITA assets are presented in the Government-wide financial statements and listed separately in Note 6.

The total amount of subscription assets and the related accumulated amortization are as follows:

|                                                   | Governmental<br>Activities |
|---------------------------------------------------|----------------------------|
| Total intangible right-to-use subscription assets | \$ 20,627,612              |
| Less: accumulated amortization                    | (3,854,454)                |
| Carrying Value                                    | <u>\$ 16,773,158</u>       |

The following schedule details minimum subscription payments to maturity for the County's subscriptions liability at June 30, 2025:

|             | Governmental Activities |                     |
|-------------|-------------------------|---------------------|
| Fiscal year | Principal               | Interest            |
| 2026        | \$ 2,150,695            | \$ 542,427          |
| 2027        | 1,646,046               | 443,542             |
| 2028        | 1,205,798               | 379,760             |
| 2029        | 629,197                 | 335,142             |
| 2030        | 655,819                 | 307,710             |
| 2031-2035   | 4,091,437               | 1,061,672           |
| 2036-2040   | 2,246,143               | 150,739             |
| Totals      | <u>\$ 12,625,135</u>    | <u>\$ 3,220,992</u> |

**11. 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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

A summary of pension and other postemployment benefit related items as of and for the year ended June 30, 2025, is presented below:

| Plan                     | Net Pension and Other<br>Postemployment<br>Benefits Liability | Other<br>Postemployment<br>Benefits Asset | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources | Pension and Other<br>Postemployment<br>Expense |
|--------------------------|---------------------------------------------------------------|-------------------------------------------|-----------------------------------|----------------------------------|------------------------------------------------|
| ASRS                     |                                                               |                                           |                                   |                                  |                                                |
| Governmental Activities  | \$ 67,341,255                                                 | \$ 2,595,200                              | \$ 12,852,983                     | \$ 5,656,285                     | \$ 6,235,317                                   |
| Business-Type Activities | 16,099,533                                                    | 620,443                                   | 3,072,815                         | 1,352,270                        | 1,221,339                                      |
| PSPRS                    |                                                               |                                           |                                   |                                  |                                                |
| Governmental Activities  | 54,331,602                                                    | 1,578,189                                 | 39,397,780                        | 5,934,651                        | 12,790,693                                     |
|                          | <u>\$ 137,772,390</u>                                         | <u>\$ 4,793,832</u>                       | <u>\$ 55,323,578</u>              | <u>\$ 12,943,206</u>             | <u>\$ 20,247,349</u>                           |

The City of Peoria reported \$29,609,468 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 is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at [www.azasrs.gov](http://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<br>Initial Membership Date:                                                      |                                                                                                   |
|------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|                                                            | Before July 1, 2011                                                                         | On or After July 1, 2011                                                                          |
| Years of service and age<br>required to receive<br>benefit | Sum of years and age equals 80<br>10 years, age 62<br>5 years, age 50*<br>Any years, age 65 | 30 years, age 55<br>25 years, age 60<br>10 years, age 62<br>5 years, age 50*<br>Any years, age 65 |
| Final average salary is<br>based on                        | Highest consecutive 36 months of<br>last<br>120 months                                      | Highest consecutive 60 months of<br>last<br>120 months                                            |
| Benefit percent per year<br>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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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 12.27 percent (12.12 percent for retirement & health insurance benefits and 0.15 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 12.27 percent (12.05 percent for retirement, 0.07 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the members' annual covered payroll. These percentages led to City's contributions for the year ended June 30, 2025 of \$9,089,084, \$52,800, and \$113,143 to the pension, health insurance premium benefit, and long-term disability plans, respectively.

In addition, the City of Peoria was required by statute to contribute at the actuarially determined rate of 10.19 percent (10.14 percent for retirement, 0.00 percent for health insurance premium benefit, and 0.05 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.

**Liability.** The net asset and net liabilities were measured as of June 30, 2024. 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, 2023, to the measurement date of June 30, 2024. The City's proportion of the net assets or net liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024, and the change from its proportion measured as of June 30, 2023.

At June 30, 2025, the City of Peoria reported the following asset and liabilities for its proportionate share of the ASRS' net/pension/OPEB asset or liability. In addition, the City's proportion for each plan measured as of June 30, 2024, and the change from its proportion measured as of June 30, 2023 was:

| ASRS                             | Net pension/OPEB<br>(asset) liability | Proportion<br>June 30, 2024<br>% | Increase<br>(decrease) from<br>June 30, 2023 |
|----------------------------------|---------------------------------------|----------------------------------|----------------------------------------------|
| Pension                          | \$ 83,427,048                         | 0.52137                          | 0.017                                        |
| Health insurance premium benefit | (3,215,643)                           | 0.53219                          | 0.019                                        |
| Long-term disability             | 13,740                                | 0.52707                          | 0.019                                        |

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

**Pension/OPEB Expense and Deferred Outflows/Inflows of Resources.** For the year ended June 30, 2025, the City of Peoria recognized the following pension and OPEB expense for ASRS.

| ASRS                             | Pension/OPEB expense |
|----------------------------------|----------------------|
| Pension                          | \$ 7,861,075         |
| Health insurance premium benefit | (464,273)            |
| Long-term disability             | 59,854               |

**Deferred outflows/inflows of resources.** At June 30, 2025, 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                                                        | \$ 4,656,820                   | \$ -                          | \$ 93,056                        | \$ 776,452                    | \$ 50,520                      | \$ 36,590                     |
| Changes of assumptions or other inputs                                                                    | -                              | -                             | -                                | 33,355                        | 9,942                          | 82,254                        |
| Difference between projected and actual earnings on plan investments                                      | -                              | 5,327,730                     | -                                | 221,045                       | -                              | 15,007                        |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 1,839,432                      | 455,273                       | 16,814                           | 50,595                        | 4,185                          | 10,255                        |
| City contributions subsequent to the measurement date                                                     | 9,089,084                      | -                             | 52,800                           | -                             | 113,143                        | -                             |
| <b>Total</b>                                                                                              | <b>\$ 15,585,336</b>           | <b>\$ 5,783,003</b>           | <b>\$ 162,670</b>                | <b>\$ 1,081,447</b>           | <b>\$ 177,790</b>              | <b>\$ 144,106</b>             |

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, 2026. 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 |
|---------------------|----------------|----------------------------------|----------------------|
| 2026                | \$ (1,912,775) | \$ (602,174)                     | \$ (26,042)          |
| 2027                | 4,952,349      | (142,729)                        | (4,258)              |
| 2028                | (1,348,624)    | (141,452)                        | (23,732)             |
| 2029                | (977,701)      | (69,651)                         | (21,970)             |
| 2030                | -              | (15,571)                         | (9,003)              |
| Thereafter          | -              | -                                | 5,546                |

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

|                             |                                                                       |
|-----------------------------|-----------------------------------------------------------------------|
| Actuarial valuation date    | June 30, 2023                                                         |
| Actuarial roll forward date | June 30, 2024                                                         |
| Actuarial cost method       | Entry Age Normal                                                      |
| Investment rate of return   | 7.0%                                                                  |
| Projected salary increases  | 2.9 - 8.4% for pensions/not applicable to OPEB                        |
| Inflation                   | 2.3%                                                                  |
| Permanent benefit increase  | Included for pensions/not applicable for OPEB                         |
| Mortality rates             | 2017 SRA Scale U-MP for pensions and health insurance premium benefit |
| Recovery rates              | 2012 GLDT for long-term disability                                    |
| Healthcare cost trend rate  | Not applicable                                                        |

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 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, excluding any expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class of ASRS are summarized in the following table:

| Asset Class               | Target Allocation | Long-Term expected geometric real rate of return |
|---------------------------|-------------------|--------------------------------------------------|
| Public equity             | 44%               | 4.48%                                            |
| Credit                    | 23%               | 4.40%                                            |
| Real estate               | 17%               | 6.05%                                            |
| Private equity            | 10%               | 6.11%                                            |
| Interest rate sensitivity | 6%                | -0.45%                                           |
| Total                     | 100%              |                                                  |

**Discount Rate.** The discount rate used to measure the ASRS total pension/OPEB liability was 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 table presents the City of Peoria's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0 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:

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                 | 1% Decrease<br>(6.0%) | Current<br>Discount Rate<br>(7.0%) | 1% Increase<br>(8.0%) |
|-------------------------------------------------|-----------------------|------------------------------------|-----------------------|
| Net pension liability                           | \$ 127,743,872        | \$ 83,427,048                      | \$ 46,492,847         |
| Net insurance premium benefit liability (asset) | (2,337,751)           | (3,215,643)                        | (3,962,027)           |
| Net long-term disability liability              | 47,273                | 13,740                             | (19,249)              |

**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](http://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.

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](http://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.

|                                                      | Initial Membership Date:                                                                                                                                   |                                                             |                                                |
|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------|
|                                                      | Before January 1, 2012                                                                                                                                     | On or After January 1, 2012 and before July 1, 2017         | On or after July 1, 2017                       |
| Years of service and age required to receive benefit | 20 years of service and any age or 15 years of service and age 62                                                                                          | 15 years of service and age 52.5                            | 15 years of service and age 55                 |
| Final average salary is based on                     | Highest 36 consecutive months of last 20 years                                                                                                             | Highest 60 consecutive months of last 20 years              | Highest 60 consecutive months of last 15 years |
| Benefit percent                                      |                                                                                                                                                            |                                                             |                                                |
| Normal retirement                                    | 50% less 4.0% 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                                                                                                             |                                                             |                                                |
| Catastrophic disability retirement                   | 90% for the first 60 months reduced to either 62.5% 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    |                                                             |                                                |

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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Retirement benefits for employees who became a member on or after July 1, 2017, (Tier 3 members) are contingent upon which retirement plan is chosen by a member. This group of members has an irrevocable choice of enrolling in either the defined benefit plan (police employees) or a hybrid plan, which has elements of both a defined benefit and defined contribution plan (fire employees), or a defined contribution plan in lieu of the respective choices listed above (both police and fire employees). If enrolling in the defined benefit plan or hybrid plan, benefits (defined benefit portion only for the hybrid plan) commence the first day of the month following termination of employment and are based upon the following:

- Age 55 with 15 or more years of credited service: average monthly benefit compensation times a multiplier that varies by years of service, from 1.5 percent to 2.5 percent per year of service, times the number of years of service - up to a maximum of 80 percent of the average monthly benefit compensation.
- An individual who became a member on or after July 1, 2017, and reaches age 52.5 with at least 15 years of credited service may take an early retirement; however, the amount of his or her retirement benefit is actuarially reduced.

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 \$100 per month to \$260 per month depending on the age of the member and dependents.

**Employees Covered by Benefit Terms.** At June 30, 2025, 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 | 120            | 120    | 68           | 68     |
| Inactive employees entitled to but not yet receiving benefits    | 47             | 25     | 16           | 12     |
| Active employees                                                 | 109            | 109    | 128          | 128    |
| Total                                                            | 276            | 254    | 212          | 208    |

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**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 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, 2025, are indicated below. Rates are a percentage of active members' annual covered payroll.

|                          | <b>PSPRS -<br/>Police</b> | <b>PSPRS -<br/>Fire</b> |
|--------------------------|---------------------------|-------------------------|
| Active members - pension | 7.65%                     | 7.65%                   |
| City of Peoria           |                           |                         |
| Pension                  | 34.37%                    | 30.81%                  |
| Health Insurance         | 0.22%                     | 0.22%                   |

In addition, the City of Peoria was required by statute to contribute at the actuarially determined rate of 19.53 percent for the PSPRS Police, and 13.29 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 June 30, 2025 were:

|                                   | <b>PSPRS - Police</b> | <b>PSPRS - Fire</b> |
|-----------------------------------|-----------------------|---------------------|
| Pension:                          |                       |                     |
| Contributions made                | \$ 13,526,042         | \$ 8,531,811        |
| Health insurance premium benefit: |                       |                     |
| Contributions made                | 56,035                | 26,270              |

**Asset and Liability.** At June 30, 2025, the City of Peoria reported the following assets and liabilities.

|                | <b>Net pension-<br/>liability</b> | <b>Net OPEB<br/>asset</b> |
|----------------|-----------------------------------|---------------------------|
| PSPRS - Police | \$ 30,608,004                     | \$ (679,465)              |
| PSPRS - Fire   | 23,723,598                        | (898,724)                 |

The net assets and net liabilities were measured as of June 30, 2024, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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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, 2024                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Measurement Date                   | June 30, 2024                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Actuarial Cost Method              | Entry Age Normal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Inflation                          | 2.50% for pensions/not applicable for OPEB                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Salary Increases                   | 3.25%-15.00%, including inflation, for pensions/not applicable for OPEB                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Tier 1/2 Investment Rate of Return | 7.20%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Tier 3 Investment Rate of Return   | 7.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Mortality Rates                    | <p>Active Lives: PubS-2010 Employee mortality, adjusted by a factor of 1.03 for male members and 1.08 for female members, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021). 100% of active deaths are assumed to be in the line of duty.</p> <p>Inactive Lives: PubS-2010 Healthy Retiree mortality, adjusted by a factor of 1.03 for male retirees and 1.11 for female retirees, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021)</p> <p>Beneficiaries: PubS-2010 Survivor mortality, adjusted by a factor of 0.98 for male beneficiaries and adjusted by a factor of 1.06 for female beneficiaries, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021).</p> <p>Disabled Lives: PubS-2010 Disabled mortality, adjusted by a factor of 1.08 for male disabled members and 1.01 for female disabled members, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021)</p> |

Actuarial assumptions used in the June 30, 2024 valuation were based on the results of the 2022 experience study.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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The long-term expected rate of return on PSPRS plan investments was determined to be 7.20 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<br>Allocation | Long-Term<br>Expected<br>Geometric Real<br>Rate of Return* |
|-----------------------------|----------------------|------------------------------------------------------------|
| U.S. Public Equity          | 24%                  | 3.62%                                                      |
| International Public Equity | 16%                  | 4.47%                                                      |
| Global Private Equity       | 27%                  | 7.05%                                                      |
| Core Bonds                  | 6%                   | 2.44%                                                      |
| Private Credit              | 20%                  | 6.24%                                                      |
| Diversifying Strategies     | 5%                   | 3.15%                                                      |
| Cash - Mellon               | 2%                   | 0.89%                                                      |
| Total                       | <u>100%</u>          |                                                            |

**Discount Rates.** At June 30 2024, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.20 percent, which was the same as the discount rate used as of June 30, 2023. 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, 2025

**Changes in the Net Pension/OPEB Liability**

|                                                                                           | Pension<br>Increase (decrease) |                                |                          | Health insurance premium benefit<br>Increase (decrease) |                                   |                    |
|-------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------|---------------------------------------------------------|-----------------------------------|--------------------|
|                                                                                           | Total Pension<br>Liability     | Plan Fiduciary<br>Net Position | Net Pension<br>Liability | Total OPEB<br>Liability                                 | Plan<br>Fiduciary Net<br>Position | Net OPEB<br>Asset  |
| <b>PSPRS - POLICE</b>                                                                     |                                |                                |                          |                                                         |                                   |                    |
| Balances at June 30, 2023                                                                 | \$182,056,123                  | \$143,011,535                  | \$39,044,588             | \$2,159,357                                             | \$ 2,691,673                      | \$(532,316)        |
| Changes for the year:                                                                     |                                |                                |                          |                                                         |                                   |                    |
| Service cost                                                                              | 3,126,970                      | -                              | 3,126,970                | 51,444                                                  | -                                 | 51,444             |
| Interest on the total liability                                                           | 13,046,914                     | -                              | 13,046,914               | 156,169                                                 | -                                 | 156,169            |
| Differences between expected and actual<br>experience in the measurement of the liability | 4,826,289                      | -                              | 4,826,289                | (38,274)                                                | -                                 | (38,274)           |
| Changes of assumptions or other inputs                                                    | -                              | -                              | -                        | -                                                       | -                                 | -                  |
| Contributions – employer                                                                  | -                              | 12,915,087                     | (12,915,087)             | -                                                       | 49,451                            | (49,451)           |
| Contributions – employee                                                                  | -                              | 1,171,088                      | (1,171,088)              | -                                                       | -                                 | -                  |
| Net investment income                                                                     | -                              | 15,428,021                     | (15,428,021)             | -                                                       | 268,241                           | (268,241)          |
| Benefit payments, including refunds of<br>employee contributions                          | (7,951,904)                    | (7,951,904)                    | -                        | (83,586)                                                | (83,586)                          | -                  |
| Administrative expense                                                                    | -                              | (77,439)                       | 77,439                   | -                                                       | (1,204)                           | 1,204              |
| Net changes                                                                               | 13,048,269                     | 21,484,853                     | (8,436,584)              | 85,753                                                  | 232,902                           | (147,149)          |
| Balances at June 30, 2024                                                                 | <u>\$195,104,392</u>           | <u>\$164,496,388</u>           | <u>\$30,608,004</u>      | <u>\$2,245,110</u>                                      | <u>\$ 2,924,575</u>               | <u>\$(679,465)</u> |

|                                                                                           | Pension<br>Increase (decrease) |                                |                          | Health insurance premium benefit<br>Increase (decrease) |                                   |                    |
|-------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------|---------------------------------------------------------|-----------------------------------|--------------------|
|                                                                                           | Total Pension<br>Liability     | Plan Fiduciary<br>Net Position | Net Pension<br>Liability | Total OPEB<br>Liability                                 | Plan<br>Fiduciary Net<br>Position | Net OPEB<br>Asset  |
| <b>PSPRS - FIRE</b>                                                                       |                                |                                |                          |                                                         |                                   |                    |
| Balances at June 30, 2023                                                                 | \$152,332,501                  | \$123,193,418                  | \$29,139,083             | \$1,717,500                                             | \$ 2,356,250                      | \$(638,750)        |
| Changes for the year:                                                                     |                                |                                |                          |                                                         |                                   |                    |
| Service cost                                                                              | 4,096,105                      | -                              | 4,096,105                | 56,958                                                  | -                                 | 56,958             |
| Interest on the total liability                                                           | 11,029,311                     | -                              | 11,029,311               | 125,837                                                 | -                                 | 125,837            |
| Differences between expected and actual<br>experience in the measurement of the liability | 3,188,467                      | -                              | 3,188,467                | (157,953)                                               | -                                 | (157,953)          |
| Changes of assumptions or other inputs                                                    | -                              | -                              | -                        | -                                                       | -                                 | -                  |
| Contributions – employer                                                                  | -                              | 9,453,346                      | (9,453,346)              | -                                                       | 50,741                            | (50,741)           |
| Contributions – employee                                                                  | -                              | 1,193,841                      | (1,193,841)              | -                                                       | -                                 | -                  |
| Net investment income                                                                     | -                              | 13,143,341                     | (13,143,341)             | -                                                       | 235,052                           | (235,052)          |
| Benefit payments, including refunds of<br>employee contributions                          | (6,487,460)                    | (6,487,460)                    | -                        | (53,457)                                                | (53,457)                          | -                  |
| Administrative expense                                                                    | -                              | (61,160)                       | 61,160                   | -                                                       | (977)                             | 977                |
| Tiers 1 & 2 Adjustment                                                                    | -                              | -                              | -                        | -                                                       | -                                 | -                  |
| Net changes                                                                               | 11,826,423                     | 17,241,908                     | (5,415,485)              | (28,615)                                                | 231,359                           | (259,974)          |
| Balances at June 30, 2024                                                                 | <u>\$164,158,924</u>           | <u>\$140,435,326</u>           | <u>\$23,723,598</u>      | <u>\$1,688,885</u>                                      | <u>\$ 2,587,609</u>               | <u>\$(898,724)</u> |

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**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:

|                               | 1% Decrease   | Current Discount<br>Rate | 1% Increase  |
|-------------------------------|---------------|--------------------------|--------------|
| <b>PSPRS – Police</b>         |               |                          |              |
| Rate                          | 6.20%         | 7.20%                    | 8.20%        |
| Net pension (asset) liability | \$ 58,203,221 | \$ 30,608,004            | \$ 8,192,281 |
| Net OPEB (asset) liability    | (418,782)     | (679,465)                | (898,529)    |
| <b>PSPRS – Fire</b>           |               |                          |              |
| Rate                          | 6.20%         | 7.20%                    | 8.20%        |
| Net pension (asset) liability | \$ 48,151,969 | \$ 23,723,598            | \$ 3,852,629 |
| Net OPEB (asset) liability    | (696,094)     | (898,724)                | (1,069,469)  |

**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](http://www.psprs.com).

**Expense.** For the year ended June 30, 2025, the City of Peoria recognized the following pension and OPEB expense:

|                                 | Pension<br>Expense | OPEB Expense |
|---------------------------------|--------------------|--------------|
| PSPRS – Governmental activities | \$ 13,043,807      | \$ (253,114) |

**Deferred Outflows/Inflows of Resources.** At June 30, 2024, the City of Peoria reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                                          | Pension                        |                               | Health Insurance Benefit Premium |                               |
|--------------------------------------------------------------------------|--------------------------------|-------------------------------|----------------------------------|-------------------------------|
|                                                                          | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources   | Deferred Inflows of Resources |
| <b>PSPRS – Police</b>                                                    |                                |                               |                                  |                               |
| Differences between expected and actual experience                       | \$ 6,127,653                   | \$ 21,839                     | \$ 10,176                        | \$ 311,544                    |
| Changes of assumptions or other inputs                                   | 1,118,464                      | -                             | 27,909                           | -                             |
| Net difference between projected and actual earnings on plan investments | -                              | 2,467,401                     | -                                | 31,525                        |
| Contributions subsequent to the measurement date                         | 13,526,042                     | -                             | 56,035                           | -                             |
| Total                                                                    | <u>\$ 20,772,159</u>           | <u>\$ 2,489,240</u>           | <u>\$ 94,120</u>                 | <u>\$ 343,069</u>             |

|                                                                          | Pension                        |                               | Health Insurance Benefit Premium |                               |
|--------------------------------------------------------------------------|--------------------------------|-------------------------------|----------------------------------|-------------------------------|
|                                                                          | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources   | Deferred Inflows of Resources |
| <b>PSPRS – Fire</b>                                                      |                                |                               |                                  |                               |
| Differences between expected and actual experience                       | \$ 8,024,051                   | \$ 411,322                    | \$ 25,030                        | \$ 562,409                    |
| Changes of assumptions or other inputs                                   | 1,910,910                      | -                             | 15,429                           | 18,370                        |
| Net difference between projected and actual earnings on plan investments | -                              | 2,083,754                     | -                                | 26,487                        |
| Contributions subsequent to the measurement date                         | 8,531,811                      | -                             | 26,270                           | -                             |
| Total                                                                    | <u>\$ 18,466,772</u>           | <u>\$ 2,495,076</u>           | <u>\$ 66,729</u>                 | <u>\$ 607,266</u>             |

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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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, 2026. 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 |
| 2026                 | \$ 1,301,761   | \$ 386,961   | \$ (175,308)   | \$ (144,029) |
| 2027                 | 3,946,862      | 3,284,687    | (43,511)       | (73,840)     |
| 2028                 | 490,883        | 850,273      | (63,367)       | (126,207)    |
| 2029                 | (982,629)      | 1,099,317    | (22,798)       | (120,050)    |
| 2030                 | -              | 1,363,152    | -              | (82,116)     |
| Thereafter           | -              | 455,495      | -              | (22,565)     |

## 12. 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.

## 13. 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.

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The City had the following significant commitments as of June 30, 2025:

- \$7,160,566 in the Streets Impact Fee Fund for 67th Avenue widening construction.
- \$5,259,977 in the Half Cent Tax Fund for downtown redevelopment.
- \$21,985,191 in the GO Bond and Outside Sources Funds for storm drain construction.
- \$2,459,326 in the Excise Tax Bond Fund for Lake Pleasant Pkwy widening infrastructure.
- \$1,551,019 in the GO Bond Capital Project Fund for public safety building improvements.
- \$21,067,894 in the Solid Waste Revenue Bond Fund for fleet shop construction.
- \$1,846,835 in the Water Utility Funds for upgrade and recondition of water distribution and production facilities.
- \$2,769,121 in the Water Revenue Bond Fund for CAP pump station rehabilitation.
- \$4,661,145 in the Wastewater Revenue Bond Fund for Beardsley Water Treatment Plant Expansion.
- \$1,378,049 in the Water Utility Funds for water infrastructure repair and maintenance.
- \$4,262,352 in the Water Revenue Bond Fund for reclaimed water line construction.
- \$4,075,034 in the WIFA Fund for well design and construction.
- \$5,126,808 in the Water Revenue Bond and Outside Sources Funds for reservoir and booster pump construction.

#### 14. INTERFUND TRANSACTIONS, RECEIVABLE AND PAYABLE BALANCES

At June 30, 2025, there were interfund loans from the General Fund to the GO Bond Capital Projects Fund and the Non-Bond Debt Service Fund to cover deficit cash balances in those funds. The loans are expected to be repaid in the following 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 2025 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, 2025:

| Fund                           | Transfers out | Transfers in  |
|--------------------------------|---------------|---------------|
| Governmental funds:            |               |               |
| General Fund                   | \$ 14,572,645 | \$ 1,762,986  |
| Highway User Revenue Fund      | 65            | 1,000,000     |
| Transportation Sales Tax Fund  | 6,903,664     | -             |
| Other Grant Fund               | 1,792,421     | -             |
| Non-Bond Capital Projects Fund | 8,980,286     | -             |
| GO Bond Capital Projects Fund  | 7,893,578     | -             |
| Non-Major Governmental Funds   | 1,204,235     | 7,309,955     |
| Total governmental funds       | 41,346,894    | 10,072,941    |
| Enterprise funds:              |               |               |
| Water Utility Fund             | 3,179,512     | 2,130,133     |
| Wastewater Utility Fund        | 130,347       | 3,572,513     |
| Solid Waste Utility Fund       | 20,518        | -             |
| Stadium Fund                   | -             | 5,791,057     |
| Storm Drain Utility Fund       | -             | 15,008,448    |
| Total enterprise funds         | 3,330,377     | 26,502,151    |
| Internal Service funds         | 64,693        | 8,166,872     |
| Grand totals                   | \$ 44,741,964 | \$ 44,741,964 |

CITY OF PEORIA, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**15. 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, 2025:

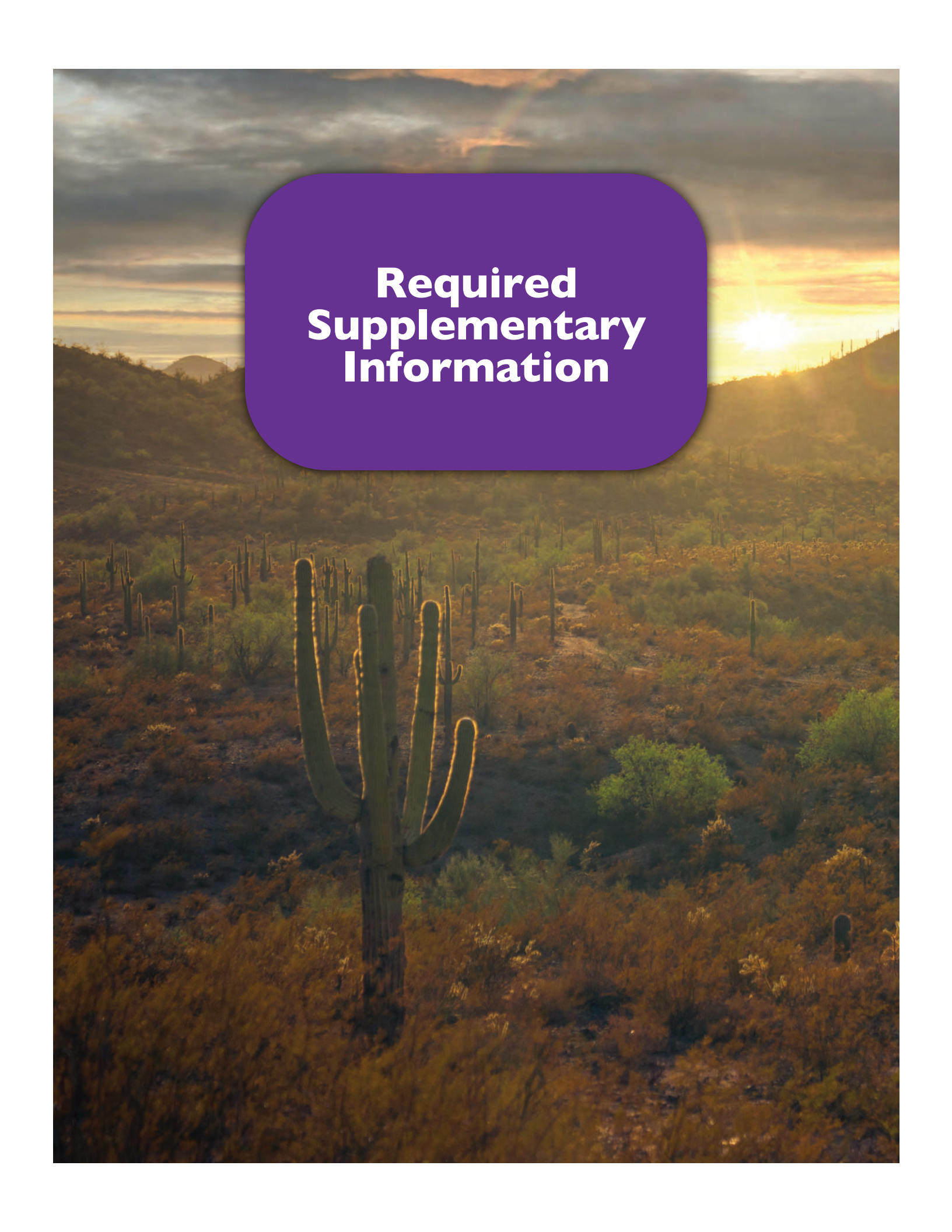
|                                |                      |
|--------------------------------|----------------------|
| Water Utility Fund:            |                      |
| Working capital policy reserve | \$ 12,835,477        |
| Rate stabilization             | 2,932,997            |
| Debt stabilization             | 5,613,822            |
| System asset maintenance       | 11,458,601           |
| Capital equipment replacement  | <u>1,116,803</u>     |
|                                | <u>33,957,700</u>    |
| Wastewater Utility Fund:       |                      |
| Working capital policy reserve | 5,459,615            |
| Rate stabilization             | 1,316,861            |
| Debt stabilization             | 2,166,957            |
| System asset maintenance       | 11,021,249           |
| Capital equipment replacement  | <u>772,416</u>       |
|                                | <u>20,737,098</u>    |
| Solid Waste Utility Fund:      |                      |
| Working capital policy reserve | 3,814,841            |
| Capital equipment replacement  | <u>3,205,838</u>     |
|                                | <u>7,020,679</u>     |
| Stadium Fund:                  |                      |
| Capital equipment replacement  | <u>660,676</u>       |
| Total enterprise funds         | <u>\$ 62,376,153</u> |
| Internal Service Funds:        |                      |
| Capital equipment replacement  | \$ 24,876,153        |
| Risk management purpose        | <u>2,359,617</u>     |
| Total internal service funds   | <u>\$ 27,235,770</u> |

**16. 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.

**17. SUBSEQUENT EVENT**

On August 27, 2025 the City was the successful bidder for 834.5 acres in the State Land Public Auction with a final bid of \$46.7 million. The land is located within the Peoria Innovation Core (PIC), northwest of the intersection of Loop 303 and Lake Pleasant Parkway. The purchase will allow the city to lead all zoning and entitlement efforts, design and construct backbone infrastructure including roads and utilities. This Arizona State Trust Land supports the City Council's priority of Economic Development.

A photograph of a desert landscape at sunset. The sky is filled with dark, dramatic clouds, with a bright sun low on the horizon to the right, casting a warm glow. The foreground and middle ground are covered with numerous saguaro cacti of various sizes, some with arms. The vegetation is dry and brownish-yellow. A large, rounded purple box is centered in the upper half 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, 2025**

**ASRS-Pension**

|                                                                                          | Reporting Fiscal Year (Measurement Date) |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|------------------------------------------------------------------------------------------|------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                                          | <u>2025 (2024)</u>                       | <u>2024 (2023)</u> | <u>2023 (2022)</u> | <u>2022 (2021)</u> | <u>2021 (2020)</u> | <u>2020 (2019)</u> | <u>2019 (2018)</u> | <u>2018 (2017)</u> | <u>2017 (2016)</u> | <u>2016 (2015)</u> |
| Proportion of the net pension liability                                                  | 0.521370%                                | 0.504160%          | 0.514220%          | 0.512820%          | 0.523230%          | 0.532380%          | 0.546250%          | 0.571460%          | 0.542460%          | 0.526670%          |
| Proportionate share of the net pension liability                                         | \$ 83,427,048                            | \$ 81,580,373      | \$ 83,932,124      | \$ 67,382,271      | \$ 90,657,551      | \$ 77,467,484      | \$ 76,182,651      | \$ 89,022,329      | \$ 87,558,493      | \$ 82,036,552      |
| Covered payroll                                                                          | \$ 75,428,083                            | \$ 66,139,235      | \$ 63,959,887      | \$ 57,978,944      | \$ 57,428,297      | \$ 56,417,665      | \$ 54,343,055      | \$ 53,419,833      | \$ 50,820,065      | \$ 47,561,194      |
| Proportionate share of the net pension liability as a percentage of its employee payroll | 110.60%                                  | 123.35%            | 131.23%            | 116.22%            | 157.86%            | 137.31%            | 140.19%            | 166.65%            | 172.29%            | 172.49%            |
| Plan fiduciary net position as a percentage of the total pension liability               | 76.93%                                   | 75.47%             | 74.26%             | 78.58%             | 69.33%             | 73.24%             | 73.40%             | 69.92%             | 67.06%             | 68.35%             |

**ASRS-Health insurance premium benefit**

|                                                                                     | Reporting Fiscal Year (Measurement Date) |                    |                    |                    |                    |                    |                    |                    |
|-------------------------------------------------------------------------------------|------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                                     | <u>2025 (2024)</u>                       | <u>2024 (2023)</u> | <u>2023 (2022)</u> | <u>2022 (2021)</u> | <u>2021 (2020)</u> | <u>2020 (2019)</u> | <u>2019 (2018)</u> | <u>2018 (2017)</u> |
| Proportion of the net OPEB (asset)                                                  | 0.532190%                                | 0.513650%          | 0.523820%          | 0.522130%          | 0.532290%          | 0.541370%          | 0.554120%          | 0.577940%          |
| Proportionate share of the net OPEB (asset)                                         | \$ (3,215,643)                           | \$ (2,773,336)     | \$ (2,923,429)     | \$ (2,543,860)     | \$ (376,859)       | \$ (149,610)       | \$ (199,533)       | \$ (314,630)       |
| Covered payroll                                                                     | \$ 75,428,083                            | \$ 66,139,235      | \$ 63,959,887      | \$ 57,978,944      | \$ 57,428,297      | \$ 56,417,665      | \$ 54,343,055      | \$ 53,419,833      |
| Proportionate share of the net OPEB (asset) as a percentage of its employee payroll | -4.26%                                   | -4.19%             | -4.57%             | -4.39%             | -0.66%             | -0.27%             | -0.37%             | -0.59%             |
| Plan fiduciary net position as a percentage of the total OPEB liability             | 137.51%                                  | 134.37%            | 137.79%            | 130.24%            | 104.33%            | 101.62%            | 102.20%            | 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) |                    |                    |                    |                    |                    |                    |                    |
|---------------------------------------------------------------------------------------|------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                                       | <u>2025 (2024)</u>                       | <u>2024 (2023)</u> | <u>2023 (2022)</u> | <u>2022 (2021)</u> | <u>2021 (2020)</u> | <u>2020 (2019)</u> | <u>2019 (2018)</u> | <u>2018 (2017)</u> |
| Proportion of the net OPEB liability                                                  | 0.527070%                                | 0.507980%          | 0.517680%          | 0.517490%          | 0.528200%          | 0.537820%          | 0.550920%          | 0.569260%          |
| Proportionate share of the net OPEB liability                                         | \$ 13,740                                | \$ 66,564          | \$ 47,813          | \$ 106,822         | \$ 400,699         | \$ 350,360         | \$ 287,858         | \$ 206,344         |
| Covered payroll                                                                       | \$ 75,428,083                            | \$ 66,139,235      | \$ 63,959,887      | \$ 57,978,944      | \$ 57,428,297      | \$ 56,417,665      | \$ 54,343,055      | \$ 53,419,833      |
| Proportionate share of the net OPEB liability as a percentage of its employee payroll | 0.02%                                    | 0.10%              | 0.07%              | 0.18%              | 0.70%              | 0.62%              | 0.53%              | 0.39%              |
| Plan fiduciary net position as a percentage of the total OPEB liability               | 98.77%                                   | 93.70%             | 95.40%             | 90.38%             | 68.01%             | 72.85%             | 77.83%             | 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.

See accompanying notes to pension/OPEB plan schedules

**CITY OF PEORIA, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS  
AGENT-EMPLOYER PLANS  
JUNE 30, 2025**

**Public Safety Personnel Retirement System**

|                                                                                                | Reporting Fiscal Year (Measurement Date) |                       |                       |                       |                       |                       |                       |                       |                       |                      |
|------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
|                                                                                                | 2025 (2024)                              | 2024 (2023)           | 2023 (2022)           | 2022 (2021)           | 2021 (2020)           | 2020 (2019)           | 2019 (2018)           | 2018 (2017)           | 2017 (2016)           | 2016 (2015)          |
| <b>Peoria Police Department</b>                                                                |                                          |                       |                       |                       |                       |                       |                       |                       |                       |                      |
| Total pension liability                                                                        |                                          |                       |                       |                       |                       |                       |                       |                       |                       |                      |
| Service cost                                                                                   | \$ 3,126,970                             | \$ 3,304,293          | \$ 3,355,365          | \$ 3,403,053          | \$ 3,529,413          | \$ 3,517,607          | \$ 3,437,849          | \$ 3,497,564          | \$ 2,658,484          | \$ 2,557,053         |
| Interest on the total pension liability                                                        | 13,046,914                               | 12,333,779            | 11,719,465            | 11,102,550            | 10,379,460            | 9,742,131             | 9,195,638             | 8,207,737             | 7,450,121             | 7,075,581            |
| Changes in benefit terms                                                                       | -                                        | -                     | -                     | -                     | -                     | -                     | -                     | 1,019,089             | 6,569,592             | -                    |
| Differences between expected and actual experience in the measurement of the pension liability | 4,826,289                                | 2,211,011             | 1,419,354             | 749,764               | 2,182,003             | (152,876)             | (1,331,798)           | 5,141,159             | (1,372,059)           | 341,776              |
| Changes of assumptions or other inputs                                                         | -                                        | -                     | 1,677,907             | -                     | -                     | 3,131,115             | -                     | 2,469,996             | 4,270,128             | -                    |
| Benefit payments, including refunds of employee contributions                                  | (7,951,904)                              | (7,582,297)           | (7,136,011)           | (6,377,577)           | (5,740,752)           | (5,690,900)           | (5,739,761)           | (5,213,832)           | (5,716,802)           | (4,791,028)          |
| Net change in total pension liability                                                          | 13,048,269                               | 10,266,786            | 11,036,080            | 8,877,790             | 10,350,124            | 10,547,077            | 5,561,928             | 15,121,713            | 13,859,464            | 5,183,382            |
| Total pension liability - beginning                                                            | 182,056,123                              | 171,789,337           | 160,753,257           | 151,875,467           | 141,525,343           | 130,978,266           | 125,416,338           | 110,294,625           | 96,435,161            | 91,251,779           |
| Total pension liability - ending (a)                                                           | <u>\$ 195,104,392</u>                    | <u>\$ 182,056,123</u> | <u>\$ 171,789,337</u> | <u>\$ 160,753,257</u> | <u>\$ 151,875,467</u> | <u>\$ 141,525,343</u> | <u>\$ 130,978,266</u> | <u>\$ 125,416,338</u> | <u>\$ 110,294,625</u> | <u>\$ 96,435,161</u> |
| <b>Plan fiduciary net position</b>                                                             |                                          |                       |                       |                       |                       |                       |                       |                       |                       |                      |
| Contributions - employer                                                                       | \$ 12,915,087                            | \$ 11,196,855         | \$ 35,785,241         | \$ 8,091,143          | \$ 7,327,021          | \$ 7,419,726          | \$ 6,622,615          | \$ 5,122,411          | \$ 4,729,872          | \$ 3,254,563         |
| Contributions - employee                                                                       | 1,171,088                                | 1,390,224             | 1,317,660             | 1,323,822             | 1,447,635             | 1,254,178             | 1,379,152             | 2,723,948             | 1,732,502             | 1,689,030            |
| Net investment income                                                                          | 15,428,021                               | 10,256,846            | (4,957,000)           | 22,902,588            | 998,101               | 3,898,429             | 4,232,822             | 6,734,348             | 320,234               | 1,821,818            |
| Benefit payments, including refunds of employee contributions                                  | (7,951,904)                              | (7,582,297)           | (7,136,011)           | (6,377,577)           | (5,740,752)           | (5,690,900)           | (5,739,761)           | (5,213,832)           | (5,716,802)           | (4,791,028)          |
| Hall/Parker Settlement                                                                         | -                                        | -                     | -                     | -                     | -                     | -                     | (2,283,693)           | -                     | -                     | -                    |
| Administrative expense                                                                         | (77,439)                                 | (62,906)              | (89,216)              | (106,627)             | (81,409)              | (68,704)              | (65,122)              | (59,988)              | (46,480)              | (44,835)             |
| Other changes                                                                                  | -                                        | -                     | 11,388                | -                     | -                     | (4,128)               | 40,695                | (21,848)              | 37,100                | (56,762)             |
| Net change in plan fiduciary net position                                                      | 21,484,853                               | 15,198,722            | 24,932,062            | 25,833,349            | 3,950,596             | 6,808,601             | 4,186,708             | 9,285,039             | 1,056,426             | 1,872,786            |
| Plan fiduciary net position - beginning                                                        | 143,011,535                              | 127,812,813           | 102,880,751           | 77,047,402            | 73,096,802            | 66,335,122            | 62,148,414            | 52,863,375            | 51,806,949            | 49,934,163           |
| Adjustment to beginning of year                                                                | -                                        | -                     | -                     | -                     | 4                     | (46,921)              | -                     | -                     | -                     | -                    |
| Plan fiduciary net position - ending (b)                                                       | <u>\$ 164,496,388</u>                    | <u>\$ 143,011,535</u> | <u>\$ 127,812,813</u> | <u>\$ 102,880,751</u> | <u>\$ 77,047,402</u>  | <u>\$ 73,096,802</u>  | <u>\$ 66,335,122</u>  | <u>\$ 62,148,414</u>  | <u>\$ 52,863,375</u>  | <u>\$ 51,806,949</u> |
| Net pension liability - ending (a)-(b)                                                         | 30,608,004                               | 39,044,588            | 43,976,524            | 57,872,506            | 74,828,065            | 68,428,541            | 64,643,144            | 63,267,924            | 57,431,250            | 44,628,212           |
| Plan fiduciary net position as a percentage of the total pension liability                     | 84.31%                                   | 78.55%                | 74.40%                | 64.00%                | 50.73%                | 51.65%                | 50.65%                | 49.55%                | 47.93%                | 53.72%               |
| Covered payroll                                                                                | \$ 19,699,206                            | \$ 18,932,033         | \$ 17,697,415         | \$ 16,653,104         | \$ 17,044,648         | \$ 16,897,694         | \$ 16,153,506         | \$ 15,387,963         | \$ 13,992,947         | \$ 13,449,859        |
| Net pension liability as a percentage of covered payroll                                       | 155.38%                                  | 206.24%               | 248.49%               | 347.52%               | 439.01%               | 404.96%               | 400.18%               | 411.15%               | 410.43%               | 331.81%              |

See accompanying notes to pension/OPEB plan schedules

**CITY OF PEORIA, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS  
AGENT-EMPLOYER PLANS  
JUNE 30, 2025**

**Public Safety Personnel Retirement System**

|                                                                                                | Reporting Fiscal Year (Measurement Date) |                       |                       |                       |                       |                       |                       |                      |                      |                      |
|------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
|                                                                                                | 2025 (2024)                              | 2024 (2023)           | 2023 (2022)           | 2022 (2021)           | 2021 (2020)           | 2020 (2019)           | 2019 (2018)           | 2018 (2017)          | 2017 (2016)          | 2016 (2015)          |
| <b>Peoria Fire Department</b>                                                                  |                                          |                       |                       |                       |                       |                       |                       |                      |                      |                      |
| Total pension liability                                                                        |                                          |                       |                       |                       |                       |                       |                       |                      |                      |                      |
| Service cost                                                                                   | \$ 4,096,105                             | \$ 4,031,688          | \$ 3,710,281          | \$ 3,318,890          | \$ 3,259,480          | \$ 3,230,796          | \$ 3,070,924          | \$ 3,111,892         | \$ 2,379,652         | \$ 2,056,517         |
| Interest on the total pension liability                                                        | 11,029,311                               | 10,434,318            | 9,592,431             | 8,884,264             | 8,199,149             | 7,557,042             | 7,066,051             | 6,395,230            | 5,434,649            | 4,952,998            |
| Changes in benefit terms                                                                       | -                                        | -                     | -                     | -                     | -                     | -                     | -                     | 466,111              | 6,700,272            | -                    |
| Differences between expected and actual experience in the measurement of the pension liability | 3,188,467                                | 137,267               | 4,163,638             | 1,734,765             | 2,094,984             | 1,198,203             | (1,450,577)           | 1,834,916            | 86,478               | 809,490              |
| Changes of assumptions or other inputs                                                         | -                                        | -                     | 1,398,720             | -                     | -                     | 2,087,419             | -                     | 1,708,934            | 3,273,059            | -                    |
| Benefit payments, including refunds of employee contributions                                  | (6,487,460)                              | (6,320,322)           | (5,016,815)           | (4,239,948)           | (4,215,838)           | (3,598,608)           | (3,894,840)           | (2,663,473)          | (1,739,905)          | (1,949,881)          |
| Net change in total pension liability                                                          | 11,826,423                               | 8,282,951             | 13,848,255            | 9,697,971             | 9,337,775             | 10,474,852            | 4,791,558             | 10,853,610           | 16,134,205           | 5,869,124            |
| Total pension liability - beginning                                                            | 152,332,501                              | 144,049,550           | 130,201,295           | 120,503,324           | 111,165,549           | 100,690,697           | 95,899,139            | 85,045,529           | 68,911,324           | 63,042,200           |
| Total pension liability - ending (a)                                                           | <u>\$ 164,158,924</u>                    | <u>\$ 152,332,501</u> | <u>\$ 144,049,550</u> | <u>\$ 130,201,295</u> | <u>\$ 120,503,324</u> | <u>\$ 111,165,549</u> | <u>\$ 100,690,697</u> | <u>\$ 95,899,139</u> | <u>\$ 85,045,529</u> | <u>\$ 68,911,324</u> |
| Plan fiduciary net position                                                                    |                                          |                       |                       |                       |                       |                       |                       |                      |                      |                      |
| Contributions - employer                                                                       | \$ 9,453,346                             | \$ 11,280,253         | \$ 14,331,947         | \$ 8,624,902          | \$ 5,095,674          | \$ 4,632,927          | \$ 4,749,672          | \$ 3,596,394         | \$ 3,162,518         | \$ 1,866,365         |
| Contributions - employee                                                                       | 1,193,841                                | 1,493,247             | 1,401,092             | 1,412,514             | 1,217,298             | 1,165,663             | 1,439,943             | 1,593,634            | 1,375,202            | 1,238,541            |
| Net investment income                                                                          | 13,143,341                               | 8,688,400             | (4,380,045)           | 21,930,705            | 967,950               | 3,740,932             | 4,205,458             | 6,425,067            | 298,901              | 1,710,692            |
| Benefit payments, including refunds of employee contributions                                  | (6,487,460)                              | (6,320,322)           | (5,016,815)           | (4,239,948)           | (4,215,838)           | (3,598,608)           | (3,894,840)           | (2,663,473)          | (1,739,905)          | (1,949,881)          |
| Hall/Parker Settlement                                                                         | -                                        | -                     | -                     | -                     | -                     | -                     | (1,926,795)           | -                    | -                    | -                    |
| Administrative expense                                                                         | (61,160)                                 | (45,251)              | (78,925)              | (102,023)             | (78,924)              | (65,997)              | (64,663)              | (57,251)             | (43,410)             | (42,126)             |
| Other changes                                                                                  | -                                        | (20,317)              | -                     | (108)                 | -                     | -                     | 44,976                | 671                  | 87,273               | (35,356)             |
| Net change in plan fiduciary net position                                                      | 17,241,908                               | 15,076,010            | 6,257,254             | 27,626,042            | 2,986,160             | 5,874,917             | 4,553,751             | 8,895,042            | 3,140,579            | 2,788,235            |
| Plan fiduciary net position - beginning                                                        | 123,193,418                              | 108,117,408           | 101,860,154           | 74,234,112            | 71,247,948            | 65,392,298            | 60,838,547            | 51,943,505           | 48,802,926           | 46,014,691           |
| Adjustment to beginning of year                                                                | -                                        | -                     | -                     | -                     | 4                     | (19,267)              | -                     | -                    | -                    | -                    |
| Plan fiduciary net position - ending (b)                                                       | <u>\$ 140,435,326</u>                    | <u>\$ 123,193,418</u> | <u>\$ 108,117,408</u> | <u>\$ 101,860,154</u> | <u>\$ 74,234,112</u>  | <u>\$ 71,247,948</u>  | <u>\$ 65,392,298</u>  | <u>\$ 60,838,547</u> | <u>\$ 51,943,505</u> | <u>\$ 48,802,926</u> |
| Net pension liability - ending (a)-(b)                                                         | 23,723,598                               | 29,139,083            | 35,932,142            | 28,341,141            | 46,269,212            | 39,917,601            | 35,298,399            | 35,060,592           | 33,102,024           | 20,108,398           |
| Plan fiduciary net position as a percentage of the total pension liability                     | 85.55%                                   | 80.87%                | 75.06%                | 78.23%                | 61.60%                | 64.09%                | 64.94%                | 63.44%               | 61.08%               | 70.82%               |
| Covered payroll                                                                                | \$ 19,343,541                            | \$ 18,173,597         | \$ 17,385,094         | \$ 13,051,041         | \$ 13,658,235         | \$ 13,822,178         | \$ 12,085,624         | \$ 11,543,146        | \$ 11,796,929        | \$ 11,068,029        |
| Net pension liability as a percentage of covered payroll                                       | 122.64%                                  | 160.34%               | 206.68%               | 217.16%               | 338.76%               | 288.79%               | 292.07%               | 303.74%              | 280.60%              | 181.68%              |

See accompanying notes to pension/OPEB plan schedules

**CITY OF PEORIA, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
AND RELATED RATIOS  
AGENT-EMPLOYER PLANS  
JUNE 30, 2025**

**Public Safety Personnel Retirement System**

|                                                                                             | Reporting Fiscal Year (Measurement Date) |                     |                     |                     |                     |                     |                     |                     |
|---------------------------------------------------------------------------------------------|------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                                             | 2025 (2024)                              | 2024 (2023)         | 2023 (2022)         | 2022 (2021)         | 2021 (2020)         | 2020 (2019)         | 2019 (2018)         | 2018 (2017)         |
| <b>Peoria Police Department</b>                                                             |                                          |                     |                     |                     |                     |                     |                     |                     |
| Total OPEB liability                                                                        |                                          |                     |                     |                     |                     |                     |                     |                     |
| Service cost                                                                                | \$ 51,444                                | \$ 56,031           | \$ 60,471           | \$ 64,399           | \$ 66,728           | \$ 44,231           | \$ 45,757           | \$ 50,779           |
| Interest on the total OPEB liability                                                        | 156,169                                  | 158,758             | 154,251             | 163,960             | 153,939             | 167,216             | 164,184             | 167,590             |
| Changes in benefit terms                                                                    | -                                        | -                   | -                   | -                   | -                   | -                   | -                   | 6,476               |
| Differences between expected and actual experience in the measurement of the OPEB liability | (38,274)                                 | (163,524)           | (84,366)            | (271,397)           | 35,618              | (351,117)           | (103,677)           | 19,591              |
| Changes of assumptions or other inputs                                                      | -                                        | -                   | 48,624              | -                   | -                   | 25,181              | -                   | (159,009)           |
| Benefit payments, including refunds of employee contributions                               | (83,586)                                 | (81,700)            | (83,482)            | (88,596)            | (87,770)            | (87,095)            | (86,192)            | (111,290)           |
| Net change in total OPEB liability                                                          | 85,753                                   | (30,435)            | 95,498              | (131,634)           | 168,515             | (201,584)           | 20,072              | (25,863)            |
| Total OPEB liability - beginning                                                            | 2,159,357                                | 2,189,792           | 2,094,294           | 2,225,928           | 2,057,413           | 2,258,997           | 2,238,925           | 2,264,788           |
| Total OPEB liability - ending (a)                                                           | <u>\$ 2,245,110</u>                      | <u>\$ 2,159,357</u> | <u>\$ 2,189,792</u> | <u>\$ 2,094,294</u> | <u>\$ 2,225,928</u> | <u>\$ 2,057,413</u> | <u>\$ 2,258,997</u> | <u>\$ 2,238,925</u> |
| Plan fiduciary net position                                                                 |                                          |                     |                     |                     |                     |                     |                     |                     |
| Contributions - employer                                                                    | \$ 49,451                                | \$ 29,566           | \$ 53,232           | \$ 52,644           | \$ 56,957           | \$ 59,304           | \$ 31,038           | \$ 66,083           |
| Net investment income                                                                       | 268,241                                  | 191,467             | (104,779)           | 581,519             | 26,801              | 109,070             | 134,052             | 208,162             |
| Benefit payments, including refunds of employee contributions                               | (83,586)                                 | (81,700)            | (83,482)            | (88,596)            | (87,770)            | (87,095)            | (86,192)            | (111,290)           |
| Administrative expense                                                                      | (1,204)                                  | (1,184)             | (1,865)             | (2,391)             | (2,179)             | (1,883)             | (2,040)             | (1,842)             |
| Other changes                                                                               | -                                        | -                   | -                   | -                   | -                   | -                   | (1)                 | -                   |
| Net change in plan fiduciary net position                                                   | 232,902                                  | 138,149             | (136,894)           | 543,176             | (6,191)             | 79,396              | 76,857              | 161,113             |
| Plan fiduciary net position - beginning                                                     | 2,691,673                                | 2,553,524           | 2,690,418           | 2,147,242           | 2,153,433           | 2,027,116           | 1,950,259           | 1,789,146           |
| Adjustment to beginning of year                                                             | -                                        | -                   | -                   | -                   | -                   | 46,921              | -                   | -                   |
| Plan fiduciary net position - ending (b)                                                    | <u>\$ 2,924,575</u>                      | <u>\$ 2,691,673</u> | <u>\$ 2,553,524</u> | <u>\$ 2,690,418</u> | <u>\$ 2,147,242</u> | <u>\$ 2,153,433</u> | <u>\$ 2,027,116</u> | <u>\$ 1,950,259</u> |
| Net OPEB liability/(asset) - ending (a)-(b)                                                 | (679,465)                                | (532,316)           | (363,732)           | (596,124)           | 78,686              | (96,020)            | 231,881             | 288,666             |
| Plan fiduciary net position as a percentage of the total OPEB liability                     | 130.26%                                  | 124.65%             | 116.61%             | 128.46%             | 96.47%              | 104.67%             | 89.74%              | 87.11%              |
| Covered payroll                                                                             | \$ 19,699,206                            | \$ 18,932,033       | \$ 17,697,415       | \$ 16,653,104       | \$ 17,044,648       | \$ 16,897,694       | \$ 16,153,506       | \$ 15,387,963       |
| Net OPEB liability/(asset) as a percentage of covered payroll                               | -3.45%                                   | -2.81%              | -2.06%              | -3.58%              | 0.46%               | -0.57%              | 1.44%               | 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.

See accompanying notes to pension/OPEB plan schedules

**CITY OF PEORIA, ARIZONA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY**  
**AND RELATED RATIOS**  
**AGENT-EMPLOYER PLANS**  
**JUNE 30, 2025**

**Public Safety Personnel Retirement System**

|                                                                                             | Reporting Fiscal Year (Measurement Date) |                     |                     |                     |                     |                     |                     |                     |
|---------------------------------------------------------------------------------------------|------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                                             | 2025 (2024)                              | 2024 (2023)         | 2023 (2022)         | 2022 (2021)         | 2021 (2020)         | 2020 (2019)         | 2019 (2018)         | 2018 (2017)         |
| <b>Peoria Fire Department</b>                                                               |                                          |                     |                     |                     |                     |                     |                     |                     |
| Total OPEB liability                                                                        |                                          |                     |                     |                     |                     |                     |                     |                     |
| Service cost                                                                                | \$ 56,958                                | \$ 57,292           | \$ 56,633           | \$ 54,849           | \$ 54,365           | \$ 35,268           | \$ 35,268           | \$ 39,357           |
| Interest on the total OPEB liability                                                        | 125,837                                  | 127,145             | 129,786             | 133,505             | 130,735             | 134,427             | 128,515             | 119,494             |
| Changes in benefit terms                                                                    | -                                        | -                   | -                   | -                   | -                   | -                   | -                   | 5,572               |
| Differences between expected and actual experience in the measurement of the OPEB liability | (157,953)                                | (148,171)           | (157,630)           | (184,074)           | (63,904)            | (193,678)           | (49,429)            | 175,598             |
| Changes of assumptions or other inputs                                                      | -                                        | -                   | 14,185              | -                   | -                   | 16,414              | -                   | (140,066)           |
| Benefit payments, including refunds of employee contributions                               | (53,457)                                 | (54,748)            | (56,491)            | (57,545)            | (61,508)            | (61,324)            | (42,867)            | (66,108)            |
| Net change in total OPEB liability                                                          | (28,615)                                 | (18,482)            | (13,517)            | (53,265)            | 59,688              | (68,893)            | 71,487              | 133,847             |
| Total OPEB liability - beginning                                                            | 1,717,500                                | 1,735,982           | 1,749,499           | 1,802,764           | 1,743,076           | 1,811,969           | 1,740,482           | 1,606,635           |
| Total OPEB liability - ending (a)                                                           | <u>\$ 1,688,885</u>                      | <u>\$ 1,717,500</u> | <u>\$ 1,735,982</u> | <u>\$ 1,749,499</u> | <u>\$ 1,802,764</u> | <u>\$ 1,743,076</u> | <u>\$ 1,811,969</u> | <u>\$ 1,740,482</u> |
| Plan fiduciary net position                                                                 |                                          |                     |                     |                     |                     |                     |                     |                     |
| Contributions - employer                                                                    | \$ 50,741                                | \$ 26,223           | \$ 41,562           | \$ 48,285           | \$ 38,836           | \$ 37,857           | \$ 19,805           | \$ 31,072           |
| Net investment income                                                                       | 235,052                                  | 166,716             | (90,772)            | 499,969             | 22,949              | 94,227              | 115,059             | 176,536             |
| Benefit payments, including refunds of employee contributions                               | (53,457)                                 | (54,748)            | (56,491)            | (57,545)            | (61,508)            | (61,324)            | (42,867)            | (66,108)            |
| Administrative expense                                                                      | (977)                                    | (915)               | (1,616)             | (2,056)             | (1,866)             | (1,627)             | (1,751)             | (1,563)             |
| Other changes                                                                               | -                                        | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Net change in plan fiduciary net position                                                   | 231,359                                  | 137,276             | (107,317)           | 488,653             | (1,589)             | 69,133              | 90,246              | 139,937             |
| Plan fiduciary net position - beginning                                                     | 2,356,250                                | 2,218,974           | 2,326,291           | 1,837,638           | 1,839,227           | 1,750,826           | 1,660,580           | 1,520,643           |
| Adjustment to beginning of year                                                             | -                                        | -                   | -                   | -                   | -                   | 19,268              | -                   | -                   |
| Plan fiduciary net position - ending (b)                                                    | <u>\$ 2,587,609</u>                      | <u>\$ 2,356,250</u> | <u>\$ 2,218,974</u> | <u>\$ 2,326,291</u> | <u>\$ 1,837,638</u> | <u>\$ 1,839,227</u> | <u>\$ 1,750,826</u> | <u>\$ 1,660,580</u> |
| Net OPEB liability/(asset) - ending (a)-(b)                                                 | (898,724)                                | (638,750)           | (482,992)           | (576,792)           | (34,874)            | (96,151)            | 61,143              | 79,902              |
| Plan fiduciary net position as a percentage of the total OPEB liability                     | 153.21%                                  | 137.19%             | 127.82%             | 132.97%             | 101.93%             | 105.52%             | 96.63%              | 95.41%              |
| Covered payroll                                                                             | \$ 19,343,541                            | \$ 18,173,597       | \$ 17,385,094       | \$ 13,051,041       | \$ 13,658,235       | \$ 13,822,178       | \$ 12,085,624       | \$ 11,543,146       |
| Net OPEB liability/(asset) as a percentage of covered payroll                               | -4.65%                                   | -3.51%              | -2.78%              | -4.42%              | -0.26%              | -0.70%              | 0.51%               | 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.

See accompanying notes to pension/OPEB plan schedules

**CITY OF PEORIA, ARIZONA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION/OPEB CONTRIBUTIONS**  
**JUNE 30, 2025**

|                                                                           | 2025          | 2024          | 2023          | 2022          | 2021          | 2020          | Reporting Fiscal Year<br>2019 | 2018          | 2017          | 2016          |
|---------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------------------|---------------|---------------|---------------|
| <b>Arizona State Retirement System - Pension</b>                          |               |               |               |               |               |               |                               |               |               |               |
| Statutorily required contribution                                         | \$ 9,089,084  | \$ 8,731,145  | \$ 7,956,550  | \$ 7,387,367  | \$ 6,696,568  | \$ 6,575,540  | \$ 6,307,495                  | \$ 5,923,393  | \$ 5,758,658  | \$ 5,513,977  |
| Actual contributions in relation to the statutorily required contribution | 9,089,084     | 8,731,145     | 7,956,550     | 7,387,367     | 6,696,568     | 6,575,540     | 6,307,495                     | 5,923,393     | 5,758,658     | 5,513,977     |
| Contribution deficiency (excess)                                          | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>                   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| Covered payroll                                                           | \$ 75,428,083 | \$ 72,578,096 | \$ 66,139,235 | \$ 63,959,887 | \$ 57,978,944 | \$ 57,428,297 | \$ 56,417,665                 | \$ 54,343,055 | \$ 53,419,833 | \$ 50,820,065 |
| Actual contribution as a percentage of covered payroll                    | 12.05%        | 12.03%        | 12.03%        | 12.01%        | 11.55%        | 11.45%        | 11.18%                        | 10.90%        | 10.78%        | 10.85%        |
| <b>Arizona State Retirement System - Health Insurance</b>                 |               |               |               |               |               |               |                               |               |               |               |
| Statutorily required contribution                                         | \$ 52,800     | \$ 79,835     | \$ 73,427     | \$ 129,172    | \$ 284,095    | \$ 281,400    | \$ 259,521                    | \$ 239,109    |               |               |
| Actual contributions in relation to the statutorily required contribution | 52,800        | 79,835        | 73,427        | 129,172       | 284,095       | 281,400       | 259,521                       | 239,109       |               |               |
| Contribution deficiency (excess)                                          | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>                   | <u>\$ -</u>   |               |               |
| Covered payroll                                                           | \$ 75,428,083 | \$ 72,578,096 | \$ 66,139,235 | \$ 63,959,887 | \$ 57,978,944 | \$ 57,428,297 | \$ 56,417,665                 | \$ 54,343,055 |               |               |
| Actual contribution as a percentage of covered payroll                    | 0.07%         | 0.11%         | 0.11%         | 0.21%         | 0.49%         | 0.49%         | 0.46%                         | 0.44%         |               |               |
| <b>Arizona State Retirement System - Long-term disability</b>             |               |               |               |               |               |               |                               |               |               |               |
| Statutorily required contribution                                         | \$ 113,143    | \$ 108,868    | \$ 93,446     | \$ 116,867    | \$ 104,363    | \$ 97,627     | \$ 90,268                     | \$ 86,949     |               |               |
| Actual contributions in relation to the statutorily required contribution | 113,143       | 108,868       | 93,446        | 116,867       | 104,363       | 97,627        | 90,268                        | 86,949        |               |               |
| Contribution deficiency (excess)                                          | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>                   | <u>\$ -</u>   |               |               |
| Covered payroll                                                           | \$ 75,428,083 | \$ 72,578,096 | \$ 66,139,235 | \$ 63,959,887 | \$ 57,978,944 | \$ 57,428,297 | \$ 56,417,665                 | \$ 54,343,055 |               |               |
| Actual contribution as a percentage of covered payroll                    | 0.15%         | 0.15%         | 0.14%         | 0.19%         | 0.18%         | 0.17%         | 0.16%                         | 0.16%         |               |               |

**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.

See accompanying notes to pension plan schedules

**CITY OF PEORIA, ARIZONA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION/OPEB CONTRIBUTIONS**  
**JUNE 30, 2025**

**Public Safety Personnel Retirement System - Pension**

|                                                                           | 2025                  | 2024                  | 2023                  | 2022                   | 2021                  | 2020          | Reporting Fiscal Year |                     |                     |                     |
|---------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|---------------|-----------------------|---------------------|---------------------|---------------------|
|                                                                           |                       |                       |                       |                        |                       |               | 2019                  | 2018                | 2017                | 2016                |
| <b>Peoria Police Department</b>                                           |                       |                       |                       |                        |                       |               |                       |                     |                     |                     |
| Statutorily required contribution                                         | \$ 7,416,276          | \$ 6,833,655          | \$ 9,130,920          | \$ 8,296,548           | \$ 7,806,975          | \$ 7,646,229  | \$ 7,436,675          | \$ 8,917,938        | \$ 5,039,558        | \$ 4,406,379        |
| Actual contributions in relation to the statutorily required contribution | 13,592,166            | 13,511,585            | 11,695,201            | 36,132,348             | 8,278,054             | 7,646,229     | 7,436,675             | 6,634,245           | 5,039,558           | 4,696,546           |
| Contribution deficiency (excess)                                          | <u>\$ (6,175,890)</u> | <u>\$ (6,677,930)</u> | <u>\$ (2,564,281)</u> | <u>\$ (27,835,800)</u> | <u>\$ (471,079)</u>   | <u>\$ -</u>   | <u>\$ -</u>           | <u>\$ 2,283,693</u> | <u>\$ -</u>         | <u>\$ (290,167)</u> |
| Covered payroll                                                           | \$ 21,577,761         | \$ 19,699,206         | \$ 18,932,033         | \$ 17,697,415          | \$ 16,653,104         | \$ 17,044,648 | \$ 16,897,694         | \$ 16,153,506       | \$ 15,387,963       | \$ 13,992,947       |
| Actual contribution as a percentage of covered payroll                    | 62.99%                | 68.59%                | 61.77%                | 204.17%                | 49.71%                | 44.86%        | 44.01%                | 41.07%              | 32.75%              | 33.56%              |
| <b>Peoria Fire Department</b>                                             |                       |                       |                       |                        |                       |               |                       |                     |                     |                     |
| Statutorily required contribution                                         | \$ 5,636,646          | \$ 6,511,036          | \$ 6,238,996          | \$ 6,362,944           | \$ 4,776,681          | \$ 5,881,182  | \$ 4,714,745          | \$ 5,721,681        | \$ 2,711,485        | \$ 2,568,191        |
| Actual contributions in relation to the statutorily required contribution | 8,909,853             | 9,207,150             | 11,224,720            | 14,195,735             | 7,563,149             | 5,881,182     | 4,714,745             | 3,794,886           | 2,976,968           | 2,747,609           |
| Contribution deficiency (excess)                                          | <u>\$ (3,273,207)</u> | <u>\$ (2,696,114)</u> | <u>\$ (4,985,724)</u> | <u>\$ (7,832,791)</u>  | <u>\$ (2,786,468)</u> | <u>\$ -</u>   | <u>\$ -</u>           | <u>\$ 1,926,795</u> | <u>\$ (265,483)</u> | <u>\$ (179,418)</u> |
| Covered payroll                                                           | \$ 18,294,859         | \$ 19,343,541         | \$ 18,173,597         | \$ 17,385,094          | \$ 13,051,041         | \$ 13,658,235 | \$ 13,822,178         | \$ 12,085,624       | \$ 11,543,146       | \$ 11,796,929       |
| Actual contribution as a percentage of covered payroll                    | 48.70%                | 47.60%                | 61.76%                | 81.65%                 | 57.95%                | 43.06%        | 34.11%                | 31.40%              | 25.79%              | 23.29%              |

**Public Safety Personnel Retirement System - OPEB**

|                                                                           |               |               |               |               |                    |               |               |               |  |  |
|---------------------------------------------------------------------------|---------------|---------------|---------------|---------------|--------------------|---------------|---------------|---------------|--|--|
| <b>Peoria Police Department</b>                                           |               |               |               |               |                    |               |               |               |  |  |
| Statutorily required contribution                                         | \$ 47,471     | \$ 70,917     | \$ 39,757     | \$ 61,941     | \$ 55,479          | \$ 59,656     | \$ 65,900     | \$ 79,152     |  |  |
| Actual contributions in relation to the statutorily required contribution | 47,471        | 70,917        | 39,757        | 61,941        | 58,825             | 59,656        | 65,900        | 79,152        |  |  |
| Contribution deficiency (excess)                                          | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ (3,346)</u>  | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |  |  |
| Covered payroll                                                           | \$ 21,577,761 | \$ 19,699,206 | \$ 18,932,033 | \$ 17,697,415 | \$ 16,653,104      | \$ 17,044,648 | \$ 16,897,694 | \$ 16,153,506 |  |  |
| Actual contribution as a percentage of covered payroll                    | 0.22%         | 0.36%         | 0.21%         | 0.35%         | 0.35%              | 0.35%         | 0.39%         | 0.49%         |  |  |
| <b>Peoria Fire Department</b>                                             |               |               |               |               |                    |               |               |               |  |  |
| Statutorily required contribution                                         | \$ 40,249     | \$ 61,899     | \$ 30,895     | \$ 45,201     | \$ 33,933          | \$ 51,931     | \$ 38,702     | \$ 35,048     |  |  |
| Actual contributions in relation to the statutorily required contribution | 40,249        | 61,899        | 30,895        | 45,201        | 53,727             | 51,931        | 38,702        | 35,048        |  |  |
| Contribution deficiency (excess)                                          | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ (19,794)</u> | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |  |  |
| Covered payroll                                                           | \$ 18,294,859 | \$ 19,343,541 | \$ 18,173,597 | \$ 17,385,094 | \$ 13,051,041      | \$ 13,658,235 | \$ 13,822,178 | \$ 12,085,624 |  |  |
| Actual contribution as a percentage of covered payroll                    | 0.22%         | 0.32%         | 0.17%         | 0.26%         | 0.41%              | 0.38%         | 0.28%         | 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.

See accompanying notes to pension plan schedules

**CITY OF PEORIA, ARIZONA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO PENSION/OPEB PLAN SCHEDULES**  
**JUNE 30, 2025**

**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 are disclosed in the notes to the financial statements.

**Note 2- Factors that Affect Trends**

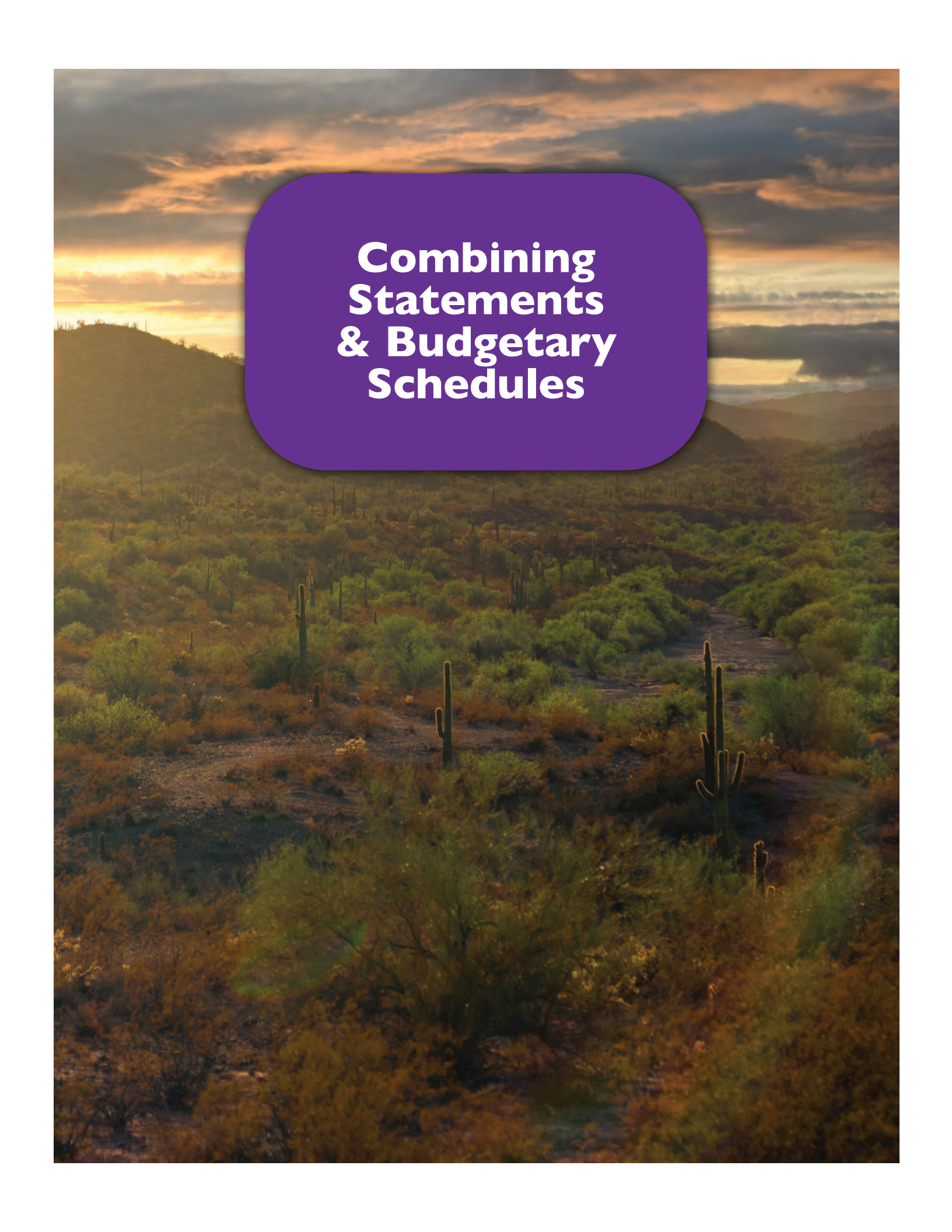
**Arizona State Retirement System (ASRS)**

The actuarial assumptions used in the June 30, 2024, valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2024 actuarial valuation.

**Public Safety Personnel Retirement System (PSPRS)**

The actuarial assumptions used in the June 30, 2024, valuation for PSPRS were based on the results of the 2022 experience study. The payroll growth assumption was lowered from 2.00% to 1.50%. There were no method changes since the prior valuation.

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 increased the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date.

A wide-angle photograph of a desert landscape at sunset. The sky is filled with dramatic, layered clouds in shades of orange, yellow, and grey. The sun is low on the horizon, casting a warm glow over the scene. The foreground and middle ground are covered in dense desert vegetation, including numerous saguaro cacti of various sizes and low-lying shrubs. The terrain appears to be a mix of sandy soil and rocky patches. In the background, rolling hills or mountains are visible under the twilight sky. A large, rounded purple rectangle is superimposed over the upper center of the image, containing white text.

# **Combining Statements & Budgetary Schedules**



# Combining Fund Financial Statements and Budgetary Schedules

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

|                                                                                     | Page |
|-------------------------------------------------------------------------------------|------|
| <b>Major Governmental Funds Other than General Fund &amp; Special Revenue Funds</b> |      |
| Budgetary Comparison Schedules                                                      |      |
| Half-Cent Sales Tax Fund                                                            | 100  |
| General Obligation Bond Debt Service Fund                                           | 102  |
| Development Fee Fund                                                                | 103  |
| Non-Bond Capital Projects Fund                                                      | 104  |
| General Obligation Bond Capital Projects Fund                                       | 105  |
| <b>Non-Major Governmental Funds</b>                                                 |      |
| Combining Statements                                                                |      |
| Combining Balance Sheet                                                             | 109  |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances         | 110  |
| Budgetary Comparison Schedules                                                      |      |
| Public Transit Fund                                                                 | 112  |
| Smart and Safe Arizona Fund                                                         | 113  |
| Municipal Development Authority (MDA) Debt, Debt Service Fund                       | 114  |
| Community Facilities District (CFD) Bonds Debt Service Fund                         | 115  |
| Non-Bond Debt Service Fund                                                          | 116  |
| Community Facilities District (CFD) Bonds Capital Projects Fund                     | 117  |
| <b>Internal Service Funds</b>                                                       |      |
| Combining Statements                                                                |      |
| Combining Statement of Net Position                                                 | 119  |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Position         | 120  |
| Combining Statement of Cash Flows                                                   | 121  |
| <b>Fiduciary Funds</b>                                                              |      |
| Combining Statements                                                                |      |
| Combining Statement of Net Position                                                 | 123  |
| Combining Statement of Changes in Fiduciary Net Position                            | 124  |

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

### **Half-Cent Sales Tax Fund**

This fund accounts for the revenues and expenditures associated with the City's Half-Cent Sales Tax. It is presented within the General Fund on the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.

While this fund is presented with the General Fund for GAAP reporting purposes, the budgetary comparison schedule will be presented separately to provide a clearer view of its financial activity.

### **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) Bond Debt Service Fund**

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

### **Capital Projects Funds**

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

#### **Development Fee Fund**

This fund accounts for the receipt and expenditure of development impact or expansion fees for all governmental activities as governed by state statutes.

#### **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.

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

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



**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
HALF-CENT SALES TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

|                                                              | <b>Budgeted Amounts</b> |                      | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|-------------------------|----------------------|-------------------------------------------------|------------------------------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b>         |                                                 |                                                            |
| <b>REVENUES:</b>                                             |                         |                      |                                                 |                                                            |
| Taxes                                                        | \$ 31,927,879           | \$ 31,927,879        | \$ 35,078,646                                   | \$ 3,150,767                                               |
| Investment earnings(loss)                                    | 1,500,000               | 1,500,000            | 1,978,327                                       | 478,327                                                    |
| Miscellaneous                                                | -                       | -                    | 947,088                                         | 947,088                                                    |
| Total revenues                                               | <u>33,427,879</u>       | <u>33,427,879</u>    | <u>38,004,061</u>                               | <u>4,576,182</u>                                           |
| <b>EXPENDITURES:</b>                                         |                         |                      |                                                 |                                                            |
| Current:                                                     |                         |                      |                                                 |                                                            |
| General government                                           | 13,155,450              | 15,695,904           | 7,221,811                                       | (8,474,093)                                                |
| Capital outlay                                               | <u>23,549,638</u>       | <u>23,807,542</u>    | <u>4,126,992</u>                                | <u>(19,680,550)</u>                                        |
| Total expenditures                                           | <u>36,705,088</u>       | <u>39,503,446</u>    | <u>11,348,803</u>                               | <u>(28,154,643)</u>                                        |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(3,277,209)</u>      | <u>(6,075,567)</u>   | <u>26,655,258</u>                               | <u>32,730,825</u>                                          |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                         |                      |                                                 |                                                            |
| Contingencies                                                | (10,000,000)            | -                    | -                                               | -                                                          |
| Transfers in                                                 | -                       | -                    | 1,220,032                                       | 1,220,032                                                  |
| Transfers out                                                | <u>(25,559,194)</u>     | <u>(25,559,194)</u>  | <u>(25,559,194)</u>                             | <u>-</u>                                                   |
| Total other financing sources and uses                       | <u>(35,559,194)</u>     | <u>(25,559,194)</u>  | <u>(24,339,162)</u>                             | <u>1,220,032</u>                                           |
| Net change in fund balances                                  | (38,836,403)            | (31,634,761)         | 2,316,096                                       | 33,950,857                                                 |
| Fund balances - beginning                                    | 64,158,568              | 64,158,568           | 65,022,467                                      | 863,899                                                    |
| Fund balances - ending                                       | <u>\$ 25,322,165</u>    | <u>\$ 32,523,807</u> | <u>\$ 68,197,223</u>                            | <u>\$ 35,673,416</u>                                       |

NOTE: Although included with the General Fund for GAAP presentation, the Half-Cent Sales Tax Fund is budgeted separately.

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
HALF-CENT SALES TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

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

**Sources/inflows of resources:**

|                                                                                                                                                      |                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| Actual amounts (budgetary basis) "Total revenues" from the Half-Cent Sales Tax Fund budgetary comparison schedule                                    | \$ 38,004,061                |
| Actual amounts (budgetary basis) "Total revenues" from the General Fund budgetary comparison statement                                               | 237,592,229                  |
| 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 | (19,498,261)                 |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis                                                       | <u>3,771,762</u>             |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds                             | <u><u>\$ 259,869,791</u></u> |

**Uses/outflows of resources:**

|                                                                                                                                                                                  |                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| Actual amounts (budgetary basis) "Total expenditures" from the Half-Cent Sales Tax Fund budgetary comparison schedule                                                            | \$ 11,348,803                |
| Actual amounts (budgetary basis) "Total expenditures" from the General Fund budgetary comparison statement                                                                       | 244,153,021                  |
| Differences - budget to GAAP:                                                                                                                                                    |                              |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                                                     | (11,011)                     |
| Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes                                   | (794,584)                    |
| Capital outlay for SBITAs are expenditures for GAAP purposes, but not for budgetary purposes                                                                                     | (683,207)                    |
| Certain interdepartmental service charges are recognized as expenditures for budgetary purposes but are eliminated from the financial statements under GASB34's allocation rules | <u>(19,498,261)</u>          |
| Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds                                                     | <u><u>\$ 234,514,761</u></u> |

NOTE: Although included with the General Fund for GAAP presentation, the Half-Cent Sales Tax Fund is budgeted separately.

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

|                                                              | <b>Budgeted Amounts</b> |                      | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|-------------------------|----------------------|-------------------------------------------------|------------------------------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b>         |                                                 |                                                            |
| <b>REVENUES:</b>                                             |                         |                      |                                                 |                                                            |
| Taxes                                                        | \$ 24,874,684           | \$ 24,874,684        | \$ 23,017,795                                   | \$ (1,856,889)                                             |
| Investment earnings(loss)                                    | 180,000                 | 180,000              | 518,607                                         | 338,607                                                    |
| Total revenues                                               | <u>25,054,684</u>       | <u>25,054,684</u>    | <u>23,536,402</u>                               | <u>(1,518,282)</u>                                         |
| <b>EXPENDITURES:</b>                                         |                         |                      |                                                 |                                                            |
| Current:                                                     |                         |                      |                                                 |                                                            |
| Debt service:                                                |                         |                      |                                                 |                                                            |
| Principal payments                                           | 16,702,862              | 16,702,862           | 14,527,862                                      | (2,175,000)                                                |
| Interest and other charges                                   | 7,240,987               | 7,240,987            | 5,616,562                                       | (1,624,425)                                                |
| Total expenditures                                           | <u>23,943,849</u>       | <u>23,943,849</u>    | <u>20,144,424</u>                               | <u>(3,799,425)</u>                                         |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>1,110,835</u>        | <u>1,110,835</u>     | <u>3,391,978</u>                                | <u>2,281,143</u>                                           |
| Net change in fund balances                                  | 1,110,835               | 1,110,835            | 3,391,978                                       | 2,281,143                                                  |
| Fund balances - beginning                                    | 22,550,402              | 22,550,402           | 20,828,250                                      | (1,722,152)                                                |
| Fund balances - ending                                       | <u>\$ 23,661,237</u>    | <u>\$ 23,661,237</u> | <u>\$ 24,220,228</u>                            | <u>\$ 558,991</u>                                          |

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

**Sources/inflows of resources:**

|                                                                                                                                   |                      |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule                            | \$ 23,536,402        |
| Differences - budget to GAAP:                                                                                                     |                      |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis                                    | 1,836,955            |
| Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - governmental funds | <u>\$ 25,373,357</u> |

**Uses/outflows or resources:**

|                                                                                                                                        |                      |
|----------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule                              | \$ 20,144,424        |
| Differences - budget to GAAP:                                                                                                          |                      |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                           | 129,300              |
| Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 20,273,724</u> |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
DEVELOPMENT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

|                                                              | <b>Budgeted Amounts</b> |                      | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|-------------------------|----------------------|-------------------------------------------------|------------------------------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b>         |                                                 |                                                            |
| <b>REVENUES:</b>                                             |                         |                      |                                                 |                                                            |
| Charges for services                                         | \$ 8,309,141            | \$ 8,309,141         | \$ 11,131,194                                   | \$ 2,822,053                                               |
| Investment earnings(loss)                                    | 901,511                 | 901,511              | 2,288,558                                       | 1,387,047                                                  |
| Total revenues                                               | <u>9,210,652</u>        | <u>9,210,652</u>     | <u>13,419,752</u>                               | <u>4,209,100</u>                                           |
| <b>EXPENDITURES:</b>                                         |                         |                      |                                                 |                                                            |
| Current:                                                     |                         |                      |                                                 |                                                            |
| Public safety                                                | 73,740                  | 73,740               | 3,583                                           | (70,157)                                                   |
| Development services                                         | -                       | -                    | 229,238                                         | 229,238                                                    |
| Highways and streets                                         | 4,926,260               | 5,100,276            | 2,396,930                                       | (2,703,346)                                                |
| Capital outlay                                               | <u>20,887,549</u>       | <u>21,106,135</u>    | <u>2,432,462</u>                                | <u>(18,673,673)</u>                                        |
| Total expenditures                                           | <u>25,887,549</u>       | <u>26,280,151</u>    | <u>5,062,213</u>                                | <u>(21,217,938)</u>                                        |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(16,676,897)</u>     | <u>(17,069,499)</u>  | <u>8,357,539</u>                                | <u>25,427,038</u>                                          |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                         |                      |                                                 |                                                            |
| Contingencies                                                | <u>(5,000,000)</u>      | <u>-</u>             | <u>-</u>                                        | <u>-</u>                                                   |
| Total other financing sources and uses                       | <u>(5,000,000)</u>      | <u>-</u>             | <u>-</u>                                        | <u>-</u>                                                   |
| Net change in fund balances                                  | (21,676,897)            | (17,069,499)         | 8,357,539                                       | 25,427,038                                                 |
| Fund balances - beginning                                    | 47,628,662              | 47,628,662           | 52,446,475                                      | 4,817,813                                                  |
| Fund balances - ending                                       | <u>\$ 25,951,765</u>    | <u>\$ 30,559,163</u> | <u>\$ 60,804,014</u>                            | <u>\$ 30,244,851</u>                                       |

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

**Sources/inflows of resources:**

|                                                                                                                                   |                      |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule                            | \$ 13,419,752        |
| Differences - budget to GAAP:                                                                                                     |                      |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis                                    | 737,366              |
| Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - governmental funds | <u>\$ 14,157,118</u> |

**Uses/outflows or resources:**

|                                                                                                                                                |                     |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule                                      | \$ 5,062,213        |
| Differences - budget to GAAP:                                                                                                                  |                     |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                   | 884,330             |
| Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes | 78,056              |
| Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds         | <u>\$ 6,024,599</u> |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
NON-BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

|                                                              | <b>Budgeted Amounts</b> |                      | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|-------------------------|----------------------|-------------------------------------------------|------------------------------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b>         |                                                 |                                                            |
| <b>REVENUES:</b>                                             |                         |                      |                                                 |                                                            |
| Intergovernmental revenue                                    | \$ -                    | \$ -                 | \$ 5,020,518                                    | \$ 5,020,518                                               |
| Investment earnings                                          | 355,000                 | 355,000              | 232,246                                         | (122,754)                                                  |
| Miscellaneous                                                | 30,996,248              | 30,996,248           | 5,488,683                                       | (25,507,565)                                               |
| Total revenues                                               | 31,351,248              | 31,351,248           | 10,741,447                                      | (20,609,801)                                               |
| <b>EXPENDITURES:</b>                                         |                         |                      |                                                 |                                                            |
| Current:                                                     |                         |                      |                                                 |                                                            |
| Highways and streets                                         | 214,243                 | 214,243              | 56,363                                          | (157,880)                                                  |
| Capital outlay                                               | 54,985,674              | 38,984,256           | 15,081,825                                      | (23,902,431)                                               |
| Total expenditures                                           | 55,199,917              | 39,198,499           | 15,138,188                                      | (24,060,311)                                               |
| Excess (deficiency) of revenues<br>over (under) expenditures | (23,848,669)            | (7,847,251)          | (4,396,741)                                     | 3,450,510                                                  |
| Net change in fund balances                                  | (23,848,669)            | (7,847,251)          | (4,396,741)                                     | 3,450,510                                                  |
| Fund balances - beginning                                    | 32,323,168              | 32,323,168           | 8,331,491                                       | (23,991,677)                                               |
| Fund balances - ending                                       | <u>\$ 8,474,499</u>     | <u>\$ 24,475,917</u> | <u>\$ 3,934,750</u>                             | <u>\$ (20,541,167)</u>                                     |

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule \$ 10,741,447

Differences - budget to GAAP:

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 10,741,447

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison schedule \$ 15,138,188

Differences - budget to GAAP:

Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes (8,600,886)

Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 6,537,302

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL OBLIGATION (GO) BOND CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

|                                                              | <b>Budgeted Amounts</b> |                       | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|-------------------------|-----------------------|-------------------------------------------------|------------------------------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b>          |                                                 |                                                            |
| <b>REVENUES:</b>                                             |                         |                       |                                                 |                                                            |
| Investment earnings(loss)                                    | \$ 700,000              | \$ 700,000            | \$ 1,555,952                                    | \$ 855,952                                                 |
| Total revenues                                               | <u>700,000</u>          | <u>700,000</u>        | <u>1,555,952</u>                                | <u>855,952</u>                                             |
| <b>EXPENDITURES:</b>                                         |                         |                       |                                                 |                                                            |
| Current:                                                     |                         |                       |                                                 |                                                            |
| Highways and streets                                         | 1,510,580               | 1,522,857             | 529,230                                         | (993,627)                                                  |
| Debt service:                                                |                         |                       |                                                 |                                                            |
| Interest and other charges                                   | -                       | -                     | 546,614                                         | 546,614                                                    |
| Capital outlay                                               | <u>57,637,206</u>       | <u>65,009,444</u>     | <u>33,095,308</u>                               | <u>(31,914,136)</u>                                        |
| Total expenditures                                           | <u>59,147,786</u>       | <u>66,532,301</u>     | <u>34,171,152</u>                               | <u>(32,361,149)</u>                                        |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(58,447,786)</u>     | <u>(65,832,301)</u>   | <u>(32,615,200)</u>                             | <u>33,217,101</u>                                          |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                         |                       |                                                 |                                                            |
| Issuance of debt                                             | 43,500,000              | 43,500,000            | 88,513,789                                      | 45,013,789                                                 |
| Premium on bonds issued                                      | -                       | -                     | 2,633,887                                       | 2,633,887                                                  |
| Transfers out                                                | <u>-</u>                | <u>-</u>              | <u>(1,458,789)</u>                              | <u>(1,458,789)</u>                                         |
| Total other financing sources and uses                       | <u>43,500,000</u>       | <u>43,500,000</u>     | <u>89,688,887</u>                               | <u>46,188,887</u>                                          |
| Net change in fund balances                                  | (14,947,786)            | (22,332,301)          | 57,073,687                                      | 79,405,988                                                 |
| Fund balances - beginning                                    | 15,143,294              | 15,143,294            | 21,976,995                                      | 6,833,701                                                  |
| Fund balances - ending                                       | <u>\$ 195,508</u>       | <u>\$ (7,189,007)</u> | <u>\$ 79,050,682</u>                            | <u>\$ 86,239,689</u>                                       |

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

**Sources/inflows of resources:**

|                                                                                                                          |                     |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|
| Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule                   | \$ 1,555,952        |
| Differences - budget to GAAP:                                                                                            |                     |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis                           | 128,616             |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 1,684,568</u> |

**Uses/outflows of resources:**

|                                                                                                                                                |                      |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Actual amounts (budgetary basis) "Total expenditures" from the budgetary comparison schedule                                                   | \$ 34,171,152        |
| Differences - budget to GAAP:                                                                                                                  |                      |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                   | 8,176,681            |
| Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes | (14,213,551)         |
| Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds                   | <u>\$ 28,134,282</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.

##### **Smart & Safe AZ Fund**

This fund receives and expends the City's allocation of sales tax on recreational marijuana. These monies are deposited into the State's Smart and Safe Arizona Fund (SSAF). The City receives a portion of this money from the state to be spent on police and fire departments.

#### **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, Vistancia West, Vistancia North and Mystic at Lake Pleasant Heights Communities Facilities Districts (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.

##### **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, Vistancia West, Vistancia North and Mystic at Lake Pleasant Heights Communities Facilities Districts 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.



**CITY OF PEORIA, ARIZONA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2025**

|                                                        | Special Revenue Funds |                      | Debt Service Funds                   |                     |                    | Capital Project Funds | Total                        |
|--------------------------------------------------------|-----------------------|----------------------|--------------------------------------|---------------------|--------------------|-----------------------|------------------------------|
|                                                        | Public Transit Fund   | Smart & Safe AZ Fund | Municipal Development Authority Debt | CFD Bonds           | Non-Bond           | CFD Bonds             | Non-Major Governmental Funds |
| <b>ASSETS</b>                                          |                       |                      |                                      |                     |                    |                       |                              |
| Pooled cash and investments                            | \$ 6,719,091          | \$ 2,321,561         | \$ 3,255,206                         | \$ 1,602,545        | \$ -               | \$ -                  | \$ 13,898,403                |
| Accounts receivable, net                               | 385,306               | -                    | -                                    | -                   | -                  | -                     | 385,306                      |
| Interest receivable                                    | 45,275                | -                    | 19,695                               | 22,277              | 5,534              | 5,763                 | 98,544                       |
| Due from other governments                             | -                     | -                    | -                                    | 76,380              | -                  | -                     | 76,380                       |
| Prepaid items                                          | -                     | -                    | -                                    | 16,446              | -                  | -                     | 16,446                       |
| Restricted cash with fiscal agents                     | -                     | -                    | -                                    | 4,598,665           | 98                 | 2,392,377             | 6,991,140                    |
| Total assets                                           | <u>\$ 7,149,672</u>   | <u>\$ 2,321,561</u>  | <u>\$ 3,274,901</u>                  | <u>\$ 6,316,313</u> | <u>\$ 5,632</u>    | <u>\$ 2,398,140</u>   | <u>\$ 21,466,219</u>         |
| <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b> |                       |                      |                                      |                     |                    |                       |                              |
| Liabilities:                                           |                       |                      |                                      |                     |                    |                       |                              |
| Accounts payable                                       | \$ 53,274             | \$ -                 | \$ -                                 | \$ 619              | \$ 41,451          | \$ -                  | \$ 95,344                    |
| Accrued payroll                                        | 25,450                | -                    | -                                    | -                   | -                  | -                     | 25,450                       |
| Interest payable                                       | -                     | -                    | -                                    | -                   | -                  | 14,417                | 14,417                       |
| Due to other funds                                     | -                     | -                    | -                                    | -                   | 2,689,184          | 105,180               | 2,794,364                    |
| Arbitrage liability                                    | -                     | -                    | -                                    | 58,893              | -                  | -                     | 58,893                       |
| Unearned revenue-other                                 | 5,000                 | -                    | -                                    | -                   | -                  | -                     | 5,000                        |
| Total liabilities                                      | <u>83,724</u>         | <u>-</u>             | <u>-</u>                             | <u>59,512</u>       | <u>2,730,635</u>   | <u>119,597</u>        | <u>2,993,468</u>             |
| Fund balances:                                         |                       |                      |                                      |                     |                    |                       |                              |
| Unspendable:                                           |                       |                      |                                      |                     |                    |                       |                              |
| Prepaid items                                          | -                     | -                    | -                                    | 16,446              | -                  | -                     | 16,446                       |
| Restricted for:                                        |                       |                      |                                      |                     |                    |                       |                              |
| Debt service                                           | -                     | -                    | 3,274,901                            | 6,240,355           | -                  | -                     | 9,515,256                    |
| Capital projects                                       | -                     | -                    | -                                    | -                   | -                  | 2,278,543             | 2,278,543                    |
| Public safety                                          | -                     | 2,321,561            | -                                    | -                   | -                  | -                     | 2,321,561                    |
| Grant purposes                                         | 7,065,948             | -                    | -                                    | -                   | -                  | -                     | 7,065,948                    |
| Unassigned:                                            | -                     | -                    | -                                    | -                   | (2,725,003)        | -                     | (2,725,003)                  |
| Total fund balance                                     | <u>7,065,948</u>      | <u>2,321,561</u>     | <u>3,274,901</u>                     | <u>6,256,801</u>    | <u>(2,725,003)</u> | <u>2,278,543</u>      | <u>18,472,751</u>            |
| Total liabilities, deferred inflows & fund balance     | <u>\$ 7,149,672</u>   | <u>\$ 2,321,561</u>  | <u>\$ 3,274,901</u>                  | <u>\$ 6,316,313</u> | <u>\$ 5,632</u>    | <u>\$ 2,398,140</u>   | <u>\$ 21,466,219</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, 2025**

|                                                      | <b>Special Revenue Funds</b>       |                                         | <b>Debt Service Funds</b>                           |                      |                       |
|------------------------------------------------------|------------------------------------|-----------------------------------------|-----------------------------------------------------|----------------------|-----------------------|
|                                                      | <b>Public<br/>Transit<br/>Fund</b> | <b>Smart &amp;<br/>Safe AZ<br/>Fund</b> | <b>Municipal<br/>Development<br/>Authority Debt</b> | <b>CFD<br/>Bonds</b> | <b>Non-Bond</b>       |
| <b>REVENUES:</b>                                     |                                    |                                         |                                                     |                      |                       |
| Taxes                                                | \$ -                               | \$ -                                    | \$ -                                                | \$ 5,610,274         | \$ -                  |
| Intergovernmental                                    | 657,940                            | 1,193,679                               | -                                                   | -                    | -                     |
| Charges for service                                  | 91,088                             | -                                       | -                                                   | -                    | -                     |
| Investment earnings(loss)                            | 289,631                            | -                                       | 125,993                                             | 142,509              | 35,496                |
| Miscellaneous                                        | 348,803                            | -                                       | -                                                   | 292,674              | 112,185               |
| Total revenues                                       | <u>1,387,462</u>                   | <u>1,193,679</u>                        | <u>125,993</u>                                      | <u>6,045,457</u>     | <u>147,681</u>        |
| <b>EXPENDITURES:</b>                                 |                                    |                                         |                                                     |                      |                       |
| Current:                                             |                                    |                                         |                                                     |                      |                       |
| General government                                   | -                                  | -                                       | -                                                   | 166,387              | -                     |
| Public works                                         | -                                  | -                                       | -                                                   | -                    | 107,263               |
| Human services                                       | 2,716,382                          | -                                       | -                                                   | -                    | -                     |
| Debt service:                                        |                                    |                                         |                                                     |                      |                       |
| Principal payments                                   | -                                  | -                                       | -                                                   | 4,400,000            | 6,183,267             |
| Interest and other charges                           | -                                  | -                                       | -                                                   | 812,182              | 1,219,860             |
| Capital outlay                                       | -                                  | -                                       | -                                                   | -                    | -                     |
| Total expenditures                                   | <u>2,716,382</u>                   | <u>-</u>                                | <u>-</u>                                            | <u>5,378,569</u>     | <u>7,510,390</u>      |
| Excess (deficiency) of revenues<br>over expenditures | <u>(1,328,920)</u>                 | <u>1,193,679</u>                        | <u>125,993</u>                                      | <u>666,888</u>       | <u>(7,362,709)</u>    |
| <b>OTHER FINANCING SOURCES (USES):</b>               |                                    |                                         |                                                     |                      |                       |
| Issuance of debt                                     | -                                  | -                                       | -                                                   | -                    | -                     |
| Premium on bonds issued                              | -                                  | -                                       | -                                                   | -                    | -                     |
| Transfers in                                         | 1,900,000                          | -                                       | -                                                   | 150,170              | 5,259,785             |
| Transfers out                                        | (154,065)                          | (900,000)                               | -                                                   | -                    | -                     |
| Total other financing sources and uses               | <u>1,745,935</u>                   | <u>(900,000)</u>                        | <u>-</u>                                            | <u>150,170</u>       | <u>5,259,785</u>      |
| Net change in fund balances                          | 417,015                            | 293,679                                 | 125,993                                             | 817,058              | (2,102,924)           |
| Fund balances - beginning                            | 6,648,933                          | 2,027,882                               | 3,148,908                                           | 5,439,743            | (622,079)             |
| Fund balances - ending                               | <u>\$ 7,065,948</u>                | <u>\$ 2,321,561</u>                     | <u>\$ 3,274,901</u>                                 | <u>\$ 6,256,801</u>  | <u>\$ (2,725,003)</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, 2025**

|                                                      | <b>Capital Project<br/>Funds</b> | <b>Total<br/>Non-Major<br/>Governmental<br/>Funds</b> |
|------------------------------------------------------|----------------------------------|-------------------------------------------------------|
|                                                      | <b>CFD<br/>Bonds</b>             |                                                       |
| <b>REVENUES:</b>                                     |                                  |                                                       |
| Taxes                                                | \$ -                             | \$ 5,610,274                                          |
| Intergovernmental                                    | -                                | 1,851,619                                             |
| Charges for service                                  | -                                | 91,088                                                |
| Investment earnings(loss)                            | 36,870                           | 630,499                                               |
| Miscellaneous                                        | -                                | 753,662                                               |
| Total revenues                                       | <u>36,870</u>                    | <u>8,937,142</u>                                      |
| <b>EXPENDITURES:</b>                                 |                                  |                                                       |
| Current:                                             |                                  |                                                       |
| General government                                   | -                                | 166,387                                               |
| Public works                                         | -                                | 107,263                                               |
| Human services                                       | -                                | 2,716,382                                             |
| Debt service:                                        |                                  |                                                       |
| Principal payments                                   | -                                | 10,583,267                                            |
| Interest and other charges                           | 565,753                          | 2,597,795                                             |
| Capital outlay                                       | <u>4,008,482</u>                 | <u>4,008,482</u>                                      |
| Total expenditures                                   | <u>4,574,235</u>                 | <u>20,179,576</u>                                     |
| Excess (deficiency) of revenues<br>over expenditures | <u>(4,537,365)</u>               | <u>(11,242,434)</u>                                   |
| <b>OTHER FINANCING SOURCES (USES):</b>               |                                  |                                                       |
| Issuance of debt                                     | 6,810,000                        | 6,810,000                                             |
| Premium on bonds issued                              | 156,078                          | 156,078                                               |
| Transfers in                                         | -                                | 7,309,955                                             |
| Transfers out                                        | <u>(150,170)</u>                 | <u>(1,204,235)</u>                                    |
| Total other financing sources and uses               | <u>6,815,908</u>                 | <u>13,071,798</u>                                     |
| Net change in fund balances                          | 2,278,543                        | 1,829,364                                             |
| Fund balances - beginning                            | -                                | 16,643,387                                            |
| Fund balances - ending                               | <u>\$ 2,278,543</u>              | <u>\$ 18,472,751</u>                                  |
|                                                      |                                  | (concluded)                                           |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
PUBLIC TRANSIT FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

|                                                              | <b>Budgeted Amounts</b> |                     | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|-------------------------|---------------------|-------------------------------------------------|------------------------------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b>        |                                                 |                                                            |
| <b>REVENUES:</b>                                             |                         |                     |                                                 |                                                            |
| Intergovernmental                                            | \$ 484,303              | \$ 484,303          | \$ 657,940                                      | \$ 173,637                                                 |
| Charges for services                                         | 90,000                  | 90,000              | 91,088                                          | 1,088                                                      |
| Investment earnings                                          | 140,000                 | 140,000             | 289,631                                         | 149,631                                                    |
| Miscellaneous                                                | 561,608                 | 561,608             | 348,803                                         | (212,805)                                                  |
| Total inflows                                                | <u>1,275,911</u>        | <u>1,275,911</u>    | <u>1,387,462</u>                                | <u>111,551</u>                                             |
| <b>EXPENDITURES:</b>                                         |                         |                     |                                                 |                                                            |
| Current:                                                     |                         |                     |                                                 |                                                            |
| Human services                                               | 3,290,795               | 3,502,283           | 2,571,567                                       | (930,716)                                                  |
| Capital outlay                                               | -                       | -                   | 154,065                                         | 154,065                                                    |
| Total expenditures                                           | <u>3,290,795</u>        | <u>3,502,283</u>    | <u>2,725,632</u>                                | <u>(776,651)</u>                                           |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(2,014,884)</u>      | <u>(2,226,372)</u>  | <u>(1,338,170)</u>                              | <u>888,202</u>                                             |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                         |                     |                                                 |                                                            |
| Transfers in                                                 | <u>1,900,000</u>        | <u>1,900,000</u>    | <u>1,900,000</u>                                | <u>-</u>                                                   |
| Total other financing sources and uses                       | <u>1,900,000</u>        | <u>1,900,000</u>    | <u>1,900,000</u>                                | <u>-</u>                                                   |
| Net change in fund balances                                  | (114,884)               | (326,372)           | 561,830                                         | 888,202                                                    |
| Fund balances - beginning                                    | 4,804,754               | 4,804,754           | 6,648,933                                       | 1,844,179                                                  |
| Fund balances - ending                                       | <u>\$ 4,689,870</u>     | <u>\$ 4,478,382</u> | <u>\$ 7,210,763</u>                             | <u>\$ 2,732,381</u>                                        |

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

**Sources/inflows of resources:**

|                                                                                                                                             |                     |
|---------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule                                      | \$ 1,387,462        |
| Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 1,387,462</u> |

**Uses/outflows or resources:**

|                                                                                                                                                  |                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule                                        | \$ 2,725,632        |
| Differences - budget to GAAP:                                                                                                                    |                     |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                     | 144,815             |
| Capital outlay recognized as expenditures for budgetary purposes, but assets capitalized in proprietary funds for financial reporting purposes   | (154,065)           |
| Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 2,716,382</u> |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
SMART & SAFE AZ FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

|                                                              | <b>Budgeted Amounts</b> |                     | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>Under</b> |
|--------------------------------------------------------------|-------------------------|---------------------|-------------------------------------------------|----------------------------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b>        |                                                 |                                                          |
| <b>REVENUES:</b>                                             |                         |                     |                                                 |                                                          |
| Intergovernmental revenue                                    | \$ 1,355,326            | \$ 1,355,326        | \$ 1,193,679                                    | \$ (161,647)                                             |
| Total revenues                                               | <u>1,355,326</u>        | <u>1,355,326</u>    | <u>1,193,679</u>                                | <u>(161,647)</u>                                         |
| <b>EXPENDITURES:</b>                                         |                         |                     |                                                 |                                                          |
| Total expenditures                                           | <u>-</u>                | <u>-</u>            | <u>-</u>                                        | <u>-</u>                                                 |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>1,355,326</u>        | <u>1,355,326</u>    | <u>1,193,679</u>                                | <u>(161,647)</u>                                         |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                         |                     |                                                 |                                                          |
| Transfers out                                                | <u>(900,000)</u>        | <u>(900,000)</u>    | <u>(900,000)</u>                                | <u>-</u>                                                 |
| Total other financing sources and uses                       | <u>(900,000)</u>        | <u>(900,000)</u>    | <u>(900,000)</u>                                | <u>-</u>                                                 |
| Net change in fund balances                                  | 455,326                 | 455,326             | 293,679                                         | (161,647)                                                |
| Fund balances - beginning                                    | 2,086,575               | 2,086,575           | 2,027,882                                       | (58,693)                                                 |
| Fund balances - ending                                       | <u>\$ 2,541,901</u>     | <u>\$ 2,541,901</u> | <u>\$ 2,321,561</u>                             | <u>\$ (220,340)</u>                                      |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL DEVELOPMENT AUTHORITY (MDA) DEBT, DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

|                                                              | <b>Budgeted Amounts</b> |                     | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|-------------------------|---------------------|-------------------------------------------------|------------------------------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b>        |                                                 |                                                            |
| <b>REVENUES:</b>                                             |                         |                     |                                                 |                                                            |
| Investment earnings                                          | \$ -                    | \$ -                | \$ 125,993                                      | \$ 125,993                                                 |
| Total revenues                                               | -                       | -                   | 125,993                                         | 125,993                                                    |
| <b>EXPENDITURES:</b>                                         |                         |                     |                                                 |                                                            |
| Debt service:                                                |                         |                     |                                                 |                                                            |
| Interest and other charges                                   | 7,000                   | -                   | -                                               | -                                                          |
| Total expenditures                                           | 7,000                   | -                   | -                                               | -                                                          |
| Excess (deficiency) of revenues<br>over (under) expenditures | (7,000)                 | -                   | 125,993                                         | 125,993                                                    |
| Net change in fund balances                                  | (7,000)                 | -                   | 125,993                                         | 125,993                                                    |
| Fund balances - beginning                                    | 5,294,595               | 5,294,595           | 3,148,908                                       | (2,145,687)                                                |
| Fund balances - ending                                       | <u>\$ 5,287,595</u>     | <u>\$ 5,294,595</u> | <u>\$ 3,274,901</u>                             | <u>\$ (2,019,694)</u>                                      |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

|                                                              | <b>Budgeted Amounts</b> |                   | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|-------------------------|-------------------|-------------------------------------------------|------------------------------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b>      |                                                 |                                                            |
| <b>REVENUES:</b>                                             |                         |                   |                                                 |                                                            |
| Taxes                                                        | \$ 5,728,549            | \$ 5,728,549      | \$ 4,770,777                                    | \$ (957,772)                                               |
| Investment earnings                                          | -                       | -                 | 142,509                                         | 142,509                                                    |
| Miscellaneous                                                | 1,080,000               | 1,080,000         | 292,674                                         | (787,326)                                                  |
| Total revenues                                               | <u>6,808,549</u>        | <u>6,808,549</u>  | <u>5,205,960</u>                                | <u>(1,602,589)</u>                                         |
| <b>EXPENDITURES:</b>                                         |                         |                   |                                                 |                                                            |
| Current:                                                     |                         |                   |                                                 |                                                            |
| General government                                           | 1,140,000               | 1,140,000         | 77,669                                          | (1,062,331)                                                |
| Debt service:                                                |                         |                   |                                                 |                                                            |
| Principal payments                                           | 4,470,000               | 4,470,000         | 4,400,000                                       | (70,000)                                                   |
| Interest and other charges                                   | 752,600                 | 752,600           | 812,182                                         | 59,582                                                     |
| Total expenditures                                           | <u>6,362,600</u>        | <u>6,362,600</u>  | <u>5,289,851</u>                                | <u>(1,072,749)</u>                                         |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>445,949</u>          | <u>445,949</u>    | <u>(83,891)</u>                                 | <u>(529,840)</u>                                           |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                         |                   |                                                 |                                                            |
| Contingencies                                                | (10,000)                | (10,000)          | -                                               | 10,000                                                     |
| Transfers in                                                 | -                       | -                 | 150,170                                         | 150,170                                                    |
| Total other financing sources and uses                       | <u>(10,000)</u>         | <u>(10,000)</u>   | <u>150,170</u>                                  | <u>160,170</u>                                             |
| Net change in fund balances                                  | 435,949                 | 435,949           | 66,279                                          | (369,670)                                                  |
| Fund balances - beginning                                    | -                       | -                 | 5,439,743                                       | 5,439,743                                                  |
| Fund balances - ending                                       | <u>\$ 435,949</u>       | <u>\$ 435,949</u> | <u>\$ 5,506,022</u>                             | <u>\$ 5,070,073</u>                                        |

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

**Sources/inflows of resources:**

|                                                                                                                                             |                     |
|---------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule                                      | \$ 5,205,960        |
| Differences - budget to GAAP:                                                                                                               |                     |
| The City budgets certain revenues on the cash basis, rather than on the modified accrual basis                                              | 839,497             |
| Total revenues as reported on the combining statement of revenue, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 6,045,457</u> |

**Uses/outflows or resources:**

|                                                                                                                                                  |                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule                                        | \$ 5,289,851        |
| Differences - budget to GAAP:                                                                                                                    |                     |
| The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis                                     | 88,718              |
| Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - non-major governmental funds | <u>\$ 5,378,569</u> |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
NON-BOND DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

|                                                              | <b>Budgeted Amounts</b> |                       | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|--------------------------------------------------------------|-------------------------|-----------------------|-------------------------------------------------|------------------------------------------------------------|
|                                                              | <b>Original</b>         | <b>Final</b>          |                                                 |                                                            |
| <b>REVENUES:</b>                                             |                         |                       |                                                 |                                                            |
| Investment earnings                                          | \$ 20,493               | \$ 20,493             | \$ 35,496                                       | \$ 15,003                                                  |
| Miscellaneous                                                | -                       | -                     | 112,185                                         | 112,185                                                    |
| Total revenues                                               | <u>20,493</u>           | <u>20,493</u>         | <u>147,681</u>                                  | <u>127,188</u>                                             |
| <b>EXPENDITURES:</b>                                         |                         |                       |                                                 |                                                            |
| Current:                                                     |                         |                       |                                                 |                                                            |
| Public works                                                 | -                       | 106,335               | 107,263                                         | 928                                                        |
| Debt service:                                                |                         |                       |                                                 |                                                            |
| Principal payments                                           | 6,183,267               | 6,183,267             | 6,183,267                                       | -                                                          |
| Interest and other charges                                   | <u>1,264,788</u>        | <u>1,221,788</u>      | <u>1,219,860</u>                                | <u>(1,928)</u>                                             |
| Total expenditures                                           | <u>7,448,055</u>        | <u>7,511,390</u>      | <u>7,510,390</u>                                | <u>(1,000)</u>                                             |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(7,427,562)</u>      | <u>(7,490,897)</u>    | <u>(7,362,709)</u>                              | <u>128,188</u>                                             |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                         |                       |                                                 |                                                            |
| Transfers in                                                 | <u>5,259,785</u>        | <u>5,259,785</u>      | <u>5,259,785</u>                                | <u>-</u>                                                   |
| Total other financing sources and uses                       | <u>5,259,785</u>        | <u>5,259,785</u>      | <u>5,259,785</u>                                | <u>-</u>                                                   |
| Net change in fund balances                                  | (2,167,777)             | (2,231,112)           | (2,102,924)                                     | 128,188                                                    |
| Fund balances - beginning                                    | -                       | -                     | (622,079)                                       | (622,079)                                                  |
| Fund balances - ending                                       | <u>\$ (2,167,777)</u>   | <u>\$ (2,231,112)</u> | <u>\$ (2,725,003)</u>                           | <u>\$ (493,891)</u>                                        |

**CITY OF PEORIA, ARIZONA  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY FACILITIES DISTRICT (CFD) BONDS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

|                                        | <b>Budgeted Amounts</b> |              | <b>Actual<br/>Amounts<br/>(budgetary basis)</b> | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|----------------------------------------|-------------------------|--------------|-------------------------------------------------|------------------------------------------------------------|
|                                        | <b>Original</b>         | <b>Final</b> |                                                 |                                                            |
| <b>REVENUES:</b>                       |                         |              |                                                 |                                                            |
| Investment earnings                    | \$ -                    | \$ -         | \$ 36,870                                       | \$ 36,870                                                  |
| Total revenues                         | -                       | -            | 36,870                                          | 36,870                                                     |
| <b>EXPENDITURES:</b>                   |                         |              |                                                 |                                                            |
| Debt service:                          |                         |              |                                                 |                                                            |
| Interest and other charges             | 800,000                 | 800,000      | 565,753                                         | (234,247)                                                  |
| Capital outlay                         | 5,100,000               | 5,100,000    | 4,008,482                                       | (1,091,518)                                                |
| Total expenditures                     | 5,900,000               | 5,900,000    | 4,574,235                                       | (1,325,765)                                                |
| <b>OTHER FINANCING SOURCES (USES):</b> |                         |              |                                                 |                                                            |
| Issuance of debt                       | 10,500,000              | 10,500,000   | 6,810,000                                       | (3,690,000)                                                |
| Premium on bonds issued                | -                       | -            | 156,078                                         | 156,078                                                    |
| Transfers out                          | -                       | -            | (150,170)                                       | (150,170)                                                  |
| Total other financing sources and uses | 10,500,000              | 10,500,000   | 6,815,908                                       | (3,684,092)                                                |
| Net change in fund balances            | 4,600,000               | 4,600,000    | 2,278,543                                       | (2,321,457)                                                |
| Fund balances - beginning              | -                       | -            | -                                               | -                                                          |
| Fund balances - ending                 | \$ 4,600,000            | \$ 4,600,000 | \$ 2,278,543                                    | \$ (2,321,457)                                             |

## **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, 2025**

|                                                         | <b>Motor Pool<br/>Fund</b> | <b>Self-<br/>Insurance<br/>Fund</b> | <b>Facilities<br/>Maintenance<br/>Fund</b> | <b>Information<br/>Technology<br/>Fund</b> | <b>Total</b>         |
|---------------------------------------------------------|----------------------------|-------------------------------------|--------------------------------------------|--------------------------------------------|----------------------|
| <b>ASSETS</b>                                           |                            |                                     |                                            |                                            |                      |
| Current assets:                                         |                            |                                     |                                            |                                            |                      |
| Pooled cash and investments                             | \$ 18,314,650              | \$ 4,152,681                        | \$ 3,535,284                               | \$ 11,056,877                              | \$ 37,059,492        |
| Restricted pooled cash and investments                  | -                          | 22,322,690                          | -                                          | -                                          | 22,322,690           |
| Restricted cash with fiscal agents                      | -                          | 328,242                             | -                                          | -                                          | 328,242              |
| Accounts receivable, net                                | 109,803                    | 21,980                              | -                                          | 5,933                                      | 137,716              |
| Interest receivable                                     | 124,086                    | 325,263                             | 36,365                                     | 90,646                                     | 576,360              |
| Prepaid items                                           | 4,956,387                  | -                                   | -                                          | -                                          | 4,956,387            |
| Supplies inventory                                      | 326,061                    | -                                   | -                                          | -                                          | 326,061              |
| Total current assets                                    | <u>23,830,987</u>          | <u>27,150,856</u>                   | <u>3,571,649</u>                           | <u>11,153,456</u>                          | <u>65,706,948</u>    |
| Non-current assets:                                     |                            |                                     |                                            |                                            |                      |
| Restricted assets:                                      |                            |                                     |                                            |                                            |                      |
| Investments                                             | -                          | 9,538,209                           | -                                          | -                                          | 9,538,209            |
| Total restricted assets                                 | <u>-</u>                   | <u>9,538,209</u>                    | <u>-</u>                                   | <u>-</u>                                   | <u>9,538,209</u>     |
| Capital assets:                                         |                            |                                     |                                            |                                            |                      |
| Buildings and improvements                              | -                          | -                                   | -                                          | 148,102                                    | 148,102              |
| Equipment & furniture                                   | 2,166,717                  | -                                   | -                                          | 25,027,622                                 | 27,194,339           |
| Vehicles                                                | 46,290,199                 | -                                   | -                                          | -                                          | 46,290,199           |
| Intangible-SBITA                                        | -                          | -                                   | -                                          | 3,876,760                                  | 3,876,760            |
| Less accumulated depreciation/amortization              | (32,693,341)               | -                                   | -                                          | (26,436,514)                               | (59,129,855)         |
| Construction in progress                                | -                          | -                                   | -                                          | 11,471,665                                 | 11,471,665           |
| Total capital assets, net                               | <u>15,763,575</u>          | <u>-</u>                            | <u>-</u>                                   | <u>14,087,635</u>                          | <u>29,851,210</u>    |
| Net other postemployment benefits asset                 | <u>48,299</u>              | <u>-</u>                            | <u>87,996</u>                              | <u>184,864</u>                             | <u>321,159</u>       |
| Total assets                                            | <u>39,642,861</u>          | <u>36,689,065</u>                   | <u>3,659,645</u>                           | <u>25,425,955</u>                          | <u>105,417,526</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                   |                            |                                     |                                            |                                            |                      |
| Deferred outflows related to pensions                   | <u>239,206</u>             | <u>-</u>                            | <u>435,809</u>                             | <u>915,560</u>                             | <u>1,590,575</u>     |
| Total deferred outflows of resources                    | <u>239,206</u>             | <u>-</u>                            | <u>435,809</u>                             | <u>915,560</u>                             | <u>1,590,575</u>     |
| <b>LIABILITIES</b>                                      |                            |                                     |                                            |                                            |                      |
| Current liabilities:                                    |                            |                                     |                                            |                                            |                      |
| Accounts payable                                        | 671,517                    | 1,744,706                           | 173,874                                    | 1,293,265                                  | 3,883,362            |
| Accrued payroll                                         | 48,213                     | 4,064                               | 87,518                                     | 186,448                                    | 326,243              |
| Accrued interest payable                                | -                          | -                                   | -                                          | 284,790                                    | 284,790              |
| Other current liabilities                               | 47,431                     | 11                                  | -                                          | -                                          | 47,442               |
| Current portion of claims payable                       | -                          | 7,914,708                           | -                                          | -                                          | 7,914,708            |
| Current portion of compensated absences                 | 80,160                     | 4,531                               | 160,726                                    | 415,233                                    | 660,650              |
| Current portion of SBITA payable                        | -                          | -                                   | -                                          | 1,237,609                                  | 1,237,609            |
| Total current liabilities                               | <u>847,321</u>             | <u>9,668,020</u>                    | <u>422,118</u>                             | <u>3,417,345</u>                           | <u>14,354,804</u>    |
| Non-current liabilities:                                |                            |                                     |                                            |                                            |                      |
| Long-term portion of claims payable                     | -                          | 1,930,388                           | -                                          | -                                          | 1,930,388            |
| Compensated absences                                    | 69,170                     | 748                                 | 177,289                                    | 305,126                                    | 552,333              |
| Long-term portion of SBITA payable                      | -                          | -                                   | -                                          | 9,722,222                                  | 9,722,222            |
| Net pension and other postemployment benefits liability | <u>1,253,275</u>           | <u>-</u>                            | <u>2,283,359</u>                           | <u>4,796,929</u>                           | <u>8,333,563</u>     |
| Total non-current liabilities                           | <u>1,322,445</u>           | <u>1,931,136</u>                    | <u>2,460,648</u>                           | <u>14,824,277</u>                          | <u>20,538,506</u>    |
| Total liabilities                                       | <u>2,169,766</u>           | <u>11,599,156</u>                   | <u>2,882,766</u>                           | <u>18,241,622</u>                          | <u>34,893,310</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                    |                            |                                     |                                            |                                            |                      |
| Deferred inflows related to pensions                    | <u>105,267</u>             | <u>-</u>                            | <u>191,789</u>                             | <u>402,918</u>                             | <u>699,974</u>       |
| Total deferred inflows of resources                     | <u>105,267</u>             | <u>-</u>                            | <u>191,789</u>                             | <u>402,918</u>                             | <u>699,974</u>       |
| <b>NET POSITION</b>                                     |                            |                                     |                                            |                                            |                      |
| Net investment in capital assets                        | 15,411,196                 | -                                   | -                                          | 3,127,804                                  | 18,539,000           |
| Restricted - trust purpose                              | -                          | 22,730,292                          | -                                          | -                                          | 22,730,292           |
| Restricted - net other postemployment benefits          | 48,299                     | -                                   | 87,996                                     | 184,864                                    | 321,159              |
| Unrestricted                                            | <u>22,147,539</u>          | <u>2,359,617</u>                    | <u>932,903</u>                             | <u>4,384,307</u>                           | <u>29,824,366</u>    |
| Total net position                                      | <u>\$ 37,607,034</u>       | <u>\$ 25,089,909</u>                | <u>\$ 1,020,899</u>                        | <u>\$ 7,696,975</u>                        | <u>\$ 71,414,817</u> |

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

|                                                          | <b>Motor Pool<br/>Fund</b> | <b>Self-<br/>Insurance<br/>Fund</b> | <b>Facilities<br/>Maintenance<br/>Fund</b> | <b>Information<br/>Technology<br/>Fund</b> | <b>Total</b>  |
|----------------------------------------------------------|----------------------------|-------------------------------------|--------------------------------------------|--------------------------------------------|---------------|
| <b>OPERATING REVENUES</b>                                |                            |                                     |                                            |                                            |               |
| Charges for services                                     | \$ 11,262,715              | \$ 30,896,151                       | \$ 7,693,223                               | \$ 14,830,027                              | \$ 64,682,116 |
| Miscellaneous                                            | 166,712                    | 1,202,703                           | -                                          | 8,808                                      | 1,378,223     |
| Total operating revenues                                 | 11,429,427                 | 32,098,854                          | 7,693,223                                  | 14,838,835                                 | 66,060,339    |
| <b>OPERATING EXPENSES</b>                                |                            |                                     |                                            |                                            |               |
| Salaries, wages and employee benefits                    | 1,857,899                  | 328,569                             | 2,868,218                                  | 5,647,366                                  | 10,702,052    |
| Contractual services, materials and supplies             | 7,353,598                  | 1,794,061                           | 4,103,705                                  | 9,047,948                                  | 22,299,312    |
| Insurance claims and expenses                            | -                          | 29,817,247                          | -                                          | -                                          | 29,817,247    |
| Depreciation and amortization                            | 5,114,400                  | -                                   | -                                          | 1,400,667                                  | 6,515,067     |
| Total operating expenses                                 | 14,325,897                 | 31,939,877                          | 6,971,923                                  | 16,095,981                                 | 69,333,678    |
| Operating income (loss)                                  | (2,896,470)                | 158,977                             | 721,300                                    | (1,257,146)                                | (3,273,339)   |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                 |                            |                                     |                                            |                                            |               |
| Investment income(loss)                                  | 793,804                    | 1,606,447                           | 232,629                                    | 579,881                                    | 3,212,761     |
| Interest expense                                         | -                          | -                                   | -                                          | (342,302)                                  | (342,302)     |
| Gain (Loss) on sale of capital assets                    | 183,280                    | -                                   | -                                          | -                                          | 183,280       |
| Total non-operating revenues                             | 977,084                    | 1,606,447                           | 232,629                                    | 237,579                                    | 3,053,739     |
| Income (loss) before capital contributions and transfers | (1,919,386)                | 1,765,424                           | 953,929                                    | (1,019,567)                                | (219,600)     |
| Transfers in                                             | 3,768,260                  | -                                   | -                                          | 4,398,612                                  | 8,166,872     |
| Transfers out                                            | (33,573)                   | (31,120)                            | -                                          | -                                          | (64,693)      |
| Change in net position                                   | 1,815,301                  | 1,734,304                           | 953,929                                    | 3,379,045                                  | 7,882,579     |
| Total net position - beginning                           | 35,791,733                 | 23,355,605                          | 66,970                                     | 4,317,930                                  | 63,532,238    |
| Total net position - ending                              | \$ 37,607,034              | \$ 25,089,909                       | \$ 1,020,899                               | \$ 7,696,975                               | \$ 71,414,817 |

**CITY OF PEORIA, ARIZONA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025**

|                                                                                                          | Motor Pool<br>Fund | Self-<br>Insurance<br>Fund | Facilities<br>Maintenance<br>Fund | Information<br>Technology<br>Fund | Total          |
|----------------------------------------------------------------------------------------------------------|--------------------|----------------------------|-----------------------------------|-----------------------------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                              |                    |                            |                                   |                                   |                |
| Receipts from customers                                                                                  | \$ 11,354,723      | \$ 32,096,712              | \$ 7,693,223                      | \$ 14,834,179                     | \$ 65,978,837  |
| Payments to suppliers                                                                                    | (11,945,404)       | (2,160,743)                | (4,152,230)                       | (7,959,042)                       | (26,217,419)   |
| Payments to employees                                                                                    | (1,605,677)        | (385,474)                  | (3,019,433)                       | (6,066,166)                       | (11,076,750)   |
| Self-insurance costs                                                                                     | -                  | (30,171,410)               | -                                 | -                                 | (30,171,410)   |
| Net cash provided (used) by operating activities                                                         | (2,196,358)        | (620,915)                  | 521,560                           | 808,971                           | (1,486,742)    |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>                                                  |                    |                            |                                   |                                   |                |
| Transfers in                                                                                             | 3,768,260          | -                          | -                                 | 4,398,612                         | 8,166,872      |
| Transfers out                                                                                            | (33,573)           | (31,120)                   | -                                 | -                                 | (64,693)       |
| Net cash provided (used) by non-capital financing activities                                             | 3,734,687          | (31,120)                   | -                                 | 4,398,612                         | 8,102,179      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                          |                    |                            |                                   |                                   |                |
| Acquisition and construction of capital assets                                                           | (2,394,087)        | -                          | -                                 | (11,975,054)                      | (14,369,141)   |
| Proceeds from disposal of capital assets                                                                 | 193,231            | -                          | -                                 | -                                 | 193,231        |
| Principal payments on SBITA agreements                                                                   | -                  | -                          | -                                 | 8,512,584                         | 8,512,584      |
| Interest payments on SBITA agreements                                                                    | -                  | -                          | -                                 | (81,496)                          | (81,496)       |
| Net cash flows used by capital and related financing activities                                          | (2,200,856)        | -                          | -                                 | (3,543,966)                       | (5,744,822)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                              |                    |                            |                                   |                                   |                |
| Purchase of investments                                                                                  | -                  | (4,351,275)                | -                                 | -                                 | (4,351,275)    |
| Proceeds from sale of investments                                                                        | -                  | 3,831,145                  | -                                 | -                                 | 3,831,145      |
| Interest received on investments                                                                         | 787,009            | 1,547,566                  | 228,992                           | 578,879                           | 3,142,446      |
| Net cash provided by investing activities                                                                | 787,009            | 1,027,436                  | 228,992                           | 578,879                           | 2,622,316      |
| Net increase (decrease) in cash and cash equivalents                                                     | 124,482            | 375,401                    | 750,552                           | 2,242,496                         | 3,492,931      |
| Cash and cash equivalents at beginning of year                                                           | 18,190,168         | 26,428,212                 | 2,784,732                         | 8,814,381                         | 56,217,493     |
| Cash and cash equivalents at end of year                                                                 | \$ 18,314,650      | \$ 26,803,613              | \$ 3,535,284                      | \$ 11,056,877                     | \$ 59,710,424  |
| Classified as:                                                                                           |                    |                            |                                   |                                   |                |
| Pooled cash and investments                                                                              | \$ 18,314,650      | \$ 26,475,371              | \$ 3,535,284                      | \$ 11,056,877                     | \$ 59,382,182  |
| Cash with fiscal agents                                                                                  | -                  | 328,242                    | -                                 | -                                 | 328,242        |
| Totals                                                                                                   | \$ 18,314,650      | \$ 26,803,613              | \$ 3,535,284                      | \$ 11,056,877                     | \$ 59,710,424  |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>     |                    |                            |                                   |                                   |                |
| Operating income (loss)                                                                                  | \$ (2,896,470)     | \$ 158,977                 | \$ 721,300                        | \$ (1,257,146)                    | \$ (3,273,339) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                    |                            |                                   |                                   |                |
| Depreciation and amortization                                                                            | 5,114,400          | -                          | -                                 | 1,400,667                         | 6,515,067      |
| (Increase) decrease in assets/deferred outflows:                                                         |                    |                            |                                   |                                   |                |
| Accounts receivable                                                                                      | (74,704)           | (2,142)                    | -                                 | (4,656)                           | (81,502)       |
| Prepaid items                                                                                            | (4,956,387)        | -                          | -                                 | 381,687                           | (4,574,700)    |
| Supplies inventory                                                                                       | (28,009)           | -                          | -                                 | -                                 | (28,009)       |
| Net other postemployment benefits asset                                                                  | (14,049)           | -                          | (8,320)                           | (12,755)                          | (35,124)       |
| Deferred outflows - pension and other postemployment benefits                                            | (102,810)          | -                          | (118,515)                         | (230,170)                         | (451,495)      |
| Increase (decrease) in liabilities/deferred inflows:                                                     |                    |                            |                                   |                                   |                |
| Accounts payable                                                                                         | 392,590            | (366,682)                  | (48,525)                          | 707,219                           | 684,602        |
| Accrued payroll                                                                                          | (1,938)            | (2,230)                    | 13,418                            | 28,924                            | 38,174         |
| Other liabilities                                                                                        | 46,773             | -                          | -                                 | -                                 | 46,773         |
| Claims payable                                                                                           | -                  | (354,163)                  | -                                 | -                                 | (354,163)      |
| Compensated absences                                                                                     | 39,200             | (54,675)                   | (15,689)                          | (10,288)                          | (41,452)       |
| Net pension and other post employment benefit liability                                                  | 244,949            | -                          | (62,296)                          | (269,949)                         | (87,296)       |
| Deferred inflows - pension and other postemployment benefits                                             | 40,097             | -                          | 40,187                            | 75,438                            | 155,722        |
| Total adjustments                                                                                        | 700,112            | (779,892)                  | (199,740)                         | 2,066,117                         | 1,786,597      |
| Net cash provided (used) by operating activities                                                         | \$ (2,196,358)     | \$ (620,915)               | \$ 521,560                        | \$ 808,971                        | \$ (1,486,742) |
| Non-cash investing, capital and financing activities:                                                    |                    |                            |                                   |                                   |                |
| Change in balances of capital accounts payable or retainage payable                                      | \$ (349,392.00)    | \$ -                       | \$ -                              | \$ -                              | \$ (349,392)   |
| Change in fair market value of investments                                                               | -                  | 132,522                    | -                                 | -                                 | 132,522        |
| Total non-cash investing, capital and financing activities                                               | \$ (349,392)       | \$ 132,522                 | \$ -                              | \$ -                              | \$ (216,870)   |

## **FIDUCIARY FUNDS**

### **Play Peoria NFP Fund**

This fund accounts for monies held on behalf of separate not-for-profit agencies for which the City operates as an administrator.

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

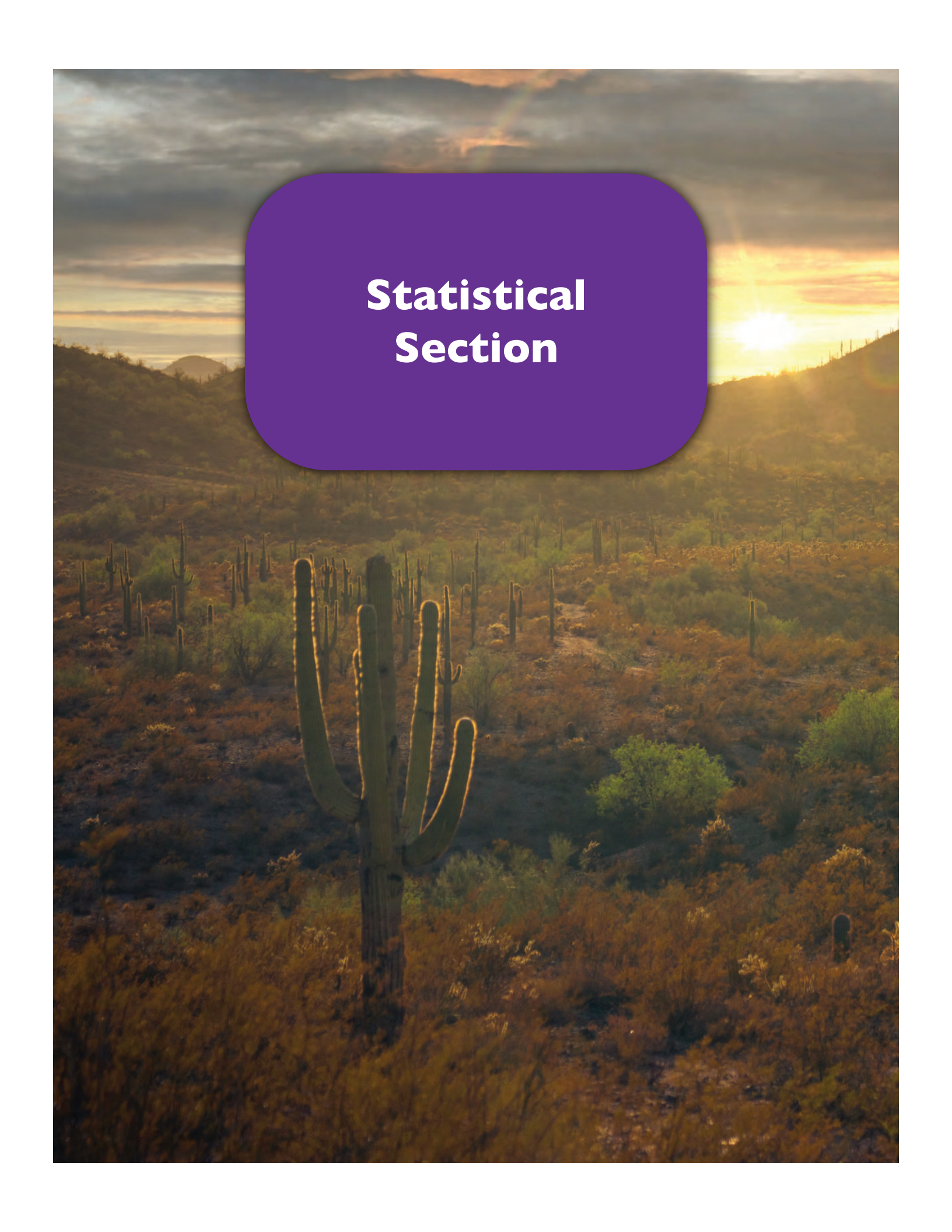
This fund accounts for monies held on behalf of a consortium of area fire departments that pool monies for training activities for which the City acts as the administrator.

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2025**

|                               | <b>Custodial Funds</b>              |                                                    |                                      |
|-------------------------------|-------------------------------------|----------------------------------------------------|--------------------------------------|
|                               | <b>PLAY<br/>Peoria<br/>NFP Fund</b> | <b>Westside<br/>Fire<br/>Training<br/>IGA Fund</b> | <b>Total<br/>Custodial<br/>Funds</b> |
| <b>ASSETS</b>                 |                                     |                                                    |                                      |
| Pooled cash and investments   | \$ 224,825                          | \$ -                                               | \$ 224,825                           |
| Interest receivable           | 939                                 | 94                                                 | 1,033                                |
| Total assets                  | <u>225,764</u>                      | <u>94</u>                                          | <u>225,858</u>                       |
| <b>LIABILITIES</b>            |                                     |                                                    |                                      |
| Accounts payable              | 3,863                               | -                                                  | 3,863                                |
| Total liabilities             | <u>3,863</u>                        | <u>-</u>                                           | <u>3,863</u>                         |
| <b>NET POSITION</b>           |                                     |                                                    |                                      |
| Restricted for:               |                                     |                                                    |                                      |
| Individuals and organizations | 221,901                             | -                                                  | 221,901                              |
| Other governments             | -                                   | 94                                                 | 94                                   |
| Total net position            | <u>\$ 221,901</u>                   | <u>\$ 94</u>                                       | <u>\$ 221,995</u>                    |

**CITY OF PEORIA, ARIZONA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

|                                      | <b>Custodial Funds</b>              |                                                    |                                      |
|--------------------------------------|-------------------------------------|----------------------------------------------------|--------------------------------------|
|                                      | <b>PLAY<br/>Peoria<br/>NFP Fund</b> | <b>Westside<br/>Fire<br/>Training<br/>IGA Fund</b> | <b>Total<br/>Custodial<br/>Funds</b> |
| <b>ADDITIONS</b>                     |                                     |                                                    |                                      |
| Contributions:                       |                                     |                                                    |                                      |
| Individuals                          | \$ 94,535                           | \$ -                                               | \$ 94,535                            |
| Investment earnings:                 |                                     |                                                    |                                      |
| Interest                             | 6,008                               | 1,350                                              | 7,358                                |
| Total additions                      | <u>100,543</u>                      | <u>1,350</u>                                       | <u>101,893</u>                       |
| <b>DEDUCTIONS</b>                    |                                     |                                                    |                                      |
| Recipient payments                   | <u>25,990</u>                       | <u>52,802</u>                                      | <u>78,792</u>                        |
| Total deductions                     | <u>25,990</u>                       | <u>52,802</u>                                      | <u>78,792</u>                        |
| Change in net position               | 74,553                              | (51,452)                                           | 23,101                               |
| Net position - beginning of the year | <u>147,348</u>                      | <u>51,546</u>                                      | <u>198,894</u>                       |
| Net position - end of the year       | <u><u>\$ 221,901</u></u>            | <u><u>\$ 94</u></u>                                | <u><u>\$ 221,995</u></u>             |

A photograph of a desert landscape at sunset. The sky is filled with dark, dramatic clouds, with a bright sun low on the horizon to the right, casting a warm glow. The foreground and middle ground are covered with numerous saguaro cacti of various sizes, some with arms. The vegetation is dry and brownish-yellow. A large, rounded purple rectangle is superimposed over the upper left and center of the image, containing the text "Statistical Section" in white.

# **Statistical Section**



# Statistical Section

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

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

## 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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| <u>Table</u>                                                                                                  | <u>Page</u> |
|---------------------------------------------------------------------------------------------------------------|-------------|
| <b>Financial Trends</b>                                                                                       |             |
| I Net Position By Component                                                                                   | 127         |
| II Changes in Net Position                                                                                    | 128         |
| III Fund Balances, Governmental Funds                                                                         | 130         |
| IV Changes in Fund Balances, Governmental Funds                                                               | 131         |
| <b>Revenue Capacity</b>                                                                                       |             |
| V City Transaction Privilege Taxes By Category                                                                | 132         |
| VI Direct and Overlapping Sales Tax Rates                                                                     | 133         |
| VII Sales Tax Payers - By Category                                                                            | 134         |
| VIII Assessed Values By Property Classification                                                               | 135         |
| IX Comparative Assessed Values                                                                                | 136         |
| X Direct and Overlapping Property Tax Rates                                                                   | 137         |
| XI Direct and Overlapping Property Tax Levies                                                                 | 138         |
| XII Limited Property Value Top Ten Tax Payers                                                                 | 139         |
| XIII Property Tax Levies and Collections                                                                      | 140         |
| XIV Utility Statistical Data                                                                                  | 141         |
| <b>Debt Capacity</b>                                                                                          |             |
| XV Outstanding Debt By Type                                                                                   | 144         |
| XVI Ratio of Net General Bonded Debt to Full Cash Value and Net Bonded Debt<br>Per Capita                     | 145         |
| XVII Direct and Overlapping General Obligation Bonded Debt – Current Fiscal Year                              | 146         |
| XVIII Direct and Overlapping Governmental Activities Debt – Current Fiscal Year                               | 147         |
| XIX Direct and Overlapping Governmental Activities Debt – Last Ten Fiscal Years                               | 148         |
| XX Legal Debt Margin                                                                                          | 149         |
| XXI Pledged Revenue Coverage – Excise Tax and State Shared Revenue<br>Debt Obligations - Governmental Portion | 150         |
| XXII Pledged Revenue Coverage – Water and Wastewater Revenue Bonds                                            | 151         |
| XXIII Pledged Revenue Coverage – Special Assessment Bonds                                                     | 152         |
| XXIV Special Assessment Collections                                                                           | 153         |
| <b>Economic and Demographic Information</b>                                                                   |             |
| XXV Demographic and Economic Statistics                                                                       | 154         |
| XXVI Major Employers Within the City                                                                          | 155         |
| <b>Operating Information</b>                                                                                  |             |
| XXVII Authorized Full-time Equivalent City Government Employees By Function                                   | 156         |
| XXVIII Operating Indicators By Function/Program                                                               | 157         |
| XXIX Capital Asset Statistics By Function/Program                                                             | 158         |

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

Table I

|                                             | Fiscal Year             |                         |                         |                         |                         |                         |                         |                         |                         |                         |
|---------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                             | 2016                    | 2017                    | 2018 <sup>(2)</sup>     | 2019                    | 2020                    | 2021                    | 2022                    | 2023                    | 2024                    | 2025                    |
| Governmental Activities                     |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Net investment in capital assets            | \$ 899,648,174          | \$ 747,243,866          | \$ 635,872,778          | \$ 671,171,180          | \$ 687,881,892          | \$ 727,837,350          | \$ 732,178,933          | \$ 735,144,237          | \$ 789,681,154          | \$ 828,799,497          |
| Restricted                                  | 162,959,546             | 149,717,064             | 121,796,554             | 121,505,682             | 112,074,204             | 122,549,508             | 132,975,636             | 147,049,925             | 168,721,650             | 184,455,824             |
| Unrestricted                                | (32,938,378)            | (41,146,402)            | (7,041,008)             | (2,470,597)             | 25,270,359              | 33,644,712              | 81,171,085              | 114,694,957             | 150,944,721             | 175,484,836             |
| Total governmental activities net position  | <u>\$ 1,029,669,342</u> | <u>\$ 855,814,528</u>   | <u>\$ 750,628,324</u>   | <u>\$ 790,206,265</u>   | <u>\$ 825,226,455</u>   | <u>\$ 884,031,570</u>   | <u>\$ 946,325,654</u>   | <u>\$ 996,889,119</u>   | <u>\$ 1,109,347,525</u> | <u>\$ 1,188,740,157</u> |
| Business-type Activities                    |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Net investment in capital assets            | \$ 589,629,061          | \$ 597,736,728          | \$ 600,474,983          | \$ 619,320,612          | \$ 622,466,137          | \$ 640,684,899          | \$ 640,404,948          | \$ 662,256,419          | \$ 725,127,889          | \$ 769,907,037          |
| Restricted                                  | 31,926,587              | 27,590,003              | 29,456,418              | 25,123,557              | 13,719,271              | 32,937,325              | 48,913,594              | 33,324,822              | 39,428,169              | 41,123,501              |
| Unrestricted                                | 49,023,256              | 59,376,481              | 67,576,862              | 70,087,860              | 87,023,600              | 83,010,832              | 74,087,539              | 88,896,938              | 96,647,012              | 107,332,642             |
| Total business-type activities net position | <u>\$ 670,578,904</u>   | <u>\$ 684,703,212</u>   | <u>\$ 697,508,263</u>   | <u>\$ 714,532,029</u>   | <u>\$ 723,209,008</u>   | <u>\$ 756,633,056</u>   | <u>\$ 763,406,081</u>   | <u>\$ 784,478,179</u>   | <u>\$ 861,203,070</u>   | <u>\$ 918,363,180</u>   |
| Primary Government                          |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Net investment in capital assets            | \$ 1,489,277,235        | \$ 1,344,980,594        | \$ 1,236,347,761        | \$ 1,290,491,792        | \$ 1,310,348,029        | \$ 1,368,522,249        | \$ 1,372,583,881        | \$ 1,397,400,656        | \$ 1,514,809,043        | \$ 1,598,706,534        |
| Restricted                                  | 194,886,133             | 177,307,067             | 151,252,972             | 146,629,239             | 125,793,475             | 155,486,833             | 181,889,230             | 180,374,747             | 208,149,819             | 225,579,325             |
| Unrestricted                                | 16,084,878              | 18,230,079              | 60,535,854              | 67,617,263              | 112,293,959             | 116,655,544             | 155,258,624             | 203,591,895             | 247,591,733             | 282,817,478             |
| Total primary government net position       | <u>\$ 1,700,248,246</u> | <u>\$ 1,540,517,740</u> | <u>\$ 1,448,136,587</u> | <u>\$ 1,504,738,294</u> | <u>\$ 1,548,435,463</u> | <u>\$ 1,640,664,626</u> | <u>\$ 1,709,731,735</u> | <u>\$ 1,781,367,298</u> | <u>\$ 1,970,550,595</u> | <u>\$ 2,107,103,337</u> |

(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            |                         |                         |                         |                         |                         |                         |                         |                         |                         |
|-------------------------------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                 | 2016                   | 2017                    | 2018                    | 2019                    | 2020                    | 2021                    | 2022                    | 2023                    | 2024                    | 2025                    |
| <b>Expenses</b>                                 |                        |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Governmental Activities                         |                        |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| General Government                              | \$ 22,250,673          | \$ 21,623,532           | \$ 20,343,398           | \$ 21,473,593           | \$ 25,559,396           | \$ 26,262,983           | \$ 29,320,764           | \$ 37,273,981           | \$ 39,675,813           | \$ 43,135,951           |
| Culture & Recreation                            | 26,447,013             | 28,371,539              | 28,003,374              | 29,499,798              | 31,614,048              | 31,387,780              | 38,959,427              | 45,008,300              | 44,703,457              | 46,199,311              |
| Public Safety                                   | 70,342,389             | 97,665,783              | 81,720,528              | 89,026,946              | 90,943,804              | 101,363,787             | 95,609,943              | 108,735,210             | 121,385,694             | 131,017,091             |
| Development Services                            | 7,123,106              | 6,630,945               | 5,731,857               | 4,757,015               | 4,825,318               | 6,369,766               | 7,241,732               | 6,827,829               | 6,544,529               | 6,769,822               |
| Highways & Streets                              | 34,620,944             | 44,979,242              | 54,647,432              | 55,594,789              | 60,214,083              | 53,298,576              | 59,756,231              | 51,902,098              | 66,507,941              | 66,673,011              |
| Public Works                                    | 7,507,311              | 6,705,095               | 5,694,902               | 5,112,076               | 6,731,383               | 7,188,048               | 7,498,034               | 8,629,505               | 7,639,676               | 7,528,590               |
| Human Services                                  | 1,788,130              | 1,283,420               | 2,527,213               | 4,072,235               | 4,691,770               | 2,154,216               | 3,480,639               | 4,857,735               | 5,141,147               | 5,621,479               |
| Interest on long-term debt                      | 11,549,457             | 8,451,596               | 8,011,112               | 7,768,341               | 7,903,847               | 5,196,192               | 6,341,184               | 7,307,398               | 6,488,273               | 7,507,378               |
| Total governmental activities expenses          | <u>181,629,023</u>     | <u>215,711,152</u>      | <u>206,679,816</u>      | <u>217,304,793</u>      | <u>232,483,649</u>      | <u>233,221,348</u>      | <u>248,207,954</u>      | <u>270,542,056</u>      | <u>298,086,530</u>      | <u>314,452,633</u>      |
| Business-type Activities                        |                        |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Water Utility                                   | 33,221,797             | 39,316,668              | 40,780,450              | 41,968,847              | 44,813,959              | 47,882,705              | 57,101,424              | 61,406,938              | 63,002,858              | 71,518,191              |
| Wastewater Utility                              | 22,001,744             | 24,075,245              | 25,715,392              | 24,512,758              | 30,007,409              | 29,013,309              | 32,608,310              | 30,287,509              | 30,357,658              | 34,993,493              |
| Solid Waste Utility                             | 11,137,739             | 11,867,773              | 13,008,905              | 13,749,718              | 14,059,601              | 15,039,332              | 16,406,294              | 18,141,399              | 20,178,264              | 20,934,233              |
| Stadium                                         | 6,742,573              | 7,579,975               | 7,736,745               | 7,850,061               | 6,868,271               | 6,865,555               | 7,279,287               | 9,623,372               | 8,518,476               | 8,889,253               |
| Storm Drain Utility                             | 1,052,977              | 3,497,956               | 3,301,070               | 3,469,645               | 3,747,753               | 3,918,628               | 4,947,393               | 4,602,541               | 4,518,810               | 4,619,802               |
| Total business-type activities expenses         | <u>74,156,830</u>      | <u>86,337,617</u>       | <u>90,542,562</u>       | <u>91,551,029</u>       | <u>99,496,993</u>       | <u>102,719,529</u>      | <u>118,342,708</u>      | <u>124,061,759</u>      | <u>126,576,066</u>      | <u>140,954,972</u>      |
| Total primary government expenses               | <u>\$ 255,785,853</u>  | <u>\$ 302,048,769</u>   | <u>\$ 297,222,378</u>   | <u>\$ 308,855,822</u>   | <u>\$ 331,980,642</u>   | <u>\$ 335,940,877</u>   | <u>\$ 366,550,662</u>   | <u>\$ 394,603,815</u>   | <u>\$ 424,662,596</u>   | <u>\$ 455,407,605</u>   |
| <b>Program Revenues</b>                         |                        |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Governmental Activities                         |                        |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Charges for services                            | \$ 29,321,181          | \$ 32,311,277           | \$ 34,954,574           | \$ 37,925,774           | \$ 34,130,112           | \$ 33,877,259           | \$ 36,304,943           | \$ 35,733,582           | \$ 50,029,243           | \$ 48,026,361           |
| Operating grants and contributions              | 14,329,168             | 14,666,090              | 16,640,349              | 15,394,092              | 30,380,591              | 26,737,353              | 26,225,414              | 29,850,458              | 28,961,742              | 31,800,559              |
| Capital grants and contributions                | 27,259,727             | 25,638,030              | 20,441,205              | 31,886,362              | 17,490,699              | 33,507,214              | 36,466,449              | 15,421,371              | 61,749,051              | 40,199,091              |
| Total governmental activities program revenues  | <u>70,910,076</u>      | <u>72,615,397</u>       | <u>72,036,128</u>       | <u>85,206,228</u>       | <u>82,001,402</u>       | <u>94,121,826</u>       | <u>98,996,806</u>       | <u>81,005,411</u>       | <u>140,740,036</u>      | <u>120,026,011</u>      |
| Business-type Activities                        |                        |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Charges for services                            | 76,106,994             | 80,152,247              | 85,557,374              | 84,331,736              | 87,888,011              | 97,952,658              | 100,817,330             | 108,537,468             | 127,456,217             | 132,874,287             |
| Capital grants and contributions                | 17,518,669             | 20,698,020              | 12,517,749              | 14,999,480              | 15,053,394              | 29,697,095              | 19,914,624              | 17,954,815              | 45,128,529              | 34,096,411              |
| Total business-type activities program revenues | <u>93,625,663</u>      | <u>100,850,267</u>      | <u>98,075,123</u>       | <u>99,331,216</u>       | <u>102,941,405</u>      | <u>127,649,753</u>      | <u>120,731,954</u>      | <u>126,492,283</u>      | <u>172,584,746</u>      | <u>166,970,698</u>      |
| Total primary government program revenues       | <u>\$ 164,535,739</u>  | <u>\$ 173,465,664</u>   | <u>\$ 170,111,251</u>   | <u>\$ 184,537,444</u>   | <u>\$ 184,942,807</u>   | <u>\$ 221,771,579</u>   | <u>\$ 219,728,760</u>   | <u>\$ 207,497,694</u>   | <u>\$ 313,324,782</u>   | <u>\$ 286,996,709</u>   |
| <b>Net (Expense)/Revenue</b>                    |                        |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Governmental Activities                         | \$ (110,718,947)       | \$ (143,095,755)        | \$ (134,643,688)        | \$ (132,098,565)        | \$ (150,482,247)        | \$ (139,099,522)        | \$ (149,211,148)        | \$ (189,536,645)        | \$ (157,346,494)        | \$ (194,426,622)        |
| Business-type Activities                        | 19,468,833             | 14,512,650              | 7,532,561               | 7,780,187               | 3,444,412               | 24,930,224              | 2,389,246               | 2,430,524               | 46,008,680              | 26,015,726              |
| Total primary government net expense            | <u>\$ (91,250,114)</u> | <u>\$ (128,583,105)</u> | <u>\$ (127,111,127)</u> | <u>\$ (124,318,378)</u> | <u>\$ (147,037,835)</u> | <u>\$ (114,169,298)</u> | <u>\$ (146,821,902)</u> | <u>\$ (187,106,121)</u> | <u>\$ (111,337,814)</u> | <u>\$ (168,410,896)</u> |

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

Table II

|                                                    | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|----------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                    | 2016                  | 2017                  | 2018                  | 2019                  | 2020                  | 2021                  | 2022                  | 2023                  | 2024                  | 2025                  |
| General Revenues and Other Changes in Net Position |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental Activities                            |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Taxes                                              |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Property taxes, levied for general purposes        | \$ 2,994,905          | \$ 3,207,433          | \$ 3,522,321          | \$ 5,099,325          | \$ 5,928,720          | \$ 6,086,505          | \$ 6,351,779          | \$ 6,712,827          | \$ 7,060,462          | \$ 7,364,070          |
| Property taxes, levied for debt service            | 17,537,813            | 18,532,683            | 20,152,280            | 20,276,526            | 21,829,330            | 23,814,936            | 25,044,456            | 27,258,369            | 28,763,387            | 30,126,345            |
| Sales and use taxes                                | 79,410,364            | 84,236,770            | 89,781,248            | 93,182,810            | 99,747,911            | 113,852,555           | 125,521,932           | 131,030,117           | 134,078,467           | 140,746,001           |
| Franchise taxes                                    | 4,461,864             | 4,501,681             | 5,035,331             | 4,925,609             | 4,776,257             | 4,965,951             | 4,961,622             | 5,240,846             | 5,506,906             | 5,620,099             |
| Intergovernmental                                  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| State shared sales taxes - unrestricted            | 14,760,029            | 15,631,512            | 15,894,140            | 17,018,021            | 17,079,368            | 20,186,716            | 26,815,644            | 28,812,810            | 29,902,732            | 30,500,400            |
| Urban revenue sharing - unrestricted               | 18,549,406            | 20,949,613            | 20,334,388            | 20,366,697            | 22,275,583            | 25,147,285            | 24,816,247            | 36,976,059            | 52,432,815            | 42,279,677            |
| Auto in-lieu taxes - unrestricted                  | 6,385,294             | 6,728,814             | 6,799,997             | 7,262,809             | 7,313,007             | 8,349,703             | 8,237,369             | 9,669,103             | 9,953,932             | 10,420,735            |
| Investment Earnings(Losses)                        | 1,693,475             | 1,667,892             | 2,172,236             | 7,200,254             | 7,800,410             | 544,254               | (6,556,874)           | 6,404,789             | 21,284,912            | 24,870,669            |
| Gain on sale of capital assets                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Miscellaneous                                      | 2,732,726             | 4,120,882             | 5,383,459             | 2,342,583             | 1,138,662             | 3,221,522             | 3,658,727             | 3,641,910             | 4,350,225             | 5,063,032             |
| Special Item: Defeasance of G.O. debt              | -                     | -                     | (450,797)             | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Transfers in (out)                                 | (3,994,967)           | (6,346,374)           | (4,803,295)           | (5,997,632)           | (2,387,307)           | (8,264,790)           | (3,373,622)           | (15,646,720)          | (23,528,938)          | (23,171,774)          |
| Total governmental activities                      | <u>144,530,909</u>    | <u>153,230,906</u>    | <u>163,821,308</u>    | <u>171,677,002</u>    | <u>185,501,941</u>    | <u>197,904,637</u>    | <u>215,477,280</u>    | <u>240,100,110</u>    | <u>269,804,900</u>    | <u>273,819,254</u>    |
| Business-type Activities                           |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Investment Earnings(Losses)                        | 709,850               | 519,774               | 700,909               | 3,107,572             | 2,854,480             | 211,199               | (2,985,986)           | 2,994,854             | 7,187,273             | 7,893,552             |
| Gain on sale of capital assets                     | -                     | 109,744               | 13,305                | 138,375               | (9,220)               | 17,835                | 24,095                | -                     | -                     | 79,058                |
| Transfers in (out)                                 | <u>3,994,967</u>      | <u>6,346,374</u>      | <u>4,803,295</u>      | <u>5,997,632</u>      | <u>2,387,307</u>      | <u>8,264,790</u>      | <u>3,373,622</u>      | <u>15,646,720</u>     | <u>23,528,938</u>     | <u>23,171,774</u>     |
| Total business-type activities                     | <u>4,704,817</u>      | <u>6,975,892</u>      | <u>5,517,509</u>      | <u>9,243,579</u>      | <u>5,232,567</u>      | <u>8,493,824</u>      | <u>411,731</u>        | <u>18,641,574</u>     | <u>30,716,211</u>     | <u>31,144,384</u>     |
| Total primary government                           | <u>\$ 149,235,726</u> | <u>\$ 160,206,798</u> | <u>\$ 169,338,817</u> | <u>\$ 180,920,581</u> | <u>\$ 190,734,508</u> | <u>\$ 206,398,461</u> | <u>\$ 215,889,011</u> | <u>\$ 258,741,684</u> | <u>\$ 300,521,111</u> | <u>\$ 304,963,638</u> |
| Change in Net Position                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental Activities                            | \$ 33,811,962         | \$ 10,135,151         | \$ 29,177,620         | \$ 39,578,437         | \$ 35,019,694         | \$ 58,805,115         | \$ 66,266,132         | \$ 50,563,465         | \$ 112,458,406        | \$ 79,392,632         |
| Business-type Activities                           | 24,173,650            | 21,488,542            | 13,050,070            | 17,023,766            | 8,676,979             | 33,424,048            | 2,800,977             | 21,072,098            | 76,724,891            | 57,160,110            |
| Total primary government                           | <u>\$ 57,985,612</u>  | <u>\$ 31,623,693</u>  | <u>\$ 42,227,690</u>  | <u>\$ 56,602,203</u>  | <u>\$ 43,696,673</u>  | <u>\$ 92,229,163</u>  | <u>\$ 69,067,109</u>  | <u>\$ 71,635,563</u>  | <u>\$ 189,183,297</u> | <u>\$ 136,552,742</u> |

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>2016</u>           | <u>2017</u>           | <u>2018</u>           | <u>2019</u>           | <u>2020</u>           | <u>2021</u>           | <u>2022</u>           | <u>2023</u>           | <u>2024</u>           | <u>2025</u>           |
| General Fund                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Nonspendable                       | \$ 115,042            | \$ 113,859            | \$ 123,939            | \$ 939,966            | \$ 2,323,312          | \$ 277,778            | \$ 190,312            | \$ 194,330            | \$ 207,667            | \$ 192,136            |
| Restricted                         | 388,375               | 354,566               | 40,488                | 40,762                | 30,639                | 25,943                | 1,924                 | 10,879                | 16,742                | 19,989                |
| Committed                          | 38,464,678            | 40,221,571            | 42,249,268            | 52,300,995            | 55,086,725            | 56,852,819            | 59,902,768            | 62,978,528            | 63,748,730            | 72,810,031            |
| Assigned                           | 2,859,523             | 2,618,447             | 1,760,838             | 1,363,728             | 1,528,073             | 1,768,200             | 3,748,153             | 5,604,860             | 3,971,714             | 4,888,501             |
| Unassigned                         | 20,816,526            | 25,684,922            | 33,849,097            | 58,221,670            | 80,266,172            | 111,244,006           | 99,008,274            | 127,018,726           | 173,382,053           | 175,961,620           |
| Total General Fund                 | <u>\$ 62,644,144</u>  | <u>\$ 68,993,365</u>  | <u>\$ 78,023,630</u>  | <u>\$ 112,867,121</u> | <u>\$ 139,234,921</u> | <u>\$ 170,168,746</u> | <u>\$ 162,851,431</u> | <u>\$ 195,807,323</u> | <u>\$ 241,326,906</u> | <u>\$ 253,872,277</u> |
| All Other Governmental Funds       |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Nonspendable                       | \$ 67,986             | \$ 69,711             | \$ 78,068             | \$ 60,828             | \$ 69,986             | \$ 144,357            | \$ 379,976            | \$ 136,596            | \$ 4,551,542          | \$ 155,130            |
| Restricted                         | 150,498,066           | 137,842,918           | 115,222,701           | 143,532,067           | 108,519,124           | 107,990,268           | 304,865,760           | 169,504,680           | 165,767,951           | 238,914,759           |
| Committed                          | 10,885,668            | 11,315,062            | 10,663,895            | 2,838,609             | 2,429,777             | 2,424,547             | 63,770,700            | 2,082,021             | 2,313,146             | 2,538,209             |
| Assigned                           | 30,353,689            | 27,978,550            | 34,926,243            | 16,217,244            | 9,280,089             | 4,902,888             | 29,973,003            | 11,099,097            | 8,331,491             | 3,555,350             |
| Unassigned                         | -                     | -                     | -                     | -                     | -                     | (7,969,083)           | 99,008,274            | (808,741)             | (2,160,384)           | (2,725,003)           |
| Total All Other Governmental Funds | <u>\$ 191,805,409</u> | <u>\$ 177,206,241</u> | <u>\$ 160,890,907</u> | <u>\$ 162,648,748</u> | <u>\$ 120,298,976</u> | <u>\$ 107,492,977</u> | <u>\$ 497,997,713</u> | <u>\$ 182,013,653</u> | <u>\$ 178,803,746</u> | <u>\$ 242,438,445</u> |

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          |                       |                       |                      |                        |                      |                      |                      |                      |                      |
|----------------------------------------------------------------|----------------------|-----------------------|-----------------------|----------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                | 2016                 | 2017                  | 2018                  | 2019                 | 2020                   | 2021                 | 2022                 | 2023                 | 2024                 | 2025                 |
| <b>Revenues</b>                                                |                      |                       |                       |                      |                        |                      |                      |                      |                      |                      |
| Taxes                                                          | \$ 104,369,837       | \$ 110,535,434        | \$ 118,352,843        | \$ 123,645,058       | \$ 131,784,413         | \$ 148,454,717       | \$ 162,396,713       | \$ 170,261,592       | \$ 175,373,761       | \$ 183,897,582       |
| Intergovernmental                                              | 65,237,794           | 60,096,580            | 61,643,624            | 61,054,399           | 85,338,544             | 83,673,505           | 96,914,612           | 106,279,739          | 125,440,248          | 119,830,533          |
| Charges for Services                                           | 21,812,733           | 24,367,635            | 26,637,159            | 28,089,117           | 27,299,388             | 26,414,975           | 28,254,679           | 29,001,041           | 41,178,672           | 37,061,933           |
| Licenses and Permits                                           | 4,080,210            | 4,778,632             | 5,509,240             | 5,720,889            | 4,929,081              | 5,287,497            | 5,100,898            | 3,650,883            | 5,211,692            | 6,234,398            |
| Fines and Forfeitures                                          | 1,747,528            | 1,571,788             | 1,815,644             | 2,390,644            | 1,382,853              | 1,535,140            | 1,731,336            | 1,779,161            | 1,965,548            | 2,113,692            |
| Rents                                                          | 915,846              | 908,678               | 1,002,948             | 980,732              | 721,181                | 843,911              | 1,080,477            | 1,052,182            | 1,408,884            | 1,786,701            |
| Investment Earnings(Losses)                                    | 1,462,408            | 1,320,578             | 1,709,765             | 6,364,506            | 6,881,841              | 85,750               | (6,532,719)          | 5,284,806            | 18,471,813           | 21,657,908           |
| Special Assessments                                            | 381,950              | 2,171,319             | -                     | -                    | -                      | -                    | -                    | -                    | -                    | -                    |
| Miscellaneous                                                  | 3,278,730            | 4,411,440             | 5,307,423             | 3,049,527            | 1,258,583              | 3,537,355            | 3,732,659            | 3,822,969            | 7,882,011            | 9,474,364            |
| <b>Total Revenues</b>                                          | <b>203,287,036</b>   | <b>210,162,084</b>    | <b>221,978,646</b>    | <b>231,294,872</b>   | <b>259,595,884</b>     | <b>269,832,850</b>   | <b>292,678,655</b>   | <b>321,132,373</b>   | <b>376,932,629</b>   | <b>382,057,111</b>   |
| <b>Expenditures</b>                                            |                      |                       |                       |                      |                        |                      |                      |                      |                      |                      |
| General Government                                             | 19,424,865           | 18,216,483            | 17,493,779            | 18,381,872           | 19,129,269             | 22,437,588           | 26,640,810           | 31,837,659           | 35,263,997           | 38,002,860           |
| Culture & Recreation                                           | 21,797,069           | 23,862,880            | 24,200,927            | 26,631,491           | 29,367,980             | 27,500,891           | 34,019,114           | 38,588,757           | 37,586,725           | 39,964,790           |
| Public Safety <sup>(1)</sup>                                   | 68,151,428           | 73,087,082            | 79,514,160            | 84,514,269           | 90,140,255             | 94,011,139           | 135,035,214          | 114,823,555          | 124,831,993          | 135,020,458          |
| Development Services                                           | 7,129,814            | 6,291,295             | 5,935,127             | 4,835,544            | 4,867,486              | 6,221,071            | 6,967,231            | 6,702,535            | 6,362,353            | 6,779,530            |
| Highways & Streets                                             | 19,086,404           | 21,610,293            | 25,666,063            | 27,314,691           | 32,490,156             | 24,989,110           | 30,518,643           | 24,817,250           | 40,115,497           | 40,791,272           |
| Public Works                                                   | 5,325,264            | 6,384,151             | 5,415,791             | 5,535,727            | 6,927,246              | 6,731,414            | 7,234,142            | 8,008,222            | 7,619,576            | 7,587,437            |
| Human Services                                                 | 1,725,328            | 1,184,926             | 2,447,943             | 4,020,781            | 4,690,171              | 2,143,606            | 3,476,262            | 4,828,035            | 4,989,820            | 5,324,646            |
| Capital Outlay                                                 | 12,332,241           | 29,367,979            | 25,896,002            | 27,839,028           | 55,429,562             | 33,233,819           | 17,099,261           | 24,151,553           | 28,236,972           | 64,621,052           |
| Debt Service                                                   |                      |                       |                       |                      |                        |                      |                      |                      |                      |                      |
| Interest                                                       | 10,606,558           | 11,336,938            | 9,705,255             | 8,776,334            | 8,623,160              | 8,170,203            | 7,635,199            | 8,494,309            | 8,471,799            | 8,993,232            |
| Principal                                                      | 18,010,000           | 19,867,000            | 19,483,000            | 22,022,461           | 22,726,060             | 21,569,912           | 24,368,166           | 25,957,889           | 26,245,247           | 26,464,160           |
| Payment to bond escrow agent                                   | 6,707,216            | -                     | 13,604,681            | -                    | -                      | -                    | -                    | -                    | -                    | -                    |
| <b>Total Expenditures</b>                                      | <b>190,296,187</b>   | <b>211,209,027</b>    | <b>229,362,728</b>    | <b>229,872,198</b>   | <b>274,391,345</b>     | <b>247,008,753</b>   | <b>292,994,042</b>   | <b>288,209,764</b>   | <b>319,723,979</b>   | <b>373,549,437</b>   |
| <b>Excess of Revenues over (under) Expenditures</b>            | <b>12,990,849</b>    | <b>(1,046,943)</b>    | <b>(7,384,082)</b>    | <b>1,422,674</b>     | <b>(14,795,461)</b>    | <b>22,824,097</b>    | <b>(315,387)</b>     | <b>32,922,609</b>    | <b>57,208,650</b>    | <b>8,507,674</b>     |
| <b>Other Financing Sources (Uses)</b>                          |                      |                       |                       |                      |                        |                      |                      |                      |                      |                      |
| Refunding bonds issued                                         | 103,410,000          | -                     | 28,975,000            | -                    | -                      | 20,855,000           | 21,495,000           | -                    | -                    | -                    |
| Issuance of debt                                               | 30,325,000           | 3,000,000             | 5,199,304             | 30,420,000           | 2,590,000              | 1,870,000            | 55,880,000           | 31,708,075           | 8,469,593            | 95,323,789           |
| Issuance of debt - from Subscriptions                          |                      |                       |                       |                      |                        |                      |                      |                      |                      | 832,595              |
| Proceeds from Leases                                           |                      |                       |                       |                      |                        |                      |                      |                      | 6,673,370            |                      |
| Proceeds from Subscriptions                                    |                      |                       |                       |                      |                        |                      |                      |                      | 942,367              |                      |
| Premium on bonds issued                                        | 14,096,688           | 108,061               | -                     | 3,146,339            | 292,139                | 2,448,280            | 8,086,575            | 1,547,460            | -                    | 2,789,965            |
| Payments to bond refunding escrow agent                        | (114,802,841)        | -                     | (28,814,053)          | -                    | -                      | (22,641,792)         | (26,081,153)         | -                    | -                    | -                    |
| Transfers In                                                   | 12,890,960           | 17,925,171            | 17,684,545            | 36,612,624           | 14,049,347             | 9,787,365            | 11,422,490           | 9,484,295            | 12,876,324           | 10,072,941           |
| Transfers Out                                                  | (20,363,855)         | (28,236,236)          | (19,786,126)          | (35,000,305)         | (18,117,997)           | (17,015,124)         | (17,724,676)         | (28,266,035)         | (43,860,628)         | (41,346,894)         |
| <b>Total Other Financing Sources (Uses)</b>                    | <b>25,555,952</b>    | <b>(7,203,004)</b>    | <b>3,258,670</b>      | <b>35,178,658</b>    | <b>(1,186,511)</b>     | <b>(4,696,271)</b>   | <b>53,078,236</b>    | <b>14,473,795</b>    | <b>(14,898,974)</b>  | <b>67,672,396</b>    |
| <b>Net Change in Fund Balance</b>                              | <b>\$ 38,546,801</b> | <b>\$ (8,249,947)</b> | <b>\$ (4,125,412)</b> | <b>\$ 36,601,332</b> | <b>\$ (15,981,972)</b> | <b>\$ 18,127,826</b> | <b>\$ 52,762,849</b> | <b>\$ 47,396,404</b> | <b>\$ 42,309,676</b> | <b>\$ 76,180,070</b> |
| <b>Debt Service as a percentage of noncapital expenditures</b> | <b>19.85%</b>        | <b>17.16%</b>         | <b>21.03%</b>         | <b>15.24%</b>        | <b>14.32%</b>          | <b>13.91%</b>        | <b>11.60%</b>        | <b>13.05%</b>        | <b>11.91%</b>        | <b>11.48%</b>        |

<sup>(1)</sup> 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>2016</u>          | <u>2017</u>          | <u>2018</u>          | <u>2019</u>          | <u>2020</u>          | <u>2021</u>           | <u>2022</u>           | <u>2023</u>           | <u>2024</u>           | <u>2025</u>           |
| Retail Sales            | \$ 41,216,781        | \$ 43,666,206        | \$ 45,112,750        | \$ 48,201,653        | \$ 52,794,953        | \$ 63,612,494         | \$ 69,900,613         | \$ 73,186,740         | \$ 72,723,943         | \$ 75,979,285         |
| Contracting             | 7,394,036            | 8,587,978            | 10,219,772           | 9,108,314            | 11,472,743           | 10,673,164            | 11,285,579            | 10,035,444            | 9,816,663             | 15,074,606            |
| Rentals                 | 8,123,884            | 8,383,946            | 8,823,620            | 8,983,145            | 10,684,541           | 10,279,587            | 11,194,971            | 12,326,917            | 13,552,001            | 11,485,611            |
| Utilities*              | 7,904,665            | 8,022,722            | 8,911,107            | 8,115,617            | 8,303,764            | 9,042,824             | 9,164,337             |                       |                       |                       |
| Telecom/Cable TV        | 1,151,941            | 942,239              | 816,179              | 697,849              | 725,389              | 494,061               | 446,508               | 519,698               | 694,810               | 539,968               |
| Restaurant/Bar          | 9,833,912            | 10,335,218           | 11,388,465           | 11,661,217           | 11,597,024           | 13,499,778            | 15,917,098            | 17,239,681            | 18,302,127            | 18,810,742            |
| Amusement               | 1,034,959            | 1,021,968            | 979,386              | 1,246,039            | 971,024              | 1,004,435             | 1,689,514             | 1,846,366             | 1,947,781             | 2,517,756             |
| Use                     | 740,179              | 1,243,655            | 1,707,181            | 2,248,575            | 2,334,003            | 3,551,444             | 3,048,117             | 2,594,351             | 2,664,114             | 2,968,151             |
| Other                   | 2,010,007            | 2,032,838            | 1,822,787            | 2,920,401            | 864,471              | 1,694,768             | 2,875,195             | 13,280,920            | 14,377,028            | 12,573,194            |
| Total                   | <u>\$ 79,410,364</u> | <u>\$ 84,236,770</u> | <u>\$ 89,781,247</u> | <u>\$ 93,182,810</u> | <u>\$ 99,747,912</u> | <u>\$ 113,852,555</u> | <u>\$ 125,521,932</u> | <u>\$ 131,030,117</u> | <u>\$ 134,078,467</u> | <u>\$ 139,949,314</u> |
| <b>% Growth by Year</b> |                      |                      |                      |                      |                      |                       |                       |                       |                       |                       |
| Retail Sales            | 5.9%                 | 5.9%                 | 3.3%                 | 6.8%                 | 9.5%                 | 20.5%                 | 9.9%                  | 4.7%                  | -0.6%                 | 4.5%                  |
| Contracting             | 18.2%                | 16.1%                | 19.0%                | -10.9%               | 26.0%                | -7.0%                 | 5.7%                  | -11.1%                | -2.2%                 | 53.6%                 |
| Rentals                 | 8.0%                 | 3.2%                 | 5.2%                 | 1.8%                 | 18.9%                | -3.8%                 | 8.9%                  | 10.1%                 | 9.9%                  | -15.2%                |
| Utilities               | 5.4%                 | 1.5%                 | 11.1%                | -8.9%                | 2.3%                 | 8.9%                  | 1.3%                  |                       |                       |                       |
| Telecom/Cable TV        | -5.4%                | -18.2%               | -13.4%               | -14.5%               | 3.9%                 | -31.9%                | -9.6%                 | 16.4%                 | 33.7%                 | -22.3%                |
| Restaurant/Bar          | 5.9%                 | 5.1%                 | 10.2%                | 2.4%                 | -0.6%                | 16.4%                 | 17.9%                 | 8.3%                  | 6.2%                  | 2.8%                  |
| Amusement               | -0.2%                | -1.3%                | -4.2%                | 27.2%                | -22.1%               | 3.4%                  | 68.2%                 | 9.3%                  | 5.5%                  | 29.3%                 |
| Use                     | 3.0%                 | 68.0%                | 37.3%                | 31.7%                | 3.8%                 | 52.2%                 | -14.2%                | -14.9%                | 2.7%                  | 11.4%                 |
| Other                   | -4.9%                | 1.1%                 | -10.3%               | 60.2%                | -70.4%               | 96.0%                 | 69.7%                 | 361.9%                | 8.3%                  | -12.5%                |
| Total                   | <u>6.5%</u>          | <u>6.1%</u>          | <u>6.6%</u>          | <u>3.79%</u>         | <u>7.05%</u>         | <u>14.14%</u>         | <u>10.25%</u>         | <u>4.39%</u>          | <u>2.33%</u>          | <u>4.38%</u>          |

\* For confidentiality reasons, Utilities sales tax cannot be reported separately in FY2023 and FY2024 and is included with Other

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**

|                                    | <b>Year Taxes Are Payable</b> |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|------------------------------------|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                    | <b><u>2016</u></b>            | <b><u>2017</u></b> | <b><u>2018</u></b> | <b><u>2019</u></b> | <b><u>2020</u></b> | <b><u>2021</u></b> | <b><u>2022</u></b> | <b><u>2023</u></b> | <b><u>2024</u></b> | <b><u>2025</u></b> |
| 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%              |
| Groceries                          | 1.60%                         | 1.60%              | 1.60%              | 1.60%              | 1.60%              | 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%              |
| Rentals                            | 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%              |
| Utilities                          | 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%              |
| Restaurant/Bar                     | 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%              |
| All Others                         | 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%              |
| Groceries                          | 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%              |
| Mining - Nonmetal                  | 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%              |
| State Rates (2):                   |                               |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Retail Sales (excluding groceries) | 5.60%                         | 5.60%              | 5.60%              | 5.60%              | 5.60%              | 5.60%              | 5.60%              | 5.60%              | 5.60%              | 5.60%              |
| Hotel/Transient Lodging            | 5.50%                         | 5.50%              | 5.50%              | 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%              |
| Mining - Severance                 | 2.50%                         | 2.50%              | 2.50%              | 2.50%              | 2.50%              | 2.50%              | 2.50%              | 2.50%              | 2.50%              | 2.50%              |
| All Others                         | 5.60%                         | 5.60%              | 5.60%              | 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         | 2025               |                                   |                       |                                                   | 2016               |                                   |                       |                                                   |
|------------------|--------------------|-----------------------------------|-----------------------|---------------------------------------------------|--------------------|-----------------------------------|-----------------------|---------------------------------------------------|
|                  | <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     | 15,513             | 60.8%                             | 75,979,285            | 54.30%                                            | 3,360              | 21.30%                            | 38,908,327            | 52.20%                                            |
| Contracting      | 957                | 3.7%                              | 15,074,606            | 10.80%                                            | 3,614              | 22.90%                            | 6,257,112             | 8.40%                                             |
| Restaurant/Bar   | 507                | 2.0%                              | 18,810,742            | 13.40%                                            | 357                | 2.30%                             | 9,284,232             | 12.50%                                            |
| Rental           | 5,448              | 21.3%                             | 11,485,611            | 8.20%                                             | 6,614              | 41.90%                            | 7,522,177             | 10.10%                                            |
| Utilities*       |                    |                                   |                       |                                                   | 11                 | 0.10%                             | 7,498,115             | 10.00%                                            |
| Telecom/Cable TV | 238                | 0.9%                              | 539,968               | 0.40%                                             | 182                | 1.10%                             | 1,217,583             | 1.60%                                             |
| Use              | 2,635              | 10.3%                             | 2,968,151             | 2.10%                                             | 1,505              | 9.50%                             | 718,931               | 1.00%                                             |
| Amusement        | 96                 | 0.4%                              | 2,517,756             | 1.80%                                             | 60                 | 0.40%                             | 1,036,941             | 1.40%                                             |
| Others           | 153                | 0.6%                              | 12,573,194            | 9.00%                                             | 79                 | 0.50%                             | 2,112,606             | 2.80%                                             |
| Total            | <u>25,547</u>      | <u>100.00%</u>                    | <u>\$ 139,949,314</u> | <u>100.00%</u>                                    | <u>15,782</u>      | <u>100.00%</u>                    | <u>\$ 74,556,024</u>  | <u>100.00%</u>                                    |

\* - For confidentiality reasons, utilities sales tax cannot be reported separately in FY2025 and is included with Others

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             |                         |                         |                         |                         |                         |                         |                         |                         |                         |
|-------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                       | 2016                    | 2017                    | 2018                    | 2019                    | 2020                    | 2021                    | 2022                    | 2023                    | 2024                    | 2025                    |
| Residential (Owner occupied)                          | \$ 626,696,840          | \$ 674,378,782          | \$ 740,037,974          | \$ 813,110,830          | \$ 875,459,952          | \$ 954,002,402          | \$ 1,034,473,284        | \$ 1,103,379,764        | \$ 1,169,092,905        | \$ 1,238,161,226        |
| Residential (Renter occupied)                         | 214,086,717             | 230,466,048             | 243,816,250             | 259,614,712             | 290,792,306             | 309,884,348             | 328,554,140             | 363,797,432             | 403,352,247             | 431,704,629             |
| Commercial, Industrial, Mining & Utilities            | 291,761,032             | 297,883,403             | 310,764,850             | 328,762,027             | 352,052,608             | 356,175,720             | 379,013,645             | 385,810,266             | 400,209,657             | 430,182,099             |
| Agriculture & Vacant                                  | 44,305,284              | 40,513,630              | 44,053,047              | 36,731,719              | 36,824,728              | 37,571,067              | 37,321,864              | 36,498,803              | 40,071,865              | 39,764,287              |
| Railroad                                              | 1,137,482               | 1,040,707               | 1,065,441               | 1,015,986               | 1,040,771               | 1,002,644               | 1,061,989               | 1,276,282               | 1,518,083               | 1,694,390               |
| Historic & Environmental                              | 24,540                  | 396,725                 | 305,265                 | 577,715                 | 502,515                 | 488,535                 | 496,080                 | -                       | 16,049                  | -                       |
| Public Property Improvements                          | 5,100                   | -                       | 25,390                  | -                       | 48,122                  | 50,528                  | 53,055                  | 55,707                  | 4,217                   | 64,238                  |
| Net Assessed Value                                    | <u>\$ 1,178,016,995</u> | <u>\$ 1,244,679,295</u> | <u>\$ 1,340,068,217</u> | <u>\$ 1,439,812,989</u> | <u>\$ 1,556,721,002</u> | <u>\$ 1,659,175,244</u> | <u>\$ 1,780,974,057</u> | <u>\$ 1,890,818,254</u> | <u>\$ 2,014,265,023</u> | <u>\$ 2,141,570,869</u> |
| % Growth                                              | 1.9%                    | 5.7%                    | 7.7%                    | 7.4%                    | 8.1%                    | 15.2%                   | 7.3%                    | 6.2%                    | 6.5%                    | 6.3%                    |
| Net Assessed Value Per Capita                         | \$ 7,174                | \$ 7,400                | \$ 7,632                | \$ 8,008                | \$ 8,641                | \$ 8,687                | \$ 9,005                | \$ 9,514                | \$ 10,021               | \$ 10,321               |
| Population                                            | 164,212                 | 168,192                 | 172,259                 | 179,800                 | 190,985                 | 194,517                 | 197,786                 | 198,750                 | 201,001                 | 207,499                 |
| Total Direct Secondary Tax Rate                       | 1.25                    | 1.25                    | 1.25                    | 1.15                    | 1.15                    | 1.15                    | 1.15                    | 1.15                    | 1.15                    | 1.15                    |
| Full Cash Value                                       | \$ 13,968,351,523       | \$ 15,264,587,035       | \$ 16,607,545,225       | \$ 18,374,791,035       | \$ 20,055,499,784       | \$ 22,175,481,320       | \$ 24,444,971,352       | \$ 26,391,921,793       | \$ 33,696,719,077       | \$ 41,228,643,224       |
| % Growth                                              | 25.1%                   | 9.3%                    | 8.8%                    | 10.6%                   | 9.1%                    | 20.7%                   | 10.2%                   | 8.0%                    | 27.7%                   | 22.4%                   |
| Full Cash Value Per Capita                            | \$ 85,063               | \$ 90,757               | \$ 96,410               | \$ 102,196              | \$ 111,320              | \$ 116,111              | \$ 123,593              | \$ 132,790              | \$ 167,645              | \$ 198,693              |
| Net Assessed Value as a Percentage of Full Cash Value | 8.4%                    | 8.2%                    | 8.1%                    | 7.8%                    | 7.8%                    | 7.5%                    | 7.3%                    | 7.2%                    | 6.0%                    | 5.2%                    |

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:

| Fiscal Year |     |     |
|-------------|-----|-----|
| 2015        | 16% | 15% |
| 2016        | 16% | 16% |
| 2017        | 16% | 15% |
| 2018        | 15% | 14% |
| 2019        | 15% | 15% |
| 2020        | 15% | 14% |
| 2021        | 15% | 15% |
| 2022        | 15% | 15% |
| 2023        | 15% | 15% |
| 2024        | 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

|                                          | <b>Fiscal Year</b>     |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|------------------------------------------|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                          | <b><u>2016 (a)</u></b> | <b><u>2017</u></b> | <b><u>2018</u></b> | <b><u>2019</u></b> | <b><u>2020</u></b> | <b><u>2021</u></b> | <b><u>2022</u></b> | <b><u>2023</u></b> | <b><u>2024</u></b> | <b><u>2025</u></b> |
| City of Peoria                           | \$ 1,178,016,995       | \$ 1,244,679,295   | \$ 1,340,068,217   | \$ 1,439,812,989   | \$ 1,556,721,002   | \$ 1,659,175,244   | \$ 1,780,974,057   | \$ 1,890,818,254   | \$ 2,014,265,023   | \$ 2,141,570,869   |
| Peoria Unified School<br>District No. 11 | 1,475,721,803          | 1,549,607,885      | 1,649,351,547      | 1,780,118,947      | 1,934,677,253      | 2,043,501,690      | 2,188,687,421      | 2,316,600,539      | 2,465,686,542      | 2,642,784,882      |
| Maricopa County                          | 34,623,670,323         | 36,135,494,474     | 38,251,891,249     | 40,423,232,421     | 43,194,326,395     | 45,704,969,813     | 48,724,126,672     | 51,575,018,189     | 54,722,326,231     | 58,328,686,360     |
| State of Arizona                         | 54,840,074,052         | 56,573,588,295     | 59,404,007,785     | 62,328,357,186     | 66,158,541,837     | 69,914,521,042     | 74,200,233,397     | 78,405,598,978     | 83,026,530,244     | 88,425,611,337     |

(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     |                 |                 |                 |                 |                 |                 |                 |                 |                |
|-------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|
|                                           | 2016            | 2017            | 2018            | 2019            | 2020            | 2021            | 2022            | 2023            | 2024            | 2025           |
| Total Direct City                         |                 |                 |                 |                 |                 |                 |                 |                 |                 |                |
| Primary                                   | \$ 0.19         | \$ 0.19         | \$ 0.19         | \$ 0.29         | \$ 0.29         | \$ 0.29         | \$ 0.29         | \$ 0.29         | \$ 0.29         | \$ 0.29        |
| Secondary                                 | 1.25            | 1.25            | 1.25            | 1.15            | 1.15            | 1.15            | 1.15            | 1.15            | 1.15            | 1.15           |
| 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                                   | 4.93            | 4.78            | 4.51            | 4.00            | 3.86            | 3.75            | 3.72            | 3.54            | 3.40            | 3.24           |
| Secondary                                 | 2.84            | 3.26            | 3.03            | 3.02            | 2.94            | 2.92            | 2.44            | 2.23            | 2.13            | 1.81           |
| Total                                     | <u>7.77</u>     | <u>8.04</u>     | <u>7.54</u>     | <u>7.02</u>     | <u>6.80</u>     | <u>6.67</u>     | <u>6.16</u>     | <u>5.77</u>     | <u>5.53</u>     | <u>5.05</u>    |
| Maricopa County (2)                       |                 |                 |                 |                 |                 |                 |                 |                 |                 |                |
| Primary                                   | 3.13            | 3.14            | 3.09            | 3.05            | 3.01            | 2.97            | 2.89            | 2.34            | 2.28            | 2.21           |
| Secondary                                 | 0.97            | 1.01            | 1.07            | 1.03            | 1.05            | 1.02            | 0.96            | 0.86            | 0.86            | 0.85           |
| Total                                     | <u>4.10</u>     | <u>4.15</u>     | <u>4.16</u>     | <u>4.08</u>     | <u>4.06</u>     | <u>3.99</u>     | <u>3.85</u>     | <u>3.20</u>     | <u>3.14</u>     | <u>3.06</u>    |
| Total                                     |                 |                 |                 |                 |                 |                 |                 |                 |                 |                |
| Primary                                   | 8.25            | 8.11            | 7.79            | 7.34            | 7.16            | 7.01            | 6.90            | 6.17            | 5.97            | 5.73           |
| Secondary                                 | 5.06            | 5.52            | 5.35            | 5.20            | 5.15            | 5.08            | 4.55            | 4.24            | 4.14            | 3.81           |
| Total                                     | <u>\$ 13.31</u> | <u>\$ 13.63</u> | <u>\$ 13.14</u> | <u>\$ 12.54</u> | <u>\$ 12.31</u> | <u>\$ 12.09</u> | <u>\$ 11.45</u> | <u>\$ 10.41</u> | <u>\$ 10.11</u> | <u>\$ 9.54</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 | \$ 3.27 | \$ 2.23   |

(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                              | \$ 1.16        | \$ -           |
| Maricopa County Community College District   | 1.05           | 0.06           |
| Maricopa County Flood Control District       | -              | 0.15           |
| Maricopa County Fire District Assistance     | -              | 0.01           |
| Maricopa County Library District             | -              | 0.05           |
| Maricopa County Special Health Care District | -              | 0.27           |
| West Maricopa Education Center               | -              | 0.18           |
| Central Arizona Water Conservation District  | -              | 0.14           |
| Fiscal Year 2024 Tax Rate                    | <u>\$ 2.21</u> | <u>\$ 0.85</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

|                                           | 2016                    | 2017                    | 2018                    | 2019                    | Tax Levy Fiscal Year<br>2020 | 2021                    | 2022                    | 2023                    | 2024                    | 2025                    |
|-------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Total Direct City                         |                         |                         |                         |                         |                              |                         |                         |                         |                         |                         |
| Primary                                   | \$ 2,238,232            | \$ 2,364,891            | \$ 2,546,130            | \$ 4,175,458            | \$ 4,514,491                 | \$ 4,811,608            | \$ 5,164,825            | \$ 5,483,373            | \$ 5,841,367            | \$ 6,210,556            |
| Secondary                                 | 14,725,212              | 15,558,491              | 16,750,853              | 16,557,849              | 17,902,292                   | 19,080,515              | 20,481,202              | 21,744,410              | 23,164,041              | 24,628,065              |
| Total                                     | <u>16,963,444</u>       | <u>17,923,382</u>       | <u>19,296,983</u>       | <u>20,733,307</u>       | <u>22,416,783</u>            | <u>23,892,123</u>       | <u>25,646,027</u>       | <u>27,227,783</u>       | <u>29,005,408</u>       | <u>30,838,621</u>       |
| Peoria Unified School District No. 11 (1) |                         |                         |                         |                         |                              |                         |                         |                         |                         |                         |
| Primary                                   | 72,782,246              | 74,140,908              | 74,370,911              | 71,186,957              | 74,661,130                   | 76,563,878              | 81,502,342              | 81,921,945              | 83,710,030              | 85,544,304              |
| Secondary                                 | 41,966,017              | 50,494,525              | 50,046,959              | 53,764,234              | 56,922,243                   | 59,604,705              | 53,396,580              | 51,687,487              | 52,442,776              | 47,854,445              |
| Maricopa County (2)                       |                         |                         |                         |                         |                              |                         |                         |                         |                         |                         |
| Primary                                   | 1,083,409,268           | 1,134,787,546           | 1,179,611,336           | 1,231,523,511           | 1,300,978,643                | 1,357,249,060           | 1,405,395,276           | 1,203,658,775           | 1,249,583,952           | 1,287,722,410           |
| Secondary                                 | 234,978,404             | 337,146,316             | 356,706,002             | 373,658,155             | 402,738,173                  | 411,099,616             | 409,383,469             | 390,658,525             | 405,133,711             | 419,069,733             |
| Total                                     |                         |                         |                         |                         |                              |                         |                         |                         |                         |                         |
| Primary                                   | 1,158,429,746           | 1,211,293,345           | 1,256,528,377           | 1,306,885,926           | 1,380,154,264                | 1,438,624,546           | 1,492,062,443           | 1,291,064,093           | 1,339,135,349           | 1,379,477,270           |
| Secondary                                 | 291,669,633             | 403,199,332             | 423,503,814             | 443,980,238             | 477,562,708                  | 489,784,836             | 483,261,251             | 464,090,422             | 480,740,528             | 491,552,243             |
| Total                                     | <u>\$ 1,450,099,379</u> | <u>\$ 1,614,492,677</u> | <u>\$ 1,680,032,191</u> | <u>\$ 1,750,866,164</u> | <u>\$ 1,857,716,972</u>      | <u>\$ 1,928,409,382</u> | <u>\$ 1,975,323,694</u> | <u>\$ 1,755,154,515</u> | <u>\$ 1,819,875,877</u> | <u>\$ 1,871,029,513</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 | \$ 115,789,157 | \$ 79,363,077 |

(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                              | \$ 676,087,804          |                       |
| State Education Equalization Assistance      |                         |                       |
| Maricopa County Community College District   | 611,634,606             | 32,734,732            |
| Maricopa County Flood Control District       |                         | 79,198,583            |
| Maricopa County Fire District Assistance     |                         | 4,654,662             |
| Maricopa County Library District             |                         | 27,414,483            |
| Maricopa County Special Health Care District |                         | 153,380,069           |
| West Maricopa Education Center               |                         | 41,118,776            |
| Central Arizona Water Conservation District  |                         | 80,568,428            |
| Fiscal Year 2024Tax Levy                     | <u>\$ 1,287,722,410</u> | <u>\$ 419,069,733</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

|                                         |                         | 2025(a)(b)                      |                                         | 2016                             |                                          |
|-----------------------------------------|-------------------------|---------------------------------|-----------------------------------------|----------------------------------|------------------------------------------|
|                                         |                         | Limited<br>Property<br>Assessed | % of<br>Limited<br>Property<br>Assessed | Taxable<br>Secondary<br>Assessed | % of<br>Taxable<br>Secondary<br>Assessed |
| <b>Taxpayer</b>                         | <b>Type of Business</b> | <b>Value</b>                    | <b>Rank</b>                             | <b>Value</b>                     | <b>Rank</b>                              |
| Arizona Public Service                  | Gas & Electric Utility  | \$ 95,021,012                   | 1                                       | \$ 23,516,704                    | 1                                        |
| Vestar LPTC LLC                         | Property Development    | 8,981,558                       | 2                                       | \$ 3,759,704                     | 8                                        |
| Park West WFB LLC                       | Asset Management        | 7,158,191                       | 3                                       |                                  |                                          |
| Southwest Gas Corporation               | Gas Utility             | 7,058,259                       | 4                                       | \$ 4,181,863                     | 6                                        |
| DDRA Arrowhead Crossing LLC             | Shopping Center         | 5,510,026                       | 5                                       | \$ 4,478,370                     | 5                                        |
| The Village at Pioneer Park LLC         | Multi-family Housing    | 5,391,327                       | 6                                       |                                  |                                          |
| N 75th AZ Partners LLC                  | Multi-family Housing    | 5,135,992                       | 7                                       |                                  |                                          |
| Freedom Plaza Limited Partnership Lease | Retirement Housing      | 4,912,038                       | 8                                       |                                  |                                          |
| Peoria Center Apartments South LLC      | Multi-family Housing    | 4,693,758                       | 9                                       |                                  |                                          |
| BCC Development Inc.                    | Property Development    | 4,538,840                       | 10                                      |                                  |                                          |
| Park West Retail I LLC                  | Shopping Center         |                                 |                                         | \$ 5,248,347                     | 2                                        |
| Sprint Nextel Wireless LP               | Telecommunications      |                                 |                                         | \$ 5,182,165                     | 3                                        |
| Vestar Arizona XLVIII LLC               | Property Development    |                                 |                                         | \$ 4,968,647                     | 4                                        |
| Miller Family Real Estate LLC           | Shopping Center         |                                 |                                         | \$ 4,046,337                     | 7                                        |
| Target Corporation                      | Shopping Center         |                                 |                                         | \$ 3,508,421                     | 9                                        |
| BCC Development Inc.                    | Property Development    |                                 |                                         | \$ 3,497,734                     | 10                                       |
| <b>Total</b>                            |                         | <b>\$ 148,401,001</b>           | <b>6.93%</b>                            | <b>\$ 62,388,292</b>             | <b>5.30%</b>                             |

(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.

(b) In 2023 Maricopa County changed their reporting software, so company consolidations may be different from prior years.

Note - As a quasi-governmental entity, Salt River Project pays in-Lieu taxes, rather than property taxes. For fiscal year 2025, the assessed value of Salt River Project property within the City of Peoria is \$25,583,709

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<br>Year<br>Ended<br>June 30, | Taxes Levied<br>for the<br>Fiscal Year <sup>(1)</sup> | Collected with the<br>Fiscal Year of the Levy <sup>(2)</sup> |                       | Collections<br>in Subsequent<br>Years <sup>(2)</sup> | Total Collections To Date |                       |
|-------------------------------------|-------------------------------------------------------|--------------------------------------------------------------|-----------------------|------------------------------------------------------|---------------------------|-----------------------|
|                                     |                                                       | Amount                                                       | Percentage<br>of Levy |                                                      | Amount                    | Percentage<br>of Levy |
| <b>2025</b>                         | 30,838,621                                            | 30,110,875                                                   | 97.64%                | -                                                    | 30,110,875                | 97.64%                |
| <b>2024</b>                         | 29,005,408                                            | 28,595,241                                                   | 98.59%                | (19,062)                                             | 28,576,178                | 98.52%                |
| <b>2023</b>                         | 27,227,783                                            | 27,003,934                                                   | 99.18%                | (134,101)                                            | 26,869,833                | 98.69%                |
| <b>2022</b>                         | 25,646,027                                            | 25,375,055                                                   | 98.94%                | (60,554)                                             | 25,314,501                | 98.71%                |
| <b>2021</b>                         | 23,892,123                                            | 23,599,465                                                   | 98.78%                | (7,264)                                              | 23,592,201                | 98.74%                |
| <b>2020</b>                         | 22,416,783                                            | 21,914,662                                                   | 97.76%                | 72,435                                               | 21,987,097                | 97.76%                |
| <b>2019</b>                         | 20,733,307                                            | 20,589,725                                                   | 99.31%                | (84,771)                                             | 20,504,954                | 98.90%                |
| <b>2018</b>                         | 19,296,983                                            | 18,955,264                                                   | 98.23%                | 69,426                                               | 19,024,690                | 98.59%                |
| <b>2017</b>                         | 17,923,382                                            | 17,596,843                                                   | 98.18%                | 124,953                                              | 17,721,796                | 98.88%                |
| <b>2016</b>                         | 16,963,444                                            | 16,695,651                                                   | 98.42%                | 121,071                                              | 16,816,721                | 99.14%                |

Notes: <sup>(1)</sup> Levy figures obtained from Maricopa County Tax Levy Books-February Publication.

<sup>(2)</sup> Collection amount obtained from Maricopa County Treasurer's Secured Levy Report at 6/30/2025

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

| <b>Average Utility Bill Amounts<br/>Last Ten Fiscal Years</b> |                 |             |             |             |             |             |             |             |             |             |
|---------------------------------------------------------------|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                                               | <u>2016 (c)</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
| Water                                                         |                 |             |             |             |             |             |             |             |             |             |
| Average bill                                                  | \$37.53         | \$39.13     | \$41.44     | \$42.15     | \$43.02     | \$43.87     | \$45.08     | \$46.35     | \$45.60     | \$48.02     |
| % Increase                                                    | 5.60%           | 4.26%       | 5.90%       | 1.71%       | 2.06%       | 1.98%       | 2.76%       | 2.82%       | -1.61%      | 5.29%       |
| Wastewater                                                    |                 |             |             |             |             |             |             |             |             |             |
| Average bill                                                  | \$24.64         | \$25.22     | \$25.26     | \$26.60     | \$26.91     | \$27.29     | \$28.58     | \$29.05     | \$25.19     | \$34.22     |
| % Increase                                                    | 2.71%           | 2.35%       | 0.16%       | 5.30%       | 1.17%       | 1.41%       | 4.73%       | 1.64%       | -13.29%     | 5.48%       |
| Residential Solid Waste                                       |                 |             |             |             |             |             |             |             |             |             |
| Average bill                                                  | \$13.44         | \$13.39     | \$14.23     | \$14.42     | \$15.29     | \$16.21     | \$17.06     | \$17.96     | \$15.97     | \$26.33     |
| % Increase                                                    | 0.67%           | -0.37%      | 6.27%       | 1.34%       | 6.03%       | 6.02%       | 5.24%       | 5.28%       | -11.09%     | 64.89%      |

| <b>Utility Service Connections<br/>Last Ten Fiscal Years</b> |                 |             |             |             |             |             |             |             |             |             |
|--------------------------------------------------------------|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                                              | <u>2016 (c)</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
| Water                                                        |                 |             |             |             |             |             |             |             |             |             |
| # of Accounts                                                | 55,558          | 57,011      | 58,061      | 59,185      | 60,705      | 62,083      | 63,357      | 63,575      | 63,571      | 64,672      |
| % Increase                                                   | 8.08%           | 2.62%       | 1.84%       | 1.94%       | 2.57%       | 2.27%       | 2.05%       | 0.34%       | -0.01%      | 1.73%       |
| Wastewater                                                   |                 |             |             |             |             |             |             |             |             |             |
| # of Accounts                                                | 56,235          | 57,909      | 59,499      | 60,913      | 62,617      | 63,924      | 65,169      | 65,923      | 66,282      | 67,310      |
| % Increase                                                   | 3.00%           | 2.98%       | 2.75%       | 2.38%       | 2.80%       | 2.09%       | 1.95%       | 1.16%       | 0.54%       | 1.55%       |
| Residential Solid Waste                                      |                 |             |             |             |             |             |             |             |             |             |
| # of Accounts                                                | 54,262          | 55,828      | 57,452      | 58,816      | 60,123      | 61,332      | 62,575      | 63,323      | 63,692      | 65,184      |
| % Increase                                                   | 3.08%           | 2.89%       | 2.91%       | 2.37%       | 2.22%       | 2.01%       | 2.03%       | 1.20%       | 0.58%       | 2.34%       |

**Charges for Water Services  
Base Minimum Monthly Bill  
As of June 30, 2025**

**Charges for Wastewater Services  
Base Minimum Monthly Bill  
As of June 30, 2025**

| <b>Resid., Commc. &amp;<br/>Landscape Customers</b> |                   |               |
|-----------------------------------------------------|-------------------|---------------|
| <b>Multi Family<br/>Customers</b>                   | <b>Meter Size</b> | <b>Charge</b> |
|                                                     | 5/8"-3/4"         | \$ 21.24      |
| <b>Base Charge</b>                                  | 1"                | 25.96         |
| <b>per Meter</b>                                    | 1 1/2"            | 43.41         |
| \$11.06                                             | 2"                | 62.46         |
|                                                     | 3"                | 113.33        |
| <b>Charge per</b>                                   | 4"                | 170.50        |
| <b>Dwelling Unit</b>                                | 6"                | 329.21        |
| \$6.10                                              | 8"                | 519.76        |

| <b>Resid., Commc. &amp;<br/>Landscape Customers</b> |                   |               |
|-----------------------------------------------------|-------------------|---------------|
| <b>Multi Family<br/>Customers</b>                   | <b>Meter Size</b> | <b>Charge</b> |
|                                                     | 5/8"-3/4"         | \$ 10.84      |
| <b>Base Charge</b>                                  | 1"                | 10.84         |
| <b>per Meter</b>                                    | 1 1/2"            | 25.95         |
| \$4.30                                              | 2"                | 38.95         |
|                                                     | 3"                | 73.68         |
| <b>Charge per</b>                                   | 4"                | 112.68        |
| <b>Dwelling Unit</b>                                | 6"                | 221.01        |
| \$3.90                                              | 8"                | 351.05        |

(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)

Table XIV

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

| Volume Charges for Water Services<br>Usage Per Month<br>As of June 30, 2025 |                                    |                                  |                                   | Charges for Residential Solid Waste<br>As of June 30, 2025 |          |
|-----------------------------------------------------------------------------|------------------------------------|----------------------------------|-----------------------------------|------------------------------------------------------------|----------|
| Volume Consumption<br>(gallons)                                             | Residential<br>(per 1,000 gallons) | Multiplex<br>(per 1,000 gallons) | Commercial<br>(per 1,000 gallons) |                                                            |          |
| 0 - 4,000                                                                   | \$ 1.53                            | \$ -                             | \$ -                              | Monthly fee                                                |          |
| 4,001 - 10,000                                                              | 4.08                               | -                                | -                                 | Single container & recycling                               | \$ 23.55 |
| 10,001 - 20,000                                                             | 5.80                               | -                                | -                                 | Additional container                                       | 19.29    |
| 20,000+                                                                     | 6.42                               | -                                | -                                 |                                                            |          |
| 1,000+                                                                      | -                                  | 4.08                             | -                                 |                                                            |          |
| 0 - 10,000                                                                  | -                                  | -                                | 1.53                              |                                                            |          |
| 10,001 - 50,000                                                             | -                                  | -                                | 4.08                              |                                                            |          |
| 50,000+                                                                     | -                                  | -                                | 5.80                              |                                                            |          |

| Water Meter Permit Charges<br>As of June 30, 2025 |                   | Charges for Storm Water<br>As of June 30, 2025 |               |
|---------------------------------------------------|-------------------|------------------------------------------------|---------------|
| Meter Size                                        | Charge            | Monthly                                        | All Customers |
| 3/4"                                              | \$ 379            |                                                |               |
| 1"                                                | \$ 723 - 1,016    | \$ 1.50                                        | X             |
| 1 1/2"                                            | \$ 724 - 1,016    |                                                |               |
| 2"                                                | \$ 864 - 1,186    |                                                |               |
| 3"                                                | \$ 2,755 - 3,481  |                                                |               |
| 4"                                                | \$ 3,186 - 3,883  |                                                |               |
| 6"                                                | \$ 5,147 - 6,449  |                                                |               |
| 8"                                                | \$ 7,509 - 10,111 |                                                |               |
| Hydrant meter                                     | \$ 2,832          |                                                |               |
| Commercial accounts                               | \$ By meter size  |                                                |               |

(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 NINE YEARS AGO**

Table XIV

| Entity                              | Type of User             | <u>2025</u>                   |      |                              | <u>2016</u>                   |      |                              |
|-------------------------------------|--------------------------|-------------------------------|------|------------------------------|-------------------------------|------|------------------------------|
|                                     |                          | Avg<br>Monthly Water<br>Usage | Rank | % Avg Monthly<br>Water Usage | Avg<br>Monthly Water<br>Usage | Rank | % Avg Monthly<br>Water Usage |
| Trilogy At Vistancia HOA            | Commercial Landscape     | 20,638                        | 1    | 2.21%                        | 2,549                         | 4    | 0.35%                        |
| Infinity Capital Golf               | Golf Course              | 17,151                        | 2    | 1.84%                        |                               |      |                              |
| TVAQ1 Community Assoc               | Homeowner's Association  | 16,775                        | 3    | 1.80%                        |                               |      |                              |
| Blackstone Country Club             | Golf Course              | 15,573                        | 4    | 1.67%                        |                               |      |                              |
| Sunrise Water Company               | Water Company            | 12,710                        | 5    | 1.36%                        |                               |      |                              |
| Sun Harbor Community Assoc          | Health Care Facility     | 10,026                        | 6    | 1.07%                        |                               |      |                              |
| Ventana Lakes N. of Beardsley Lake  | Homeowner's Association  | 9,631                         | 7    | 1.03%                        | 3,702                         | 3    | 0.51%                        |
| City of Peoria - Sports Complex     | Sports Complex           | 8,876                         | 8    | 0.95%                        |                               |      |                              |
| City of Peoria - Right of Way       | Right of Way Landscape   | 8,090                         | 9    | 0.87%                        |                               |      |                              |
| Saddleback Peoria Partners LLC      | Residential Construction | 7,403                         | 10   | 0.79%                        |                               |      |                              |
| Desert Harbor Lake                  | Homeowner's Association  |                               |      |                              | 7,103                         | 1    | 0.99%                        |
| City of Peoria Padre's Pump Station | Sports Complex           |                               |      |                              | 6,604                         | 2    | 0.92%                        |
| Liberty High School                 | Public School            |                               |      |                              | 2,316                         | 5    | 0.32%                        |
| Westwing Mountain HOA               | Homeowner's Association  |                               |      |                              | 1,949                         | 6    | 0.27%                        |
| Sun Garden Park II HOA              | Homeowner's Association  |                               |      |                              | 1,679                         | 7    | 0.23%                        |
| Sun Garden Mobile Home Park         | Homeowner's Association  |                               |      |                              | 1,576                         | 8    | 0.22%                        |
| Centennial High School              | Public School            |                               |      |                              | 1,411                         | 9    | 0.20%                        |
| Polynesian Village                  | Homeowner's Association  |                               |      |                              | 1,252                         | 10   | 0.17%                        |

Water usage measured in thousands of gallons

Source: City customer service and billing records

(concluded)

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

Table XV

|                                                  | <u>2016</u>           | <u>2017</u>           | <u>2018</u>           | <u>Fiscal Year</u><br><u>2019</u> | <u>2020</u>           | <u>2021</u>           | <u>2022</u>           | <u>2023</u>           | <u>2024</u>           | <u>2025</u>           |
|--------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities                          |                       |                       |                       |                                   |                       |                       |                       |                       |                       |                       |
| General Obligation Bonds                         | \$ 170,995,550        | \$ 158,031,697        | \$ 135,863,947        | \$ 157,167,099                    | \$ 142,247,708        | \$ 128,984,480        | \$ 174,891,326        | \$ 182,957,316        | \$ 167,948,306        | \$ 229,790,000        |
| General Obligation WIFA Loans                    | -                     | -                     | -                     | -                                 | 3,000,000             | 3,954,426             | 3,724,398             | 7,063,285             | 14,582,003            | 15,072,930            |
| Municipal Development Authority Debt Obligations | 73,257,994            | 68,529,573            | 34,792,700            | 32,753,534                        | 30,620,436            | 28,437,337            | -                     | -                     | -                     | -                     |
| Excise Tax Revenue Obligations                   | -                     | -                     | -                     | -                                 | -                     | -                     | 24,222,767            | 23,469,990            | 21,147,213            | 16,810,000            |
| Direct Purchase and Loan Obligations             | -                     | -                     | 36,514,304            | 30,761,347                        | 27,130,287            | 23,415,375            | 19,621,324            | 15,747,839            | 11,799,618            | 7,771,351             |
| Special Assessment Bonds                         | 2,508,814             | 2,137,211             | -                     | -                                 | -                     | -                     | -                     | -                     | -                     | -                     |
| Community Facilities District Bonds              | 40,575,685            | 40,400,804            | 37,266,862            | 33,920,919                        | 33,217,566            | 29,993,568            | 25,450,008            | 24,604,581            | 19,900,057            | 21,245,000            |
| Leases                                           | -                     | -                     | -                     | -                                 | -                     | 51,633                | 32,546                | 15,048                | 6,014,307             | 5,385,134             |
| SBITA                                            | -                     | -                     | -                     | -                                 | -                     | -                     | 2,927,106             | 1,915,184             | 4,003,815             | 12,625,135            |
| Business-type Activities                         |                       |                       |                       |                                   |                       |                       |                       |                       |                       |                       |
| Water and Sewer Revenue Bonds                    | 24,622,433            | 19,095,643            | 13,383,853            | 8,412,062                         | 4,665,273             | 41,331,911            | 66,293,549            | 60,975,592            | 54,692,634            | 43,755,000            |
| WIFA Loans                                       | 78,549,337            | 74,229,903            | 70,004,631            | 62,724,636                        | 57,320,925            | 33,239,660            | 48,718,291            | 45,458,610            | 42,254,767            | 38,966,213            |
| Leases                                           | -                     | -                     | -                     | -                                 | -                     | -                     | -                     | 11,692                | 9,269                 | 6,748                 |
| Total Primary Government                         | <u>\$ 390,509,813</u> | <u>\$ 362,424,831</u> | <u>\$ 327,826,497</u> | <u>\$ 325,739,597</u>             | <u>\$ 298,202,195</u> | <u>\$ 289,408,390</u> | <u>\$ 365,881,315</u> | <u>\$ 362,219,137</u> | <u>\$ 342,351,989</u> | <u>\$ 391,427,511</u> |
| Total Debt Per Capita                            | \$ 2,378.08           | \$ 2,154.83           | \$ 1,903.06           | \$ 1,851.20                       | \$ 1,561.39           | \$ 1,515.08           | \$ 1,849.88           | \$ 1,822.49           | \$ 1,703.24           | \$ 1,886.41           |
| Total Debt as a % of Personal Income             | 5.7%                  | 5.1%                  | 4.4%                  | 4.1%                              | 3.8%                  | 3.7%                  | 3.2%                  | 2.9%                  | 2.8%                  | 2.8%                  |

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>2016</u>           | <u>2017</u>           | <u>2018</u>           | <u>2019</u>           | <u>2020</u>           | <u>2021</u>           | <u>2022</u>           | <u>2023</u>           | <u>2024</u>           | <u>2025</u>           |
| Bonded Debt (1)                                     | \$ 170,995,550        | \$ 158,031,697        | \$ 135,863,947        | \$ 157,167,099        | \$ 142,247,708        | \$ 128,984,480        | \$ 174,891,326        | \$ 182,957,316        | \$ 167,948,306        | \$ 229,790,000        |
| Less:                                               |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Debt Service Reserves (2)                           | <u>26,583,502</u>     | <u>25,529,967</u>     | <u>15,887,194</u>     | <u>17,095,199</u>     | <u>16,376,110</u>     | <u>18,277,685</u>     | <u>19,673,341</u>     | <u>19,066,405</u>     | <u>20,828,250</u>     | <u>25,927,883</u>     |
| Net Bonded Debt                                     | <u>\$ 144,412,048</u> | <u>\$ 132,501,730</u> | <u>\$ 119,976,753</u> | <u>\$ 140,071,900</u> | <u>\$ 125,871,598</u> | <u>\$ 110,706,795</u> | <u>\$ 155,217,985</u> | <u>\$ 163,890,911</u> | <u>\$ 147,120,056</u> | <u>\$ 203,862,117</u> |
| Percentage of Net Bonded Debt to Full Cash Value    | 1.0%                  | 0.9%                  | 0.7%                  | 0.8%                  | 0.6%                  | 0.5%                  | 0.6%                  | 0.6%                  | 0.4%                  | 0.5%                  |
| Percentage of Net Bonded Debt to Assessed Value (3) | 12.3%                 | 10.6%                 | 9.0%                  | 9.7%                  | 8.1%                  | 6.7%                  | 8.7%                  | 8.7%                  | 7.3%                  | 9.5%                  |
| Net Bonded Debt Per Capita                          | \$879                 | \$788                 | \$696                 | \$796                 | \$659                 | \$569                 | \$785                 | \$825                 | \$732                 | \$982                 |
| Net Bonded Debt as a % of Personal Income           | 2.12%                 | 1.87%                 | 1.62%                 | 1.77%                 | 1.51%                 | 1.25%                 | 1.35%                 | 1.33%                 | 1.18%                 | 1.48%                 |

(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.

## Table XVII

Sources:

|                                                           |                                                                           |
|-----------------------------------------------------------|---------------------------------------------------------------------------|
| - City of Peoria financial records                        | - Maricopa County Assessor                                                |
| - Maricopa County Treasurer                               | -State of Arizona, Department of Revenue, Abstract of the Assessment Roll |
| - Individual jurisdictions' ACFRs and official statements |                                                                           |

**CITY OF PEORIA, ARIZONA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT - CURRENT FISCAL YEAR**  
**AS OF JUNE 30, 2025**

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                                | \$ 88,425,611,337          | \$ -                 | 2.42%                                       | \$ -                                | \$ -                                  |
| Maricopa County                                 | 58,328,686,360             | -                    | 3.67%                                       | -                                   | -                                     |
| Maricopa County Community College District (3)  | 58,328,686,360             | 57,615,000           | 3.67%                                       | 2,115,367                           | 0.06                                  |
| Maricopa County Flood Control District          | 53,876,587,196             | -                    | 3.97%                                       | -                                   | 0.15                                  |
| Maricopa County Library District                | 58,328,686,360             | -                    | 3.67%                                       | -                                   | 0.05                                  |
| Maricopa County Fire District Assistance        | 58,328,686,360             | -                    | 3.67%                                       | -                                   | 0.01                                  |
| Maricopa County Special Health Care District    | 57,548,876,687             | -                    | 3.72%                                       | -                                   | 0.27                                  |
| Central AZ Water Conservation                   | 57,548,876,687             | -                    | 3.72%                                       | -                                   | 0.14                                  |
| West MEC Vocational District                    | 22,530,836,261             | 98,510,000           | 9.51%                                       | 9,363,441                           | 0.18                                  |
| Sub-total - City-wide overlapping               |                            |                      |                                             | <u>11,478,808</u>                   |                                       |
| Total City-wide debt levies (4)                 |                            |                      |                                             | <u>320,178,358</u>                  |                                       |
| Unified School Districts:                       |                            |                      |                                             |                                     |                                       |
| Peoria No. 11                                   | 1,820,745,054              | 124,430,000          | 69.63%                                      | 86,640,609                          | 2.13                                  |
| Deer Valley No. 97                              | 294,671,269                | 138,035,000          | 8.29%                                       | 11,443,102                          | 2.23                                  |
| Nadaburg No. 81                                 | 1,834,529                  | 1,964,000            | 1.35%                                       | 26,514                              | 0.13                                  |
| Sub-total - Unified school district overlapping |                            |                      |                                             | <u>98,110,225</u>                   |                                       |
| Total overlapping                               |                            |                      |                                             | <u>109,589,033</u>                  |                                       |
| Direct:                                         |                            |                      |                                             |                                     |                                       |
| City of Peoria                                  | \$ 2,141,570,869           | \$ 308,699,550 (5)   | 100.00%                                     | <u>308,699,550</u>                  | \$ 1.15                               |
| Total direct and overlapping debt               |                            |                      |                                             | <u>\$ 418,288,583</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.

(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) Although Maricopa County Community Colleges reports all activity as Business-Type, since the general obligation bonds are repaid solely from tax collections, they will be included with governmental activities.

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

(5) GO WIFA Loan is included in the total debt because it was paid for through secondary property taxes. Although the project falls under the Storm Drain Utility, the City is utilizing secondary property taxes to pay the debt and the debt is secured by the full faith and credit of the City.

Sources:      - City of Peoria financial records  
                  - Maricopa County Treasurer  
                  - Individual jurisdictions' ACFRs 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

| <b>Governmental Unit</b>                        | <b>2016</b>           | <b>2017</b>           | <b>2018</b>           | <b>2019</b>           | <b>2020</b>           | <b>Fiscal Year<br/>2021</b> | <b>2022</b>          | <b>2023</b>          | <b>2024</b>          | <b>2025</b>          |
|-------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|
| Overlapping:                                    |                       |                       |                       |                       |                       |                             |                      |                      |                      |                      |
| Community College District                      | 20,203,810            | 17,547,206            | 15,609,534            | 13,561,370            | 11,260,680            | 9,077,824                   | 6,751,740            | 4,970,751            | 3,214,147            | 2,115,367            |
| West MEC Vocational District                    | 6,722,916             | 13,247,434            | 13,266,411            | 12,333,671            | 11,410,853            | 10,721,153                  | 14,233,479           | 12,754,861           | 11,150,402           | 9,363,441            |
| Sub-total - City-wide overlapping               | <u>26,926,726</u>     | <u>30,794,640</u>     | <u>28,875,945</u>     | <u>25,895,041</u>     | <u>22,671,533</u>     | <u>19,798,977</u>           | <u>20,985,219</u>    | <u>17,725,612</u>    | <u>14,364,549</u>    | <u>11,478,808</u>    |
| Total City-wide levies (1)                      | 314,264,769           | 188,826,337           | 236,046,896           | 280,497,941           | 258,887,529           | 234,584,163                 | 274,828,230          | 271,568,623          | 259,759,868          | 320,178,358          |
| Unified School Districts:                       |                       |                       |                       |                       |                       |                             |                      |                      |                      |                      |
| Peoria No. 11                                   | 219,811,259           | 186,654,480           | 160,934,200           | 161,744,660           | 135,901,818           | 120,868,113                 | 116,652,993          | 107,099,581          | 97,565,796           | 86,640,609           |
| Deer Valley No. 97                              | 26,927,344            | 30,347,141            | 16,287,234            | 14,099,937            | 15,421,516            | 15,477,532                  | 13,338,388           | 10,557,000           | 11,566,689           | 11,443,102           |
| Nadaburg No. 81                                 | 789                   | 579                   | 12,519                | 8,541                 | 6,105                 | 72,893                      | 41,694               | 36,873               | 29,986               | 26,514               |
| Sub-total - Unified school district overlapping | <u>246,739,392</u>    | <u>217,002,200</u>    | <u>177,233,953</u>    | <u>175,853,138</u>    | <u>151,329,439</u>    | <u>136,418,538</u>          | <u>130,033,075</u>   | <u>117,693,454</u>   | <u>109,162,471</u>   | <u>98,110,225</u>    |
| Total overlapping                               | <u>273,666,118</u>    | <u>247,796,840</u>    | <u>206,109,898</u>    | <u>201,748,179</u>    | <u>174,000,972</u>    | <u>156,217,515</u>          | <u>151,018,294</u>   | <u>135,419,066</u>   | <u>123,527,020</u>   | <u>109,589,033</u>   |
| Direct (2):                                     |                       |                       |                       |                       |                       |                             |                      |                      |                      |                      |
| City of Peoria                                  | <u>287,338,043</u>    | <u>158,031,697</u>    | <u>207,170,951</u>    | <u>254,602,900</u>    | <u>236,215,996</u>    | <u>214,785,186</u>          | <u>253,843,011</u>   | <u>253,843,011</u>   | <u>245,395,319</u>   | <u>308,699,550</u>   |
| Total direct and overlapping debt               | <u>\$ 561,004,161</u> | <u>\$ 405,828,537</u> | <u>\$ 413,280,849</u> | <u>\$ 456,351,079</u> | <u>\$ 410,216,968</u> | <u>\$ 371,002,701</u>       | <u>\$404,861,305</u> | <u>\$389,262,077</u> | <u>\$368,922,339</u> | <u>\$418,288,583</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' ACFRs and official statements for debt of other entities

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

**Table XX**

|                                                                         | Fiscal Year          |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|-------------------------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                         | <u>2016</u>          | <u>2017</u>           | <u>2018</u>           | <u>2019</u>           | <u>2020</u>           | <u>2021</u>           | <u>2022</u>           | <u>2023</u>           | <u>2024</u>           | <u>2025</u>           |
| Property Assessed Value (1)                                             | \$ 1,178,016,995     | \$ 1,244,679,295      | \$ 1,340,068,217      | \$ 1,439,812,989      | \$ 1,556,721,002      | \$ 1,659,175,244      | \$ 1,780,974,057      | \$ 1,890,818,254      | \$ 2,014,265,023      | \$ 2,141,570,869      |
| <b><u>6% Limitation</u></b>                                             |                      |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Debt limit                                                              | \$ 70,681,020        | \$ 74,680,758         | \$ 80,404,093         | \$ 86,388,779         | \$ 93,403,260         | \$ 99,550,515         | \$ 106,858,443        | \$ 113,449,095        | \$ 120,855,901        | \$ 128,494,252        |
| Total net debt applicable to limit                                      | <u>4,814,727</u>     | <u>4,149,727</u>      | <u>2,999,727</u>      | <u>4,526,273</u>      | <u>941,273</u>        | <u>-</u>              | <u>6,398,560</u>      | <u>6,483,342</u>      | <u>2,819,658</u>      | <u>3,089,281</u>      |
| Legal 6% Debt Margin                                                    | <u>\$ 65,866,293</u> | <u>\$ 70,531,031</u>  | <u>\$ 77,404,366</u>  | <u>\$ 81,862,506</u>  | <u>\$ 92,461,987</u>  | <u>\$ 99,550,515</u>  | <u>\$ 100,459,883</u> | <u>\$ 106,965,753</u> | <u>\$ 118,036,243</u> | <u>\$ 125,404,971</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 6.8%                 | 5.6%                  | 3.7%                  | 5.2%                  | 1.0%                  | 0.0%                  | 6.0%                  | 5.7%                  | 2.3%                  | 2.4%                  |
| <b><u>20% Limitation</u></b>                                            |                      |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Debt limit                                                              | \$ 235,603,399       | \$ 248,935,859        | \$ 268,013,643        | \$ 287,962,598        | \$ 311,344,200        | \$ 331,835,049        | \$ 356,194,811        | \$ 378,163,651        | \$ 402,853,005        | \$ 428,314,174        |
| Total net debt applicable to limit                                      | <u>155,345,273</u>   | <u>144,090,273</u>    | <u>124,055,273</u>    | <u>141,653,727</u>    | <u>136,711,857</u>    | <u>125,246,729</u>    | <u>190,765,335</u>    | <u>193,774,041</u>    | <u>182,861,849</u>    | <u>258,224,143</u>    |
| Legal 20% Debt Margin                                                   | <u>\$ 80,258,126</u> | <u>\$ 104,845,586</u> | <u>\$ 143,958,370</u> | <u>\$ 146,308,871</u> | <u>\$ 174,632,343</u> | <u>\$ 206,588,320</u> | <u>\$ 165,429,476</u> | <u>\$ 184,389,610</u> | <u>\$ 219,991,156</u> | <u>\$ 170,090,031</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 65.9%                | 57.9%                 | 46.3%                 | 49.2%                 | 43.9%                 | 37.7%                 | 53.6%                 | 51.2%                 | 45.4%                 | 60.3%                 |

(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>2016</u>         | <u>2017</u>         | <u>2018 (6)</u>     | <u>2019</u>         | <u>Fiscal Year</u><br><u>2020</u> | <u>2021</u>         | <u>2022</u>         | <u>2023</u>         | <u>2024</u>         | <u>2025</u>         |
|-------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Senior Lien Excise Tax and State Shared Revenue Debt Obligations</b> |                     |                     |                     |                     |                                   |                     |                     |                     |                     |                     |
| Pledged Revenues                                                        |                     |                     |                     |                     |                                   |                     |                     |                     |                     |                     |
| Sales and use taxes (1)                                                 | \$ 67,425,794       | \$ 71,476,726       | \$ 76,168,326       | \$ 79,020,319       | \$ 84,429,889                     | \$ 96,328,365       | \$ 106,277,624      | \$ 111,004,429      | \$ 113,682,082      | \$ 119,351,110      |
| State-shared sales tax                                                  | 14,760,029          | 15,631,512          | 15,894,140          | 17,018,021          | 17,079,368                        | 20,186,716          | 28,070,949          | 28,812,810          | 29,902,735          | 30,500,400          |
| Urban revenue sharing                                                   | 18,549,406          | 20,949,613          | 20,334,388          | 20,366,698          | 22,275,583                        | 25,147,285          | 24,816,247          | 36,976,059          | 52,432,815          | 42,279,677          |
| Franchise taxes                                                         | 4,461,864           | 4,501,681           | 5,035,331           | 4,925,609           | 4,776,257                         | 4,965,951           | 4,961,622           | 5,240,846           | 5,506,906           | 5,620,100           |
| License and permits                                                     | 4,080,210           | 4,778,632           | 5,509,240           | 5,720,889           | 4,929,081                         | 5,287,497           | 5,100,898           | 3,650,883           | 5,211,692           | 6,234,398           |
| Fines and forfeitures                                                   | 1,601,014           | 1,433,868           | 1,728,303           | 2,241,580           | 1,249,763                         | 1,436,969           | 1,619,089           | 1,643,286           | 1,804,263           | 1,937,207           |
| User fees and charges                                                   | 11,998,841          | 14,376,186          | 16,758,517          | 16,881,528          | 15,897,926                        | 14,599,930          | 18,305,648          | 22,070,286          | 25,237,591          | 24,881,081          |
| Miscellaneous                                                           | 2,341,988           | 2,980,499           | 4,696,224           | 5,452,362           | 4,547,082                         | 2,400,673           | 2,257,340           | 5,054,250           | 16,892,307          | 18,119,291          |
| Total Pledged Revenues                                                  | <u>125,219,146</u>  | <u>136,128,717</u>  | <u>146,124,469</u>  | <u>151,627,006</u>  | <u>155,184,949</u>                | <u>170,353,386</u>  | <u>191,409,417</u>  | <u>214,452,849</u>  | <u>250,670,391</u>  | <u>248,923,264</u>  |
| Senior Lien Debt Service Requirements                                   |                     |                     |                     |                     |                                   |                     |                     |                     |                     |                     |
| Principal (2)                                                           | 2,085,000           | 2,165,000           | 2,361,806           | 2,265,000           | 2,475,000                         | 2,535,000           | 2,610,000           | 900,000             | 2,480,000           | 2,595,000           |
| Interest (2)                                                            | 1,567,808           | 1,483,533           | 1,385,086           | 1,232,635           | 1,157,476                         | 1,091,061           | 1,004,220           | 788,890             | 1,021,610           | 907,742             |
| Total Senior Lien Debt Service Requirements                             | <u>\$ 3,652,808</u> | <u>\$ 3,648,533</u> | <u>\$ 3,746,892</u> | <u>\$ 3,497,635</u> | <u>\$ 3,632,476</u>               | <u>\$ 3,626,061</u> | <u>\$ 3,614,220</u> | <u>\$ 1,688,890</u> | <u>\$ 3,501,610</u> | <u>\$ 3,502,742</u> |
| Estimated Coverage                                                      | 34.28               | 37.31               | 39.00               | 43.35               | 42.72                             | 46.98               | 52.96               | 126.98              | 71.59               | 71.07               |
| <b>Other Excise Tax and State Shared Revenue Debt Obligations (3)</b>   |                     |                     |                     |                     |                                   |                     |                     |                     |                     |                     |
| Net Pledged Revenues from above (4)                                     | \$ 121,566,339      | \$ 132,480,184      | \$ 142,377,577      | \$ 148,129,371      | \$ 151,552,473                    | \$ 166,727,325      | \$ 187,795,197      | \$ 212,763,959      | \$ 247,168,781      | \$ 245,420,522      |
| Additional Pledged Revenues (5)                                         | <u>12,231,059</u>   | <u>12,939,338</u>   | <u>13,977,877</u>   | <u>15,203,014</u>   | <u>16,080,887</u>                 | <u>17,469,832</u>   | <u>19,363,508</u>   | <u>20,975,746</u>   | <u>21,831,212</u>   | <u>23,084,046</u>   |
| Total                                                                   | <u>133,797,398</u>  | <u>145,419,522</u>  | <u>156,355,454</u>  | <u>163,332,385</u>  | <u>167,633,360</u>                | <u>184,197,157</u>  | <u>207,158,705</u>  | <u>233,739,705</u>  | <u>268,999,993</u>  | <u>268,504,568</u>  |
| Debt Service Requirements                                               |                     |                     |                     |                     |                                   |                     |                     |                     |                     |                     |
| Principal                                                               | 2,385,000           | 2,490,000           | 2,665,000           | 3,015,000           | 3,065,000                         | 3,130,000           | 3,195,000           | 3,255,000           | 3,310,000           | 3,370,000           |
| Interest                                                                | 1,545,500           | 1,438,175           | 1,114,408           | 507,374             | 447,978                           | 387,598             | 325,937             | 262,995             | 198,872             | 133,665             |
| Total Annual Requirements                                               | <u>\$ 3,930,500</u> | <u>\$ 3,928,175</u> | <u>\$ 3,779,408</u> | <u>\$ 3,522,374</u> | <u>\$ 3,512,978</u>               | <u>\$ 3,517,598</u> | <u>\$ 3,520,937</u> | <u>\$ 3,517,995</u> | <u>\$ 3,508,872</u> | <u>\$ 3,503,665</u> |
| Estimated Coverage                                                      | 34.04               | 37.02               | 41.37               | 46.37               | 47.72                             | 52.36               | 58.84               | 66.44               | 76.66               | 76.64               |

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**  
**PLEDGED REVENUE COVERAGE - WATER AND WASTEWATER REVENUE BONDS**  
**LAST TEN FISCAL YEARS**

Table XXII

|                                                   | <u>2016</u>          | <u>2017</u>          | <u>2018</u>          | <u>2019</u>          | <u>Fiscal Year</u><br><u>2020</u> | <u>2021</u>          | <u>2022</u>          | <u>2023</u>          | <u>2024</u>          | <u>2025</u>          |
|---------------------------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Gross Revenue (1)                                 | \$ 60,010,324        | \$ 64,032,933        | \$ 69,512,706        | \$ 69,682,089        | \$ 72,892,452                     | \$ 78,379,187        | \$ 75,671,386        | \$ 83,416,136        | \$ 101,684,311       | \$ 109,478,211       |
| Operating and Maintenance Expenses (2)            | 33,060,448           | 35,787,927           | 38,664,295           | 39,616,866           | 47,802,256                        | 49,575,457           | 61,522,222           | 62,430,763           | 64,198,439           | 77,333,472           |
| Net Revenue Available for Debt Service            | <u>26,949,876</u>    | <u>28,245,006</u>    | <u>30,848,411</u>    | <u>30,065,223</u>    | <u>25,090,196</u>                 | <u>28,803,730</u>    | <u>14,149,164</u>    | <u>20,985,373</u>    | <u>37,485,872</u>    | <u>32,144,739</u>    |
| Development Fee Revenue                           | 5,116,972            | 6,268,689            | 6,034,425            | 6,529,816            | 6,911,813                         | 9,163,448            | 6,932,135            | 2,541,541            | 8,298,875            | 7,694,384            |
| Total Net Revenue                                 | <u>32,066,848</u>    | <u>34,513,695</u>    | <u>36,882,836</u>    | <u>36,595,039</u>    | <u>32,002,009</u>                 | <u>37,967,178</u>    | <u>21,081,299</u>    | <u>23,526,914</u>    | <u>45,784,747</u>    | <u>39,839,123</u>    |
| Debt Service Requirements                         |                      |                      |                      |                      |                                   |                      |                      |                      |                      |                      |
| Principal (3)                                     | 9,456,159            | 10,635,513           | 10,983,985           | 12,431,144           | 11,433,344                        | 52,166,353           | 8,304,058            | 7,819,681            | 8,728,843            | 10,488,101           |
| Interest (4)                                      | 3,026,940            | 2,621,761            | 2,567,632            | 2,001,074            | 1,683,084                         | 1,597,208            | 1,862,828            | 2,955,952            | 2,606,130            | 2,221,435            |
| Total Debt Service Requirements                   | <u>\$ 12,483,099</u> | <u>\$ 13,257,274</u> | <u>\$ 13,551,617</u> | <u>\$ 14,432,218</u> | <u>\$ 13,116,428</u>              | <u>\$ 53,763,561</u> | <u>\$ 10,166,886</u> | <u>\$ 10,775,633</u> | <u>\$ 11,334,973</u> | <u>\$ 12,709,536</u> |
| Ratio of Total Net Revenue/<br>Total Bond Expense | 2.57                 | 2.60                 | 2.72                 | 2.54                 | 2.44                              | 0.71                 | 2.07                 | 2.18                 | 4.04                 | 3.13                 |
| Ratio of Net Available/<br>Total Bond Expense (5) | 2.16                 | 2.13                 | 2.28                 | 2.08                 | 1.91                              | 0.54                 | 1.39                 | 1.95                 | 3.31                 | 2.53                 |

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

(2) Includes total operating expenses of the Water Utility and Wastewater Utility Enterprise Funds, less depreciation and amortization.

(3) Includes principal for Water and Sewer Revenue bonds 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  
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds  
Repayment schedules for debt serviced by the Water and Sewer Utility Enterprise Funds

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

Table XXIII

|                           | <u>2016</u>       | <u>2017</u>       | <u>2018</u>         | <u>2019</u> | Fiscal Year<br><u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|---------------------------|-------------------|-------------------|---------------------|-------------|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Pledged Revenues (1)      | \$ 1,078,196      | \$ 2,787,558      | \$ 2,130,000        | \$ -        | \$ -                       | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Debt Service Requirements |                   |                   |                     |             |                            |             |             |             |             |             |
| Principal                 | 355,000           | 370,000           | 2,130,000           | -           | -                          | -           | -           | -           | -           | -           |
| Interest (2)              | 121,338           | 106,250           | 90,825              | -           | -                          | -           | -           | -           | -           | -           |
| Total Annual Requirements | <u>\$ 476,338</u> | <u>\$ 476,250</u> | <u>\$ 2,220,825</u> | <u>\$ -</u> | <u>\$ -</u>                | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Estimated Coverage        | 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

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

Table XXIV

|                                               | Fiscal Year       |                    |             |             |             |             |             |             |             |             |
|-----------------------------------------------|-------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                               | <u>2016 (3)</u>   | <u>2017 (4)</u>    | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
| Current Assessments Due                       | \$ 381,950        | \$344,741          | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Assessments Collected                         | 381,950           | 344,741            | -           | -           | -           | -           | -           | -           | -           | -           |
| Prepaid Assessments Collected                 | -                 | 1,809,173          | -           | -           | -           | -           | -           | -           | -           | -           |
| Total Assessments Collected (1)               | <u>\$ 381,950</u> | <u>\$2,153,914</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Ratio of Current Collections<br>to Amount Due | 100.0%            | 100.0%             | N/A         | N/A         | N/A         | N/A         | N/A         | N/A         | N/A         | N/A         |
| Outstanding Assessment Principal (2)          | \$ 2,036,876      | \$ -               | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |

(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 \$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.

(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 \$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**

| <b>Fiscal Year</b> | <b>Population (1)</b> | <b>Personal Income<br/>(in thousands) (2)</b> | <b>Per Capita<br/>Personal Income<br/>(3)</b> | <b>Median Age (4)</b> | <b>Public School<br/>Enrollment (5)</b> | <b>Unemployment<br/>Rate (6)</b> |
|--------------------|-----------------------|-----------------------------------------------|-----------------------------------------------|-----------------------|-----------------------------------------|----------------------------------|
| 2016               | 164,212               | 6,701,656                                     | 40,811                                        | 36.9                  | 34,966                                  | 4.9%                             |
| 2017               | 168,192               | 7,100,730                                     | 42,218                                        | 41.6                  | 34,912                                  | 4.2%                             |
| 2018               | 172,263               | 7,596,109                                     | 44,096                                        | 41.0                  | 35,388                                  | 4.0%                             |
| 2019               | 175,961               | 8,116,201                                     | 46,125                                        | 39.5                  | 35,490                                  | 4.3%                             |
| 2020               | 190,985               | 9,179,694                                     | 48,065                                        | 38.2                  | 35,784                                  | 9.3%                             |
| 2021               | 194,517               | 10,085,901                                    | 51,851                                        | 38.5                  | 34,030                                  | 6.6%                             |
| 2022               | 197,786               | 11,532,506                                    | 58,308                                        | 42.7                  | 34,495                                  | 3.4%                             |
| 2023               | 198,750               | 12,290,700                                    | 61,840                                        | 41.0                  | 34,557                                  | 3.9%                             |
| 2024               | 201,001               | 12,429,701                                    | 61,839                                        | 41.0                  | 34,443                                  | 3.5%                             |
| 2025               | 207,499               | 13,770,671                                    | 66,365                                        | 42.1                  | 34,373                                  | 4.0%                             |

(1) City population for the most current year based on World Population Review estimates and prior year data is from the U.S. Census Bureau.

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

(3) Bureau of Economic Analysis - Phoenix Metropolitan Statistical 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 NINE YEARS AGO**

**Table XXVI**

| <b>Employer</b>                                  | <b>2025</b>           |             |                                                    | <b>2016</b>           |             |                                                    |
|--------------------------------------------------|-----------------------|-------------|----------------------------------------------------|-----------------------|-------------|----------------------------------------------------|
|                                                  | <b># of Employees</b> | <b>Rank</b> | <b>Percentage<br/>of Total City<br/>Employment</b> | <b># of Employees</b> | <b>Rank</b> | <b>Percentage<br/>of Total City<br/>Employment</b> |
| Peoria Unified School District                   | 3,950                 | 1           | 3.9%                                               | 3,818                 | 1           | 4.6%                                               |
| City of Peoria                                   | 1,431                 | 2           | 1.4%                                               | 1,143                 | 2           | 1.4%                                               |
| Fry's Food Stores (Multiple Locations)           | 952                   | 3           | 0.9%                                               | 523                   | 5           | 0.6%                                               |
| Walmart (Multiple Locations)                     | 812                   | 4           | 0.8%                                               | 621                   | 4           | 0.8%                                               |
| Target Stores Inc (Multiple Locations)           | 638                   | 5           | 0.6%                                               | 383                   | 6           | 0.5%                                               |
| Plaza Del Rio Campus/Freedom Plaza & Care Center | 531                   | 6           | 0.5%                                               |                       |             |                                                    |
| Safeway (Multiple Locations)                     | 521                   | 7           | 0.5%                                               |                       |             |                                                    |
| Banner Health                                    | 363                   | 8           | 0.4%                                               |                       |             |                                                    |
| Immanuel Campus of Care                          | 354                   | 9           | 0.3%                                               |                       |             |                                                    |
| Home Depot (Multiple Locations)                  | 334                   | 10          | 0.3%                                               |                       |             |                                                    |
| McDonalds (Multiple Locations)                   |                       |             | 0.0%                                               | 345                   | 7           | 0.4%                                               |
| Brookdale Senior Living                          |                       |             |                                                    | 778                   | 3           | 0.9%                                               |
| The Antigua Group Inc                            |                       |             |                                                    | 313                   | 9           | 0.4%                                               |
| Oak Craft Inc                                    |                       |             |                                                    | 325                   | 8           | 0.4%                                               |
| Arizona Medical Clinic                           |                       |             |                                                    | 300                   | 10          | 0.4%                                               |
| <b>Total</b>                                     | <b>9,886</b>          |             | <b>9.7%</b>                                        | <b>8,549</b>          |             | <b>10.4%</b>                                       |
| <br>Total City Employment                        | <br>101,548           |             |                                                    | <br>82,395            |             |                                                    |

Sources: City of Peoria Economic Development Department, Maricopa Association of Governments Employer Database, and the U.S. Bureau of Labor Statistics.

**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, 2022

|                               | <u>2016</u>     | <u>2017</u>     | <u>2018</u>     | <u>2019</u>     | <u>2020</u>     | <u>2021</u>     | <u>2022</u>     | <u>2023</u>     | <u>2024</u>     | <u>2025</u>     |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| General Government            |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| City Manager                  | 16.00           | 18.00           | 18.00           | 18.00           | 19.00           | 19.00           | 19.00           | 19.00           | 19.00           | 17.00           |
| Office of Communications      | 9.00            | 9.00            | 9.00            | 9.00            | 10.00           | 10.00           | 10.00           | 10.00           | 10.00           | 10.00           |
| Human Resources               | 19.00           | 19.00           | 20.00           | 20.50           | 21.50           | 21.50           | 21.50           | 21.50           | 22.50           | 24.00           |
| Attorney                      | 26.00           | 26.00           | 26.00           | 26.00           | 26.00           | 26.00           | 27.00           | 29.00           | 29.00           | 28.00           |
| City Clerk                    | 7.00            | 7.00            | 7.00            | 7.00            | 7.00            | 6.00            | 6.00            | 6.50            | 6.50            | 8.00            |
| Court                         | 20.90           | 20.90           | 20.90           | 20.90           | 20.90           | 20.90           | 21.45           | 23.45           | 22.00           | 22.00           |
| Economic Development***       | 31.50           | 8.00            | 8.00            | 7.00            | 7.00            | 7.00            | 7.00            | 7.00            | 8.00            | 7.00            |
| Finance & Budget              | 79.00           | 79.00           | 80.00           | 79.00           | 78.00           | 78.00           | 79.00           | 79.00           | 78.00           | 79.00           |
| Arts, Culture & Recreation    | 119.22          | 121.47          | 121.20          | 145.78          | 155.80          | 155.80          | 188.10          | 161.85          | 164.15          | 181.90          |
| Police                        | 295.00          | 299.00          | 306.00          | 303.00          | 304.00          | 305.00          | 308.00          | 323.00          | 349.00          | 363.00          |
| Fire                          | 175.50          | 194.50          | 194.50          | 212.00          | 220.00          | 220.00          | 236.00          | 241.00          | 244.00          | 261.00          |
| Community Development         | 15.00           | 16.00           | 16.00           | 12.92           | 13.00           | 13.00           | 13.00           | 14.00           | 14.00           | 15.00           |
| Development and Engineering** | 33.25           | 65.00           | 65.00           | 67.25           | 67.00           | 67.00           | 70.00           | 72.00           | 70.00           | 70.00           |
| Highways & Streets            | 38.80           | 38.80           | 38.80           | 38.80           | 39.80           | 39.80           | 40.8            | 42.8            | 43.8            | 45.8            |
| Public Works                  | 57.95           | 57.95           | 57.95           | 58.95           | 58.95           | 58.95           | 57.95           | 59.95           | 61.95           | 60.2            |
| Human Services                | 7.50            | 7.50            | 7.50            | 9.50            | 9.50            | 9.50            | 10.50           | 11.00           | 11.50           | 11.50           |
| Water Utility                 | 55.50           | 58.50           | 58.50           | 61.50           | 63.50           | 69.50           | 72.50           | 67.50           | 68.50           | 69.50           |
| Wastewater Utility            | 31.50           | 32.50           | 32.50           | 33.50           | 34.50           | 35.50           | 35.50           | 37.50           | 41.50           | 43.50           |
| Solid Waste Utility           | 49.50           | 53.25           | 56.25           | 58.25           | 61.00           | 61.00           | 62.00           | 64.00           | 64.00           | 65.00           |
| Information Technology        | 41.00           | 42.00           | 42.00           | 42.00           | 43.00           | 45.00           | 45.00           | 47.00           | 46.00           | 46.00           |
| Stadium                       | 17.50           | 18.50           | 18.50           | 18.50           | 18.50           | 18.50           | 17.96           | 17.90           | 16.10           | 15.10           |
| Total FTE*                    | <u>1,145.62</u> | <u>1,191.87</u> | <u>1,203.60</u> | <u>1,249.35</u> | <u>1,277.95</u> | <u>1,286.95</u> | <u>1,348.26</u> | <u>1,354.95</u> | <u>1,389.50</u> | <u>1,442.50</u> |

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

\*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**

Table XXVIII

|                                         | Fiscal Year          |                      |                      |                      |                      |                      |                     |                     |                     |                     |
|-----------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
|                                         | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 | 2021                 | 2022                | 2023                | 2024                | 2025                |
| Governmental Activities:                |                      |                      |                      |                      |                      |                      |                     |                     |                     |                     |
| General Government                      |                      |                      |                      |                      |                      |                      |                     |                     |                     |                     |
| Registered Voters in City               | 93,916               | 101,881              | 102,460              | 109,073              | 113,282              | 124,458              | 118,397             | 119,718             | 118,031             | 132,855             |
| Voter Participation (last election)     | N/A                  | 76.7%                | N/A                  | 36.48%               | 41.33%               | 83.87%               | N/A                 | 67.66%              | 42.41%              | 83.25%              |
| Culture & Recreation                    |                      |                      |                      |                      |                      |                      |                     |                     |                     |                     |
| Recreation Participants                 | 104,544              | 109,220              | 112,802              | 116,696              | 64,170               | 11,976               | 18,672              | 18,108              | 24,612              | 26,703              |
| New Recreation Accounts                 | 5,166                | 5,396                | 5,029                | 4,344                | 2,255                | 4,325                | 6,610               | 7,128               | 5,856               | 5,902               |
| Special Event Participants              | 71,300               | 102,938              | 95,822               | 88,348               | 107,120              | 5,706                | 102,775             | 110,750             | 104,270             | 89,214              |
| Police                                  |                      |                      |                      |                      |                      |                      |                     |                     |                     |                     |
| Calls for Service                       | 53,256               | 55,136               | 53,574               | 51,127               | 51,081               | 51,162               | 55,197              | 54,497              | 54,656              | 54,325              |
| Avg Response Time (minutes)             | 5.13 <sup>(C)</sup>  | 5.40 <sup>(C)</sup>  | 5.33 <sup>(C)</sup>  | 5.28                 | 5.23                 | 5.36                 | 5.47                | 5.25                | 5.12                | 4.56                |
| Fire                                    |                      |                      |                      |                      |                      |                      |                     |                     |                     |                     |
| Number of Incidents                     | 23,824               | 23,726               | 24,932               | 23,752               | 25,066               | 25,559               | 24,859              | 28,509              | 28,505              | 27,961              |
| Avg Response Time (minutes)             | 5.38                 | 5.16 <sup>(A)</sup>  | 5.24 <sup>(A)</sup>  | 5.25 <sup>(A)</sup>  | 5.47 <sup>(A)</sup>  | 5.51 <sup>(A)</sup>  | 5.36 <sup>(A)</sup> | 6.22 <sup>(A)</sup> | 5.55 <sup>(A)</sup> | 6.12 <sup>(A)</sup> |
| Development Services                    |                      |                      |                      |                      |                      |                      |                     |                     |                     |                     |
| Building Permits Issued                 | 5,818 <sup>(D)</sup> | 6,336 <sup>(D)</sup> | 6,231 <sup>(D)</sup> | 5,701 <sup>(D)</sup> | 5,795 <sup>(D)</sup> | 6,764 <sup>(D)</sup> | 6,151               | 4,369               | 4,571               | 4,098               |
| Value of Building Permits (millions \$) | \$311.9              | \$393.3              | \$355.0              | \$382.1              | \$307.7              | \$298.3              | \$313.0             | \$164.3             | \$355.0             | \$289.0             |
| Highways & Streets                      |                      |                      |                      |                      |                      |                      |                     |                     |                     |                     |
| Asphalt Used (in tons)                  | 1,289                | 1,930                | 1,566                | 1,394                | 2,189                | 2,496                | 1,174               | 1,185               | 1,688               | 2,058               |
| Centerline Miles Swept                  | 4,118                | 6,199                | 5,052                | 6,405                | 7,205                | 8,555                | 8363                | 8,719               | 8,415               | 10,126              |
| Miles Inspected                         | 296                  | 1,551 <sup>(G)</sup> | 0 <sup>(G)</sup>     | 0 <sup>(G)</sup>     | 867 <sup>(G)</sup>   | 0 <sup>(G)</sup>     | 0 <sup>(G)</sup>    | 0 <sup>(G)</sup>    | 0 <sup>(G)</sup>    | 0 <sup>(G)</sup>    |
| Public Works                            |                      |                      |                      |                      |                      |                      |                     |                     |                     |                     |
| Number of Vehicle Work Orders           | 5,558                | 5,732                | 5,416                | 5,592                | 5,385                | 4957                 | 4821                | 4857                | 4783                | 4878                |
| Human Services                          |                      |                      |                      |                      |                      |                      |                     |                     |                     |                     |
| Number of Dial-a-Ride users             | 749                  | 585                  | 599                  | 599                  | 387                  | 399                  | 425                 | 402                 | 401                 | 444                 |
| Number of Annual Trips                  | 30,756               | 27,241               | 28,033               | 22,954               | 22,257               | 15,987               | 21,878              | 22,656              | 19,699              | 19,561              |
| Business-type Activities                |                      |                      |                      |                      |                      |                      |                     |                     |                     |                     |
| Water Utility <sup>(E)</sup>            |                      |                      |                      |                      |                      |                      |                     |                     |                     |                     |
| Annual Consumption (000's gal)          | 8,650,664            | 9,488,059            | 9,950,302            | 9,630,290            | 9,660,709            | 10,661,260           | 10,197,595          | 9,640,256           | 10,228,494          | 10,651,972          |
| Wastewater Utility                      |                      |                      |                      |                      |                      |                      |                     |                     |                     |                     |
| Wastewater Treated (billion gal)        | 3.78                 | 3.87                 | 3.98                 | 4.13                 | 4.21                 | 4.29                 | 4.36                | 4.41                | 4.41                | 4.46                |
| Solid Waste Utility                     |                      |                      |                      |                      |                      |                      |                     |                     |                     |                     |
| Residential Tonnage Processed           | 52,593               | 54,967               | 55,757               | 59,819               | 64,283               | 67,087               | 68,856              | 66,290              | 65,850              | 64,345              |
| Commercial Tonnage Processed            | 23,309               | 20,895               | 20,974               | 16,748               | 19,165               | 18,066               | 17,691              | 19,001              | 18,313              | 17,263              |
| Recycle Tonnage Processed               | 16,447               | 16,698               | 17,109               | 16,859               | 16,047               | 17,729               | 17,417              | 17,070              | 16,950              | 16,754              |
| Stadium                                 |                      |                      |                      |                      |                      |                      |                     |                     |                     |                     |
| Spring Training Attendance              | 240,111              | 227,646              | 201,272              | 180,190              | 93,932               | 51,067               | 78,928              | 217,530             | 170,853             | 212,514             |
| Sporting Rentals Days                   | 339                  | 333                  | 335                  | 340                  | 245                  | 255                  | 207                 | 291                 | 295                 | 305                 |
| Non-Sporting Rentals Days               | 204                  | 210                  | 196                  | 182                  | 133                  | 105                  | 112                 | 135                 | 155                 | 185                 |

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

<sup>(A)</sup> 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).

<sup>(B)</sup> Changed from lane miles to center line miles in FY11 to be consistent with other highway measurements.

<sup>(C)</sup> Decrease in Police Average Response time reflects calculation change. New Calculation=Dispatch to

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

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

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

<sup>(G)</sup> Starting In FY17 an electronic survey of every road is completed every third year.

<sup>(H)</sup> FY2020 number of participants are considerably lower than prior fiscal years because COVID-19 caused programmatic changes and event cancellations.

Source: Various City Departments

**CITY OF PEORIA, ARIZONA**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

Table XXIX

|                                                 | Fiscal Year |           |           |                    |           |           |           |           |           |           |
|-------------------------------------------------|-------------|-----------|-----------|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                                 | 2016        | 2017      | 2018      | 2019               | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      |
| Governmental Activities:                        |             |           |           |                    |           |           |           |           |           |           |
| General Government                              |             |           |           |                    |           |           |           |           |           |           |
| Annexed Area (square miles)                     | 179.1       | 179.1     | 179.1     | 179.1              | 179.1     | 179.1     | 179.1     | 179.1     | 179.1     | 179.1     |
| Culture & Recreation                            |             |           |           |                    |           |           |           |           |           |           |
| # of Neighborhood Parks                         | 34          | 34        | 34        | 34                 | 34        | 35        | 36        | 36        | 37        | 37        |
| Total Neighborhood Park Acreage                 | 301         | 301       | 301       | 301                | 301       | 311       | 314       | 314       | 314       | 314       |
| # of Community Parks                            | 2           | 2         | 2         | 2                  | 2         | 3         | 3         | 3         | 3         | 3         |
| Total Community Park Acreage                    | 139         | 139       | 139       | 139                | 139       | 225       | 225       | 225       | 225       | 225       |
| Public Safety                                   |             |           |           |                    |           |           |           |           |           |           |
| Police                                          |             |           |           |                    |           |           |           |           |           |           |
| Stations                                        | 2           | 2         | 2         | 2                  | 2         | 2         | 2         | 2         | 2         | 2         |
| Marked Patrol Vehicles (units)                  | 90          | 91        | 92        | 98                 | 105       | 106       | 108       | 111       | 115       | 124       |
| Fire                                            |             |           |           |                    |           |           |           |           |           |           |
| Stations (full-time / part-time)                | 8/0         | 8/0       | 8/0       | 8/0                | 8/0       | 8/0       | 8/0       | 8/0       | 8/0       | 8/0       |
| Number of Fire Engines <sup>(B)</sup>           | 7           | 7         | 7         | 7                  | 7         | 7         | 8         | 8         | 8         | 8         |
| Number of Ladder Trucks                         | 2           | 2         | 2         | 2                  | 2         | 2         | 2         | 2         | 2         | 2         |
| Highways & Streets                              |             |           |           |                    |           |           |           |           |           |           |
| Streets (miles maintained)                      | 1,534       | 1,551     | 1,559     | 1,579              | 1,596     | 1,604     | 1,635     | 1,668     | 1,693     | 1,679     |
| Crack Seal Application (linear feet)            | 2,144,476   | 2,007,173 | 3,381,554 | 2,447,248          | 3,670,620 | 3,434,915 | 3,587,669 | 2,549,676 | 3,246,695 | 4,441,438 |
| Surface Treatments (lane miles)                 | 60          | 99        | 153       | 136 <sup>(D)</sup> | 119       | 120       | 145       | 99        | 157       | 167       |
| Public Works                                    |             |           |           |                    |           |           |           |           |           |           |
| Street Lights                                   | 15,565      | 15,722    | 15,973    | 16,152             | 16,493    | 16,896    | 17,235    | 17,251    | 14,434    | 17,432    |
| Vehicles in Fleet                               | 778         | 795       | 840       | 842                | 878       | 953       | 969       | 971       | 1019      | 1037      |
| Water Services                                  |             |           |           |                    |           |           |           |           |           |           |
| Number of Pump Stations                         | 30          | 30        | 30        | 27                 | 30        | 27        | 27        | 27        | 27        | 27        |
| Number of Lift Stations                         | 13          | 13        | 13        | 11                 | 13        | 14        | 14        | 15        | 18        | 18        |
| Number of Wells                                 | 46          | 47        | 47        | 24                 | 47        | 47        | 47        | 47        | 47        | 48        |
| Number of Reservoirs                            | 33          | 33        | 33        | 22                 | 33        | 34        | 34        | 34        | 34        | 34        |
| Human Services                                  |             |           |           |                    |           |           |           |           |           |           |
| Dial-a-Ride Buses                               | 5           | 5         | 5         | 6                  | 4         | 6         | 6         | 6         | 6         | 6         |
| Business-type Activities                        |             |           |           |                    |           |           |           |           |           |           |
| Water Utility                                   |             |           |           |                    |           |           |           |           |           |           |
| Number of Water Accounts                        | 55,558      | 57,011    | 58,061    | 59,185             | 60,705    | 62,083    | 63,357    | 63,575    | 63,571    | 64,672    |
| Storage Capacity (million gal)                  | 42.0        | 42.0      | 42.0      | 42.0               | 42.0      | 42.0      | 42.0      | 43.0      | 43.0      | 43.0      |
| Wastewater Utility                              |             |           |           |                    |           |           |           |           |           |           |
| Number of Wastewater Accounts                   | 56,235      | 57,909    | 59,499    | 60,913             | 62,617    | 63,924    | 65,169    | 65,923    | 66,282    | 67,310    |
| Treatment Capacity million gallon per day (MGD) | 16.25       | 16.25     | 16.25     | 16.25              | 16.25     | 16.25     | 16.25     | 16.25     | 16.25     | 16.25     |
| Solid Waste Utility                             |             |           |           |                    |           |           |           |           |           |           |
| Number of Solid Waste Accounts                  | 54,262      | 55,828    | 57,452    | 58,816             | 60,123    | 61,332    | 62,575    | 63,323    | 63,692    | 65,184    |
| 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 <sup>(C)</sup>            | 125         | 125       | 125       | 125                | 125       | 125       | 125       | 125       | 125       | 125       |

Notes: \* Information not tracked during this fiscal year.

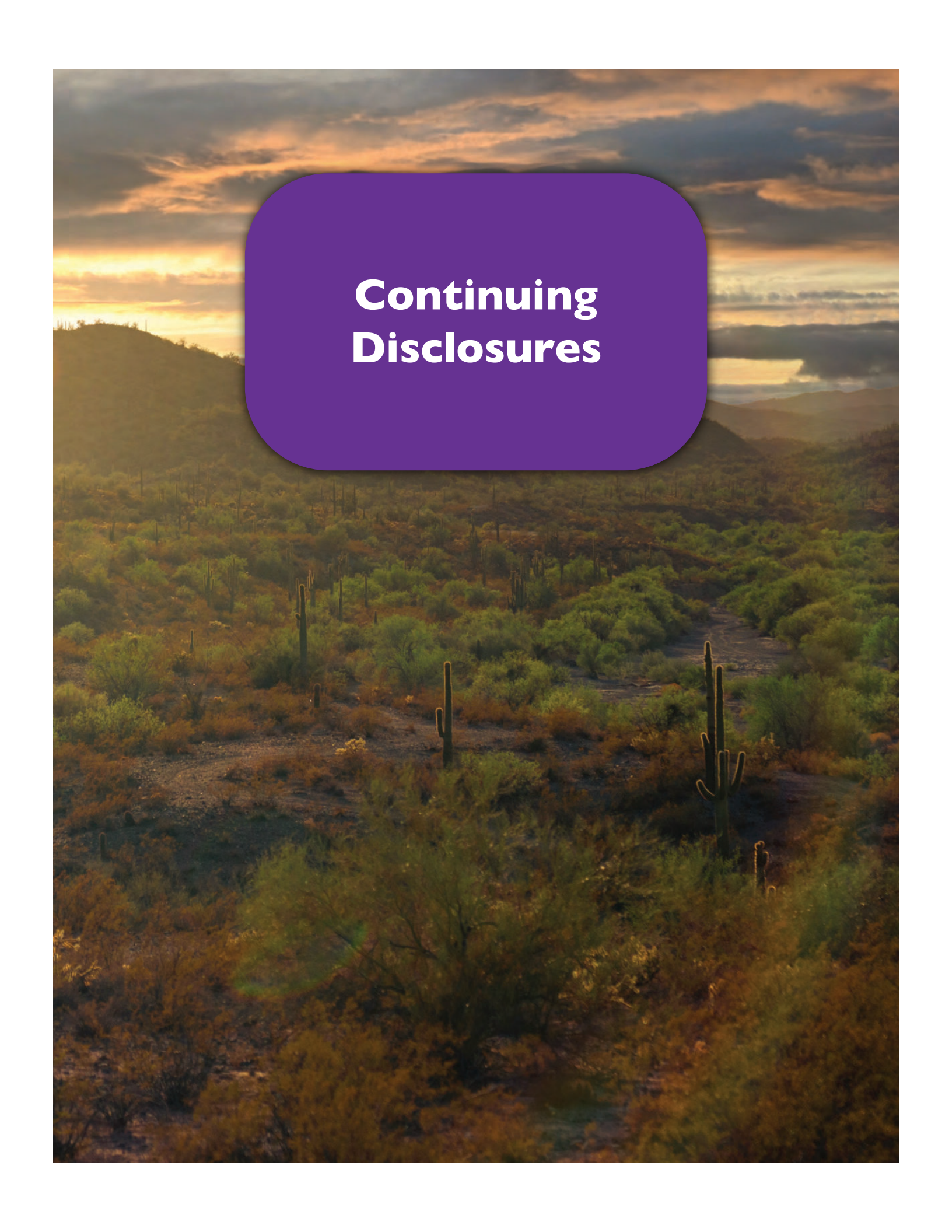
<sup>(A)</sup> Measurement changed from center-lane miles to lane miles in FY14.

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

<sup>(C)</sup> 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.

<sup>(D)</sup> Number of Surface treatments for FY19 was restated due to query error in FY19 that was corrected in FY20.

Source: Various City Departments

A wide-angle photograph of a desert landscape at sunset. The sky is filled with dramatic, layered clouds in shades of orange, yellow, and grey. The sun is low on the horizon, casting a warm glow over the scene. The foreground and middle ground are covered in dense desert vegetation, including numerous saguaro cacti of various sizes and low-lying shrubs. The terrain appears to be a dry wash or a similar desert floor. In the background, rolling hills or mountains are visible under the twilight sky. A large, rounded purple rectangle is superimposed over the upper center of the image, containing the text "Continuing Disclosures" in white.

# **Continuing Disclosures**



## Continuing Disclosure Section

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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](http://www.emma.msrb.org).

# Continuing Disclosures Annual Report

For the Year Ended June 30, 2025

## Audited Financial Statements

The City's Annual Comprehensive Financial Report for fiscal year ended June 30, 2025, 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:

|                                                                               | <b><u>Statistical Section</u></b> | <b><u>Page</u></b> |
|-------------------------------------------------------------------------------|-----------------------------------|--------------------|
| <b><u>General Obligation Bonds (CUSIP 712838)</u></b>                         |                                   |                    |
| Assessed values by property classification                                    | Table VIII                        | 135                |
| Comparison of assessed value to full cash value                               | Table VIII                        | 135                |
| Comparative assessed values                                                   | Table IX                          | 136                |
| Direct and overlapping assessed values                                        | Table XVII                        | 146                |
| Direct and overlapping tax rates                                              | Table X                           | 137                |
| Property tax levies and collections                                           | Table XIII                        | 140                |
| Direct and overlapping general obligation bonds                               | Table XVII                        | 146                |
| Direct general obligation debt ratios                                         | Table XVI                         | 145                |
| Legal debt margin and unused borrowing capacity                               | Table XX                          | 149                |
| <b><u>Water and Wastewater Revenue Bonds (CUSIP 712851)</u></b>               |                                   |                    |
| Net revenues and debt service coverage                                        | Table XXII                        | 151                |
| Number of utility service connections                                         | Table XIVa                        | 141                |
| Ten largest water users                                                       | Table XIVc                        | 143                |
| <b><u>Municipal Development Authority Bonds (CUSIP 71284R and 71285A)</u></b> |                                   |                    |
| Excise tax and state shared revenues and debt service coverage                | Table XXI                         | 150                |
| Privilege and use tax rates by category                                       | Table VI                          | 133                |
| Annual debt service requirements                                              | Table XXI                         | 150                |
| <b><u>Improvement District Bonds (CUSIP 712844)</u></b>                       |                                   |                    |
| Legal debt margin and unused borrowing capacity                               | Table XX                          | 149                |
| Assessed values by property classification                                    | Table VIII                        | 135                |
| Property tax levies and collections                                           | Table XIII                        | 140                |
| Special assessment collections                                                | Table XXIV                        | 153                |





## City of Peoria

### FINANCE AND BUDGET DEPARTMENT

8401 West Monroe Street  
Peoria, Arizona 85345

[www.peoriaaz.gov](http://www.peoriaaz.gov)



## 2026 OBLIGATIONS DOCUMENTS SUMMARIES

The following summaries are supplemental to and should be read together with “SECURITY FOR AND SOURCE OF PAYMENT OF THE 2026 OBLIGATIONS” herein. These summaries are a brief description of certain provisions of the Purchase Agreement and the Indenture and certain definitions therein not defined elsewhere in this Official Statement, should not be considered a full statement thereof and are qualified in their entirety by reference to the Purchase Agreement and the Indenture, copies of which are available as set forth in this Official Statement under the heading “ADDITIONAL INFORMATION.”

**Definitions**

For the purposes hereof and in addition to those defined prior to the Appendices hereof, the following words and phrases will have the following meanings:

“Additional Parity Lien Obligations” means any additional parity lien obligations which may be issued by the City after the date of the Purchase Agreement having a lien upon and payable from Net Revenues on a parity with the Authority’s 2009 CW Loan (Beardsley), the Authority’s 2015 DW Loan (New River Utility Co. Acquisition), the Authority’s 2017 DW Loan (Pyramid Peak WTP Expansion), the Series 2020A Purchase Agreement, the Series 2022A Purchase Agreement, the Authority’s 2023 DW Loan (Wellfield Project) and the Authority’s 2024 DW Loan (Lake Pleasant Area Project).

“Authority” means the Water Infrastructure Finance Authority of Arizona.

“Authority’s 2009 CW Loan (Beardsley)” means the Loan Agreement #910117-10, dated as of July 17, 2009, between the Authority and the City.

“Authority’s 2015 DW Loan (New River Utility Co. Acquisition)” means the Loan Agreement #920260-16, dated as of October 29, 2015, between the Authority and the City.

“Authority’s 2017 DW Loan (Pyramid Peak WTP Expansion)” means the Loan Agreement #920270-17, dated as of February 9, 2017, between the Authority and the City.

“Authority’s 2023 DW Loan (Well Field Project)” means the Loan Agreement #920367-24, dated as of September 15, 2023, between the Authority and the City.

“Authority’s 2024 DW Loan (Lake Pleasant Area Project)” means the Loan Agreement #920379-24, dated as of March 15, 2024, between the Authority and the City.

“Bond Year” means a 12-month period beginning July 16 of the calendar year and ending on the next succeeding July 15.

“Business Day” means a day on which banks located in the City of Phoenix, Arizona, and in the city or cities in which the principal office of the Trustee and the Paying Agents are not required or authorized by law or executive order to remain closed.

“City Representative” means the Chief Financial Officer or any other person at any time designated to act on behalf of the City by written certificate furnished to the Trustee containing the specimen signature of such person and signed by the City Manager or his or her designee. Such certificate may designate one or more alternates.

“Consultant” means a firm of utility consultants selected by the City experienced in the financing and operation of utility systems and having a recognized reputation for such work.

“Defeasance Obligations” means any of the following: (1) cash, (2) non-callable direct obligations of the United States of America (“*Treasuries*”), (3) non-callable obligations guaranteed by the United States of America,

including Resolution Funding Corporation Interest STRIPS (“REFCORPS”) and United States Agency for International Development (“US AID”) guaranteed notes, (4) non-callable senior debt obligations, participations, or other instruments issued or fully guaranteed by any U.S. Federal agency, instrumentality, corporation, or government-sponsored enterprise (GSE), including but not limited to: Fannie Mae, Freddie Mac, the Federal Home Loan Banks, the Federal Farm Credit System, Tennessee Valley Authority, and Resolution Funding Corporation, (5) evidences of ownership of proportionate interest in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (6) pre-refunded municipal obligations rated “AAA” and “Aa” by S&P and Moody’s, respectively, (7) interest and principal strips from investments described in clauses (1) through (6) hereof, or (8) any other securities eligible for “AAA” defeasance under then-existing criteria of S&P or any combination thereof.

“Depository Trustee” means any financial institution meeting the requirements as a successor Trustee under Section 8.6 of the Indenture that may be designated by the City.

“Fiscal Year” means the 12-month period used by the City for its general accounting purposes as the same may be changed from time to time, said fiscal year currently extending from July 1 to June 30.

“Holder” means the registered owner of any 2026 Obligation.

“Improvements Fund” means the fund of that name created pursuant to Section 2.2 of the Purchase Agreement.

“Indenture Event of Default” means any one of those events set forth in Section 7.1 of the Indenture.

“Interest Account” means the account of the Obligation Fund of that name created pursuant to Section 5.1 of the Indenture.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency for the type of credit in question, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by written notice to the Trustee.

“Obligation Fund” means the fund of that name created pursuant to Section 5.1 of the Indenture.

“Obligation Payment Date” means each January 15 and July 15, commencing, January 15, 2027, so long as any 2026 Obligations are Outstanding.

“Opinion of Counsel” means a written opinion of an attorney or firm of attorneys who or which (except as otherwise expressly provided in the Indenture or in the Purchase Agreement) may be counsel for the City or the Trustee, provided that such attorney or firm of attorneys may not be an employee of the Trustee.

“Outstanding” means when used with reference to the 2026 Obligations, as of any date of determination, all 2026 Obligations theretofore executed and delivered except:

- (i) 2026 Obligations theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (ii) 2026 Obligations that are deemed paid and no longer Outstanding as provided in the Indenture;
- (iii) 2026 Obligations in lieu of which other 2026 Obligations have been executed and delivered pursuant to the provisions of the Indenture relating to 2026 Obligations destroyed, stolen or lost, unless evidence satisfactory to the Trustee has been received that any such 2026 Obligation is held by a bona fide purchaser; and

(iv) For purposes of any consent or other action to be taken under the Indenture or under the Purchase Agreement by the Holders of a specified percentage in principal amount of 2026 Obligations, 2026 Obligations held by or for the account of the City, or any Person controlling, controlled by, or under common control with any of them.

“Outstanding Parity Lien Obligations” means the Authority’s 2009 CW Loan (Beardsley), the Authority’s 2015 DW Loan (New River Utility Co. Acquisition), the Authority’s 2017 DW Loan (Pyramid Peak WTP Expansion), the Series 2020A Purchase Agreement, the Series 2022A Purchase Agreement, the Authority’s 2023 Loan (Wellfield Project) and the Authority’s 2024 Loan (Lake Pleasant Area Project).

“Parity Lien Obligations” means, collectively, the Outstanding Parity Lien Obligations, the Series 2026 Obligations and the Additional Parity Lien Obligations.

“Paying Agent” means the banks or trust companies and their successors designated as the paying agencies or places of payment for the 2026 Obligations. The Trustee is designated as the initial Paying Agent for the 2026 Obligations.

“Permitted Investments” has the meaning provided in the Indenture.

“Person” shall include an individual, an association, unincorporated organization, a corporation, partnership, joint venture, or government or agency or political subdivision thereof.

“Principal Account” means the account of the Obligation Fund of that name created pursuant to Section 5.1 of the Indenture.

“Principal Installment” means, for any particular date, the aggregate of the principal amount of 2026 Obligations that are due on such date.

“Purchase Event of Default” means one of the events defined as such in Section 7.1 of the Purchase Agreement.

“Purchase Price” means the sum of the payments paid pursuant to Sections 5.4(i) and (ii) of the Indenture from amounts to be paid by or on behalf of the City as the purchase price for the Projects.

“S&P” means Standard & Poor’s Financial Services LLC, its successors and assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency for the type of credit in question, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by written notice to the Trustee.

“Series 2020A Purchase Agreement” means the Series 2020A Purchase Agreement, dated as of October 1, 2020, by and between the City, as purchaser, and U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as seller.

“Series 2022A Purchase Agreement” means the Series 2022A Purchase Agreement, dated as of May 1, 2022, by and between the City, as purchaser, and U.S. Bank Trust Company, National Association, as seller.

“Special Counsel” means an attorney or a firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the City.

“Special Counsel’s Opinion” means an opinion signed by Special Counsel.

## **The Purchase Agreement**

\* \* \* \* \*

**Section 2.1. Agreement to Cause Execution and Delivery of Obligations; Application of Obligation Proceeds.** In order to provide funds for payment of the costs of the acquisition, construction and improvement of the Projects, the 2026 Obligations shall be executed and delivered under the Indenture.

### **Section 2.2. Improvements Fund.**

(a) The City shall establish and maintain a separate fund known as the “*Improvements Fund*,” that shall be funded from amounts transferred to the City by the Trustee pursuant to the Indenture. Moneys in the Improvements Fund shall be disbursed by the City for the following purposes and for no other purposes:

(i) to the extent not paid by the Trustee from the Costs of Issuance Fund established under the Indenture, the costs described in the Indenture;

(ii) payment for labor, services, materials and other necessities used or furnished in the acquisition, improvement and construction of the Projects, and all real and personal property deemed necessary in connection with the Projects and for the miscellaneous expenses incidental to any of the foregoing including the premium on each performance and payment bond;

(iii) reimbursement of capital expenditures relating to the Projects advanced prior to the execution and delivery of the Obligations; and

(iv) payment of the portion of the Purchase Price representing interest on the Obligations during the acquisition, construction and improvement of the Projects.

(b) Before any of the foregoing payments may be made, the City shall maintain a record with respect to each such payment to the effect that: (i) none of the items for which the payment is proposed to be made has formed the basis for any payment previously made from the Improvements Fund, (ii) each item for which payment is proposed to be made is or was necessary in connection with the Projects, and (iii) each item for which payment is proposed to be made is for a purpose permitted by the Purchase Agreement.

(c) In the case of any contract providing for the retention of a portion of the contract price, subject to Sections 2.3 and 2.4, the City may pay from the Improvements Fund only the net amount remaining after deduction of any such portion.

(d) The City shall notify the Trustee of the completion date of the Projects by delivery of a certificate signed by the City Representative stating that (i) acquisition, construction and improvement of the Projects has been completed, and (ii) all obligations and costs in connection with the Projects and payable out of the Improvements Fund have been paid and discharged, except for amounts retained by the City for payment of costs of the Projects not yet due and payable. Any moneys held in the Improvements Fund upon delivery of such certificate that are not needed to pay costs of the Projects shall be transferred by the City to the Trustee for deposit to the Interest Account or the Principal Account as indicated in such certificate.

\* \* \* \* \*

**Section 3.3. Amounts Payable After Execution and Delivery of 2026 Obligations.** After providing for any amounts due pursuant to Section 2.4(c) of the Purchase Agreement, the Net Revenues received pursuant to Section 4.1 of the Purchase Agreement shall be paid for the following purposes and in the following order of priority, after decreasing any such payment for any interest income or gain received, or increasing such payment for any loss realized, during the preceding month in the account to which such payment is to be deposited:

(i) Fees and expenses of the Trustee in accordance with the provisions of Section 8.8 of the Indenture to the Trustee.

(ii) The payments on the dates and in the amounts set forth in the Schedule attached to the Purchase Agreement for deposit to the Interest Account and/or the Principal Account, as applicable.

In the event the City should fail to make when due any of the payments required by this Section, the installment so in default shall continue as an obligation of the City, payable solely from the Net Revenues, until the amount in default shall have been fully paid, and the City shall pay the same with interest thereon at the rate applicable to the corresponding maturities of 2026 Obligations, from the date said payment was to be made to the date of payment by the City until paid. The Purchase Agreement shall be deemed and construed to be a "net purchase agreement," and the payments provided for in this Section shall be an absolute net return to the Seller, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided in the Purchase Agreement. The City shall cause an amount of Revenues to be included in the annual budget for every Fiscal Year sufficient to meet all requirements of the Purchase Agreement.

\* \* \* \* \*

#### **Section 4.1. Limitation of Source of City Payments.**

(a) The Purchase Agreement is a limited, special obligation of the City, payable solely and secured as to the payment in accordance with the terms and the provisions of the Purchase Agreement.

(b) The Net Revenues are pledged by the City to the payment of all amounts due with respect to the 2026 Obligations, and such amounts shall be secured by a prior and paramount lien on and pledge of the Net Revenues on parity of lien with the pledge and lien granted by the City for the payment and security of the Outstanding Parity Lien Obligations. The amounts due with respect to the 2026 Obligations, the Outstanding Parity Lien Obligations and any Additional Parity Lien Obligations (exclusive of the City's repayment obligations with respect to reserve fund credit instruments, if any, in connection with the Parity Lien Obligations, and any similar obligations with respect to reserve fund credit instruments to be entered into by the City with respect to additional obligations which shall be secured by Net Revenues on a subordinate basis), shall be equally and ratably secured by said pledge and lien without one having priority over the other. The City intends that this pledge shall be a prior and paramount lien on and a first pledge of such Net Revenues, as will be sufficient to make all payments with respect to the 2026 Obligations, and the City covenants to make the payments with respect to the 2026 Obligations from Net Revenues, except to the extent that it chooses to make such payments from other legally available funds at its sole option. In no event shall the City be required to make the payments with respect to the 2026 Obligations from any revenues, receipts or sources not derived from the Net Revenues of the System.

(c) Amounts payable by the City under the Purchase Agreement shall never constitute a general obligation of the City or a pledge of *ad valorem* property taxes by the City. Nothing contained in this Section shall be construed as limiting any authority granted elsewhere herein to incur this Purchase Agreement or Additional Parity Lien Obligations nor be deemed a limitation upon the issuance of bonds, notes or other obligations under any law pertaining to the City secured by moneys, income and funds other than the Net Revenues and other moneys and investments pledged hereunder or under the Indenture. After the application of the Net Revenues for the purposes herein, they may be used for any lawful purpose.

\* \* \* \* \*

**Section 4.3. Prior Lien Obligations.** The City shall not incur any obligations payable from the Net Revenues ranking prior to the obligations of the City under the Purchase Agreement.

\* \* \* \* \*

**Section 5.1. Utilities; Maintenance of the System in Good Condition; Repair and Replacement Fund.** All maintenance and repair of the Projects and utilities therefor shall be the responsibility of the City. (In exchange for the payment of the amounts due under the Purchase Agreement, the Seller shall provide nothing more than the Projects.) The City shall (a) maintain the System in good condition, (b) operate the same in a proper and economical manner and at reasonable cost, and (c) faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State.

**Section 5.2. Insurance.** The City shall maintain insurance on the System (which may take the form of or include an adequately-funded program of self-insurance), for the benefit of the Holder or Holders of the 2026 Obligations payable wholly or in part from the Revenues, for the full insurable value of all buildings and machinery and equipment therein, against loss or damage by fire, lightning, tornado or winds, and all other combustible property against loss or damage by fire or lightning, and other coverages and amounts of insurance (including public liability and damage to property of others to the extent deemed prudent by the City), normally carried by others on similar operations. The cost of such insurance may be paid as an Operation and Maintenance Expense. All money received for losses under any such insurance policies, except public liability policies, is pledged by the City as security for the payment of the Purchase Agreement until and unless such proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, including repairing the System. Self-insurance may be maintained for the System either separately or in connection with any general self-insurance retention program or other insurance program maintained by the City; provided that (a) any such program has been adopted by the City and (b) an independent insurance or actuarial consultant appointed by the City annually reviews and reports to the City in writing that any such program is adequate and actuarially sound. All proceeds of any condemnation awards with respect to the System shall be deposited with the Trustee and applied to the *pro rata* payment of the 2026 Obligations.

**Section 5.3. No Sale; Lease or Encumbrance Exceptions.**

(a) The City shall not sell, lease, encumber or in any manner dispose of the System as a whole until all of the 2026 Obligations and all interest thereon shall have been paid in full or provision for payment has been made in accordance with the Indenture.

(b) The City may sell, lease or otherwise dispose of any of the property comprising a part of the System in the following manner, if any one of the following conditions exists: (a) such property is not necessary for the operation of the System, (b) such property is not useful in the operation of the System, (c) such property is not profitable in the operation of the System or (d) the disposition of such property will be advantageous to the System and will not adversely affect the security for the Holders of the 2026 Obligations. In addition, the City may sell to any municipality or political subdivision of the State or any agency of any one or more of them, any portion of the System if there is filed with the Chief Financial Officer a certificate executed by the Consultant showing that, in opinion of such Consultant, the proposed sale will not reduce the Net Revenues to be received in the full Bond Year next succeeding such sale to an amount less 125 percent of the highest combined aggregate principal and interest due with respect to all Parity Lien Obligations then outstanding to fall due and payable in the current or any future Bond Year. In making such computation, the Consultant shall consider such matters as such Consultant deems appropriate including: (i) anticipated diminution of Revenues; (ii) anticipated increase or decrease in Operation and Maintenance Expenses attributable to the sale; and (iii) reduction, if any, in annual principal and interest requirements attributable to the application of the sale proceeds for payment of 2026 Obligations then Outstanding.

(c) The City may sell or otherwise transfer the System as a whole to any municipality or political subdivision or agency of one or more political subdivisions of the State to which may be delegated the legal authority to own and operate the System on behalf of the public, and that undertakes in writing, filed with the Chief Financial Officer, the City's obligations under the Purchase Agreement; provided that there shall be first filed with the Chief Financial Officer and the Seller (1) a Special Counsel's Opinion to the effect that (A) such sale will not cause interest on any of the 2026 Obligations to become subject to federal income taxation, (B) such sale will not materially diminish the security of the Holders of the 2026 Obligations (which opinion may be based on the Consultant's report described in clause (2), below), and (C) the obligations of the City under the Purchase Agreement have been validly assumed by such transferee and are the valid and legally binding obligations of such transferee, and (2) an opinion of a Consultant expressing the view that such transfer in and of itself will not result in any diminution of the Net Revenues to the extent that in the full Bond Year next succeeding such transfer the Net Revenues will be less than 125 percent of the highest combined aggregate principal and interest due with respect to all Parity Lien Obligations then outstanding to fall due and payable in the current or any future Bond Year. In reaching this conclusion, the Consultant shall take into consideration such factors as he may deem significant including any rate schedule to be imposed by said political subdivision or agency.

(d) Notwithstanding the above provisions, the City may sell or lease all or any part of the System in connection with the issuance of Additional Parity Lien Obligations to finance additional improvements to the System

or refinance the 2026 Obligations or Additional Parity Lien Obligations provided that such sale or lease does not permit foreclosure, or other loss by the City, of such portion of the System.

\* \* \* \* \*

**Section 5.6. Disconnection of Service for Non-Payment; No Free Service.**

(a) The City shall diligently enforce payment of all bills for services supplied by the System. If a bill becomes delinquent and remains so for a period to be determined in accordance with City policy from time to time, the City shall discontinue service in accordance with the laws of the State to any premises the owner or occupant of which shall be so delinquent, and will not recommence such service to such premises until all delinquent charges with penalties shall have been paid in full or provisions for payment satisfactory to the City shall have been made. The City shall do all things and exercise all remedies reasonably available to assure the prompt payment of charges for all services supplied by the System.

(b) No free service shall be furnished by the System to the City or any department thereof or to any person, firm or corporation, public or private, or to any public agency or instrumentality, except as provided in the Purchase Agreement. The reasonable cost and value of all service rendered to the City and its various departments by the System shall be charged against the City and will be paid for as the service occurs from the City's current funds. All payments so made shall be considered Revenues and shall be applied in the manner provided in the Purchase Agreement for the application of the Revenues of the System.

**Section 5.7. No Competing System.** The City shall not, to the extent permitted by law, grant a franchise or permit for the operation of any competing system in the City.

\* \* \* \* \*

**Section 5.9. Conflicts with Outstanding Parity Lien Obligations.** To the extent of any conflict between the provisions of this Article and those of the Outstanding Parity Lien Obligations, the provisions of the Outstanding Parity Lien Obligations shall prevail so long as amounts remain unpaid or unprovided for pursuant to the Outstanding Parity Lien Obligations.

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**Section 7.1. Purchase Events of Default.** Any one or more of the following events ("Purchase Events of Default") shall constitute a default under the Purchase Agreement:

(a) The City shall fail to make any payment when due under Section 3.3(ii) of the Purchase Agreement; or

(b) The City shall fail to make any payment under Section 3.3(i) of the Purchase Agreement for a period of 30 days after notice of such failure shall have been given in writing to the City by the Seller or by the Trustee; or

(c) The City shall fail to perform any other covenant in the Purchase Agreement for a period of 30 days after written notice specifying such default shall have been given to the City by the Seller or the Trustee, provided that if such failure is a type that it cannot be remedied within such 30 day period, it shall not be deemed a Purchase Event of Default so long as the City diligently tries to remedy the same, which it shall certify in writing to the Trustee, or an event of default with respect to any Parity Obligations shall have occurred and such event of default has not been cured after any notice and passage of time provided for under the proceedings under which such Parity Obligations were issued; or

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the federal

bankruptcy statutes, as amended, or under any similar acts that may be enacted after execution of the Purchase Agreement.

**Section 7.2. Remedies on Default by City.** Upon the occurrence of a Purchase Event of Default, the Seller shall, but only if requested to do so by the Trustee, without further demand or notice, exercise any of the available remedies at law or in equity, including, but not limited to, specific performance, however under no circumstances may amounts due under the Purchase Agreement be accelerated. Upon the filing of suit by the Trustee, any court having jurisdiction of the action may appoint a receiver to administer the System for the City with power to charge and collect fees sufficient to pay all of the Operation and Maintenance Expenses and to make all required payments under the Purchase Agreement. The Seller may assign any or all of its rights and privileges under this Section to the Trustee, and upon furnishing evidence of such assignment to the City, the Trustee may exercise any or all of such rights or privileges as it may deem advisable.

\* \* \* \* \*

**Section 8.12. Certain Statutory Notices.**

(a) To the extent applicable by provision of law, the Trustee acknowledges that the Purchase Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated in the Purchase Agreement and that provides that the City may within three years after its execution cancel any contract (including the Purchase Agreement) without penalty or further obligation made by the City if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

**The Indenture**

**Granting Clauses.** Pursuant to the Indenture, the Trustee has been granted a security interest in and the following described property has been released, assigned, transferred, pledged mortgaged, granted and conveyed to the Trustee:

A. All rights and interests of the Seller in, under and pursuant to the Purchase Agreement as assigned, mortgaged, hypothecated and pledged to the Trustee pursuant to the Purchase Agreement, provided that the assignment made by this clause shall not include any right to limitation of liability, indemnification of liability, or payment or reimbursement of fees, costs or expenses,

B. Amounts on deposit from time to time in the funds and accounts created pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, and

C. Any and all other real or personal property of any kind from time to time after execution of the Indenture by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security under the Indenture for the 2026 Obligations, by the City or by anyone on its behalf or with its written consent, in favor of the Trustee.

\* \* \* \* \*

**Section 1.3. All 2026 Obligations Equally and Ratably Secured; 2026 Obligations Not General Obligations of the City.** All of the 2026 Obligations executed and delivered under the Indenture and at any time Outstanding shall in all respects be equally and ratably secured by the Indenture, without preference, priority, or distinction on account of the date or dates or the actual time or times of the execution and delivery or maturity of the 2026 Obligations, so that all 2026 Obligations at any time Outstanding under the Indenture shall have the same right, lien and preference under the Indenture and shall all be equally and ratably secured by the Indenture. The 2026 Obligations shall be payable solely out of the revenues and other security pledged by the Indenture and shall not constitute an indebtedness or general obligation of the City within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the City or be a charge against

its general credit or a charge against the general credit or the taxing powers of the State or any political subdivision thereof.

\* \* \* \* \*

**Section 5.3. Flow of Funds into the Obligation Fund.** The following payments to the Trustee shall be applied in the following manner:

(i) The Trustee shall deposit to the Interest Account amounts paid pursuant to Section 3.3(ii) of the Purchase Agreement. (Amounts transferred pursuant to Section 2.2(d) of the Purchase Agreement shall also be deposited in the Interest Account.)

(ii) The Trustee shall deposit to the Principal Account amounts paid pursuant to Section 3.3(ii) of the Purchase Agreement as well as the total of any amounts received for any redemption of 2026 Obligations. (Amounts transferred pursuant to Section 2.2(d) of the Purchase Agreement shall also be deposited in the Principal Account.)

**Section 5.4. Flow of Funds out of the Obligation Fund.** Amounts in the following accounts shall be applied in the following manner:

(i) Amounts in the Interest Account shall be used to pay interest on the 2026 Obligations as it becomes due.

(ii) Amounts in the Principal Account shall be used to retire 2026 Obligations by payment at their scheduled maturity date or redemption date.

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**Section 5.6. Investment of Moneys Held by Trustee.**

(a) Moneys in all funds and accounts held by the Trustee shall be invested by the Trustee, as soon as possible upon receipt of immediately available funds at its designated corporate trust office, to the fullest amount possible, in Permitted Investments as directed, in writing, by the City Representative; provided that the maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the funds or accounts for which the investments were made will be required for the purposes thereof. In the event no investment direction is given to the Trustee by the City, then the Trustee shall hold such funds uninvested in cash.

(b) Amounts credited to a fund or account may be invested, together with amounts credited to one or more other funds or accounts, in the same Permitted Investment, provided that (i) each such investment complies in all respects with the provisions of subsection (a) of this Section as they apply to each fund or account for which the joint investment is made and (ii) the Trustee maintains separate records for each fund and account and such investments are accurately reflected therein.

\* \* \* \* \*

**Section 7.1. Events of Default.** Each of the following is declared an “Indenture Event of Default” under the Indenture:

(a) If payment of any installment of interest on any 2026 Obligation is not made in full when the same becomes due and payable;

(b) If payment of the principal of any 2026 Obligation is not made in full when the same becomes due and payable;

(c) If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of all or any part of the interests pledged under the Indenture and such custody or control continues for more than 60 days;

(d) If the City defaults in the due and punctual performance of any other covenants, conditions, agreements or provisions on its part to be performed as provided in the Indenture or in the 2026 Obligations and such default continues for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the City by the Trustee, unless within such 30 days the City commences and diligently pursues in good faith appropriate corrective action, and certify as such to the Trustee and such failure does not continue for a period of more than 60 days; the Trustee may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 25 percent in principal amount of the 2026 Obligations then Outstanding; or

(e) If any event of default provided by Section 7.1 of the Purchase Agreement occurs.

## **Section 7.2. Remedies and Enforcement of Remedies.**

(a) Upon the occurrence and continuance of any Indenture Event of Default and in accordance with the Indenture and the Purchase Agreement, the Trustee may, and upon the written request of the Holders of not less than a majority in principal amount of the 2026 Obligations Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, protect and enforce its rights and the rights of the Holders under the Indenture and the Purchase Agreement by such suits, actions or proceedings as the Trustee, being advised by counsel, deems expedient, including but not limited to, an action for the recovery of any amounts due under the Indenture or for damages for the breach of the Indenture, and the Trustee may pursue any other remedy which the law affords, including the remedy of specific performance. The Trustee shall also have those remedies provided pursuant to the Purchase Agreement subject to any limitations on such remedies set forth therein.

(b) Regardless of the happening of an Indenture Event of Default and subject to Section 7.7 of the Indenture, the Trustee, if requested in writing by the Holders of not less than a majority in principal amount of the 2026 Obligations then outstanding shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it deems necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts that may be unlawful or in violation of the Indenture, or (ii) to preserve or protect the interests of the Holders, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Holders of 2026 Obligations not making such request.

**Section 7.3. No Acceleration.** In no event shall the Trustee have the right to accelerate or cause to become immediately due and payable, or payable in advance of their scheduled maturity dates, other than because of optional redemption pursuant to the Indenture and then only to the extent of the amount to be so redeemed amounts due under the Indenture.

## **Section 7.4. Application of Revenues and Other Moneys After Default.**

(a) During the continuance of an Indenture Event of Default all moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture, shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee with respect thereto, be deposited in the Obligation Fund, and all amounts held by the Trustee under the Indenture shall be applied as follows provided, that if the amount available shall not be sufficient to pay in full any amount or amounts then due, then to the payment thereof ratably in a manner consistent with Section 3.3 of the Purchase Agreement, according to the amounts due to the Persons entitled thereto, without any discrimination or preference:

First: To the payment of all installments of interest then due (including interest on amounts not paid when due on the 2026 Obligations); and

Second: To the payment of the unpaid Principal Installments or redemption price that shall have become due, whether at maturity or by call for redemption, in the order of their due dates.

(b) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal of the 2026 Obligations to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid 2026 Obligation until such 2026 Obligation is presented to the Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

(c) Whenever all principal of and interest on the 2026 Obligations that has become due has been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid and the Obligation Fund contains the amounts then required to be credited thereto, any balance remaining shall be paid to the City.

\* \* \* \* \*

#### **Section 7.7. Individual Holder Action Restricted.**

(a) No Holder of any 2026 Obligation shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust or for any remedy under the Indenture except for the right to institute any suit, action or proceeding in equity or at law for the enforcement of the Trustee's duties and powers under the Indenture upon the occurrence of all of the following events:

(i) The Holders of at least a majority in principal amount of 2026 Obligations Outstanding have made written request to the Trustee to proceed to exercise the powers granted in the Indenture; and

(ii) Such Holders have offered to indemnify the Trustee as provided in Section 8.2(v) of the Indenture; and

(iii) The Trustee has failed or refused to exercise the duties or powers granted in the Indenture for a period of 60 days after receipt by it of such request and offer of indemnity; and

(iv) During such 60-day period no direction inconsistent with such written request has been delivered to the Trustee by the Holders of a greater majority in principal amount of 2026 Obligations then Outstanding.

(b) No one or more Holders of 2026 Obligations shall have any right in any manner whatsoever to affect, disturb or prejudice the security thereof or to enforce any right under the Indenture except in the manner provided in the Indenture and for the equal benefit of the Holders of all 2026 Obligations Outstanding.

(c) Nothing contained in the Indenture shall affect or impair, or be construed to affect or impair, the right of the Holder of any 2026 Obligation (i) to receive payment of the principal of or interest on such 2026 Obligation, as the case may be, on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any 2026 Obligation may institute or prosecute any such suit if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien of the Indenture on the moneys, funds and properties pledged under the Indenture for the equal and ratable benefit of all Holders of 2026 Obligations.

\* \* \* \* \*

## **Section 7.9. Waiver of Indenture Event of Default.**

(a) No delay or omission of the Trustee or of the Holder of any 2026 Obligations to exercise any right or power accruing upon any Indenture Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Indenture Event of Default or an acquiescence therein. Every power and remedy given by the Indenture may be exercised from time to time and as often as may be deemed expedient.

(b) The Trustee may waive any Indenture Event of Default that in its opinion has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under, the provisions of the Indenture, or before the completion of the enforcement of any other remedy under the Indenture.

(c) In case of any waiver by the Trustee of an Indenture Event of Default under the Indenture, the City, the Trustee and the Holders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver shall extend to any subsequent or other Indenture Event of Default. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Indenture Event of Default in accordance with this Section.

\* \* \* \* \*

## **Section 8.1. Certain Duties and Responsibilities of Trustee.**

(a) Except during the continuance of an Indenture Event of Default:

(i) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee; and

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which are required by any provision of the Indenture or the Purchase Agreement, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture or the Purchase Agreement on their face.

(b) In case an Indenture Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances.

(c) No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct or breach of trust, except that:

(i) this subsection (c) shall not be construed to limit the effect of subsection (a);

(ii) the Trustee shall not be liable for any error of judgment made in good faith and without negligence, willful misconduct or breach of trust by a president or vice-president of the board of directors, the president or vice-president of the executive committee of the board of directors, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any associate or senior associate, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers or, with respect to a particular matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and without negligence in accordance with the direction of the Holders of the Outstanding 2026 Obligations as provided in the Indenture relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture and

(iv) no provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it. The Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment properly to be done by it as the Trustee, without prior assurance of indemnity, and in such case shall be entitled to reimbursement by the City for all reasonable costs, expenses, attorneys' and other fees and expenses, and all other reasonable disbursements, including its own fees and expenses, and for all liability and damages suffered by the Trustee in connection therewith except for the Trustee's negligence, willful misconduct or breach of trust.

(d) Whether or not therein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

**Section 8.2. Certain Rights of Trustee.** Except as otherwise provided in Section 8.1 of the Indenture:

\* \* \* \* \*

(v) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Holders pursuant to the Indenture unless such Holders shall have offered to the Trustee satisfactory security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

\* \* \* \* \*

**Section 8.6. Removal and Resignation of Trustee.**

(a) The Trustee may resign at any time from the trusts created by the Indenture by giving written notice of the resignation to the City and any Paying Agents and by mailing written notice of the resignation to the Holders as their names and addresses appear on the register it maintains with respect to the 2026 Obligations at the close of business 15 days prior to the mailing. The resignation shall take effect upon the appointment of a successor Trustee.

(b) The Trustee may be removed at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the City and any Paying Agents and signed by (i) the City Representative or (ii) by or on behalf of the Holders of not less than a majority in aggregate principal amount of the 2026 Obligations then Outstanding. The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee by an instrument signed by the City or by any court of competent jurisdiction upon the application of the City, or the Holders of not less a majority in aggregate principal amount of the 2026 Obligations then Outstanding under the Indenture. Any removal shall not take effect until a successor Trustee has been appointed. In the event a successor Trustee has not been appointed and qualified within 60 days of the date notice of resignation or removal is given, the Trustee may apply, at the expense of the City, to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

(c) In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved or otherwise becomes incapable to act as the Trustee, the City shall be entitled to appoint a successor Trustee acceptable to the City.

(d) If the Holders of a majority of the principal amount of 2026 Obligations then Outstanding object to the successor Trustee so appointed by the City and if such Holders designate another Person qualified to act as the Trustee, the City shall then appoint as the Trustee the Person so designated by the Holders.

\* \* \* \* \*

## **Section 8.8. Trustee's Fees and Expenses.**

(a) The Trustee shall be entitled to be paid from time to time reasonable compensation for all services rendered by it under the Indenture; to reimbursement upon request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of the Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith or willful misconduct or breach of trust; and, together with the Trustee's officers, directors, agents and employees, to be indemnified by the City, for, from and against any loss, liability or expense arising out of or in connection with the acceptance or administration of the trust or its duties under the Indenture.

\* \* \* \* \*

**Section 9.1. Supplements Not Requiring Consent of Holders.** The City acting through the City Representative and the Trustee may, without the consent of or notice to any of the Holders, enter into one or more supplements to the Indenture for one or more of the following purposes:

(i) to cure any ambiguity or formal defect or omission in the Indenture or to correct or supplement any provision in the Indenture that is inconsistent with any other provision in the Indenture, or to make any other provisions with respect to matters or questions arising under the Indenture provided such action shall, in the opinion of counsel, which may be counsel to the City, delivered to the Trustee, not materially adversely affect the interests of the Holders;

(ii) to grant or confer upon the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;

(iii) to secure additional revenues or provide additional security or reserves for payment of the 2026 Obligations and necessary, related provisions therefor;

(iv) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder;

(v) to provide for the appointment of a successor trustee or co-trustee pursuant to the terms of the Indenture;

(vi) to permit 2026 Obligations in bearer form if the City and the Trustee receive a Special Counsel's Opinion that such action will not cause the interest on any 2026 Obligations to become includible in gross income for purposes of federal income taxes;

(vii) to preserve the exclusion of the interest on the 2026 Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to incur obligations (specifically not limited to the 2026 Obligations) the interest on which is likewise exempt from federal and State income taxes; and

(viii) to adopt procedures for the disclosure of information to Holders and to others in accordance with any guidelines for such purpose promulgated by the American Bankers Association or some other similar national organization, as such guidelines may be made applicable to the Indenture by agreement of the Trustee and the City.

## **Section 9.2. Supplements Requiring Consent of Holders.**

(a) Other than supplements to the Indenture referred to in Section 9.1 of the Indenture and subject to the terms and provisions and limitations contained in the Indenture and not otherwise, the Holders of not less than a majority in principal amount of the 2026 Obligations then Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the City Representative and the Trustee of such supplement as shall be deemed necessary and desirable by the City and the

Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, nothing in this Section or Section 9.1 of the Indenture shall permit or be construed as permitting a supplement to the Indenture that would:

(i) extend the stated maturity of or time for paying interest on any 2026 Obligation or reduce the principal amount of or rate of interest payable on any 2026 Obligation without the consent of the Holder of such 2026 Obligation;

(ii) prefer or give a priority to any 2026 Obligation over any other 2026 Obligation without the consent of the Holder of such 2026 Obligation;

(iii) reduce the principal amount of 2026 Obligations then outstanding the consent of the Holders of which is required to authorize such supplement without the consent of the Holders of all 2026 Obligations then Outstanding;

(iv) increase the principal amount of 2026 Obligations then Outstanding, the request of the Holders of which is required by Section 7.1(d) of the Indenture, without the consent of the Holders of all 2026 Obligations then Outstanding; or

(v) reduce the redemption price of any 2026 Obligation upon optional redemption or reduce any period of time prior to commencement of any optional redemption period set forth in Section 3.2 of the Indenture without the consent of the Holder of such 2026 Obligation.

(b) If at any time the City requests the Trustee to enter into a supplement pursuant to this Section, the Trustee shall, upon being satisfactorily and specifically indemnified by the City with respect to expenses with respect to such supplement, cause notice of the proposed execution of such supplement to be mailed by first class mail, postage pre-paid, to all registered Holders of 2026 Obligations then Outstanding at their addresses as they appear on the registration books for the 2026 Obligations. The Trustee shall not, however, be subject to any liability to any Holder by reason of its failure to mail, or the failure of such Holder to receive, the notice required by this Section, and any such failure shall not affect the validity of such supplement when consented to and approved as provided in this Section. Such notice shall be prepared by the City, briefly set forth the nature of the proposed supplement and state that copies thereof are on file at the office of the Trustee for inspection by all Holders.

\* \* \* \* \*

**Section 9.4. Amendments to Purchase Agreement Not Requiring Consent of Holders.** The Trustee may, without the consent of or notice to any of the Holders, consent to and join with the City in the execution and delivery of any amendment, change or modification of the Purchase Agreement that is required (i) by the provisions of the Purchase Agreement; (ii) to cure any ambiguity or formal defect or omission or to correct or supplement any provision of the Purchase Agreement that is inconsistent with any other provision of the Purchase Agreement, or to make any other provisions with respect to matters or questions arising under the Purchase Agreement provided that the modification, in the opinion of counsel delivered to the Trustee under this Section, does not materially adversely affect the interests of the Holders; and (iii) to preserve the exclusion of the interest on the 2026 Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to incur bonds or other obligations (specifically not limited to the 2026 Obligations authorized by the Indenture) the interest on which is likewise exempt from federal and State income taxes; and (vi) in connection with any other change in the Purchase Agreement that, in the opinion of counsel delivered to the Trustee, will not materially adversely affect the interests of the Holders or, in the opinion of the Trustee, the Trustee. In executing any amendment to the Purchase Agreement, the Trustee shall be entitled to receive and rely on an Opinion of Counsel, which may be counsel to the City, stating that such amendment is authorized or permitted under the Indenture and under the Purchase Agreement and, if applicable, will not materially adversely affect the interests of the Holders.

**Section 9.5. Amendments to Purchase Agreement Requiring Consent of Holders.**

(a) Except for amendments, changes or modification to the Purchase Agreement referred to in Section 9.4 of the Indenture and subject to the terms, provisions and limitations contained in the Indenture and not otherwise, the Trustee may consent to and join with the City in the execution and delivery of any amendment, change or

modification to the Purchase Agreement only with the consent of the Holders of not less than a majority in principal amount of 2026 Obligations then Outstanding, given as provided in this Section, provided, however, no such amendment, change or modification may affect the obligation of the City to make payments, under the Purchase Agreement or reduce the amount of or extend the time for making such payments without the consent of the Holders of all 2026 Obligations then Outstanding.

\* \* \* \* \*

#### **Section 10.1. Discharge of Indenture.**

(a) If payment of all principal of and premium, if any, and interest on all of the 2026 Obligations in accordance with their terms and as provided in the Indenture and in the Purchase Agreement is made, or is provided for in accordance with Article 10 of the Indenture, and if all other sums, if any, payable under the Indenture shall be paid, then the liens, estates and security interests granted by the Indenture shall cease. Thereupon, upon the request of the City, and upon receipt by the Trustee of an Opinion of Counsel addressed to the City and the Trustee stating that all conditions precedent to the satisfaction and discharge of the lien of the Indenture have been satisfied, the Trustee shall execute and deliver proper instruments acknowledging such satisfaction and discharging the lien of the Indenture and the Trustee shall transfer all property held by it under the Indenture, other than moneys or obligations held by the Trustee for payment of amounts due or to become due on the 2026 Obligations, to the City or such other Person as may be entitled thereto as their respective interests may appear. Such satisfaction and discharge shall be without prejudice to the rights of the Trustee thereafter to charge and be compensated or reimbursed for services rendered and expenditures incurred in connection with the Indenture.

(b) The City may at any time surrender to the Trustee for cancellation any 2026 Obligations previously executed and delivered that the City may have acquired in any manner whatsoever and such 2026 Obligations upon such surrender and cancellation shall be deemed to be paid and retired.

#### **Section 10.2. Providing for Payment of Obligations.**

(a) Payment of all or any part of the 2026 Obligations in authorized denominations may be provided for by the deposit with the Trustee or a Depository Trustee of moneys or Defeasance Obligations that are not redeemable in advance of their maturity dates. The moneys and the maturing principal and interest income on such Defeasance Obligations, if any, shall be sufficient, as evidenced by a certificate or report of an independent nationally recognized certified public accountant or firm of such accountants, to pay when due the principal or redemption price of and interest on such 2026 Obligations. The moneys and Defeasance Obligations shall be held by the Trustee or such Depository Trustee irrevocably in trust for the Holders of such 2026 Obligations solely for the purpose of paying the principal or redemption price of and interest on such 2026 Obligations as the same shall mature, come due or become payable upon prior redemption, and, if applicable, upon simultaneous direction, expressed to be irrevocable, to the Trustee or such Depository Trustee as to the dates upon which any such 2026 Obligations are to be redeemed prior to their respective dates.

\* \* \* \* \*

(c) If payment of 2026 Obligations is so provided for, the Trustee or the Depository Trustee shall mail a notice so stating to each Holder of a 2026 Obligation so provided for.

(d) 2026 Obligations, the payment of which has been provided for, in accordance with this Section, shall no longer be deemed outstanding under or secured by the Indenture. The obligation in respect of such 2026 Obligations shall nevertheless continue but the Holders of those 2026 Obligations will thereafter be entitled to payment only from the moneys or Defeasance Obligations deposited with the Trustee or such Depository Trustee to provide for the payment of such 2026 Obligations.

(e) No 2026 Obligation may be so provided for if, as a result thereof or of any other action in connection with which the provisions for payment of such 2026 Obligation is made, the interest payable on any 2026 Obligation is made includible in gross income for purposes of federal income taxes. The Trustee and the City may rely upon a Special Counsel's Opinion to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any 2026 Obligations.

\* \* \* \* \*

**Section 11.10    Certain Statutory Notices.**

(a)        To the extent applicable by provision of law, the Trustee acknowledges that the Indenture is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated in the Indenture and which provides that the City may within three years after its execution cancel any contract (including the Indenture) without penalty or further obligation made by the City if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

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## FORM OF CONTINUING DISCLOSURE UNDERTAKING

**\$32,480,000\***  
**WATER AND WASTEWATER REVENUE OBLIGATIONS, SERIES 2026**  
**Evidencing Proportionate Interests of the Holders Thereof**  
**in Installment Payments of the Purchase Price to be Paid By the**  
**CITY OF PEORIA, ARIZONA,**  
**Pursuant to a Series 2026 Purchase Agreement,**  
**Dated as of June 1, 2026**

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**CONTINUING DISCLOSURE UNDERTAKING**

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This Continuing Disclosure Undertaking (this “*Undertaking*”) is executed and delivered by the City of Peoria, Arizona (the “*City*”), in connection with the sale and execution and delivery of \$32,480,000\* principal amount of Water and Wastewater Revenue Obligations, Series 2026, Evidencing Proportionate Interests of the Holders Thereof in Installment Payments of the Purchase Price To Be Paid by the City of Peoria, Arizona, Pursuant to a Series 2026 Purchase Agreement, Dated as of June 1, 2026 (the “*Obligations*”), executed and delivered pursuant to the Series 2026 Obligation Indenture, dated as of June 1, 2026 (the “*Indenture*”), by and between the City and U.S. Bank Trust Company, National Association, as trustee (the “*Trustee*”). The City covenants and agrees as follows:

1. Definitions. In addition to those defined hereinabove, the terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires:

“*Annual Financial Information*” means the financial information and operating data set forth in Exhibit I.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the audited financial statements of the City prepared pursuant to the standards and as described in Exhibit I.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Final Official Statement*” means the Final Official Statement relating to the Obligations, dated June \_\_, 2026.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a

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\* Preliminary, subject to change. See “MODIFICATION OF MATURITY SCHEDULE AND PAR AMOUNT” in the Notice.

guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“GAAP” means generally accepted accounting principles, as applied to governmental units as modified by the laws of the State.

“Listed Event” means the occurrence of events set forth in Exhibit II.

“Listed Events Disclosure” means dissemination of disclosure concerning a Listed Event as set forth in Section 5.

“MSRB” means the Municipal Securities Rulemaking Board.

“Participating Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Obligations.

“Purchase Agreement” means the Series 2026 Purchase Agreement, dated as of June 1, 2026, by and between the City and the Trustee, in its separate capacity as “Seller.”

“Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Exchange Act.

“State” means the State of Arizona.

2. Purpose of this Undertaking. This Undertaking is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the requirements of the Rule. The City represents that it will be the only obligated person with respect to the Obligations at the time the Obligations are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after such delivery of the Obligations.

3. CUSIP Number. The CUSIP Numbers of the Obligations are as follows:

|                            |                            |
|----------------------------|----------------------------|
| CUSIP No.<br>(Base 712851) | Maturity Date<br>(July 15) |
|----------------------------|----------------------------|

4. Annual Financial Information Disclosure. The City shall disseminate its Annual Financial Information and its Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I), through EMMA.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. Listed Events Disclosure. The City shall disseminate in a timely manner, but in not more than ten (10) business days after the occurrence of the event, its Listed Events Disclosure through EMMA. Whether events subject to the standard “material” would be material shall be determined under applicable federal securities laws.

6. Consequences of Failure of the City to Provide Information. The City shall give notice in a timely manner through EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Undertaking, the beneficial owner of any Obligation may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default under the Purchase Agreement or the Indenture, and the sole remedy available to such owners of the Obligations under this Undertaking in the event of any failure of the City to comply with this Undertaking shall be an action to compel performance.

7. Amendments; Waiver. Notwithstanding any other provision of this Undertaking, the City by certified resolution or ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived only if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted;

(b) This Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Obligations, as determined by parties unaffiliated with the City (such as the Trustee) or by approving vote of the owners of the Obligations pursuant to the Indenture at the time of the amendment.

The Annual Financial Information containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying GAAP to be followed in preparing financial statements and such changes are material, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles in the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. If the accounting principles of the City change or the fiscal year of the City changes, the City shall file a notice of such change in the same manner as for a notice of Listed Event.

8. Non-Appropriation; Termination of Undertaking. The performance by the City of its obligations in this Undertaking shall be subject to the annual appropriation of any funds that may be necessary to permit such performance. In the event of a failure by the City to comply with its covenants under this Undertaking due to a failure to appropriate the necessary funds, the City covenants to provide prompt notice of such fact to the MSRB through EMMA. This Undertaking shall be terminated hereunder if the City shall no longer have liability for any obligation on or relating to repayment of the Obligations under the Indenture.

9. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

10. Additional Information. Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the City chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the City shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information Disclosure or Listed Events Disclosure.

11. Beneficiaries. This Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the beneficial owners of the Obligations, and shall create no rights in any other person or entity.

12. Recordkeeping. The City shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. Assignment. The City shall not transfer obligations under the Purchase Agreement unless the transferee agrees to assume all obligations of the City under this Undertaking or to execute an undertaking meeting the requirements of the Rule.

14. Governing Law. This Undertaking shall be governed by the laws of the State.

DATED: [Closing Date]

CITY OF PEORIA, ARIZONA

By.....  
Mayor

ATTEST:

.....  
City Clerk

APPROVED AS TO FORM:

.....  
City Attorney

## EXHIBIT I

### ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data of the type contained in the Final Official Statement in TABLES A-4, A-6 and A-14 (in each case, actual results for most recently completed fiscal year only).

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted through EMMA or filed with the Commission. If the information included by reference is contained in a final official statement, the final official statement must be available from the MSRB. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided through EMMA by February 1 of each year, commencing February 1, 2027. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements within 30 days after availability to the City.

Audited Financial Statements will be prepared according to GAAP.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Undertaking, the City will disseminate a notice of such change as required by Section 4, including changes in fiscal year or GAAP.

## EXHIBIT II

### EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations, in each case, with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to the rights of security holders, if material.
8. Bond calls, if material, or tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar events of the City, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.
13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

**BOOK-ENTRY-ONLY SYSTEM**

THE INFORMATION PROVIDED IN THIS APPENDIX HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE CITY, THE MUNICIPAL ADVISOR, SPECIAL COUNSEL OR THE TRUSTEE AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

DTC will act as securities depository for the 2026 Obligations. The 2026 Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2026 Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of 2026 Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Obligations on DTC's records. The ownership interest of each actual purchaser of each 2026 Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026 Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2026 Obligations, except in the event that use of the book-entry system for the 2026 Obligations is discontinued.

To facilitate subsequent transfers, all 2026 Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2026 Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2026 Obligations may wish to take certain steps to augment the transmission to them of notices

of significant events with respect to the 2026 Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of 2026 Obligations may wish to ascertain that the nominee holding the 2026 Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2026 Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2026 Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the 2026 Obligations will be made by the Trustee to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2026 Obligations at any time by giving reasonable notice to the Trustee or the City. Under such circumstances, in the event that a successor depository is not obtained, 2026 Obligation certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2026 Obligation certificates will be printed and delivered to DTC.

NEITHER THE CITY NOR THE TRUSTEE WILL HAVE RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2026 OBLIGATIONS UNDER THE INDENTURE; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2026 OBLIGATIONS; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2026 OBLIGATIONS; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF 2026 OBLIGATIONS; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered owner of the 2026 Obligations, as nominee of DTC, references herein to "Holder", "Owner" or registered owners of the 2026 Obligations (other than under the caption "TAX EXEMPTION") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such 2026 Obligations.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the City or the Trustee to DTC only.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.





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