

# Peoria, Arizona

The 'AA+' IDR rating reflects the city's 'aaa' financial profile given 'Low Midrange' budgetary flexibility and assumes maintenance of available general fund reserves at least equal to 20% of spending. Over the prior five years, the city's available general fund reserves have equaled no less than approximately 80% of spending. The rating also incorporates the city's 'Strong' population trend and 'Midrange' demographic and economic level metrics. The city's long-term liability burden composite is 'Midrange' and incorporates high carrying costs (approximately 22% of governmental expenditures) including the current offering.

## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A decline in available general fund reserve levels sustained below 20% of spending, which would lower Fitch's assessment of financial resilience to below 'aaa';
- A doubling of long-term liabilities and carrying costs absent a commensurate increase in personal income or governmental revenues.
- Diminished performance of demographic and economic trend and level metrics, including but not limited to slower population growth, higher unemployment relative to the national average, or lower median household income relative to Fitch's portfolio median.

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- A sustained approximate 10% decrease in long-term liabilities and carryings costs based on current levels of personal income and governmental revenues and expenditures.

## Security

The unlimited tax (ULT) GO bonds are payable from ad valorem taxes to be levied without limitation as to rate or amount on all taxable property within the city. Arizona state law provides ULT bondholders with a statutory lien on ad valorem taxes of cities, towns, counties, school districts, community college districts and various special districts in the state.

Fitch believes the statute provides bondholders with a substantial preferential right in a bankruptcy proceeding, warranting a ULT bond rating two notches higher than the entity's IDR. The statutory lien applies only to ad valorem tax revenues and applies both to ULT bonds previously issued and to be issued in the future.

## Ratings

Long-Term IDR	AA+
---------------	-----

## Outlooks

Long-Term IDR	Stable
---------------	--------

## New Issues

\$84,565,000 General	
Obligation Bonds,	
Series 2025	AAA

## Sale Date

Competitive sale scheduled for April 29, 2025.

## Outstanding Debt

General Obligation Bonds	AAA
--------------------------	-----

## Applicable Criteria

[U.S. Public Finance Local Government Rating Criteria \(April 2024\)](#)

## Related Research

[Fitch Affirms Peoria, AZ's IDR at 'AA+'; Outlook Stable \(May 2024\)](#)

## Analysts

Jose Acosta  
+1 512 215 3726  
[jose.acosta@fitchratings.com](mailto:jose.acosta@fitchratings.com)

Jordan Kirby  
+1 512 813 5716  
[jordan.kirby@fitchratings.com](mailto:jordan.kirby@fitchratings.com)

## Rating Headroom & Positioning

Peoria Model Implied Rating: 'AA+' (Numerical Value: 9.91)

- **Metric Profile:** 'AA+' (Numerical Value: 9.91)
- **Net Additional Analytical Factor Notching:** 0.0

Peoria's Model Implied Rating is 'AA+'. The associated numerical value of 9.91 is at the upper end of the 9.0 to 10.0 range for a 'AA+' rating.

The Local Government Rating Model (LGRM) generates Model Implied Ratings (MIR) which communicate the issuer's credit quality relative to Fitch's local government rating portfolio (the MIR will be the IDR except in certain circumstances explained in the applicable criteria). The MIR is expressed via a numerical value calibrated to Fitch's long-term rating scale that ranges from 10.0 or higher ('AAA'), 9.0 ('AA+'), 8.0 ('AA'), and so forth down to 1.0 ('BBB-' and below).

Model Implied Ratings reflect the combination of issuer-specific metrics and assessments to generate a Metric Profile (MP), and a structured framework to account for Additional Analytical Factors (AAFs) not captured in the Metric Profile that can either mitigate or exacerbate credit risks. AAFs are reflected in notching from the MP and are capped at +/-3 notches.

## Current Developments

The city's financial position remains robust. The fiscal 2024 audited results were positive with a \$45.5 million net general fund surplus (20% of spending), increasing unrestricted general fund balance to \$241 million or 107% of expenditures, well above its aggregate 35% fund balance policy. General fund revenues increased \$35.6 million over the prior year largely due to a 22% or \$16.8 million increase in urban revenue sharing. The city has treated large increases in urban revenue sharing as one-time due to the state's transition to a flat income tax. The city has earmarked these one-time revenues for one-time expenditure, which will leave them well positioned for the upcoming decrease in state shared revenues anticipated in fiscal 2025.

The fiscal 2025 budget reflects a 10% increase over the prior year primarily due to salary increases and the addition of 31 public safety positions. Due to approximately \$25 million and \$28 million in capital outlays and contingency appropriations, respectively, the fiscal 2025 budget includes a net general fund deficit of \$59 million that would reduce available general fund reserves to about 31% of spending. However, management projects balanced operations in line with its practice of conservatively budgeting revenues and expenditures. Sales tax revenues, budgeted to increase by 2%, are up by about 8% through January 2025, helping offset the loss of sales tax revenues on rental properties, which is estimated at \$3.5 million.

The proposed fiscal 2026 budget also includes a contingency appropriation, totaling \$47 million, plus a transfer out of \$45 million for capital projects as part of the city's plan to spend down its ample reserves to an amount closer to its aggregate 35% fund balance policy level. Fitch does not expect the city will utilize the contingency appropriation, preserving its financial cushion well above the city's fund balance policy.

## Profile

Peoria is part of the Phoenix metropolitan area, located northwest of Phoenix. The city's 2023 estimated population of 198,750 represents a 29% gain since 2010. Fitch expects the local economy to realize solid growth based on residential and commercial development underway.

Peoria's economy is expected to benefit from the recent completion of Taiwan Semiconductor Manufacturing Corp's advanced chip manufacturing facility located in Phoenix, as ancillary companies will be needed to support the facility. Amkor Technology, an advanced semiconductor packaging and test facility, announced a \$2 billion investment that is anticipated to bring 2,000 jobs to the city.

Taxable assessed value, known as net assessed value, increased by 6.3% and 6.5% in fiscal 2025 and fiscal 2024, respectively, while full cash value (\$37.9 billion) increased 29% and 23% during the same period. According to management, net assessed value is projected to increase about 5% for the next few years. The city-owned Peoria Sports Complex anchors the city's entertainment district and hosts the Seattle Mariners and San Diego Padres major league baseball spring training and minor league activities.

## Key Drivers

Issuer: Peoria (AZ)				Financial Profile		0.0	<div>Issuer Position Within AA+ Model Implied Rating</div> <div><div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div></div>				
---------------------	--	--	--	-------------------	--	-----	--	--	--	--	--

Metric	Analyst Input		Metric		Composite		
	2024	2024	Percentile	Weight	Percentile/Value	Assessment	Weight
<b>Financial Profile</b>							
<b>Financial Resilience Components</b>							
Available Reserves (FB/Expenditures: 5-Year Low) (%)	79.6						
Revenue Control Assessment	Low	Low					
Expenditure Control Assessment	Midrange	Midrange				aaa	35%
Budgetary Flexibility	Limited	Limited					
<b>Financial Resilience</b>	aaa	aaa		100%			
Lowest Cumulative 3 Year Revenue Performance (+/-) since 2008 (%)	-21.0	-8.1					
Revenue Volatility(1)	2.26	0.95	30%	100%		Weak	0%
<b>Demographic and Economic Strength</b>							
<b>Trend</b>							
Population Trend (%) (2)	2.1		87%	100%	87%	Strongest	8%
Unemployment Rate as Percentage of National Rate (%) (5)		83.3	72%	33%			
Population w/ Bachelor's Degree and Higher (%) (2)	35.6		65%	33%	67%	Strong	26%
MHI as a % of the Portfolio Median (2)	113.5		65%	33%			
<b>Concentration &amp; Size</b>							
Population Size (2) (3)	198,750		100%	50%			
Economic Concentration (%) (2) (3)	17.1	17.9	100%	50%	100%	Strongest	9%
<b>Long-Term Liability Burden</b>							
Liabilities/Personal Income (%)	3.3	3.7	67%	35%			
Liabilities/Governmental Revenues (%) (6)	121.1	136.3	70%	25%	47%	Midrange	21%
Carrying Costs/Governmental Expenditures (%)	20.3	21.3	14%	40%			

(1) Model directly uses revenue volatility. Percentiles are for information only; metric percentile represents the issuer; composite percentile represents the average of the issuer's class. The Revenue Volatility metric represents the issuer's revenue volatility relative to the median revenue volatility of the total issuer portfolio.

Revenue Volatility is treated asymmetrically, where weight is marginal for issuers that exhibit low to moderate revenue volatility. For issuers with higher revenue volatility, this factor will moderately lower the metric profile, implying a somewhat reduced weighting for all other variables in these instances.

(2) Population, Concentration, MHI and Educational Attainment data is lagged by one year e.g. 2021 data is used and displayed for fiscal year 2022.

(3) Percentiles represent the class. Economic concentration is defined as the sum of the absolute deviation of the issuer from the national average proportion across major economic sectors. Sector data is on the county level for all entities or the MSA level for cities that span multiple counties. If data is unavailable for an issuer, median figures based on reported data for all counties within the issuer's state are used as proxy values.

(4) Additional Analytical Factors (AAF) have a potential notching range of +2/-2 for each of the three categories and an overall IDR notching range of +3/-3.

(5) County level data used for sub-county entities when prior year's data is unavailable. If county data is unavailable, MSA data is used. MSA level data is used for cities that span multiple counties.

(6) As a proxy for per capita personal income for sub-county levels of local government, Fitch calculates the ratio of money income to per capita income for the county in which the rated entity is located and applies that ratio to the entity's money income. The estimated per capita personal income figure is multiplied by population to estimate total personal income.

Source: Fitch Ratings

## Financial Profile

## Financial Resilience - 'aaa'

Peoria's financial resilience is driven by the combination of its 'Low' revenue control assessment and 'Midrange' expenditure control assessment, culminating in a 'Limited' budgetary flexibility assessment.

- Revenue control assessment: Low
- Expenditure control assessment: Midrange
- Budgetary flexibility assessment: Limited
- Minimum fund balance for current financial resilience assessment:  $\geq 25.0\%$
- Current year fund balance to expenditure ratio: 107.3% (2024)
- Lowest fund balance to expenditure ratio for the fiscal-year period 2020-2024: 79.6% (2022)

## Revenue Volatility - 'Weak'

Peoria's weakest historic three-year revenue performance has a modest negative impact on the Model Implied Rating.

The revenue volatility metric is an estimate of potential revenue volatility based on the issuer's historical experience relative to the median for the Fitch-rated local government portfolio. The metric helps to differentiate issuers by the scale of revenue loss that would have to be addressed through revenue raising, cost controls or utilization of reserves through economic cycles.

- **Lowest three-year revenue performance (based on revenues dating back to 2005):** 8.1% decrease, Analyst Input (vs. 21.0% decrease for the three-year period ending fiscal 2011)
- **Median issuer decline:** -4.5% (2024)

### **State-Specific Revenue/Expenditure Context & Budgetary Control**

State law limits the city's ability to make changes to certain revenues. Primary tax levies, used for operations, are limited to a 2% per annum increase over the maximum allowable levy in the prior year plus taxes on any property not subject to taxes in the prior year. However, state law allows for banking and carry-forward of the 2% maximum levy increase, to the extent not fully used. The city currently has approximately \$908,000 of banked capacity. There is no limitation on annual secondary property tax levies, used for voter-approved bonded indebtedness, although such levies are not available to support operations. The high expenditure flexibility is supported primarily by the city's ability to manage workforce and other costs. Memoranda of Understanding are in place for all city employee groups (municipal, police and fire), and the city can impose terms if no agreement is reached during renewal negotiation

### **Analyst Inputs to the Model**

Analyst inputs to the model reflect metric adjustments to account for historical data anomalies, forward-looking performance shifts, or non-recurring events that may otherwise skew the time series.

The lowest cumulative three-year revenue decline of -21% occurred during the Great Recession (2008 to 2011). The analyst input of -8.1% (next lowest cumulative three-year revenue decline from 2009-2012) reflects Fitch's expectation that the -21% revenue decline during the Great Recession is not likely to be repeated. The subprime lending and overvaluation of housing during that time period is unlikely to be repeated due to new lending regulations and the stabilization of the housing market.

Peoria's participation in the diverse Phoenix MSA has further diversified its economy. Post Great Recession growth has been robust and is likely to continue as evidenced by new commercial and housing developments within the city.

### **Demographic and Economic Strength**

#### **Population Trend - 'Strongest'**

Based on the median of 10-year annual percentage change in population, Peoria's population trend is assessed as 'Strongest'.

**Population trend:** 2.1% 2023 median of 10-year annual percentage change in population (87th percentile)

#### **Unemployment, Educational Attainment and MHI Level - 'Strong'**

The overall strength of Peoria's demographic and economic level indicators (unemployment rate, educational attainment, median household income [MHI]) in 2024 are assessed as 'Strong' on a composite basis, performing at the 67th percentile of Fitch's local government rating portfolio. This is due to relatively strong education attainment levels, median-issuer indexed adjusted MHI and unemployment rate.

- **Unemployment rate as a percentage of national rate:** 83.3% Analyst Input (72nd percentile) relative to the national rate of 4.0%
- **Percent of population with a bachelor's degree or higher:** 35.6% (2023) (65th percentile)
- **MHI as a percent of the portfolio median:** 113.5% (2023) (65th percentile)

#### **Economic Concentration and Population Size - 'Strongest'**

Peoria's population in 2023 was of sufficient size and the economy was sufficiently diversified to qualify for Fitch's highest overall size/diversification category.

The composite metric acts asymmetrically, with most issuers (above the 15th percentile for each metric) sufficiently diversified to minimize risks associated with small population and economic concentration. Downward effects of the metric on the Metric Profile are most pronounced for the least economically diverse issuers (in the 5th percentile for the metric or lower). The economic concentration percentage shown below is defined as the sum of the absolute deviation of the percentage of personal income by major economic sectors relative to the U.S. distribution.

- **Population size:** 198,750 (2023) (above the 15th percentile)

- **Economic concentration:** 17.9% Analyst Input (above the 15th percentile) (vs. 17.1% 2024 Actual)

#### **Analyst Inputs to the Model**

The 2023 unemployment rate was used in the absence of final 2024 data. Arizona county medians for personal income by sector was used in the absence of data for Peoria's service area which includes multiple counties.

#### **Long-Term Liability Burden**

##### **Long-Term Liability Burden - 'Midrange'**

Peoria's liabilities to personal income and liabilities to governmental revenue remain strong while carrying costs to governmental expenditures remain weak. The long-term liability composite metric in 2024 is at the 47th percentile, roughly in line with Fitch's local government rating portfolio.

- **Liabilities to personal income:** 3.7% Analyst Input (67th percentile) (vs. 3.3% 2024 Actual)
- **Liabilities to governmental revenue:** 136.3% Analyst Input (70th percentile) (vs. 121.1% 2024 Actual)
- **Carrying costs to governmental expenditures:** 21.3% Analyst Input (14th percentile) (vs. 20.3% 2024 Actual)

#### **Pension Adjustments**

On an aggregate basis for all pension plans as of the most recent measurement date, the reported asset to liability ratio was 77.8%, or an estimated 67.4%, using Fitch's standard 6% rate of return adjustment. The Fitch-adjusted NPL was equal to \$226 million, or about 1.6% of personal income.

#### **Additional Insight**

Peoria has taken proactive steps to funding pension liabilities in the public safety plans. In addition to a \$35 million contribution to the Arizona Public Safety Personnel Retirement System (PSPRS) in fiscal 2022, the city council has authorized holding annual contributions steady at approximately \$10 million above the actuarially determined contribution. The city is projecting that PSPRS will be fully funded in approximately 2029.

The city's next GO bond issuance, expected in one or two years, is anticipated to be about \$60 million.

Analyst input for the long-term liability metrics reflects the current offering plus an adjustment to account for scheduled amortization of outstanding principal in fiscal 2025.

## **ESG Considerations**

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

## Financial Summary

(\$000, Audited Fiscal Years Ending Jun. 30)	2020	2021	2022	2023	2024
General Fund Revenues					
Property Tax	-	-	8,990	-	-
Sales Tax	-	-	-	-	-
Income Tax	-	-	-	-	-
Other Tax	-	-	-	-	-
Total Taxes - Undifferentiated	90,069	102,135	103,381	117,400	120,196
Intergovernmental	47,093	54,666	60,483	75,871	92,700
Other Revenue	25,996	23,314	23,423	32,060	48,023
Total	163,158	180,115	196,276	225,330	260,919
General Fund Expenditures					
General Government	18,697	22,184	20,916	26,909	32,270
Public Safety	71,820	83,718	133,049	113,349	120,886
Educational	-	-	-	-	-
Debt Service	-	-	20	774	1,644
Capital Outlay	1,456	778	343	1,004	9,707
Other Expenditures	37,003	35,968	39,622	43,905	46,749
Total	128,976	142,648	193,951	185,941	211,256
Transfers In and Other Sources	All Other Operating Expenses	360	860	860	9,376
Transfers Out and Other Sources	8,175	6,893	10,502	7,294	13,519
Net Transfers & Other	-7,815	-6,533	-9,642	-6,434	-4,144
Adjustment for Bond Proceeds and Extraordinary One-Time Uses	-	-	-	-	-
Net Op. Surplus (Deficit) After Transfers	26,368	30,934	-7,317	32,956	45,520
Net Op. Surplus (Deficit)/ (Total Expenditures + Transfers Out and Other Uses) (%)	19.23	20.69	-3.58	17.05	20.25
Total Fund Balance	139,235	170,169	162,851	195,807	241,327
Unrestricted Fund Balance	136,881	169,865	162,659	195,602	241,102
Other Available Fund Balances	-	-	-	-	-
Total Available Unrestricted Reserves (GF + Other)	136,881	169,865	162,659	195,602	241,102
Available Reserves as % of Spending (Adj for Bond Proceeds and Other One-Time Uses)	99.8	113.59	79.56	101.23	107.26
Sources: Fitch Ratings, Fitch Solutions, Peoria (AZ) [General Government]					

## Long-Term Liability Burden (\$ 000)

(\$ 000, Audited Fiscal Years Ending Jun. 30)	2024
Direct Debt	230,495
Less: Self-Supporting Debt	-
Net Direct Debt	230,495
Fitch Adjusted NPL	225,980
<b>Net Direct Debt + Fitch-Adjusted net pension liabilities (NPL)</b>	<b>456,475</b>
Population	198,750

Per Capita Personal Income	70,608
Estimated Personal Income (\$000)	14,033,410
<b>Net Debt + Fitch-Adjusted NPL /Personal Income (%)</b>	<b>3.3</b>
Total Governmental Revenues	319,724
<b>Net Direct Debt + Fitch Adjusted NPL as Percentage of Governmental Revenue (%)</b>	<b>121.1</b>
Debt Service (Net of State Support)	34,717
Actuarially Determined Pension Contributions	29,781
Actual OPEB Contributions	279
Total Governmental Expenditures	319,724
<b>Carrying Costs/Governmental Expenditures (%)</b>	<b>20.3</b>

Sources: Fitch Ratings, Fitch Solutions, Peoria (AZ) [General Government]  
Note: Figures above do not reflect any Analyst Input Adjustments.

## Summary

Description	Final Value
<b>Budgetary Flexibility Assessments</b>	
<b>Revenue Control Assessment</b>	Low
<b>Expenditure Control Assessment</b>	Midrange
Collective Bargaining and Resolution Framework	Midrange
Workforce Outcomes	Midrange
Cost Drivers	Midrange
<b>Metrics Assessments</b>	
Financial Profile - Financial Resilience	aaa
Financial Profile - Revenue Volatility	Weak
Demographic & Economic Strength - Trend	Strongest
Demographic & Economic Strength - Level	Strong
Demographic & Economic Strength - Concentration & Size	Strongest
Long-Term Liability Burden	Midrange
<b>Metric Profile Mapping</b>	AA+
<b>Metric Profile</b>	9.91
<b>Additional Analytical Factors</b>	
<b>Total Notching - capped</b>	
<b>Financial Profile</b>	
Fiscal Oversight	-
Revenue Capacity	-
Contingent Risks	-
Non-Recurring Support or Spending Deferrals	-
Political Risks	-
Management Practices	-
<b>Demographic &amp; Economic Strength</b>	-
Economic and Institutional Strength	-
Revenue Concentration Risks	-
School District Resources	-
<b>Long-Term Liability Burden</b>	
Pension Funding Assumptions	-
Pension Contributions	-
OPEB	-

Summary

Description	Final Value
Debt Structure	-
Capital Demands and Affordability	-
Model Implied Rating - Mapping	AA+
Model Implied Rating - Metric	9.91
Outliers and Developing Situations Considerations	No
Notching Rationale - 1	-
Notching Rationale - 2	-
Issuer Default Rating/Issuer Default Credit Opinion	AA+
Outlook/Watch	RO:Sta
Source: Fitch Ratings	



## SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

## DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.fitchratings.com/understandingcreditratings>. In addition, the following <https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at <https://www.fitchratings.com/site/regulatory>. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

Copyright © 2025 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.