

City of Glendale, Arizona

**Comprehensive Annual
Financial Report**

For Fiscal Year Ended
June 30, 2002

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City of Glendale, Arizona
Comprehensive Annual Financial Report
Fiscal Year 2001-02, Ended June 30, 2002

Elaine M. Scruggs
Mayor

Thomas R. Eggleston
Vice Mayor
Barrel District

Councilmembers

Joyce V. Clark – Yucca District
Steven E. Frate – Sahuaro District
David M. Goulet – Ocotillo District
H. Philip Lieberman – Cactus District
Manuel D. Martinez – Cholla District

Management Staff

Ed Beasley – City Manager
Terry Zerkle – Assistant City Manager

Tim Ernster
Deputy City Manager – Community Development

Pamela Kavanaugh
Deputy City Manager – Community Services

Kenneth A. Reedy
Deputy City Manager – Public Works

Chris Zapata
Deputy City Manager – Administrative Services

Prepared by the Finance Department
Arthur R. Lynch, Chief Financial Officer



Introductory Section

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**City of Glendale, Arizona
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2002**

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January 31, 2003

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Glendale, Arizona:

State law requires that cities annually publish after the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Glendale, Arizona (the "City") for the fiscal year ended June 30, 2002.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by PricewaterhouseCoopers, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2002, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. 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 audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

Profile of the Government

The City, incorporated in 1910, is located in the northwestern part of metropolitan Phoenix, which is considered to be one of the top growth areas in the country. The City currently occupies a land area of 55.6 square miles and serves a population of 227,763. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the city council.

The City has operated under the council-manager form of government since 1910. Policy-making and legislative authority are vested in a city council consisting of the mayor and six other members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the government's manager, clerk, and attorney. The government's manager is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year terms, with three council members elected every two years. The mayor is elected to serve a two-year term. The council members are elected by district. The mayor is elected at large.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, public facilities and other infrastructure; and recreational activities and cultural events. Certain housing services are provided by the city's public housing authority, which functions, in essence, as a department of the City and therefore has been included as an integral part of the City's financial statements. The City also is financially accountable for a legally separate municipal property corporation, which is reported separately within the City's financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City are required to submit requests for appropriation to the government's manager on or before the last week in January each year. The government's manager uses these requests as the starting point for developing a proposed budget. The government's manager then presents this proposed budget to the council for review during the month of April. The council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30th, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Local economy. The City currently enjoys a favorable economic environment and local indicators point to continued stability. The economy of Glendale is based on manufacturing, defense activities, services, private graduate schools, retail trade, and restaurants. The Arizona Department of Economic Security currently lists the average total labor force in the City as 118,727 for the period January through November 2002 (the latest information available). Average employment for the same period is 112,596, demonstrating that the positive growth in jobs has kept pace with population growth.

The City receives significant "State Shared Revenues" that are allocated to various funds. The State is facing a significant deficit due to an economic slowdown, which could impact the revenues received by the City. Through strategic budgetary planning, the City reduced expenditures in anticipation of decreased "State Shared Revenues."

The growth in the various sectors of the City's economy is reflective of the positive growth trends of the Phoenix metropolitan area and of the state of Arizona. The County's population is approximately 3.2 million, making it the 4th most populous county in the nation. The state's population reached 5.3 million in 2001, representing a 3.6% increase over the previous fiscal year.

Long-term financial planning. On November 29, 2001, the City council approved development agreements, which laid the foundation for a 223-acre sports/mixed use/entertainment development. The agreement includes a National Hockey League (NHL) multi-purpose/recreational facility to be completed during the later part of 2004. The agreement also includes a mixed-use component contains at least 1.6 million square feet of development. Additionally, a 54 acre mall property will be developed over the next 5 years. Another key development is the anticipated 2005-06 completion of the multi-purpose National Football League (NFL) stadium.

The retail, entertainment, restaurants, luxury condominiums, and other miscellaneous development activities will produce long-term financial benefits. This development is strategically located at Glendale Avenue and the 101 freeway. Build out for the mixed-use project should occur over the next seven to ten years and is estimated to provide the City with approximately \$400 million in excise taxes over the next 30 years.

On November 6, 2001 the citizens of Glendale approved a new one-half percent transportation sales tax, which is slated to fund the \$1 billion Transportation program. These resources will be used for additional bus routes, intersection improvements, express bus services and implementation of the regional light rail system connection. In addition, the City planned to consider an increase in revenue from the telecommunications tax in Fall 2002.

Substantial investments have been made by the City of Glendale to enact and stay current on issues faced by the water and sewer system in addition to proceeding with the necessary federally mandated upgrades. These have been and continue to be funded with revenue bonds in order to meet the long-term water needs of the City.

The debt service funds of the City are backed by property taxes and excise taxes. The City has continued its practice of paying off its general obligation and revenue bond debt rapidly.

Cash management policies and practices. Staff invests temporarily idle cash in repurchase agreements collateralized by high quality U.S. government securities, the Arizona State Treasurer's Local Government Investment Pool or U.S. Treasury obligations. The average yield on City investments was 3.46% for the year. In 2001-02, the City earned \$4.6 million on all investments.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are either insured by the Federal Deposit Insurance Corporation or collateralized. All collateral on deposits is held by the City's agent or financial institution's trust department in the City's name. City investments are classified in credit risk categories 1 or 3 as defined by the Governmental Accounting Standards Board (GASB).

Risk management. During 2001-02, the City continued its self-insurance program for public liability and property damage claims. As part of the Risk Management Plan, resources are maintained in the risk management fund to meet potential losses. In the event of a deficit in the fund at June 30, premiums charged to other funds are increased in the following fiscal year to cover shortages. The City has implemented various risk control techniques such as employee accident prevention training to minimize accident-related losses. The Risk Management Division also conducts a competitive bidding process to obtain other types of commercial insurance.

Pension and other postemployment benefits. Other than the pension benefits through the Arizona State Retirement System or the Arizona Public Safety Personnel Retirement System, the City does not provide postemployment benefits. However, the City does allow all of its retired employees to participate in the health care and life insurance plan provided to active employees. The plan provides health, dental, vision, and/or life insurance to participants. The retired employees pay the entire cost of their participation in the plan.

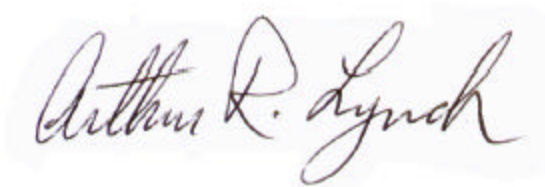
The City makes no contribution to the plan for former employees. Since the number of retirees is small, and their portion of the premium cost is paid to providers at the same time as the general fund's employee portion, the City has chosen to account for moneys received from retirees, but not yet paid out, as part of the internal service funds.

Awards and acknowledgements The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2001. This was the sixteenth year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated 2001-02. This is the thirteenth year in a row that the City has received the highest form of recognition in governmental budgeting.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and Administration Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and governing Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in cursive script that reads "Arthur R. Lynch". The signature is written in dark ink on a light-colored background.

Arthur R. Lynch
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Glendale,
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

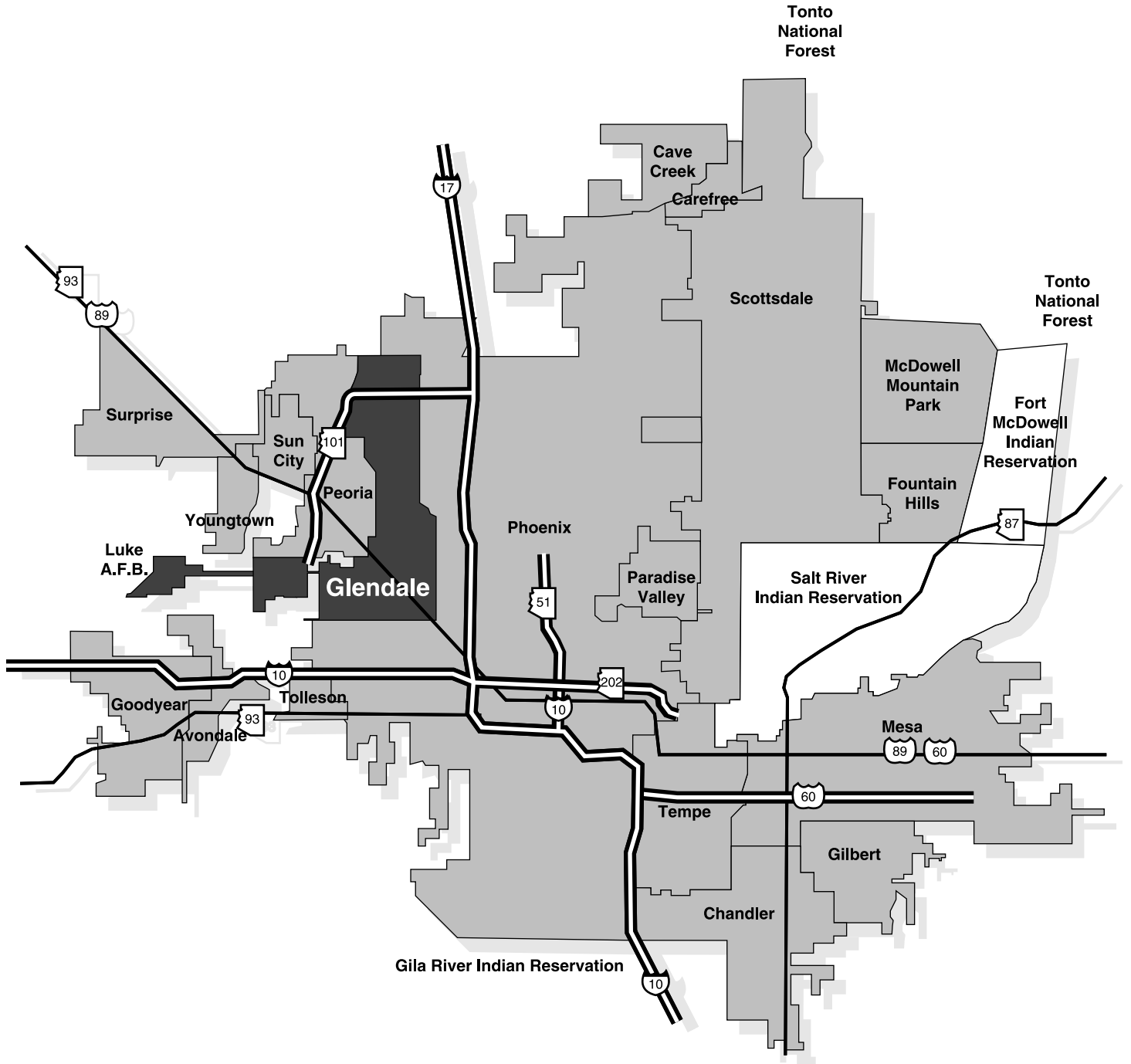


Thomas A. Drew
President

Jeffrey L. Essler
Executive Director

Glendale, Arizona

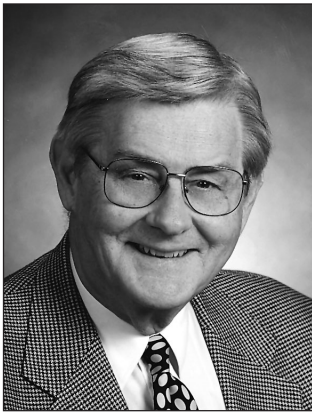
And Neighboring Communities



Mayor & City Council



**Mayor
Elaine M. Scruggs**



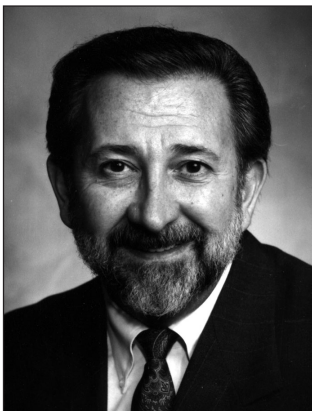
**Vice Mayor
Thomas R. Eggleston
Barrel District**



**Councilmember
Joyce V. Clark
Yucca District**



**Councilmember
Steven E. Frate
Sahuaro District**



**Councilmember
David M. Goulet
Ocotillo District**

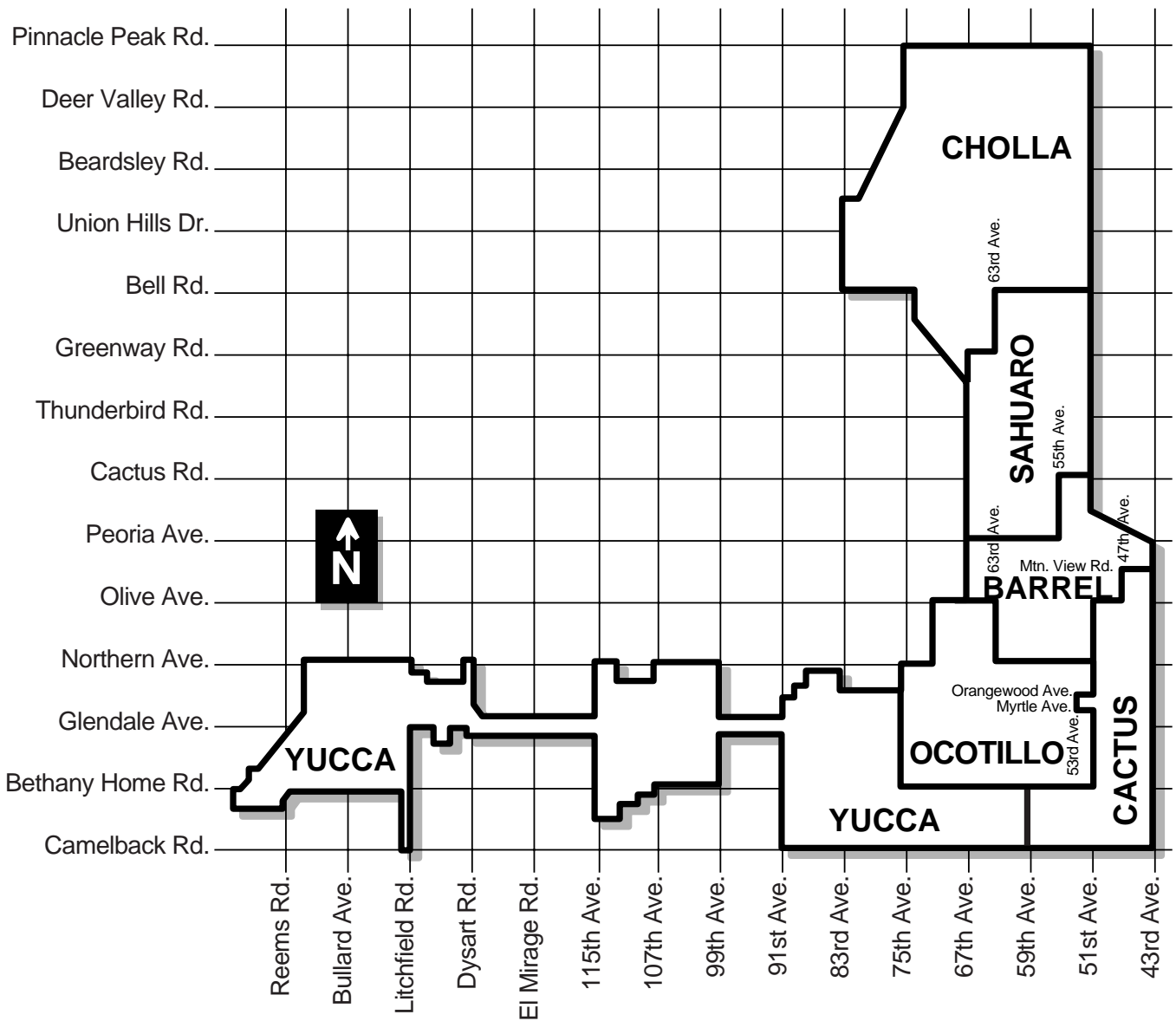


**Councilmember
H. Philip Lieberman
Cactus District**



**Councilmember
Manuel D. Martinez
Cholla District**

Glendale Council District Boundaries



Citizens of Glendale

MAYOR
Elaine M. Scruggs

VICE MAYOR
Thomas R. Eggleston

COUNCIL
Joyce V. Clark Steven E. Frate
David M. Goulet H. Philip Lieberman
Manuel D. Martinez

CITY COURT
CECIL B.
PATTERSON JR.
ACTING

CITY CLERK
PAM OLIVEIRA

CITY ATTORNEY
RICK FLAAEN

CITY MANAGER
ED
BEASLEY

ECONOMIC
DEVELOPMENT
JIM COLSON

FIRE
MARK
BURDICK

POLICE
RANDY
HENDERLITE
ACTING

ASSISTANT
CITY MANAGER
TERRY ZERKLE

CITY AUDITOR
CANDACE
MAC LEOD

INTER-GOV'TAL
RELATIONS
AMY
RUDIBAUGH DUFFY

HUMAN
RESOURCES
LA VERNE PARKER
DIGGS

Deputy City Manager
COMMUNITY
DEVELOPMENT
TIM ERNSTER

Deputy City Manager
COMMUNITY
SERVICES
PAM KAVANAUGH

Deputy City Manager
ADMINISTRATIVE
SERVICES
CHRIS ZAPATA

Deputy City Manager
PUBLIC
WORKS
KEN REEDY

COMMUNICATIONS
JULIE FRISONI

ENGINEERING
LARRY BROYLES

TRANSPORTATION
JIM BOOK

PLANNING
JON FROKE

BUILDING SAFETY
DEBORAH MAZOYER

NEIGHBORHOOD
SERVICES
GLORIA
SANTIAGO-ESPINO

LIBRARY
RODEANE
WIDOM

COMMUNITY
PARTNERSHIPS
ERIK STRUNK

PARKS &
RECREATION
WARREN
SMITH

CULTURAL EVENTS
& SERVICES
BOBBY
HAMILTON
ACTING

FINANCE
ART LYNCH

MANAGEMENT
& BUDGET
PILAR AGUILAR
ACTING

INFORMATION
TECHNOLOGY
CHUCK MURPHY

FIELD
OPERATIONS
MICHAEL
HOYT

ENVIRONMENTAL
RESOURCES
DOUG KUKINO

UTILITIES
ROGER BAILEY

COUNCIL/MANAGER
RELATIONS
CATHY GORHAM



Financial Section

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Report of Independent Accountants

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glendale (the "City"), Arizona, as of and for the year ended June 30, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic 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 Glendale, Arizona, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City adopted the provisions of the Governmental Accounting Standard Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments: Omnibus – an Amendment of GASB Statements No. 21 and No. 34* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, as of July 1, 2001.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

PricewaterhouseCoopers LLP

January 13, 2003

Management's Discussion & Analysis

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CITY OF GLENDALE, ARIZONA

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

Management's Discussion and Analysis

As management of the City of Glendale (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2002. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

The financial statements, which follow Management's Discussion and Analysis, provide these significant key financial highlights for 2001-02 as follows. Comparative financial information will be required in subsequent years, but the City will not be presenting this information in the current year.

- The City's total net assets of \$131,695 in governmental activities and \$353,411 in business-type activities represent 27.15% and 72.85% respectively, of the total net assets of \$485,106.
- General revenues from governmental activities accounted for \$132,149 in revenue, or 90.08% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$34,931 or 26.43% of total governmental activities revenues. The City had \$75,173 of program revenues and \$8,563 in general revenues related to business-type activities.
- The major governmental fund, the general fund, had \$104,359 in revenues, which primarily consisted of local taxes and intergovernmental taxes. The total expenditures of the general fund were \$107,567 and the fund balance decreased from \$37,948 to \$25,117, resulting in the planned fund balance decrease from \$37,948 to \$25,117. This decline was due to the Northern Crossing development project, which now has preliminary planned area development approval.
- The City issued \$40,235 in general obligation bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *Government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Net assets are categorized as capital assets less related debt, restricted by an outside party, and unrestricted. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the

CITY OF GLENDALE, ARIZONA

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community services, community environment and street maintenance. The business-type activities of the City include water and sewer, landfill, sanitation, and housing.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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 evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is 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 City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and schedules.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, landfill, sanitation, and housing services. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its risk management, workers' compensation and employee benefit activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, and landfill services, which are considered to be major funds

CITY OF GLENDALE, ARIZONA

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

of the City. Data from the other two enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor enterprise funds are provided in the form of Combining Statements and Schedules. Conversely, all three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City has no fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Additional Required Supplementary Information. Following the basic financial statements is Required Supplementary Information (RSI) that further explains and supports the financial information in the financial statements. RSI presents the Budgetary Comparison Schedule for General Fund. The City had no major special revenue funds, so none are included in RSI.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a City's financial position. In the case of the City, assets exceeded liabilities by \$485,106 as of June 30, 2002.

By far the largest portion of the City's net assets reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is 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 cannot be used to liquidate these liabilities.

The following tables 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, 2002. The prior year's financial position and results have not been restated in "Basic Financial Statements--and Management's Discussion and Analysis--State and Local Governments" (GASB34) format, therefore, complete comparative information is not presented.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and repayment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

CITY OF GLENDALE, ARIZONA

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

Net Assets

The following table reflects the condensed Statement of Net Assets as of June 30, 2002.

Condensed Statement of Net Assets
(in thousands)

	Governmental Activities 2002	Business-type Activities 2002	Total Primary Government 2002
Current and other assets	\$ 170,321	\$ 101,107	\$ 271,428
Capital assets	<u>161,597</u>	<u>355,271</u>	<u>516,868</u>
Total assets	<u>331,918</u>	<u>456,378</u>	<u>788,296</u>
Current liabilities	42,136	6,784	48,920
Long-term liabilities	<u>158,087</u>	<u>96,183</u>	<u>254,270</u>
Total liabilities	<u>200,223</u>	<u>102,967</u>	<u>303,190</u>
Net assets:			
Invested in capital assets, net of related debt	31,260	269,007	300,267
Restricted	91,203	20,092	111,295
Unrestricted	<u>9,232</u>	<u>64,312</u>	<u>73,544</u>
Total net assets	<u>\$ 131,695</u>	<u>\$ 353,411</u>	<u>\$ 485,106</u>

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

CITY OF GLENDALE, ARIZONA

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

Changes in net assets. The City's total revenues for the fiscal year ended June 30, 2002, were \$252,383. The total cost of all programs and services was \$202,143. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2002.

Changes in Net Assets

(in thousands)

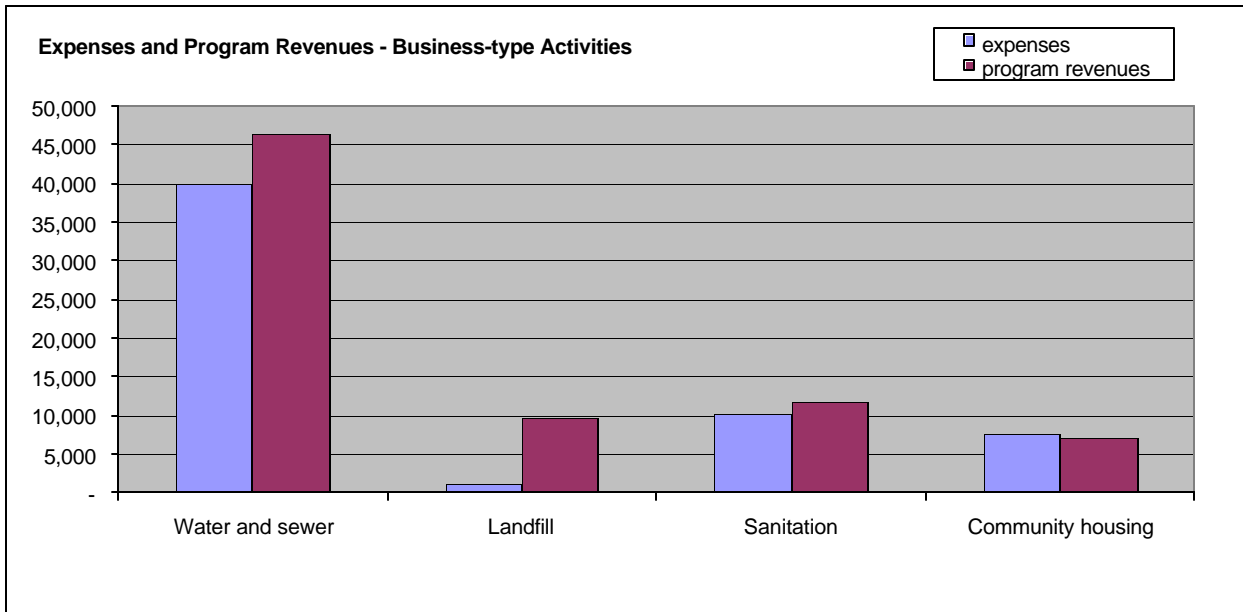
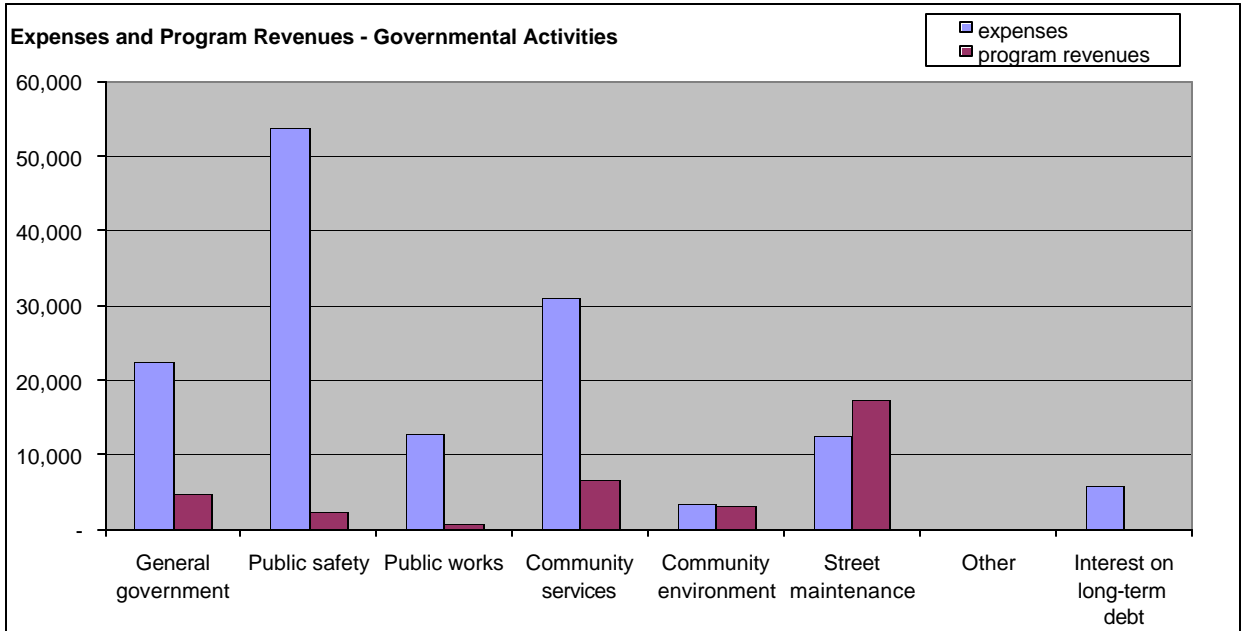
	Governmental Activities	Business-type Activities	Total Primary Government
Revenues:			
Program revenues:			
Charges for services	\$ 9,702	\$ 67,908	\$ 77,610
Operating grants and contributions	22,640	6,592	29,232
Capital grants and contributions	2,589	673	3,262
General revenues:			
Property taxes	16,459	-	16,459
Sales taxes	52,580	-	52,580
State shared sales tax	16,862	-	16,862
Urban revenue sharing (state shared income tax)	22,822	-	22,822
Auto in-lieu taxes	7,219	-	7,219
Franchise fees	3,260	-	3,260
License fees	634	-	634
Impact fees	4,995	3,751	8,746
Investment earnings, unrestricted	1,397	1,215	2,612
Miscellaneous	289	-	289
Capital contributions	6,205	4,591	10,796
Total revenues	<u>167,653</u>	<u>84,730</u>	<u>252,383</u>
Expenses:			
General government	22,490	-	22,490
Public safety	53,779	-	53,779
Public works	12,766	-	12,766
Community services	30,919	-	30,919
Community environment	3,414	-	3,414
Street maintenance	12,534	-	12,534
Other	19	-	19
Interest on long-term debt	5,864	-	5,864
Water and sewer	-	39,909	39,909
Landfill	-	1,189	1,189
Sanitation	-	10,180	10,180
Community housing	-	7,513	7,513
Loss on disposal of capital assets	345	168	513
Loss on joint venture	-	1,054	1,054
Total expenses	<u>142,130</u>	<u>60,013</u>	<u>202,143</u>
Excess before transfers	25,523	24,717	50,240
Transfers in (out)	<u>(228)</u>	<u>228</u>	<u>-</u>
Increase in net assets	25,295	24,945	50,240
Net assets - beginning	<u>106,400</u>	<u>328,466</u>	<u>434,866</u>
Net assets - ending	<u>\$ 131,695</u>	<u>\$ 353,411</u>	<u>\$ 485,106</u>

CITY OF GLENDALE, ARIZONA

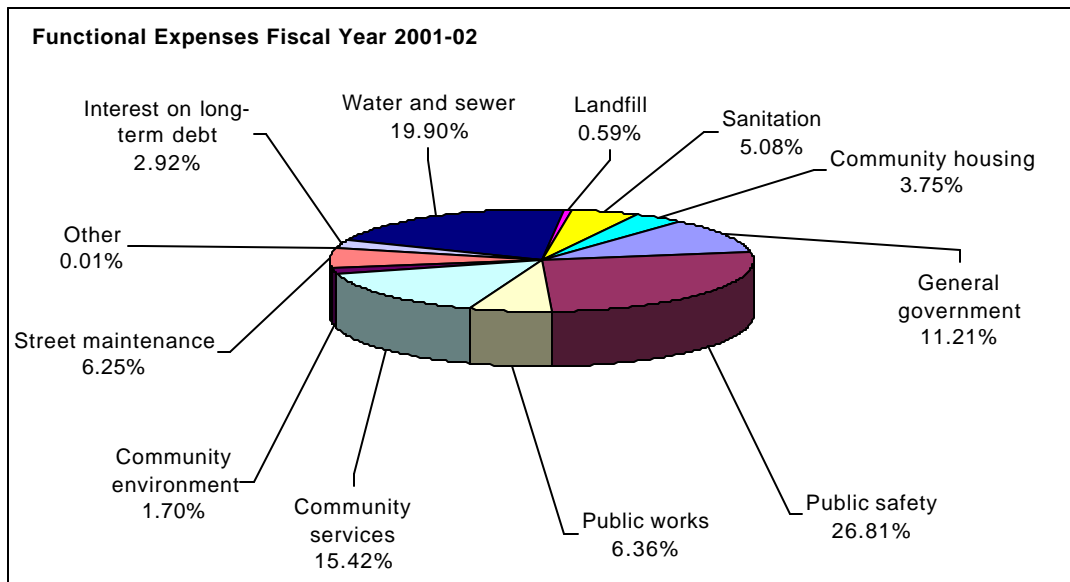
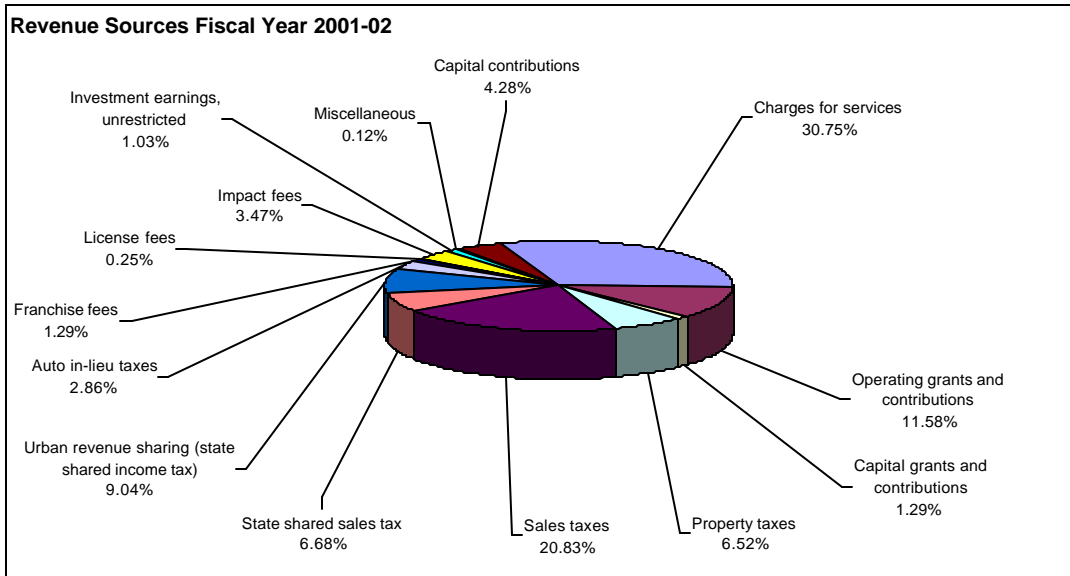
Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)



CITY OF GLENDALE, ARIZONA
 Management's Discussion and Analysis (MD&A)
 For the Fiscal Year Ended June 30, 2002
 (amounts expressed in thousands)



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

CITY OF GLENDALE, ARIZONA

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

The financial performance of the City as a whole is reflected in its governmental funds.

- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$100,105, an increase of \$8,449 in comparison with the prior year.
- *Unreserved undesignated fund balance*, which is available for spending at the City's discretion was \$15,692.
- The City also had \$37,955 in unreserved, designated fund balance, which represents self-imposed limitations on the use of otherwise available expendable financial resources in governmental funds as discussed in Note XV beginning on page 71.
- The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes, such as perpetual care for the City's cemetery, debt service, and development impact fees.

**Summary of Reserved Fund Balances
by Fund Type
(in thousands)**

General	\$ 17,998
Special revenue	14,374
Debt service	9,888
Capital projects	98
Permanent	<u>4,100</u>
Total	<u>\$ 46,458</u>

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,119, while total fund balance reached \$25,117. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 6.62% of total general fund expenditures, while total fund balance represents 23.35% of that same amount.

The planned reduction in fund balance of the City's general fund resulted in a decrease of \$12,831 during the current fiscal year, which was affected by several factors:

- Acquisition of land and related demolition for the planned Northern Crossing retail shopping center.
- Investment income decreased by \$3,273 due to unfavorable market conditions.
- Increased expenditures for public safety, community services and principal retirement due to increased service levels and early extinguishment of obligations.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

CITY OF GLENDALE, ARIZONA

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

Net assets of the enterprise funds and the internal service funds at the end of the year amounted to \$353,160 and \$7,584, respectively. The enterprise funds total net assets were 5.69% restricted and 18.14% unrestricted. Internal service funds were 100.00% unrestricted.

General Fund Budgetary Highlights

Consistent with national economic conditions, the City's investment revenue was adversely impacted by the economic decline.

- Investment revenue was negatively impacted by the decline in overnight and Local Government Investors Pool interest rates.
- General fund total revenues fell short of budget by \$4,544 (3.83%), mostly in intergovernmental and investment revenues.
- General Fund expenditures were less than budgetary estimates by \$14,385 (10.43%).

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets (net of accumulated depreciation) as of June 30, 2002 for its governmental type activities was \$161,597 and for the business type activities was \$355,271. The investment in governmental and business type capital assets consisted of land, buildings, machinery and equipment, and infrastructure for streets, parks, airport and street lighting, water and wastewater treatment plants.

Major capital asset events during the current fiscal year included the following:

- Purchase of land to be used for a multipurpose recreational facility;
- A fire department radio system and related infrastructure;
- A variety of street construction projects were completed during the year totaling \$11,283;
- The City began construction on enhancements at the Cholla Water Treatment Plant totaling \$4,444;
- Additional water extension lines totaling \$595 were installed on 115th Avenue;
- Purchased \$351 of water wagons for public construction projects;
- Eight side loader trucks were purchased by sanitation for a total of \$1,325.

CITY OF GLENDALE, ARIZONA

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

The following table is a summary of capital assets reflected in the June 30, 2002 financial statements.

Capital Assets at Year End

(Net of depreciation)

(in thousands)

	Governmental Activities	Business-type Activities	Total Primary Government
Construction in progress	\$ 17,373	\$ 23,798	\$ 41,171
Land	52,706	5,625	58,331
Artwork	938	-	938
Buildings	44,990	10,128	55,118
Improvements other than buildings	19,934	5,332	25,266
Infrastructure-streets	11,283	-	11,283
Infrastructure-parks	491	-	491
Infrastructure-airport	13	-	13
Infrastructure-lighting	294	-	294
Water lines	-	59,260	59,260
Sewer lines	-	66,819	66,819
Water treatment plant	-	61,496	61,496
Sewer treatment plant	-	87,286	87,286
Meters and services	-	21,255	21,255
Fire hydrants	-	3,986	3,986
Machinery and equipment	5,172	3,935	9,107
Computer equipment	458	160	618
Software	356	-	356
Automotive equipment	7,589	6,191	13,780
Total	<u>\$ 161,597</u>	<u>\$ 355,271</u>	<u>\$ 516,868</u>

Additional information on capital assets can be found in Note IV of the financial statements.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$229,099. Of this amount, \$90,135 comprises debt backed by the full faith and credit of the City and \$16,247 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment.

	Governmental Activities	Business-type Activities	Total Primary Government
General obligation	\$ 82,637	\$ 7,498	\$ 90,135
Special assessments	16,247	-	16,247
Highway user revenue bonds	24,310	-	24,310
Municipal Property Corporation Revenue bonds	11,215	-	11,215
Capital lease obligations	4,498	15,291	19,789
Water and sewer revenue bonds	-	56,705	56,705
Notes payable	4,340	6,358	10,698
Total	<u>\$ 143,247</u>	<u>\$ 85,852</u>	<u>\$ 229,099</u>

CITY OF GLENDALE, ARIZONA

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

The City's total long-term debt net of new 2001-02 fiscal year debt issued and payments increased by \$33,073 (16.87%) from prior year. The key factor in this increase was a \$35,690 general obligation bonds issuance, primarily for public infrastructure at the new arena site.

During the current fiscal year, the City refinanced some of its existing debt to take advantage of favorable interest rates through a current refunding.

- The City issued \$4,545 general obligation bonds to refinance previously outstanding general obligation bonds in the amount of \$4,515. The result is expected to be a decrease in future debt service payments of \$199.

The City maintains an "AA" rating from Standard & Poor's and an "Aa2" rating from Moody's for general obligation debt. The Highway Users revenue bonds have been rated "Aa3" by Moody's and "A+" by Standard and Poors.

State statutes limit the amount of general obligation debt a governmental entity may issue to 20% of its total secondary assessed valuation for combined water, sewer, light, parks, open space preserves, playgrounds and recreational facilities nor may outstanding debt for all other purposes exceed 6% of the net secondary assessed valuation. The City's current unused 6% and 20% debt limitation on June 30, 2002 was \$27,080 and \$146,852 respectively.

Additional information on long-term debt can be found in Note VIII of the financial statements.

Economic Factors and Next Year's Budgets and Rates

The adopted fiscal year 2002-03 budget is \$635,000 (up 57.57% from 2001-02), including a \$227,000 operating budget (an increase of 1.34% from 2002) and \$350,181 in capital outlay (up 174.79% from 2002). The Coyote hockey arena was first budgeted in 2002-03. The City's commitment related to this project is \$180,000. The fiscal year 2002-03 budget includes thirty-six and three-quarters (36.75) new staff positions to support City services.

- Fiscal year 2001-02 saw the national, state and regional economies struggle to recover from the effects of an ongoing recession, the events of September 11, 2001, and low consumer confidence.
- While the regional economy remains strong, it is traditionally largely driven by construction, due to the continued population growth of the state and metropolitan area, as well as the financial services and tourism sectors. Arizona cities remain dependent on sales taxes and other economically sensitive tax revenues and are susceptible to slowdowns in the economy.
- The City's unemployment rate for June 2002 was 5.6%, which is an increase from a rate of 3.8% a year ago. This compares favorably to the state's average unemployment rate of 6.3% and the national average rate of 5.9%.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 5850 West Glendale Avenue, Suite 302, City of Glendale, Arizona, 85301.



Basic Financial Statements

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City of Glendale, Arizona
Statement of Net Assets
June 30, 2002
(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 128,568	\$ 32,618	\$ 161,186
Receivables (net of allowance for uncollectibles)			
Property taxes	695	-	695
Accounts	8,507	9,308	17,815
Accrued interest	727	138	865
Due from other governments	5,057	139	5,196
Internal balances	(189)	189	-
Inventories and prepaid items	1,284	486	1,770
Total current assets	<u>144,649</u>	<u>42,878</u>	<u>187,527</u>
Noncurrent assets:			
Restricted cash and investments	4,007	21,946	25,953
Capital assets:			
Non-depreciable	71,017	29,423	100,440
Depreciable (net)	90,580	325,848	416,428
Deferred receivable	21,665	-	21,665
Water storage right (net)	-	6,478	6,478
Equity in joint venture	-	29,805	29,805
Total noncurrent assets	<u>187,269</u>	<u>413,500</u>	<u>600,769</u>
Total assets	<u>331,918</u>	<u>456,378</u>	<u>788,296</u>
LIABILITIES			
Current liabilities:			
Accounts payable	9,273	3,137	12,410
Accrued expenses	4,526	1,061	5,587
Accrued interest payable	2,667	1,939	4,606
Due to other governments	-	15	15
Deposits	448	631	1,079
Unearned rent	-	1	1
Deferred revenue	25,222	-	25,222
Total current liabilities	<u>42,136</u>	<u>6,784</u>	<u>48,920</u>
Noncurrent liabilities (Note VIII.E)			
Due within one year	24,860	14,166	39,026
Due in more than one year	133,227	82,017	215,244
Total noncurrent liabilities	<u>158,087</u>	<u>96,183</u>	<u>254,270</u>
Total liabilities	<u>200,223</u>	<u>102,967</u>	<u>303,190</u>
NET ASSETS			
Invested in capital assets, net of related debt	31,260	269,007	300,267
Restricted for:			
Capital projects	58,986	-	58,986
Debt service	10,351	9,012	19,363
Revenue bond retirement, replacement, and extension	-	9,808	9,808
Perpetual care - nonexpendable	4,208	-	4,208
Other purposes	17,658	1,272	18,930
Unrestricted	9,232	64,312	73,544
Total net assets	<u>\$ 131,695</u>	<u>\$ 353,411</u>	<u>\$ 485,106</u>

The notes to the financial statements are an integral part of this statement.

Statement of Activities

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 22,490	\$ 4,464	\$ 239	\$ 1
Public safety	53,779	325	2,113	-
Public works	12,766	479	152	-
Community services	30,919	4,409	1,713	629
Community environment	3,414	-	3,071	-
Street maintenance	12,534	25	15,352	1,959
Other	19	-	-	-
Interest on long-term debt	5,864	-	-	-
Total governmental activities	<u>141,785</u>	<u>9,702</u>	<u>22,640</u>	<u>2,589</u>
Business-type activities:				
Water and sewer	39,909	46,068	11	307
Landfill	1,189	9,610	98	37
Sanitation	10,180	11,808	-	22
Housing	7,513	422	6,483	307
Total business-type activities	<u>58,791</u>	<u>67,908</u>	<u>6,592</u>	<u>673</u>
Total primary government	<u>\$ 200,576</u>	<u>\$ 77,610</u>	<u>\$ 29,232</u>	<u>\$ 3,262</u>

General revenues:

Taxes:

Property taxes levied for:

General purposes

Debt service

Sales taxes

State shared sales tax

Urban revenue sharing (state shared income tax)

Auto in-lieu taxes

Franchise fees

License fees

Impact fees

Investment earnings, unrestricted

Gain (loss) on disposal of capital assets

Gain (loss) on joint venture

Miscellaneous

Capital contributions

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

The notes to the financial statements are an integral part of this statement.

Statement of Activities

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (17,786)	\$ -	\$ (17,786)
(51,341)	-	(51,341)
(12,135)	-	(12,135)
(24,168)	-	(24,168)
(343)	-	(343)
4,802	-	4,802
(19)	-	(19)
(5,864)	-	(5,864)
<u>(106,854)</u>	<u>-</u>	<u>(106,854)</u>
-	6,477	6,477
-	8,556	8,556
-	1,650	1,650
-	(301)	(301)
-	<u>16,382</u>	<u>16,382</u>
<u>(106,854)</u>	<u>16,382</u>	<u>(90,472)</u>
3,306	-	3,306
13,153	-	13,153
52,580	-	52,580
16,862	-	16,862
22,822	-	22,822
7,219	-	7,219
3,260	-	3,260
634	-	634
4,995	3,751	8,746
1,397	1,215	2,612
(345)	(168)	(513)
-	(1,054)	(1,054)
289	-	289
6,205	4,591	10,796
(228)	228	-
<u>132,149</u>	<u>8,563</u>	<u>140,712</u>
<u>25,295</u>	<u>24,945</u>	<u>50,240</u>
<u>106,400</u>	<u>328,466</u>	<u>434,866</u>
<u>\$ 131,695</u>	<u>\$ 353,411</u>	<u>\$ 485,106</u>

City of Glendale, Arizona

Balance Sheet

Governmental Funds

June 30, 2002

(amounts expressed in thousands)

	Major Funds			Other Non-major Governmental Funds	Total Governmental Funds
	General	General Obligation Debt Service	Special Assessment Debt Service		
ASSETS					
Equity in pooled cash and investments	\$ 23,632	\$ 14,962	\$ 4,412	\$ 72,355	\$ 115,361
Receivables, net of allowance for doubtful accounts:					
Property taxes	142	553	-	-	695
Accounts	6,698	-	-	1,763	8,461
Accrued interest	656	-	-	71	727
Due from other funds	935	-	-	-	935
Due from other governments	2,033	-	-	3,024	5,057
Inventories and prepaid items	346	-	-	227	573
Restricted cash and investments	2,209	107	-	1,660	3,976
Deferred receivables	-	-	18,928	2,737	21,665
Total assets	<u>\$ 36,651</u>	<u>\$ 15,622</u>	<u>\$ 23,340</u>	<u>\$ 81,837</u>	<u>\$ 157,450</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 3,043	\$ 2	\$ 3	\$ 5,231	\$ 8,279
Compensated absences - current	1,380	-	-	219	1,599
Accrued expenses	4,236	-	-	222	4,458
Due to other funds	-	-	-	873	873
Matured interest payable	-	1,240	487	872	2,599
Deposits	431	-	-	17	448
Deferred revenue	2,444	441	18,928	4,058	25,871
Matured bonds payable	-	8,058	-	5,160	13,218
Total liabilities	<u>11,534</u>	<u>9,741</u>	<u>19,418</u>	<u>16,652</u>	<u>57,345</u>
Fund Balances:					
Reserved (Note XV)	17,998	5,881	3,922	18,657	46,458
Unreserved:					
Designated (Note XV)	4,715	-	-	33,240	37,955
Undesignated, reported in					
General fund	2,404	-	-	-	2,404
Special revenue funds	-	-	-	8,014	8,014
Capital projects funds	-	-	-	5,274	5,274
Total fund balances	<u>25,117</u>	<u>5,881</u>	<u>3,922</u>	<u>65,185</u>	<u>100,105</u>
Total liabilities and fund balances	<u>\$ 36,651</u>	<u>\$ 15,622</u>	<u>\$ 23,340</u>	<u>\$ 81,837</u>	<u>\$ 157,450</u>

The notes to the financial statements are an integral part of this statement.

City of Glendale, Arizona
**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets**
June 30, 2002
(amounts expressed in thousands)

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

Fund balances - Total governmental funds balance sheet		\$ 100,105
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 236,441	
Less accumulated depreciation	<u>(74,844)</u>	
		161,597
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		374
Internal service funds are used by management to charge the costs of workers' compensation, risk management, and employee benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		7,333
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	(121,191)	
Loans payable	(8,838)	
Compensated absences	(7,572)	
Bond premium	(318)	
Arbitrage rebate payable	<u>(391)</u>	
		(138,310)
Interest payable		(68)
Deferred revenue not expected to be received within sixty days is unavailable for governmental funds statements but is recognized for governmental-wide statements.		664
Net assets of governmental activities		<u><u>\$ 131,695</u></u>

City of Glendale, Arizona
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Major Funds			Other Non-Major Governmental Funds	Total Governmental Funds
	General	General Obligation Debt Service	Special Assessment Debt Service		
REVENUES					
Taxes and special assessments	\$ 44,883	\$ 12,864	\$ 1,847	\$ 10,932	\$ 70,526
Licenses and permits	5,648	-	-	5,015	10,663
Intergovernmental	46,978	-	-	21,501	68,479
Charges for services	1,392	-	-	1,124	2,516
Fines and forfeitures	2,859	-	-	-	2,859
Investments	1,177	-	-	1,395	2,572
Miscellaneous	1,422	-	-	1,307	2,729
Total revenues	<u>104,359</u>	<u>12,864</u>	<u>1,847</u>	<u>41,274</u>	<u>160,344</u>
EXPENDITURES					
Current:					
General government	19,113	-	-	951	20,064
Public safety	43,903	-	-	5,223	49,126
Public works	11,348	-	-	16	11,364
Community services	20,211	-	-	7,291	27,502
Community environment	-	-	-	3,223	3,223
Street maintenance	-	-	-	11,493	11,493
Miscellaneous	-	51	7	13	71
Debt service:					
Principal	5,287	8,058	1,374	5,855	20,574
Interest	659	2,440	1,017	1,809	5,925
Capital outlay	7,046	-	-	31,590	38,636
Total expenditures	<u>107,567</u>	<u>10,549</u>	<u>2,398</u>	<u>67,464</u>	<u>187,978</u>
Excess (deficiency) of revenues over expenditures	<u>(3,208)</u>	<u>2,315</u>	<u>(551)</u>	<u>(26,190)</u>	<u>(27,634)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from bonds sold	-	4,584	-	35,979	40,563
Proceeds from loans	-	-	-	200	200
Proceeds from equipment disposal	82	-	-	-	82
Payment to refunded bonds escrow agent	-	(4,533)	-	-	(4,533)
Transfers in	356	-	420	15,160	15,936
Transfers out	(10,061)	-	-	(6,104)	(16,165)
Total other financing sources and uses	<u>(9,623)</u>	<u>51</u>	<u>420</u>	<u>45,235</u>	<u>36,083</u>
Net change in fund balances	<u>(12,831)</u>	<u>2,366</u>	<u>(131)</u>	<u>19,045</u>	<u>8,449</u>
Fund balances, July 1	37,948	3,515	4,053	42,860	88,376
Change in accounting principle (Note I.T)	-	-	-	3,280	3,280
Fund balances, July 1 - restated	<u>37,948</u>	<u>3,515</u>	<u>4,053</u>	<u>46,140</u>	<u>91,656</u>
Fund balances, June 30	<u>\$ 25,117</u>	<u>\$ 5,881</u>	<u>\$ 3,922</u>	<u>\$ 65,185</u>	<u>\$ 100,105</u>

The notes to the financial statements are an integral part of this statement.

City of Glendale, Arizona
**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
Balances of Governmental Funds
to the Statement of Activities**
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

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

Net change in fund balances - total governmental funds	\$ 8,449
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount by which capital outlays \$38,636 exceeded depreciation (\$8,026) for the current period.	30,610
The net effect of various transactions involving capital is to increase net assets.	
Capital contributions	6,205
Disposals	(82)
Loss on sales	<u>(345)</u>
	5,778
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	664
The issuance of long-term debt (\$40,435) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$20,574) and refunding of bonds (\$4,545) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and related items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(15,363)
Compensated absences 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.	(6,087)
The net revenue of certain activities of internal service funds is reported with governmental activities.	1,187
Interest expense on the statement of activities differ from governmental funds because of the portion not accrued on the governmental funds.	57
Change in net assets of governmental activities	<u><u>\$ 25,295</u></u>

City of Glendale, Arizona
Statement of Net Assets
Proprietary Funds
June 30, 2002
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Landfill	Other Proprietary Funds	Total	
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 14,294	\$ 16,753	\$ 1,571	\$ 32,618	\$ 13,207
Receivables:					
Accounts	7,117	964	1,463	9,544	46
Allowance for doubtful accounts	(203)	(8)	(25)	(236)	-
Accrued interest	136	2	-	138	-
Due from other governments	74	-	65	139	-
Inventories and prepaid items	474	-	12	486	337
Total current assets	<u>21,892</u>	<u>17,711</u>	<u>3,086</u>	<u>42,689</u>	<u>13,590</u>
Noncurrent assets:					
Restricted cash and investments	19,781	1,656	509	21,946	31
Capital assets:					
Capital assets	416,104	21,141	19,285	456,530	-
Accumulated depreciation	<u>(87,313)</u>	<u>(4,644)</u>	<u>(9,302)</u>	<u>(101,259)</u>	-
Capital assets, net	<u>328,791</u>	<u>16,497</u>	<u>9,983</u>	<u>355,271</u>	-
Water storage rights, net	6,478	-	-	6,478	-
Equity in joint venture	29,805	-	-	29,805	-
Total noncurrent assets	<u>384,855</u>	<u>18,153</u>	<u>10,492</u>	<u>413,500</u>	<u>31</u>
Total assets	<u>406,747</u>	<u>35,864</u>	<u>13,578</u>	<u>456,189</u>	<u>13,621</u>
LIABILITIES					
Current liabilities:					
Accounts payable	2,643	368	126	3,137	994
Compensated absences	657	125	206	988	-
Accrued expenses	928	73	60	1,061	68
Due to other funds	-	-	62	62	-
Due to other government	-	-	15	15	-
Deposits	399	129	103	631	-
Unearned rent	-	-	1	1	-
Claims payable	-	-	-	-	2,755
Current portion of long-term debt:					
General obligation bonds	2,195	147	-	2,342	-
Revenue bonds payable	7,425	-	-	7,425	-
Capital lease payable	26	1,407	888	2,321	-
Other long-term debt	1,090	-	-	1,090	-
Interest payable	1,669	246	24	1,939	-
Total current liabilities	<u>17,032</u>	<u>2,495</u>	<u>1,485</u>	<u>21,012</u>	<u>3,817</u>
Noncurrent liabilities:					
Deferred revenue	-	-	-	-	15
Compensated absences	272	47	145	464	-
General obligation bonds	3,970	1,186	-	5,156	-
Unamortized premium on debt issuance	360	-	-	360	-
Revenue bonds payable	49,280	-	-	49,280	-
Other long-term debt	-	-	1	1	-
Note payable	5,320	-	-	5,320	-
Capital lease obligations	109	10,301	2,560	12,970	-
Claims payable	-	-	-	-	2,205
Estimated closure and post-closure costs	-	8,466	-	8,466	-
Total noncurrent liabilities	<u>59,311</u>	<u>20,000</u>	<u>2,706</u>	<u>82,017</u>	<u>2,220</u>
Total liabilities	<u>76,343</u>	<u>22,495</u>	<u>4,191</u>	<u>103,029</u>	<u>6,037</u>
NET ASSETS					
Invested in capital assets, net of related debt	259,016	3,456	6,535	269,007	-
Restricted for:					
Debt service	9,012	-	-	9,012	-
Revenue bond retirement, replacement, and extension	9,808	-	-	9,808	-
Other purposes	827	-	434	1,261	-
Unrestricted	51,741	9,913	2,418	64,072	7,584
Total net assets	<u>\$ 330,404</u>	<u>\$ 13,369</u>	<u>\$ 9,387</u>	<u>353,160</u>	<u>\$ 7,584</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				251	
Net assets of business-type activities				<u>\$ 353,411</u>	

The notes to the financial statements are an integral part of this statement.

City of Glendale, Arizona
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	Landfill	Other Proprietary Funds	Totals	
Operating revenues:					
Intergovernmental	\$ 51	\$ -	\$ 6,483	\$ 6,534	\$ -
Metered water sales	26,769	-	-	26,769	-
Sewer service charges	18,281	-	-	18,281	-
Container service	-	-	4,499	4,499	-
Curb service	-	-	7,309	7,309	-
Landfill user fees	-	8,441	-	8,441	-
Self-insurance premium	-	-	-	-	15,570
Recycling sales	-	1,139	-	1,139	-
Other fees	1,019	30	422	1,471	-
Total operating revenues	<u>46,120</u>	<u>9,610</u>	<u>18,713</u>	<u>74,443</u>	<u>15,570</u>
Operating expenses:					
Water	10,577	-	-	10,577	-
Sewer	7,449	-	-	7,449	-
Landfill	-	4,534	-	4,534	-
Housing	-	-	7,157	7,157	-
Closure/post-closure care adjustment	-	(6,211)	-	(6,211)	-
Sanitation	-	-	9,277	9,277	-
Administrative and general	9,594	878	1,200	11,672	-
Insurance claims	-	-	-	-	14,570
Amortization and Depreciation	8,104	1,089	1,148	10,341	-
Total operating expenses	<u>35,724</u>	<u>290</u>	<u>18,782</u>	<u>54,796</u>	<u>14,570</u>
Operating income (loss)	<u>10,396</u>	<u>9,320</u>	<u>(69)</u>	<u>19,647</u>	<u>1,000</u>
Nonoperating revenues (expenses):					
Impact fees	3,503	151	97	3,751	-
Investments	926	659	53	1,638	440
Interest expense	(3,123)	(938)	(185)	(4,246)	-
Net loss from joint venture	(1,054)	-	-	(1,054)	-
Gain (loss) on disposal of assets	(147)	(43)	22	(168)	-
Intergovernmental - capital grants	-	-	307	307	-
Total nonoperating revenue (expenses)	<u>105</u>	<u>(171)</u>	<u>294</u>	<u>228</u>	<u>440</u>
Income before contributions and transfers	10,501	9,149	225	19,875	1,440
Capital contributions	4,591	-	-	4,591	-
Transfers in	-	-	390	390	-
Transfers out	(148)	(14)	-	(162)	-
Change in net assets	<u>14,944</u>	<u>9,135</u>	<u>615</u>	<u>24,694</u>	<u>1,440</u>
Total net assets - beginning	315,460	4,234	2,208		6,144
Change in accounting principle (Note I.T)	-	-	6,564		-
Total net assets - beginning, restated	<u>315,460</u>	<u>4,234</u>	<u>8,772</u>		<u>6,144</u>
Total net assets - ending	<u>\$ 330,404</u>	<u>\$ 13,369</u>	<u>\$ 9,387</u>		<u>\$ 7,584</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				251	
Change in net assets of business-type activities				<u>\$ 24,945</u>	

The notes to the financial statements are an integral part of this statement.

City of Glendale, Arizona
Statement of Cash Flows
Proprietary Funds

1 of 2

For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Water and Sewer	Landfill	Other Proprietary Funds	Totals	Governmental Activities - Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 45,700	\$ 9,363	\$ 11,937	\$ 67,000	\$ 15,581
Cash received from federal government	-	-	5,887	5,887	-
Cash paid to suppliers:					
Internal city departments	(20,361)	(1,121)	(5,921)	(27,403)	-
External vendors	(12,795)	(2,775)	(7,408)	(22,978)	-
Cash paid for insurance and in settlement of claims	-	-	-	-	(14,036)
Cash paid to employees for services	(9,550)	(1,679)	(4,338)	(15,567)	-
Net cash provided by operating activities	<u>2,994</u>	<u>3,788</u>	<u>157</u>	<u>6,939</u>	<u>1,545</u>
Cash flows used for noncapital financing activities:					
Received from other programs	-	-	24	24	-
Paid to other programs	-	-	(135)	(135)	-
Paid to other projects	-	-	(10)	(10)	-
Transfers in	-	-	395	395	-
Transfers out	(148)	(14)	-	(162)	-
Net cash provided by or used for noncapital financing activities	<u>(148)</u>	<u>(14)</u>	<u>274</u>	<u>112</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets	2	-	-	2	-
Proceeds from loans	2,276	-	-	2,276	-
Proceeds from capital leases	135	355	1,020	1,510	-
Principal payments on obligations	(8,865)	(1,448)	(857)	(11,170)	-
Acquisition of capital assets and rights	(17,778)	(2,094)	(1,842)	(21,714)	-
Impact fees	3,503	151	97	3,751	-
Interest payments on obligations	(3,295)	(772)	(161)	(4,228)	-
Capital grant proceeds	-	-	307	307	-
Net cash used for capital and related financing activities	<u>(24,022)</u>	<u>(3,808)</u>	<u>(1,436)</u>	<u>(29,266)</u>	<u>-</u>
Cash flows from investing activities:					
Sale or maturity of investment securities	2,804	-	-	2,804	-
Interest received from investments	1,094	709	61	1,864	439
Net cash provided by investing activities	<u>3,898</u>	<u>709</u>	<u>61</u>	<u>4,668</u>	<u>439</u>
Net increase (decrease) in cash and cash equivalents during fiscal year	(17,278)	675	(944)	(17,547)	1,984
Cash and cash equivalents, July 1	51,353	17,734	3,024	72,111	11,254
Cash and cash equivalents, June 30	<u>\$ 34,075</u>	<u>\$ 18,409</u>	<u>\$ 2,080</u>	<u>\$ 54,564</u>	<u>\$ 13,238</u>

The notes to the financial statements are an integral part of this statement.

City of Glendale, Arizona
Statement of Cash Flows
Proprietary Funds
For Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Water and Sewer	Landfill	Other Proprietary Funds	Totals	Governmental Activities - Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 10,396	\$ 9,320	\$ (69)	\$ 19,647	\$ 1,000
Adjustments to reconcile operating income to net cash provided by operations:					
Amortization and Depreciation	8,104	1,089	1,148	10,341	-
Changes in assets and liabilities:					
Accounts receivable	(337)	(277)	(158)	(772)	(5)
Due from other governments	(64)	-	238	174	-
Inventories and prepaid items	(162)	-	(10)	(172)	(44)
Accounts payable	(402)	(204)	(41)	(647)	739
Accrued expenses	(321)	73	(1)	(249)	(335)
Due to other funds	(14,134)	-	(991)	(15,125)	-
Deposits	1	30	23	54	(83)
Unearned rent	-	-	(2)	(2)	-
Deferred revenue	-	-	-	-	15
Compensated absences	(87)	(32)	20	(99)	-
Claims payable	-	-	-	-	258
Estimated closure and post-closure costs	-	(6,211)	-	(6,211)	-
Net cash provided by operating activities	<u>\$ 2,994</u>	<u>\$ 3,788</u>	<u>\$ 157</u>	<u>\$ 6,939</u>	<u>\$ 1,545</u>
Reconciliation of balance sheet cash and investments to the statement of cash flows:					
Per combined balance sheet:					
Equity in pooled cash and investments	\$ 14,294	\$ 16,753	\$ 1,571	\$ 32,618	\$ 13,207
Restricted cash and investments	19,781	1,656	509	21,946	31
Total cash and cash equivalents	<u>\$ 34,075</u>	<u>\$ 18,409</u>	<u>\$ 2,080</u>	<u>\$ 54,564</u>	<u>\$ 13,238</u>
Noncash investing, capital, and financing activities.					
Contributions of capital assets	\$ 4,591	\$ -	\$ -	\$ 4,591	\$ -
Loss on joint venture	(1,054)	-	-	(1,054)	-
Non-cash loss on asset disposal	(147)	(43)	(22)	(212)	-
Estimated closure and post-closure costs	-	6,211	-	6,211	-
Trade in of capital asset	-	114	-	114	-

Notes to the Financial Statements

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

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I. Summary of significant accounting policies

A. Entity-wide and fund financial statements

The Entity-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of 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 operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Reporting entity

The City of Glendale, Arizona (City) was incorporated June 18, 1910, under the provisions of Article 13, Sections 1 through 6 of the Constitution of Arizona and Title 9 of the Arizona Revised Statutes. It is governed by Mayor elected at large, and six district council members. The City operates under a Council-Manager government. As required by GAAP, these financial statements present the government and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of a government's operations, so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in combined financial statements to emphasize that it is legally separate from the government. The City has no discrete component units.

Blended component unit

City of Glendale, Arizona, Municipal Property Corporation (MPC) is a non-profit corporation organized under the laws of the State of Arizona to assist the City in the acquisition and financing of municipal projects and facilities. MPC is governed by a board of directors, who are responsible for approving the corporation's bond sales. Bond sales must also be approved by the City Council. Although it is legally separate from the City, MPC is reported as if it is part of the primary government because its sole purpose is to finance and construct public facilities for the City. MPC does not issue separate audited financial statements. However, it does file a separate annual report with the Arizona Corporation Commission (ACC). Copies of the ACC report are available from the City's Finance Department. It is the only blended component unit.

C. Form of presentation – Government-wide financial statements

The City reports the following major governmental funds:

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

The *general obligation debt service fund* accounts for the resources accumulated through a secondary property tax levy and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *special assessment debt service fund* accumulates monies for payment of the City's improvement districts' debt. Each district makes assessments to pay its debt service.

The City reports the following major proprietary funds:

The *water and sewer fund* accounts for operations, maintenance and construction projects of the City-owned water and sewer systems.

The *landfill fund* accounts for operations of the City-owned landfill. It provides services to residential and commercial users of the City.

Additionally, the City reports the following fund types:

Internal service funds account for risk management, worker's compensation and employee benefits provided to other departments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the City-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Cities also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

D. Form of presentation – fund financial statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds are presented in the accompanying combined financial statements.

Governmental funds

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is based upon determination of financial position and changes in financial position, rather than upon the determination of net income. The following governmental funds are presented in the accompanying combined financial statements.

General fund: The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds: Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts if any, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt service funds: Debt service funds are used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest, and related costs, except the debt service accounted for in the enterprise funds. Debt service funds also include the debt payable from special assessments. The repayment of debt is principally funded by property taxes levied by the City on property located within the City.

Capital projects funds: Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). These funds also include activity for construction of various public improvements, which are financed through assessments levied against individual property owners who have benefited from the service or improvement.

Permanent funds: Permanent funds are used to account for the revenues received by the City from the sale of cemetery lots and other related services.

Proprietary funds

Proprietary funds are used to account for the City's ongoing organizations and activities, which are similar to those found in the private sector. The measurement focus is based upon the determination of net income.

Enterprise funds: Enterprise funds are used to account for operations, including debt service, 1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The enterprise funds, which the City currently maintains, are the water and sewer, landfill, sanitation, and housing funds.

Internal service funds: Internal service funds are used to account for the financing of self-insurance provided by one City department to other City departments on a cost-reimbursement basis.

Fiduciary funds: The City has none.

E. Measurement focus and basis of accounting

The City-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and 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 both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of

the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the related debt service fund for payments to be made shortly after fiscal year end.

Revenues susceptible to accrual include property tax, sales tax, highway users tax, state shared sales tax, vehicle license tax, and interest earned on investments. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

In applying the *susceptible to accrual* concept to intergovernmental revenues, the decision to accrue depends on the terms of the arrangement or agreement. Generally, these resources are reflected as revenue at the time of receipt or earlier if they meet the available criterion. Certain grant revenues are recognized based on expenditures recorded. Special assessment levies are reported as revenue when measurable and available.

F. Interfund transactions

There are several types of transactions that are reported in the financial statements as interfund items. Transactions that would be treated as revenue, expenditures or expenses if they involved organizations external to the governmental unit, like the sale of water from the water and sewer fund to various functions of the general fund, are accounted for as revenue and expenditures or expenses in the funds involved. Transactions that constitute reimbursement to a fund for expenditures or expenses initially made from that fund, which are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is being reimbursed. Governmental Accounting Standards Board Statement (GASBS) 34 also requires that administrative service fees charged to other operating funds to support general services used by the other operating funds (like purchasing, accounting and administration) should be treated as reimbursement transactions and the revenue and expenditures/expenses reduced in the allocating fund. Transfers between funds are included in the results of both governmental and proprietary funds (as other sources/uses in governmental funds and as non-operating revenues/expenses in proprietary funds).

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported in the fund financial statements as "due to/from other funds."

Certain transactions occurring between funds that are combined within the same fund type or displayed in the same financial statement column for presentation in these annual financial statements have been eliminated from the financial statements. These transactions include transfers between funds and interdepartmental service charges. In the government-wide financial statements, only the net interfund activity and balances between governmental activities and business-type activities are shown (reported as "internal balances").

G. Statement of cash flows

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

H. Inventories and Prepaid Items

Inventories of the governmental and enterprise funds consist primarily of expendable supplies held for consumption. These inventories are maintained on a perpetual system verified through cyclical physical counts and are valued using a weighted average cost. Generally, expenditures are recorded at the time inventories are used (i.e., the Consumption Method) for both GAAP reporting and budgetary purposes. However, the City postage inventory is recorded as an expenditure at time of purchase (i.e., the Purchase Method) for budgetary purposes. At June 30, 2002, the postage portion of the general fund supplies inventory was \$37. Certain expenditures are recorded for financial reporting purposes as prepaid items.

Special reporting treatment is applied to governmental fund inventories to indicate that they do not represent *available expendable financial resources*, even though they are a component of current assets. Such amounts have been offset by a fund balance reserve account.

I. Restricted assets

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

J. Capital assets

Prior to GASB Statement 34, capital assets for governmental funds were recorded in the general fixed assets account group and were not depreciated. The new model requires that all capital assets, whether owned by governmental activities or business-type activities, be recorded and depreciated in the government-wide financial statements. The City has chosen not to apply the modified approach to any networks or subsystems of infrastructure assets. No long-term assets or depreciation are shown in the governmental fund financial statements.

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the enterprise funds during the current fiscal year was \$4,246. Of this amount, \$220 was included as part of the cost of capital assets under construction in connection with water and sewer projects and \$30 was included as part of the cost of capital assets under construction in connection with landfill facility projects.

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

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<u>Assets</u>	<u>Useful Life (Years)</u>
Buildings	30
Improvements other than buildings	10-20
Infrastructure	20-100
Machinery and equipment	5-8
Automotive equipment	6-8
Software	3
Computer equipment	3-5

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

K. Water storage rights

The City has entered into a lease agreement with Salt River Pima-Maricopa Indian Community (SRP-MIC) for the rights to 1814 acre-feet of water each year through 2099. These rights costing \$2,693 are being amortized over 40 years on a straight-line basis starting January 1, 2000. Current year amortization was \$67. The net book value of water rights as of June 30, 2002, is \$2,525. In addition, the City will be responsible for paying for the cost of water delivered each year.

The City participates in the Plan Six cost sharing agreement to construct the Waddell Dam on the Agua Fria River and modify the Roosevelt and Stewart Mountain Dams on the Salt River. The parties to this agreement include the United States government, State of Arizona, Central Arizona Water Conservation District, Salt River Project, and the cities of Phoenix, Chandler, Glendale, Mesa, Scottsdale, Tempe and Tucson. The federal government has determined that this agreement does not constitute a joint venture. As of June 30, 2002, the City has capitalized payment of \$3,954 for these water rights. Upon completion, the City will amortize this asset over 40 years on a straight-line basis.

L. Fund balance/net assets reservations and designations

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation by legislative action by the City Council or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Only restrictions imposed by external sources are shown as Restricted Net Assets on the government-wide financial statements. Reservations or designations of net assets imposed by the reporting government, whether by administrative policy or legislative action of the reporting government, are shown in aggregate on the governmental fund financial statements.

M. Property tax

The City levies taxes on real and personal property located within its boundaries. Property values are assessed by the Maricopa County Tax Assessor. The tax levy is then approved by the State of Arizona Property Tax Oversight Commission. The County Treasurer bills and collects property taxes and remits them to the City monthly. City property tax revenues are recognized when levied to the extent that they are received within the current period, or soon enough thereafter (within 60 days of year end), to pay liabilities of the current period. Remaining collectible taxes are accrued and reflected as deferred revenue.

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Property Tax Calendar

Lien date	January 1, 2001
Levy (assessment) date (third Monday in August)	August 20, 2001
Due dates:	
First half of assessment	October 1, 2001
Second half of assessment	March 1, 2002
Penalties and interest added (collection dates):	
First half of assessment	November 1, 2001
Second half of assessment	May 1, 2002

The City currently levies less than the maximum allowed by State Statutes for primary property taxes. The City is permitted to levy an increase of two percent over the previous year's maximum allowable primary levy plus an increased dollar amount due to a net gain in property not taxed the previous year. The secondary property tax levy is made for the purpose of retiring the principal, interest and servicing fees on bonded indebtedness. The City may levy the amount deemed necessary to meet its bonded debt service requirements. Assessed values are established by the Maricopa County Tax Assessor each year on a uniform basis ratios to full cash value of each property class as required by State Statutes.

The distribution of the City's levy (tax rate per \$100 assessed value) to its funds for the year ended June 30, 2002, is as follows:

<u>Fund</u>	<u>Rate</u>
General fund	\$ 0.36
General obligation debt service fund	1.36
Total	<u>\$ 1.72</u>

N. Compensated absences

Vacation time is accumulated up to a maximum of six work weeks. Compensatory time is earned in lieu of cash payment for overtime and is accumulated up to a maximum of 48 hours. Both vacation and compensatory time can either be taken as time off from work within certain limitations or may be payable to employees upon termination or retirement. Sick leave is accumulated without limit and can be used in the event of an illness in the immediate family. Accumulated sick leave is convertible to a partial-cash benefit upon termination or retirement after five years of service, or annually through an irrevocable declaration.

The current portion of the liability for compensated absences recorded in the governmental funds, which is equal to: 1) vacation and compensatory time taken and paid during the sixty days following the year ended June 30, 2002, and 2) sick leave, taken and paid for illness during that period, paid to terminating employees or paid under the optional annual declaration. Long-term liabilities of governmental funds are not shown on the fund financial statements. For the government-wide financial statements, as well as the proprietary fund financial statements, all of the outstanding vacation, compensatory time, and sick leave are recorded as a liability.

O. Deferred revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Revenues related to time payment contracts are recorded as deferred revenue earned but not available in the permanent fund.

Revenues related to Court fines are recorded as unearned revenue until adjudicated by the Court.

Revenues related to property tax levies are recorded as deferred revenue until available to fund current activities.

Special revenue funds' deferred revenue and receivables consist principally of low interest rate loans made with grants from the Community Development Block Grant program for rehabilitation of homes for low to moderate income Glendale residents. Revenue will be recognized in future periods as loans are repaid or forgiven based on the homeowner's loan contract. An expenditure was recorded when the loans were made.

P. Long-term obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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.

Q. Operating revenues and expenses

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 enterprise funds, and of the City's internal service funds are charges to customers for sales and services, or housing operational grants from a federal agency. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

R. Deferred compensation

Voluntary Deferred Compensation Plan for Employees of the City of Glendale, State of Arizona; Restated Plan Document (the "Plan document") was adopted by the Mayor and City Council on November 10, 1998, and amended on January 8, 2002, to incorporate the federal Economic Growth and Tax Relief Reconciliation Act of 2001. In addition, the Mayor and City Council adopted a defined contribution deferred compensation plan document on April 9, 2002, under

the Internal Revenue Code Section 401(a). Through the Plan document, the City offers its employees a deferred compensation plan that permits them to defer a portion of their current salary until future years. Any contributions made to the deferred compensation plan, in compliance with Section 457 and 401(a) of the Internal Revenue Code, are not available to employees until termination of employment, retirement, death or an unforeseen emergency. Contributions to the plan are administered by one of two third party administrators, ICMA Retirement Corporation (ICMA-RC) and PEBSCO Securities Corporation (Nationwide Retirement Solutions). In compliance with the provisions of the U.S. Internal Revenue Code Sections 457(g) and 401(a), the plan assets are in custodial or trust accounts for the exclusive benefit of the plans' participants and beneficiaries.

In accordance with GASBS 32, the City provides neither administrative services nor investment advice to the plans and therefore, no fiduciary relationship exists between the City and the deferred compensation pension plan. Therefore, Plan assets are not included as a fund of the City. To further clarify the legal trust status in Arizona of plan assets with ICMA-RC and Nationwide Retirement Solutions, a Trust Agreement was executed by the City management on May 19, 2001.

S. Investments

The City utilizes the following methods and assumptions to account for its investments:

1. Aside from investments clearly identified as belonging to a specific fund, any unrealized gain/loss resulting from the valuation is recognized within the general fund as investment revenue.
2. Investments are recorded at fair value, which is based on quoted market prices as of the valuation date.
3. Pooled investment income is allocated to various funds monthly based on the average equity balances maintained during the month.

Arizona Revised Statutes require the City to deposit certain crime-related forfeitures with the County Treasurer. The County Treasurer determines the fair value of those pooled investments. The structure of the pool does not provide for shares and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments.

The City's investment in LGIP represents shares of the pool's portfolio. The fair value of each share in the LGIP is \$1. These shares are not identified with specific investments and are not subject to custodial credit risk. Both the County and LGIP are not registered with the Securities and Exchange Commission as investment companies. The State Board of Deposits provides oversight, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the LGIP. There is no regulatory oversight of the County Treasurer's operations. The net decrease in the fair value of investments during fiscal year 2001-02 was \$99.

T. Change in accounting principle

The implementation of GASBS 34, 37 ("Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus"), and 38 ("Certain Financial Statement Disclosures") are a change in accounting principle, which caused certain prior year net assets/fund balances to be restated. The City also reclassified certain funds

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during fiscal year 2001-02 between governmental funds and proprietary funds. The net effect of these movements is shown as an adjustment to beginning net assets/fund balance as of July 1, 2001.

Governmental funds:	
Housing special revenue fund reclassified into a proprietary fund	\$ (301)
Cemetery perpetual care permanent fund established, net of \$101 land previously reported as a fund asset	<u>3,581</u>
Net increase in beginning net assets	<u>\$ 3,280</u>
Proprietary funds:	
Housing enterprise fund established	\$ 6,564
Cemetery perpetual care nonexpendable trust fund reclassified to be a permanent fund	<u>(3,682)</u>
Net increase in beginning net assets	<u>\$ 2,882</u>

II. Stewardship, compliance and accountability

A. Budgetary basis of accounting

The City prepares its annual budget on a basis, which differs from the GAAP basis. A budgetary comparison schedule for the general fund is included as required supplementary information to provide a meaningful comparison of actual results to budget on the budget basis. Budgetary comparison schedules for all other funds are presented as other supplement information after the combining statements. In all cases, the budgetary schedules include a reconciliation of the adjustments required to convert the budgetary revenues and expenditures or change in net assets on a budgetary basis, to revenues and expenditures/expenses or change in net assets on a GAAP basis.

B. Budgetary information

The City utilizes the following procedures in establishing the budgetary data reflected in the combined financial statements.

1. Prior to the first of June of each year, the City Manager submits to the Mayor and Council a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed operating and capital expenditures and the means of financing them.
2. The projected beginning budgeted fund balances for each fund are based on preliminary estimates of the June 30th ending actual budget basis fund balances rather than the June 30th ending budgeted fund balances. These two amounts will differ because of differences in actual results for the year versus planned results and by unused contingency appropriations.
3. Prior to July 1, after receiving comments in a public hearing, a tentative budget is adopted by the City Council, which fixes an upper-dollar limit for all funds combined, beyond which the City may not increase appropriations. After two weeks of legal advertising, the City Council legally adopts a final budget ordinance, which fixes appropriations for each fund, except for the nonexpendable trust fund.
4. Budget basis expenditures may not exceed appropriations for each fund, except in conjunction with the transfer of contingency funds. Contingency funds are appropriated for several funds as identified in the budget basis schedules and may only be transferred with City Council approval. The City Council may reallocate appropriations through amendment, but may not increase total appropriations above the total budget, which was legally adopted for the fiscal year.

5. The Director of Management and Budget is generally authorized to transfer budgeted amounts within departments' approved capital or operating budgets, and the City Manager is authorized to transfer appropriations between departments. Any new capital improvement projects or any nonbudgeted projects require City Council approval.
6. Formal budgetary integration is employed as a management control device during the year for all funds.

C. Excess of expenditure over appropriations

For the year ended June 30, 2002, expenditures exceeded appropriations in the general obligation debt service and workers compensation funds (the legal level of budgetary control) by \$168 and \$73, respectively. These over-expenditures were funded by available fund balance in the funds.

D. Contingency appropriation

The principal purpose of a contingency appropriation is to cover any unforeseen expenditure, which may arise after the budget is adopted. It is impossible to estimate revenues exactly or to determine in a prior year the exact expenditures of each program or activity for the ensuing year. Thus, a contingency is essential for budgetary purposes.

Any balance of contingency appropriation not used during one fiscal year is available to help finance the following year's budget. The unused balances of contingency appropriations are reflected in the budget basis financial statements.

III. Deposits and investments

The City maintains a cash management pool for its cash and cash equivalents in which each fund and/or account or sub-account of a fund participates on a dollar equivalent basis.

Deposits

At year-end, the carrying amount of the City's deposits, excluding restricted cash, was \$34,435. The bank ledger balances were \$40,195, of which \$285 was insured by the Federal Depository Insurance Corporation (FDIC), \$38,851 was collateralized by the bank's agent in the City's name. The remaining amount was uninsured and uncollateralized. The difference between the carrying amount and the bank balance represents outstanding transactions that had not cleared the bank as of June 30, 2002.

At year-end, the carrying amount of the City's cash with fiscal agents totaled \$1,039. Cash with the fiscal agent is credited to the name of the bondholder upon receipt by the fiscal agent from the City and as such, the monies are not collateralized. Rights to the monies are collateralized by the FDIC in the name of the bondholder. Of this amount, \$827 was held in an escrow account maintained by the Arizona State Treasurer and is not subject to credit risk categorization.

Investments

State Statutes and the City's investment policy authorize the City to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, repurchase agreements, commercial paper (A-1/P-1 rated), interest-earning money market accounts, certificates of deposit, and the State of Arizona Local Government Investment Pool (LGIP). Investments may not exceed three years to maturity from the date of purchase.

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The City's investments are categorized as follows to give an indication of the level of credit risk assumed at year-end.

- Category 1 Investments that are insured or registered or for which the Securities are held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

	Fair Value
Credit risk category 1	
U.S. Treasury securities	\$ 14,227
U.S. instrumentalities	29,733
Investments not subject to credit risk categorization:	
LGIP	101,342
Maricopa County Treasurer's Investment Pool	327
Wells Fargo Money Market	4,895
Wells Fargo Treasury Plus	1,141
Total investments	\$ 151,665

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IV. Capital assets

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2002, is as follows:

	<u>Balances June 30, 2001</u>	<u>Additions / Transfers In</u>	<u>Disposals / Transfers Out</u>	<u>Balances June 30, 2002</u>
Governmental activities				
Non-depreciable assets:				
Construction in progress	\$ 432	\$ 23,079	\$ (6,138)	\$ 17,373
Land	43,245	9,461	-	52,706
Artwork	938	-	-	938
Total non-depreciable assets	<u>44,615</u>	<u>32,540</u>	<u>(6,138)</u>	<u>71,017</u>
Depreciable assets:				
Buildings	68,158	-	-	68,158
Improvements other than buildings	53,970	419	(154)	54,235
Infrastructure - streets	-	11,283	-	11,283
Infrastructure - parks	-	491	-	491
Infrastructure - airport	-	13	-	13
Infrastructure - lighting	-	294	-	294
Machinery and equipment	8,745	3,888	(4,569)	8,064
Computer equipment	1,960	244	(1,272)	932
Software	40	394	-	434
Automotive equipment	21,635	1,502	(1,617)	21,520
Total depreciable assets at historical cost	<u>154,508</u>	<u>18,528</u>	<u>(7,612)</u>	<u>165,424</u>
Less accumulated depreciation for:				
Buildings	(20,917)	(2,251)	-	(23,168)
Improvements other than buildings	(31,704)	(2,717)	120	(34,301)
Infrastructure - streets	-	-	-	-
Infrastructure - parks	-	-	-	-
Infrastructure - airport	-	-	-	-
Infrastructure - lighting	-	-	-	-
Machinery and equipment	(6,518)	(642)	4,268	(2,892)
Computer equipment	(1,367)	(339)	1,232	(474)
Software	(37)	(41)	-	(78)
Automotive equipment	(13,461)	(2,037)	1,567	(13,931)
Total accumulated depreciation	<u>(74,004)</u>	<u>(8,027)</u>	<u>7,187</u>	<u>(74,844)</u>
Total depreciable assets, net	<u>80,504</u>	<u>10,501</u>	<u>(425)</u>	<u>90,580</u>
Governmental activities capital assets, net	<u>\$ 125,119</u>	<u>\$ 43,041</u>	<u>\$ (6,563)</u>	<u>\$ 161,597</u>

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	Balances June 30, 2001	Additions / Transfer In	Disposals / Transfer Out	Balances June 30, 2002
Business-type activities:				
Non-depreciable assets:				
Construction in progress - water and sewer	\$ 64,297	\$ 14,468	\$ (56,897)	\$ 21,868
Construction in progress - landfill	14	31	(30)	15
Construction in progress - landfill bonds	-	1,564	-	1,564
Construction in progress - housing authority	813	298	(760)	351
Land	5,612	13	-	5,625
Total non-depreciable assets	<u>70,736</u>	<u>\$ 16,374</u>	<u>\$ (57,687)</u>	<u>\$ 29,423</u>
Depreciable assets:				
Buildings	12,441	887	-	13,328
Improvements other than buildings	6,687	410	-	7,097
Water lines	74,928	3,156	-	78,084
Sewer lines	91,716	2,003	-	93,719
Water treatment plant	89,837	745	-	90,582
Sewer treatment plant	34,560	55,416	-	89,976
Meters and services	25,780	168	-	25,948
Fire hydrants	5,187	-	-	5,187
Machinery and Equipment	7,267	1,815	(2,260)	6,822
Computer equipment	845	54	(24)	875
Automotive equipment	16,248	2,178	(2,937)	15,489
Total depreciable assets at historical cost	<u>365,496</u>	<u>66,832</u>	<u>(5,221)</u>	<u>427,107</u>
Less accumulated depreciation for:				
Buildings	(2,575)	(625)	-	(3,200)
Improvements other than buildings	(1,547)	(218)	-	(1,765)
Water lines	(17,574)	(1,250)	-	(18,824)
Sewer lines	(25,134)	(1,766)	-	(26,900)
Water treatment plant	(26,527)	(2,559)	-	(29,086)
Sewer treatment plant	(1,711)	(979)	-	(2,690)
Meters and services	(3,977)	(716)	-	(4,693)
Fire hydrants	(1,100)	(101)	-	(1,201)
Machinery and Equipment	(2,754)	(594)	461	(2,887)
Computer equipment	(630)	(107)	22	(715)
Automotive equipment	(10,289)	(1,359)	2,350	(9,298)
Total accumulated depreciation	<u>(93,818)</u>	<u>(10,274)</u>	<u>2,833</u>	<u>(101,259)</u>
Total depreciable assets, net	<u>271,678</u>	<u>56,558</u>	<u>(2,388)</u>	<u>325,848</u>
Business-type activities capital assets, net	<u>\$ 342,414</u>	<u>\$ 72,932</u>	<u>\$ (60,075)</u>	<u>\$ 355,271</u>

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Depreciation was charged to functions/programs as follows:

Governmental activities:	
General	\$ 2,053
Public safety	1,912
Public works	726
Street maintenance	598
Community service	2,592
Community environment	<u>146</u>
Total depreciation expense	<u>\$ 8,027</u>
Business-type activities:	
Water and sewer	\$ 8,037
Landfill	1,089
Sanitation	781
Community housing	<u>367</u>
Total depreciation expense	<u>\$ 10,274</u>

Effective with these financial statements, the City has implemented infrastructure reporting requirements of GASB Statement 34, not including retroactive infrastructure. The City plans to implement the retroactive infrastructure within the required GASB Statement 34 phase in period.

V. Construction and other significant commitments

The City has expanded its Pyramid Peak Water treatment plant to a capacity sufficient to treat up to six million gallons per day of City of Peoria's allocation of Central Arizona Project (CAP) water. Peoria has paid its pro-rata share of the costs of the necessary facilities in the amount of \$9,956. The City has also entered into an ongoing operations agreement with Peoria. The agreement requires Peoria to pay 23% of the cost of power, chemicals, labor, overhead and maintenance costs of the Pyramid Peak Plant.

On July 24, 2001, the City entered into an agreement to purchase 29.6 acres of land previously used for raising livestock or poultry. The agreement provides for a total purchase price not to exceed \$7,000 plus closing costs. The City has paid \$500 plus closing costs through fiscal year 2002 with a purchase commitment of \$2,300 plus closing cost in fiscal year 2003, \$2,000 in fiscal year 2004 and \$2,200 in fiscal year 2005. Payment will be funded from each fiscal year revenues out of the general fund.

The City entered into an agreement on June 27, 2002, to purchase a new communication system. The agreement calls for a total purchase price not to exceed \$9,000 payable over 13 months with \$3,600 due 30 days after the agreement date. Payment will be funded out of the Public Safety CIP fund.

On November 27, 2001, the City entered into several agreements with a private developer who is related to the company redeveloping Manistee Town Center. Those agreements guide the development and management of a 223-acre mixed-use project that will contain at least 1.6 million square feet of retail development; a multi-purpose facility that meets or exceeds National Hockey League (NHL) standards; and substantial additional development including restaurants, Class A office, entertainment and recreational uses, hotels and residential units. The agreements provide for the City to fund up to \$180,000 for the construction of the multi-purpose facility, which will be owned by the City. The \$180,000 will consist of up to \$30,000 in general obligation bond funding, which will be repaid through revenue generated directly from the project, and backed by a citywide pledge of excise tax revenues. The developer and related parties have provided certain financial guarantees to provide the City assurance that development will occur according to an agreed upon

development schedule. As of June 30, 2002, the City has issued \$28,010 in General Obligation Bonds and has paid \$6,470 in land acquisition and other related costs.

VI. Self-insurance funds

The City is exposed to various risks of loss. Certain of these risks are accounted for within the internal service fund type.

A. Risk management

On January 1, 1987, the City established a risk management fund for torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disaster. The City's risk management fund purchases commercial insurance for property, aviation, Inland Marine, errors and omissions, boiler and machinery, special events, and vehicle property damage. The risk management fund was fully self-insured through June 30, 1998, for tort liability loss. Effective July 1, 1998, the City purchased excess public entity liability insurance with \$1 million of self-insurance retention for claims incurred on or after July 1, 1998.

Funds receiving insurance coverage pay monthly premiums to the risk management fund based upon an actuarial review and recommendation made by the insurance advisor.

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.

B. Workers' compensation

On July 1, 1994, the City established a workers' compensation fund for work-related injuries to employees. The workers' compensation fund provides coverage up to a maximum of \$250 for each workers' compensation claim and purchases commercial insurance for claims in excess of \$250.

Funds receiving insurance coverage pay monthly premiums to the workers' compensation fund based upon an actuarial review and recommendation made by the insurance advisor.

Premium payments to insurance carriers are made directly from the workers' compensation fund. There have been no settlements paid in excess of insurance in any of the past three years. The City's insurance coverage decreased from \$5,000 to \$2,000 due to limited insurance availability after the September 11, 2001, terrorist attacks.

C. Employee benefits trust

On July 1, 2000, the City established an employee benefits trust fund to meet future cost increases for health-related insurance.

Premiums are collected through contributions from employee paychecks and department budgets. Retirees and COBRA participants contribute 100% of premiums for their insurance benefit coverage. Premiums for the vision, dental, and life insurance plans are determined prior to each renewal period by a variety of factors including: the number of plan participants, the demographics of the group and previous claims history. These insurance benefits are provided through fully insured plans with the insurer having 100% liability for all claims. The fund pays all prescription claims submitted for the plan year.

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The fund has an annual aggregate stop loss limit for medical claims. These premiums are set prior to the beginning of each plan year equal to 110% of the expected claims liability. The insurer covers claims in excess of the 110% mark.

Premium payments to insurance carriers are made directly from the 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.

D. Estimated liability

Based on information provided by the actuary, liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Liabilities include an amount for claims that have been incurred but not reported, the effects of specific, incremental claim adjustment expenses, and other allocated claim adjustment expenses. The City's workers' compensation self-insurance program liability includes recoveries related to subrogation. Salvage and subrogation are immaterial to both risk management and employee benefits self-insurance programs and are not incorporated into the liability. None of the self-insurance programs include a provision for unallocated claim adjustment expenses.

The City claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and societal factors.

The City reports the estimated liability in net present value dollars using a future investment yield assumption of 5%. These liabilities are reported in the internal service funds at their present value of \$4,960 as of June 30, 2002. Changes in the balances of claims liabilities during the past two years are as follows:

	Risk Management		Workers' Compensation		Employee Benefits	
	2002	2001	2002	2001	2002	2001
Unpaid claims, beginning of fiscal year	\$ 1,715	\$ 4,999	\$ 2,073	\$ 1,952	\$ 914	\$ -
Current year claims and changes in estimate	680	(2,755)	559	704	11,379	7,606
Claims payments	(751)	(529)	(764)	(583)	(10,845)	(6,692)
Balance at fiscal year end	<u>\$ 1,644</u>	<u>\$ 1,715</u>	<u>\$ 1,868</u>	<u>\$ 2,073</u>	<u>\$ 1,448</u>	<u>\$ 914</u>

VII. Leases

A. Capital leases

The City's capital lease activity consists principally of leasing various types of heavy equipment for landfill, sanitation, and fire. Additionally, the City has entered into capital leases involving real property for various funds. The City's lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," and have been recorded on the government-wide statements. The future minimum lease obligation and net present value of lease payments for the leases at June 30, 2002, is as follows:

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Year Ending June 30	Capital Leases
2003	\$ 4,077
2004	3,824
2005	3,760
2006	3,150
2007	2,335
2008-2012	5,454
2013-2017	<u>2,509</u>
Total minimum lease payments	25,109
Less: Amount representing interest	<u>(5,320)</u>
Present value of net minimum lease payments	<u>\$ 19,789</u>

The assets acquired through capital leases are as follows:

Class of Property	Governmental Activities	Business-type Activities
Equipment	\$ 87	\$ 2,012
Automotive equipment	2,975	6,464
Building	197	4,989
Other	<u>683</u>	<u>2,498</u>
	3,942	15,963
Less: Accumulated depreciation	<u>(1,677)</u>	<u>(2,514)</u>
Total	<u>\$ 2,265</u>	<u>\$ 13,449</u>

B. Operating lease expenditures

The City leases office space and vehicles under various cancelable operating lease agreements expiring at various dates. Certain leases contain provisions for possible future increased rentals based upon changes in the Consumer Price Index.

In reporting year 1999-00, the police department entered into a 5-year lease agreement for office space. The office space allowed the Sex Crimes Investigations Unit to move offsite and to form the Northwest Valley Advocacy Center, which provides a one-stop alternative for adults and children who are victims of sexual and domestic violence abuse. In 1993-1994, the police department entered into an 8-year office space agreement. Combined annual rental payments in fiscal year 2001-02 were \$55.

During the reporting year 2000-01, the City entered into various lease agreements for police, environmental quality, and city clerk vehicles. Combined annual rental payments in fiscal year 2001-02 were \$116.

C. Operating lease revenue

The City also leases various City-owned properties and buildings under cancelable and non-cancelable long-term lease agreements through fiscal year 2007 and beyond. The carrying value of leased assets is \$9,691 (cost of \$10,061 less accumulated depreciation of \$370). The leased properties and buildings are included as capital assets in the government-wide financial statements. Certain leases contain provisions for future increased revenues based upon changes in the Consumer Price Index.

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Scheduled minimum revenues for non-cancelable leases for succeeding fiscal years ending June 30 are as follows:

<u>Fiscal Year</u>	<u>Total Revenues</u>
2003	\$ 647
2004	475
2005	392
2006	392
2007	392
Beyond 2007	<u>33</u>
Total	<u>\$2,331</u>

VIII. Long-term debt

A. General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City and are repaid through the City's levying of property taxes. Retirement of the general obligation bonds in the business type activities are intended to be paid back by the revenues of the business type activities.

B. Revenue bonds

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

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

C. Municipal Property Corporation bonds

In 1982, the MPC, a nonprofit corporation, issued bonds to finance the construction of a new municipal office complex. On October 19, 1982, the City entered into a lease purchase agreement with MPC, whereby the City is purchasing the constructed municipal office complex from MPC. An amount equal to the MPC debt service and related miscellaneous fees, is payable to the MPC in monthly installments by the City, which commenced July 1, 1983.

Under the provisions of the purchase agreement, the City has pledged for the payment of the purchase price: 1) all net revenues derived by it from the municipal office complex, and 2) all excise, transaction, privilege and franchise taxes which it currently collects, which it may collect or which are allocated to it by any other governmental unit or municipal corporation, except its share of such amounts which by state law, rule or regulation must be expended for other purposes. However, under no circumstances shall such pledge constitute a general obligation of the City or will the purchase price be payable from the proceeds of ad valorem taxes.

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D. Special assessment bonds

The City has a trust relationship for special assessment districts whereby it collects the assessments levied against owners of property within established districts and disburses the amounts collected to retire the bonds issued to finance related improvements. The City is required to annually appropriate from the tax revenues of the general fund monies to be applied in payment of the outstanding bonds to the extent that the funds derived from the collection of the unpaid special assessments are insufficient for the payment of the principal and interest falling due in any year. At June 30, 2002, special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, are adequate to meet the scheduled maturities of the bonds payable and related interest. Improvement bonds are collateralized by properties within the districts. In the event of default by the property owner, the City may auction the property to satisfy debt service requirements subject to federal bankruptcy laws. The City is contingently liable on special assessment bonds to the extent that proceeds from auction sales are insufficient to retire outstanding bonds.

E. Changes in long-term liabilities

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2002.

	July 1, 2001	Additions	Reductions	June 30, 2002	Amounts Due Within One Year
General obligation (G.O.) bonds	\$ 46,917	\$ 40,235	\$ (4,515)	\$ 82,637	\$ 8,058
Special assessment debt					
with governmental commitment	17,621	-	(1,374)	16,247	921
Revenue bonds:					
Street and highway	24,310	-	-	24,310	4,280
Municipal property corporation	11,215	-	-	11,215	880
Total bonds payable	<u>100,063</u>	<u>40,235</u>	<u>(5,889)</u>	<u>134,409</u>	<u>14,139</u>
Capital leases and other debt:					
Capital lease obligations	8,865	-	(4,367)	4,498	693
Notes payable	5,754	200	(1,614)	4,340	885
Total capital leases and other debt	<u>14,619</u>	<u>200</u>	<u>(5,981)</u>	<u>8,838</u>	<u>1,578</u>
Other long-term obligations:					
Compensated absences	9,550	-	(379)	9,171	6,368
Claims and judgments	4,702	12,618	(12,360)	4,960	2,755
Unamortized premium on debt issuance	-	318	-	318	17
Arbitrage rebate payable	669	-	(278)	391	3
Total other long-term obligations	<u>14,921</u>	<u>12,936</u>	<u>(13,017)</u>	<u>14,840</u>	<u>9,143</u>
Total	<u>\$ 129,603</u>	<u>\$ 53,371</u>	<u>\$ (24,887)</u>	<u>\$ 158,087</u>	<u>\$ 24,860</u>

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The following is a summary of changes in long-term liabilities reported in the business-type financial statements for the year ended June 30, 2002.

	July 1, 2001	Additions	Reductions	June 30, 2002	Amounts Due Within One Year
Water and sewer G.O. bonds	\$ 6,165	\$ -	\$ -	\$ 6,165	\$ 2,195
Landfill G.O. bonds	1,333	-	-	1,333	147
Unamortized premium on debt issuance	463	-	(51)	412	52
Water and sewer revenue bonds	56,705	-	-	56,705	7,425
Note payable	3,358	3,000	-	6,358	1,038
Capital lease obligations	13,783	1,508	-	15,291	2,321
Estimated closure and post-closure costs	14,677	-	(6,211)	8,466	-
Compensated absences	1,486	-	(34)	1,452	988
Housing noncurrent liabilities	1	-	-	1	-
Total	<u>\$ 97,971</u>	<u>\$ 4,508</u>	<u>\$ (6,296)</u>	<u>\$ 96,183</u>	<u>\$ 14,166</u>

F. Advance refunded bonds

In prior years, the City issued refunding bonds to defease certain outstanding bonds, thus achieving debt service savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent, which will provide amounts sufficient for future payment of principal and interest of the issues refunded.

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statement. Although defeased, the refunded debt from these earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. No advance refundings were done by the City for the fiscal year ending June 30, 2002. The remaining balance of bonds considered defeased at June 30, 2002 are as follows:

Issue Refunded	Date Refunded	Remaining Balance
Water and sewer revenue bonds: Refunding series of 1983	December 1, 1984	\$ 5,010
Water and sewer G.O. bonds: Series 1984	May 1, 1985	<u>2,225</u>
Total refunded bonds		<u>\$ 7,235</u>

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G. Bonds payable

Bonds payable at June 30, 2002, are comprised of the following:
Classified in governmental activities on the government-wide financial statements:
General Obligation Bonds:

Purpose	Interest Rate	Issued Fiscal Year Ending June 30	Year Series Matures	Amount of Original Issue	Bonds Outstanding June 30, 2002
<u>G.O. bonds payable from secondary assessed property taxes</u>					
Refunding	5.05-5.55	1993	2007	\$ 36,125	\$ 12,590
Various	4.50-4.90	1996	2006	10,000	1,010
Various	4.15-4.60	1998	2008	12,000	8,985
Refunding	4.25-4.35	2000	2003	370	370
Various	5.00-5.40	2000	2015	20,215	19,447
Various	2.50-5.00	2002	2022	40,235	40,235
Total					<u>82,637</u>
<u>Revenue bonds payable from highway user revenue funds</u>					
Refunding	5.00	1993	2003	16,470	4,940
Streets	5.05-5.75	1995	2011	4,590	2,615
Streets	4.00-4.90	1996	2005	9,000	8,205
Streets	5.00-5.37	2000	2010	8,750	8,550
Total					<u>24,310</u>
<u>Municipal property corporation payable from general fund lease payments</u>					
Refunding	4.25-4.90	2000	2009	12,615	11,215
<u>Special assessment bonds payable due from assessments on property owners</u>					
District 57	6.00	1993	2014	9,725	7,330
District 59	6.00	1993	2014	11,600	8,745
District 73	5.35	1997	2007	299	172
					<u>16,247</u>
Total bonds payable recorded in governmental activities					134,409
Less current portion					<u>(14,139)</u>
Long-term portion of bonds payable recorded in governmental activities					<u>\$ 120,270</u>

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H. Classified in business-type activities on the government-wide financial statements:

Purpose	Interest Rate	Issued Fiscal Year Ending June 30	Year Series Matures	Amount of Original Issue	Bonds Outstanding June 30, 2002
<u>G.O. bonds payable from landfill fund</u>					
Landfill	5.00-5.40	2000	2015	\$ 1,460	<u>\$ 1,333</u>
<u>G.O. bonds payable from water and sewer fund</u>					
Refunding	5.05-5.55	1993	2007	20,375	3,985
Refunding	4.35	2000	2007	2,180	<u>2,180</u>
Total					<u>6,165</u>
<u>Revenue bonds payable from water and sewer fund</u>					
Refunding	4.25-4.50	1994	2005	17,010	7,680
Various	4.75-5.75	2000	2010	53,000	<u>49,025</u>
Total					<u>56,705</u>
Total bonds payable recorded in business-type activities					64,203
Less current portion					<u>(9,767)</u>
Long-term portion of bonds payable recorded in business-type activities					<u>\$ 54,436</u>

Under the provisions of the State Constitution, outstanding G.O. bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds and recreational facilities may not exceed 20% of the City's net secondary assessed valuation, nor may outstanding G.O. bonded debt for all other purposes exceed 6% of the City's net secondary assessed valuation.

The City's unused bonded debt borrowing capacity as of June 30, 2002 is as follows:

	<u>6%</u>	<u>20%</u>
Capacity to incur bonded debt	\$ 57,247	\$ 190,824
Less: Bonded debt applicable to limit	<u>(30,167)</u>	<u>(43,972)</u>
Unused bonded debt capacity	<u>\$ 27,080</u>	<u>\$ 146,852</u>

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance and flow of monies through various restricted accounts, and minimum revenue and bond coverage. The City is in compliance with all such significant limitations and restrictions.

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I. Bonds authorized, issued and unissued

Bonds authorized but not fully issued as of July 1, 2002, as shown below:

G.O. Bonds:	Authorized Amount	Issued through June 30, 2002	Authorized but Unissued
<u>Voter authorized prior to 1981</u>			
Water and sewer	\$ 40,000	\$ 26,125	\$ 13,875
<u>Voter authorized October 20, 1981</u>			
Operations center	6,750	550	6,200
<u>Voter authorized March 10, 1987</u>			
Library	9,698	8,000	1,698
Maintenance	6,000	600	5,400
Parks	11,558	10,525	1,033
Police and fire	34,694	23,332	11,362
<u>Voter authorized November 2, 1999</u>			
Cultural facility	18,215	-	18,215
Economic development	50,500	15,088	35,412
Flood control	38,860	3,955	34,905
Governmental facilities	40,910	910	40,000
Landfill development	17,000	1,460	15,540
Library	15,398	-	15,398
Open spaces	53,700	450	53,250
Parks and recreation	57,188	5,297	51,891
Public safety	64,801	-	64,801
Streets and parking	38,050	16,472	21,578
Transit	6,935	185	6,750
Total G.O. bonds	\$ 510,257	\$ 112,949	\$ 397,308
<u>Revenue bonds:</u>			
<u>Voter authorized prior to 1981</u>			
Water and sewer	\$ 17,775	\$ 9,663	\$ 8,112
<u>Voter authorized March 10, 1987</u>			
Streets and highway	57,770	36,340	21,430
Water and sewer	56,000	47,350	8,650
<u>Voter authorized November 2, 1999</u>			
Water and sewer	10,000	-	10,000
Total revenue bonds	141,545	93,353	48,192
Total bonds	\$ 651,802	\$ 206,302	\$ 445,500

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J. Other debt (notes, long-term)

Classified in the governmental activities in the government-wide financial statements:

Downtown Glendale Building Purchase - The \$3,500 note dated June 5, 2000, is payable in fourteen semi-annual installments at an interest rate of 8.20% with the final payment due on or before June 1, 2007. \$ 2,500

Downtown Glendale Building Purchase - The \$1,779 note dated June 5, 2000, is an assumed loan payable in 98 installments at an interest rate of 9.00% with the final payment due on or before September 1, 2008. 1,466

Civic Center Land Purchase - The \$682 note dated April 15, 1998, is payable in three annual installments at an interest rate of 5.50% with the final payment due on or before April 15, 2002. The note will be repaid from the general fund 189

Paseo Racquet Club Purchase - The \$200 note dated August 1, 2001 is payable in ten annual installments at an interest rate of 5.90% with the final payment due on or before August 1, 2010. The note will be repaid from the general fund. 185

Total notes payable recorded in governmental activities	4,340
Less current portion	<u>(885)</u>
Long-term portion of notes payable recorded in governmental activities	<u>\$ 3,455</u>

Classified in the business-type activities in the government-wide financial statements:

Arrowhead Ranch Wastewater Reclamation Facility – The total loan amount Of \$7,171 is scheduled to be paid in 10 annual installments through July 1, 2006, with an interest rate of 3.69%. Principal and interest are payable from Water and Sewer Fund on a parity with outstanding revenue bond obligations pursuant to the provisions of the City’s Master Ordinance 1323 new series. \$3,866

Cholla Water Treatment Plant Solids Handling Facilities – The maximum available under the loan is \$9,000 of which \$2,492 was drawn down and recorded as a liability as of June 30, 2002. The loan is scheduled to be paid in annual installments over 20 years with an interest rate of 4.40%. Principal and interest are payable from the Water and Sewer Fund. 2,492

Total notes payable recorded in business-type activities	\$6,358
Less current portion	<u>(1,038)</u>
Long-term portion of notes payable recorded in business-type activities	<u>\$ 5,320</u>

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K. Debt service requirements

Fiscal Year Ending	Highway User	Landfill	Municipal Property	Special Assessment	Various Purposes		Water and Sewer			Total
	Revenue Bonds	G.O. Bonds	Corporation Bonds	District Bonds	G.O. Bonds	Notes Payable	G.O. Bonds	Notes Payable	Revenue Bonds	
2003	\$ 5,527	\$ 213	\$ 1,718	\$ 1,867	\$ 11,572	\$ 1,229	\$ 2,210	\$ 1,998	\$ 10,343	\$ 36,677
2004	5,452	214	1,734	1,871	8,898	987	2,048	1,431	7,751	30,386
2005	2,776	215	1,752	1,882	8,737	946	-	1,998	7,772	26,078
2006	2,037	215	1,769	1,894	8,739	904	5	1,998	7,002	24,563
2007	1,963	216	1,792	1,907	6,839	863	-	1,072	7,023	21,653
2008	1,964	216	1,809	1,879	6,215	331	-	-	7,044	19,446
2009	1,966	138	1,820	1,891	4,758	128	-	-	7,040	17,741
2010	1,973	-	-	1,902	4,900	27	-	-	7,038	15,840
2011	222	-	-	1,912	4,907	27	-	-	-	7,068
2012	-	-	-	1,931	4,912	-	-	-	-	6,843
2013	-	-	-	1,948	4,923	-	-	-	-	6,871
2014	-	-	-	1,962	4,927	-	-	-	-	6,889
2015	-	-	-	-	4,936	-	-	-	-	4,936
2016	-	-	-	-	2,791	-	-	-	-	2,791
2017	-	-	-	-	2,761	-	-	-	-	2,761
2018	-	-	-	-	2,767	-	-	-	-	2,767
2019	-	-	-	-	2,759	-	-	-	-	2,759
2020	-	-	-	-	2,759	-	-	-	-	2,759
2021	-	-	-	-	2,761	-	-	-	-	2,761
2022	-	-	-	-	2,762	-	-	-	-	2,762
Total	23,880	1,427	12,394	22,846	104,589	5,442	4,263	8,497	61,013	244,351
Less interest	3,850	241	2,059	6,599	30,010	1,103	293	3,177	11,733	59,065
Principal	<u>\$ 20,030</u>	<u>\$ 1,186</u>	<u>\$ 10,335</u>	<u>\$ 16,247</u>	<u>\$ 74,579</u>	<u>\$ 4,339</u>	<u>\$ 3,970</u>	<u>\$ 5,320</u>	<u>\$ 49,280</u>	<u>\$ 185,286</u>

The following table discloses the debt service requirements as of June 30, 2002, segregating principal and interest, for the next five years and in five-year increments thereafter.

Fiscal Year	Principal	Interest	Total
2003	\$ 26,896	\$ 9,781	\$ 36,677
2004	21,987	8,399	30,386
2005	18,721	7,357	26,078
2006	18,093	6,470	24,563
2007	15,993	5,660	21,653
2008-2012	52,586	14,353	66,939
2013-2017	19,020	5,228	24,248
2018-2022	11,990	1,817	13,807
Total	<u>\$ 185,286</u>	<u>\$ 59,065</u>	<u>\$ 244,351</u>

L. New bonds

On June 27, 2002, the City issued \$40,235 in General Obligation and Refunding Bonds. Of this amount, \$4,545 was issued to currently refund \$4,515 of the City's 1996A General Obligation bonds on August 1, 2002. This transaction resulted in a total economic gain of \$194 and a

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reduction of \$200 in future debt service payments. This current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$30.

IX. Landfill obligations

The City operates a municipal sanitary landfill under an Aquifer Protection Permit and Solid Waste Facility Plan approval issued by the Arizona Department of Environmental Quality requiring future closure work and post-closure monitoring. The permit meets federal and state regulations. These laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will not be paid until near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure costs as an operating expense in each period based on landfill capacity used.

The landfill closure and post-closure care liability at June 30, 2002, calculated below, represents the cumulative amount reported to date based on the use of estimated capacity of the landfill.

	North Cell	South Cell
Capacity (cubic yards)	32,100	22,594
Capacity used to date	-	14,669
Percentage of capacity used	0%	65%
Total closure and post-closure costs in present dollars:		
as of June 30, 2002	\$ 13,925	\$ 13,039
as of June 30, 2001	18,187	17,068
Closure and post-closure care costs:		
Amount remaining to be recognized as of June 30, 2002	\$ 13,925	\$ 4,573
Liability recognized as of June 30, 2002	\$ -	\$ 8,466

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2001-02. The estimated costs are subject to changes due to inflation, deflation, new technology, and applicable laws and regulations. Assets are not restricted to fund the obligations. The estimated remaining life of the landfill is approximately 44 years.

The landfill facility plan amendment was approved in January 2002. This amendment changed the configuration of the landfill, significantly increasing the capacity and operating life of the landfill. In addition to the increase in capacity, the amendment increased the depth of the north parcel. This increase in the depth of the north parcel excavation eliminated the need to import soil for use as final cover, resulting in significant decrease in closure costs.

According to state and federal laws and regulations, the City must comply with the local government financial test requirements that assure the City can meet the cost of landfill closure, post-closure, and corrective action when needed. The City is in compliance with these requirements.

X. Interfund transactions

A. Interfund receivables

Interfund balances at June 30, 2002, consisted of the following (amounts in thousands):

	<u>Due To</u>	<u>Due From</u>
General	\$ 935	\$ -
Non-major governmental funds:		
Community development block grant fund	-	552
Highway user revenue fund	-	321
Non-major enterprise funds:		
Housing fund	<u>-</u>	<u>62</u>
Total	<u>\$ 935</u>	<u>\$ 935</u>

The interfund balances at June 30, 2002 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements. All interfund balances outstanding at June 30, 2002 are expected to be repaid within one year.

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CITY OF GLENDALE, ARIZONA
Notes to the Financial Statements
June 30, 2002
(amounts expressed in thousands)

B. Interfund transfers

Interfund transfers for the year ended June 30, 2002, consisted of the following:

Transfers to General Fund From:

Non-Major governmental Funds	
Highway Users Gas Tax Special Revenue Fund	\$ 21
Development Impact Fees Special Revenue Fund	40
Other Special Revenue Fund	1
Streets Construction Capital Project Fund	42
Other Construction Capital Project Fund	3
Parks Bond Construction Fund	87
Water and Sewer Enterprise Fund	148
Landfill Enterprise Fund	<u>14</u>
Total transfers to General Fund	<u>356</u>

Transfers to Special Assessment Debt Service Funds From:

General Fund	2
Non-Major Governmental Funds	
Highway Users Gas Tax Revenue Fund	<u>418</u>
Total transfers to Special Assessment Debt Service Fund	<u>420</u>

Transfers to Non-Major Governmental Funds From:

General Fund	8,219
Non-Major Governmental Funds	
Community Development Block Grants	2
Parks Bond Construction Fund	<u>37</u>
Total transfers to Non-Major Governmental Funds	<u>8,258</u>

Transfers to Non-Major Debt Service Funds From:

General Fund	1,395
Non-Major Governmental Funds	
Highway Users Gas Tax Special Revenue Fund	<u>5,456</u>
Total transfers to Non-Major Debt Service Funds	<u>6,851</u>

Transfers to Non-Major Capital Projects Funds From:

General Fund	<u>53</u>
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Transfers to Non-Major Enterprise Housing Fund From:

General Fund	<u>390</u>
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Grand total all transfers	<u><u>\$ 16,328</u></u>
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Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund

CITY OF GLENDALE, ARIZONA
Notes to the Financial Statements
June 30, 2002
(amounts expressed in thousands)

to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The interfund transfers are all classified as operating transfers and are included in the results of operations of both governmental and proprietary funds. There were no significant transfers during fiscal year 2002 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

XI. Encumbrances

The Arizona Revised Statutes allow cities to encumber unused appropriations for up to sixty days after the end of the fiscal year. However, effective July 1, 1987, the City adopted a policy of not recognizing encumbrances at year-end. All appropriations lapse on the last day of the fiscal year. Any outstanding commitments that the City intends to honor are rebudgeted in the new fiscal year. At June 30, 2002, the City intended to honor \$5,441 of outstanding encumbrances in the new year.

XII. Equity in joint venture

The City, along with the cities of Phoenix, Mesa, Scottsdale and Tempe participates in the Sub-Regional Operating Group (SROG), a joint venture. SROG constructs, operates and maintains jointly used facilities including the 91st Avenue Waste Water Treatment Plant (Plant) and certain sewage transportation facilities. The City of Phoenix acts as lead agency, and as such, is responsible for the planning, budgeting, construction, operation and maintenance of the Plant. In addition, the City of Phoenix provides all management personnel and financing arrangements and accepts federal grants on behalf of the participants.

Each participant pays for its costs of operation and maintenance based on relative sewage flows and strengths and for purchased capacity in plant and related transportation facilities based on ownership. The City accounts for its approximate 8.59% investment using the equity method in the water and sewer fund. For the year ended June 30, 2002, the City recognized a loss of \$1,054. The City has financed its share of construction costs through the issuance of revenue bonds, development fees and grants. The bonds are collateralized by a pledge of water revenues and are reflected in the financial statements of the water and sewer fund. The joint venture itself has not issued any debt.

Summary financial information of the joint venture as of and for the fiscal year ended June 30, 2002, (unaudited) is as follows:

Assets

Current assets	\$ 44,595
Capital assets, net of accumulated depreciation	<u>398,881</u>
Total assets	<u>443,476</u>

Liabilities

32,320

Net assets

\$ 411,156

Total revenues	\$ 82,614
Total expenses	<u>(43,727)</u>
Increase in net assets	<u>\$ 38,887</u>

CITY OF GLENDALE, ARIZONA
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June 30, 2002
(amounts expressed in thousands)

Calculation of the City's Equity:

City's share of SROG equity	\$ 26,375
(Total equity of \$411,156 less unrealized gain of \$1,101 less assets not owned by the City of \$103,009 multiplied by 8.59 %)	
Net capitalized interest on the City's records	1,348
City contributions not yet received by SROG	<u>2,082</u>
Total City equity	<u>\$ 29,805</u>

Change in the City's Equity:

Capital contributed to the joint venture	\$ 2,649
Net loss on joint venture	<u>(1,054)</u>
Net increase in equity	<u>\$ 1,595</u>

Copies of separate financial statements of the joint venture can be obtained from the AMWUA office, 4041 North Central Avenue, Phoenix, Arizona 85012.

XIII. Jointly governed organizations

The Regional Public Transit Authority (RPTA) is a voluntary association of local governments, including Glendale, Phoenix, Mesa, Tempe, Scottsdale, and Maricopa County. Its purpose is to ensure that a viable public transportation system is provided as an alternative for regional mobility and to ease the traffic congestion and air pollution caused by over-reliance on the single occupant vehicle. The Board of Directors consists of the mayors of those cities and a member of the County Board of Supervisors.

Arizona Municipal Water Users Association (AMWUA) is a nonprofit corporation established and funded by cities in Maricopa County for the development of an urban water policy and to represent the cities' interests before the Arizona legislature. In addition, AMWUA contracts with the cities jointly using the 91st Avenue Waste Water Treatment Plant to perform certain accounting, administrative and support services.

XIV. Related party transaction

Included in the special assessment debt service fund deferred receivables at June 30, 2002 is \$11 owed by the City's governmental funds.

XV. Fund balance/net assets reservation and designation

The following is a list of reserves and designations with an explanation for each by fund type.

General Fund Type

Reserved for Inventory

Amount available only for expenditure (i.e., consumption of existing supplies inventories that have already been purchased.) \$ 346

Reserved for Capital Leases

The City periodically enters into capital leases. In governmental Funds, revenue is recognized when the proceeds are received. However, the unspent portion of the proceeds is restricted to the capital items identified in the lease agreement. 2,126

CITY OF GLENDALE, ARIZONA
Notes to the Financial Statements
June 30, 2002
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Reserved for Developer Agreement	
Certain assets have been set aside to assure future payments, if needed, in accordance with the terms of an economic development agreement with a major developer.	\$ 5,899
Reserved for Cable Equipment	
Amount to be used only for capital expenditures by the City's cable television station as required by agreement with cable system providers.	164
Reserved for "From the Heart" Program	
Certain donations made to the City are required by ordinance to benefit Glendale residents through providing grants to non-profit social service organizations.	75
Reserved for Arbitrage Rebate Payable	
The City sets aside money to fund future year arbitrage rebate liability as determined by the Internal Revenue Code.	3
Reserved for Court Security	
Security surcharges collected by the City Court are required by ordinance to be spent solely on court security.	191
Reserved for Court Time Payment	
Court Time Payment fees are used by the City Court to improve, maintain and enhance the ability to collect and manage monies assessed or received by the court, to improve court automation and to improve case processing or the administration of justice.	93
Reserved for Garden for Visually Impaired	
A donation was made to the City for the purpose of establishing a tactile garden for the visually impaired.	304
Reserved for Acquisition of Artwork	
Acquisition of artwork by the City's Arts Commission is provided through a surcharge on eligible capital projects as directed by the City Council.	956
Reserved for Arts Preservation	
Preservation and maintenance of artwork by the City's Arts Commission is provided through a surcharge on eligible capital projects as directed by the City Council.	50
Reserved for Vehicle/Equipment Replacement	
For future scheduled replacement of existing equipment and vehicles.	<u>7,791</u>
Total Reserved for General Fund type	<u>\$ 17,998</u>
Designated for Computer Replacement	
For future scheduled replacement of existing personal computers.	\$ 4,033
Designated for Library Activities	
A minor portion of future operating expenditures of the library has been authorized through the City budget to be paid from net revenues collected through library activities.	310

CITY OF GLENDALE, ARIZONA
Notes to the Financial Statements
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Designated for Cable Television Station	
Amount to be used only for expenditure by the City's cable television station from net revenues collected by Cable from special activities.	\$ 38
Designated for Local Improvement Districts Administration	
Portion of City special assessment bond proceeds identified exclusively for future costs of administering and accounting for existing improvement districts.	143
Designated for Equipment Management	
For maintenance of City equipment.	102
Designated for Telephone	
For payment of future telephone charges and maintenance	<u>89</u>
Total Designated for General Fund Type	<u>\$ 4,715</u>

Special Revenue Fund Type

Reserved for Inventory	
Amount available only for expenditure (i.e., consumption of existing supplies inventories that have already been purchased).	\$ 129
Reserved for Capital Leases	
The City periodically enters into capital leases. In governmental funds, revenue is recognized when the proceeds are received. However, the unspent portions of the proceeds are restricted to the capital items identified in the lease agreement.	46
Reserved for Drug Enforcement	
Reserved by agreement with state and federal authorities for use in furthering the drug enforcement effort. Revenues for this reserve are received through the public courts' prosecution of drug offenses.	
State	177
Federal	<u>130</u>
Total reserved for Drug Enforcement	<u>307</u>

Reserved for Development Impact Fees

The development impact fees are covered by Chapter 28, Article VI of the Municipal Code. Development impact fees are used exclusively to provide the necessary public facilities and services to development. Residential development impact fees may be spent only in the district (residential development district, not political district) in which they were collected. This reserve is categorized as follows:

Parks and Recreation:	
City Wide Parks	107
City Wide Recreation Facilities	58
City Wide Open Space & Trails	20
District No. 1	575
District No. 2	1,393
District No. 3	1,418
Library:	
Buildings	2,478

CITY OF GLENDALE, ARIZONA
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Books	\$ 642
Library	519
Fire protection facilities	784
Police facilities	976
Transportation	2,485
General government	<u>1,496</u>
Total reserved for Development Impact fees	<u>12,951</u>

Reserved for Police and Fire Activities

In accordance with a voter initiative, beginning April 1994 the City collected an additional separate sales tax for Police and Fire activities.

Police	595
Fire	<u>346</u>
Total reserved for Police and Fire activities	<u>941</u>

Total Reserved for Special Revenue Fund type \$ 14,374

Designated for Home Program

For community development block grant home program activities. \$ 33

Designated for Pool/Park Repair

For repair of area schools' and City recreational facilities. The City contributes to maintenance of area school's facilities in which the City has no equity interest. 549

Total Designated for Special Revenue Fund Type \$ 582

Debt Service Fund Type

Reserved for Debt Service

Certain assets have been reserved for future payment of debt service based upon the requirements of the various bond ordinances. \$ 9,500

Reserved for Arbitrage Rebate

Certain assets have been reserved for future rebate to the U.S. Treasury based upon the requirements of the 1986 Tax Reform Act. 388

Total reserved for Debt Service Fund type \$ 9,888

Capital Projects Fund Type

Reserved for Capital Projects

Certain assets have been reserved for future flood control storm drain construction. \$ 98

Total reserved for Capital Projects Fund Type \$ 98

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Notes to the Financial Statements
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Designated for Street G.O. Bond projects	
Accounts for the construction of street lights, traffic signals, street landscaping, streets and parking funded by authorization approved by voters on March 10, 1987, and November 2, 1999.	\$ 6,556
Designated for HURF bond projects	
Accounts for the construction of streets and sidewalks. Funding is provided through bonds issued under an authorization approved by voters on March 10, 1987.	4,383
Designated for Transit projects	
Accounts for G.O. bond funds used to plan, acquire, construct and expand transit services, passenger amenities and park-and-ride facilities; replacement of transit buses, cars and computer equipment; transit administrative facilities upgrades and renovations; and acquiring land as necessary for such facilities and purposes. Funding is provided under an authorization approved by voters on November 2, 1999.	174
Designated for Government Facilities	
Accounts for G.O. bond funds used to plan and construct a new public works operations center; housing, streets and park maintenance; transit, utilities, a tourism visitor center and similar projects. Funding is provided under an authorization approved by voters on November 2, 1999.	144
Designated for Economic Development	
Accounts for G.O. bond funds used to promote new private sector job creation through development and redevelopment in the City. Funding is provided under an authorization approved by voters on November 2, 1999.	1,073
Designated for Open Space/Trails	
Accounts for G.O. bond funds used to plan and acquire land and interests for the preservation of open space; and planning, acquiring and constructing multi-use trails and linear parks. Funding is provided under an authorization approved by voters on November 2, 1999.	477
Designated for Arena Project	
Accounts for bond funds used to plan, acquire land and construct a 17,500 seat multipurpose recreational facility.	<u>19,851</u>
Total Designated for Capital Projects Fund Type	<u>\$ 32,658</u>

Enterprise Fund Type

Reserved for Revenue Bond Retirement/Replacement and Extension	
Two percent of net water revenues must, by bond ordinance, be reserved for the replacement and extension of the City's water distribution system, or for the retirement of water revenue bonds. The reservation is only required to the extent that the reserve equals two percent of the value of net fixed assets of the Water and Sewer Fund.	\$ 6,352

CITY OF GLENDALE, ARIZONA
Notes to the Financial Statements
June 30, 2002
(amounts expressed in thousands)

The City is also required by ordinance to have accumulated sufficient funds to pay all principal and interest due on the following July 1 and January 1 payment dates. Since the July 1 payment is already accrued as a current liability at year-end, only the January 1 payment is included in the reserve. \$ 2,477

Finally, the City's bond ordinances require an additional reserve for any Water and Sewer Bond debt that is not insured by a surety bond. This reserve must be maintained at a balance equal to the highest principal and interest coming due in any twelve-month period. As of June 30, 2002, only the loan with the State Revolving Fund (authorized by revenue bond election in 1961) was not covered by a surety bond. 979

Total reserved for Enterprise Fund Type \$ 9,808

Permanent Fund Type

Reserved for Cemetery Perpetual Care

Revenues from the sale of cemetery lots and markers are reserved by ordinance for future cemetery maintenance. \$ 4,100

Total reserved for Permanent Fund type \$ 4,100

XVI. Employee retirement systems and pension plans

A. Plan descriptions

The City contributes to the three retirement plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The *Arizona State Retirement System (ASRS)* administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the City. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of ARS Title 38, Chapter 5, Article 2.

The *Public Safety Personnel Retirement System (PSPRS)* is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five member board, known as The Fund Manager, and 162 local boards according to the provisions of ARS Title 38, Chapter 5, Article 4. PSPRS is agent for the eligible Glendale Fire and Glendale Police personnel.

The *Elected Officials Retirement Plan (EORP)* is a cost-sharing multiple-employer defined benefit pension plan that covers elected officials and judges of certain state and local governments. The EORP is administered by The Fund Manager of PSPRS according to the provisions of ARS Title 38, Chapter 5, Article 3.

B. Financial reports

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan.

ASRS
3300 North Central Avenue
P.O. Box 33910
Phoenix, Arizona 85067-3910

PSPRS or EORP
1020 East Missouri Avenue
Phoenix, Arizona 85014

(602) 240-2000 or (800) 621-3778

(602) 255-5575

C. Funding policy

The Arizona State Legislature establishes and may amend contribution rates for active plan members and the City.

Cost Sharing Plans. For the year ended June 30, 2002, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 2.49% (2% retirement and 0.49% long-term disability) of the members' annual covered payroll. The City's contributions from employer and employees to ASRS for the years ended June 30, 2002, 2001 and 2000 were \$2,800, \$2,700 and \$2,500, respectively, which were equal to the required contributions for the year.

In addition, active EORP members were required by statute to contribute 7.0% of the members' annual covered payroll. The City was required to remit contributions of 6.97% of the members' annual covered payroll, as determined by actuarial valuation. The City's contributions from employer and employees to EORP for the years ended June 30, 2002, 2001 and 2000 were \$20, \$24 and \$25, respectively, which were equal to the required contributions for the year.

Agent Plans. For the year ended June 30, 2002, PSPRS members were required by statute to contribute 7.65% of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 2% and 10.15% for Fire and Police, respectively.

Annual Pension Cost (APC). The City's pension cost for Police and for Fire for the year ended June 30, 2002, the date of the most recent actuarial valuation, and related information follow.

	<u>Fire</u>	<u>Police</u>
Contribution rates:		
City	2.00%	10.15%
Plan members	7.65%	7.65%
Annual pension cost	\$337	\$1,800
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	9.00%	9.00%
Projected salary increases	6.5% - 9.5%	6.5% - 9.5%
Includes inflation at	5.5%	5.5%

CITY OF GLENDALE, ARIZONA
Notes to the Financial Statements
June 30, 2002
(amounts expressed in thousands)

Amortization method	Level % open	Level % open
Remaining amortization period	20 years	20 years
Asset Valuation method	Smoothed market value	Smoothed market value

D. Three year trend information for PSPRS

Information for the agent plan for PSPRS for Glendale Fire and Police as of the most recent actuarial valuations for June 30, 2002, follows.

Contributions Required and Contributions Made

Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation
Police			
2002	\$1,764	100.0%	\$ -
2001	\$1,782	100.0%	\$ -
2000	\$1,244	100.0%	\$ -
Fire			
2002	\$ 337	100.0%	\$ -
2001	\$ 373	100.0%	\$ -
2000	\$ 399	100.0%	\$ -

Includes insurance premium tax, where applicable.

E. Required supplementary information

Analysis of funding progress for the agent plan as of the most recent actuarial valuation, June 30, 2002, follows.

Valuation Date June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
Police						
2002	\$ 69,747	\$ 71,892	\$ 2,145	97.0%	\$ 17,147	12.5%
2001	\$ 68,112	\$ 61,910	\$ (6,202)	110.0%	\$ 16,580	- %
2000	\$ 61,085	\$ 61,049	\$ (36)	100.1%	\$ 14,933	- %

CITY OF GLENDALE, ARIZONA
Notes to the Financial Statements
June 30, 2002
(amounts expressed in thousands)

Valuation Date June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
Fire						
2002	\$ 54,913	\$ 44,743	\$ (10,170)	122.7%	\$ 9,468	- %
2001	\$ 54,775	\$ 38,663	\$ (16,112)	141.7%	\$ 9,106	- %
2000	\$ 49,286	\$ 36,357	\$ (12,929)	135.6%	\$ 8,832	- %

XVII. Other postemployment benefits

Other than the pension benefits through the Arizona State Retirement System or the Arizona Public Safety Personnel Retirement System, the City does not provide postemployment benefits. However, the City does allow all of its retired employees to participate in the health care and life insurance plan provided to active employees. The plan provides health, dental, and/or life insurance to participants. The retired employees pay the entire cost of their participation in the plan.

The City makes no contribution to the plan for former employees. Since the number of retirees is small, and their portion of the premium cost is paid to providers at the same time as the City's active employee portion, the City has chosen to account for monies received from retirees, but not yet paid out, as a part of employee benefits fund liability.

XVIII. Contingent liabilities and commitments

The City is subject to claims and litigation, which arise in the ordinary course of its operations. In the opinion of the City Attorney, the resolution of such claims and litigation will have no material adverse effect on the financial position or the future operations of the City.

XIX. Subsequent events

On July 1, 2002, the City issued \$5,055 of Subordinate Excise Tax Revenue Bonds (the 2002 MPC Bonds) under the Arizona Municipal Financing Program of 1992 to finance a part of the cost of constructing, equipping, and furnishing a multipurpose arena complex. The bonds mature on various dates starting 2029 through 2033 with various interest rates of 5.0% to 5.375%. The principal and interest on the bonds are payable solely from and are secured by a subordinate and junior pledge of the City's Unrestricted Excise Taxes. The bonds do not constitute a general obligation debt of the City.

On August 23, 2002, the City entered into an agreement with the Water Infrastructure Finance Authority amending the current loan amount for the purpose of designing and constructing a solids handling facility at the Cholla Water Treatment Plant from \$9,000 to \$15,400. The loan is scheduled to be paid in annual installments over 20 years with an interest rate of 4.4%. Principal and interest are payable from the Water and Sewer fund.

On October 25, 2002 the City notified the Bond Registrar Agent to call special assessment District 57 and 59 Bonds on January 1, 2003. The amount of District 57 Bonds called was \$2,385 for years 2007 through 2010 and District 59 bonds in the amount of \$905 for years 2008 and 2009.

CITY OF GLENDALE, ARIZONA
Notes to the Financial Statements
June 30, 2002
(amounts expressed in thousands)

On November 15, 2002, the City financed the Northern Crossing land acquisition and demolition costs in the amount of \$14,500. The City will be reimbursed for the land acquisition and demolition costs over a maximum five-year period from the development agreement entered into by the City on October 30, 2001.

Subsequent to June 30, 2002 the City received notice from the Arizona State Treasurer's Office that the issuer of a portion of the investments held by the State of Arizona Local Government Investment Pool (LGIP) had defaulted on the December 1, 2002 interest payment due on securities held by LGIP. This default has not yet been remedied. The securities in question comprise approximately 3.2% of the LGIP's investment portfolio and have been transferred by LGIP to a separate pool due to the default. On December 4, 2002 the City adjusted downward the fair market value of its LGIP investment on its records by \$3,554 to \$106,165 to recognize the impact of the default and the transfer of the investment by LGIP.

On December 13, 2002 the City entered into a financing arrangement with Bank of America to draw down monies to fund a multipurpose arena complex up to \$65,000 MPC Subordinate Excise Tax Revenue Bonds Series 2002C and \$55,000 of MPC Subordinate Excise Tax Revenue Bond Series 2002D to fund certain public infrastructure. The City drew down on December 13, 2002 \$7,265 of Series 2002C bonds and \$3,745 series 2002D bonds respectively. The City intends to fund the draw downs with permanent financing in the near future.

On August 30, 2002 the Mayor and Council adopted a Development agreement with the Arizona Cardinals football team to develop a multi-purpose facility and related parking. In addition, the Mayor and Council adopted Development Agreements with the Arizona Tourism and Sports Authority for the development of a multi-purpose facility.

Required Supplementary Information

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City of Glendale, Arizona
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 38,487	\$ 38,487	\$ 38,662	\$ 175
RESOURCES (INFLOWS):				
Taxes	46,000	46,000	44,883	(1,117)
Licenses and permits	5,900	5,900	5,648	(252)
Intergovernmental	48,160	48,160	46,978	(1,182)
Charges for services	11,122	11,122	11,116	(6)
Fines and forfeitures	2,484	2,484	2,859	375
Investments	2,623	2,623	1,173	(1,450)
Proceeds from disposal of assets	35	35	82	47
Miscellaneous	2,381	2,381	1,422	(959)
Total revenues	<u>118,705</u>	<u>118,705</u>	<u>114,161</u>	<u>(4,544)</u>
Add: Transfers in	6,618	6,618	6,974	356
Less: Transfers out	<u>(12,600)</u>	<u>(12,702)</u>	<u>(10,061)</u>	<u>2,641</u>
Amounts available for appropriation	<u>151,210</u>	<u>151,108</u>	<u>149,736</u>	<u>(1,372)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government	27,489	29,320	26,411	2,909
Public safety	44,246	44,422	43,800	622
Public works	21,334	21,239	20,149	1,090
Community services	20,805	20,963	20,277	686
Contingencies	10,705	5,765	-	5,765
Debt service:				
Principal	741	441	5,287	(4,846)
Interest	201	194	659	(465)
Capital outlay	<u>14,709</u>	<u>15,527</u>	<u>6,903</u>	<u>8,624</u>
Total charges to appropriations	<u>140,230</u>	<u>137,871</u>	<u>123,486</u>	<u>14,385</u>
Budgetary fund balance, June 30, 2002	<u>\$ 10,980</u>	<u>\$ 13,237</u>	<u>\$ 26,250</u>	<u>\$ 13,013</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 149,736
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(38,662)
Interest earned on restricted investments not available for appropriation	4
Internal charges for services provided	(9,724)
Proceeds from disposal of assets	(82)
Less: Transfers in	(6,974)
Add: Transfers out	10,061
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 104,359</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement	\$ 123,486
Capital outlay funded by capital lease	143
Change in compensated absences liability	258
Change in prepaid assets or inventory	15
Indirect cost allocation	(6,618)
Internal charges for services provided	(9,717)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 107,567</u>

Combining Statements

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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for revenues from specific taxes or other earmarked revenue sources, which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses.

Community Development Block Grants Fund

This fund accounts for a series of ongoing entitlements received directly from the U. S. Department of Housing and Urban Development (HUD). This fund also includes the HUD Rental Rehabilitation and HOME programs.

Highway Users Gas Tax Fund

This fund accounts for capital outlay and maintenance of municipal streets and highways, as mandated by the Arizona Revised Statutes. Financing for this fund is provided by state-shared fuel taxes.

Development Impact Fees Fund

This fund accounts for fees covered by Chapter 28, Article VI of the Municipal Code. The fees are used exclusively to provide the necessary public facilities and services for development. Residential development impact fees may be spent only in the district (residential development district, not political district) in which they are collected.

Transportation Fund

This fund accounts for the City's public transit program including activities funded by Federal grants and distributions received from the Arizona State Lottery. Additionally, on November 6, 2001, Glendale voters authorized a new half-cent sales tax to pay for transportation projects and programs for all modes of transportation.

Other Special Revenue Fund

This fund accounts for various activities, including both the airport and civic center. Neither is considered to be an enterprise fund for financial reporting purposes and the City Council's present intent is not to have user fees cover the total costs of providing services.

- Municipal airport and civic center operations
- Miscellaneous grants received from Federal, State or local governments
- Recreation programs and site maintenance
- Police and fire activities funded by a one percent sales tax levied directly by voter initiative

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Highway Users Debt Service Fund

This fund accumulates monies for payment of all street and highway revenue bonds of the City. Highway user fuel taxes are transferred from a special revenue fund to fund this debt.

Municipal Property Corporation Debt Service Fund

This fund accounts for building lease payments received from the general fund and subsequently paid as debt service to Municipal Property Corporation bondholders.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Streets Construction Fund

This fund accounts for the construction of streets, sidewalks, streetlights, traffic signals, and street landscaping funded through G.O. and revenue bonds issued under authorizations approved by voters on March 10, 1987, and November 2, 1999.

Fire and Police Construction Fund

This fund accounts for the construction of fire and police department facilities. Funding is provided through G.O. bonds issued under authorizations approved by voters on March 10, 1987, and November 2, 1999.

Parks Bond Construction Fund

This fund accounts for the construction of parks and recreation improvements. Funding is provided through bonds issued under authorizations approved by voters on March 10, 1987, and November 2, 1999.

Other Construction Fund

This fund accounts for the construction of various City projects. Funding is provided through G.O. bonds issued under authorizations approved by voters on March 10, 1987, and November 2, 1999 and the Federal Aviation Administration

- Governmental, airport, library, and flood control facilities
- Transit projects
- Economic development
- Open Space/Trails
- Building lease payments received from the general fund and subsequently paid as debt service to Municipal Property Corporation bondholders
- Retention basins

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting City's programs.

Perpetual Care Permanent Fund

This fund is used to account for the revenues received by the City from the sale of cemetery lots and other related services.



City of Glendale, Arizona
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2002
(amounts expressed in thousands)

1 of 2

ASSETS	Special Revenue Funds				
	Community Development Block Grants	Highway Users Gas Tax	Development Impact Fees	Transportation	Other Special Revenue Fund
Equity in pooled cash and investments	\$ -	\$ -	\$ 13,314	\$ 6,371	\$ 1,992
Receivables, net of allowance for doubtful accounts:					
Accounts	29	12	-	1,343	271
Accrued interest	-	-	-	-	1
Due from other governments	1,014	1,220	-	5	606
Inventories and prepaid items	-	129	-	-	-
Restricted cash and investments	-	46	-	-	473
Deferred receivables	2,737	-	-	-	-
Total assets	\$ 3,780	\$ 1,407	\$ 13,314	\$ 7,719	\$ 3,343
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 451	\$ 699	\$ 363	\$ 54	\$ 233
Compensated absences - current	7	127	-	34	51
Accrued expenditures/expenses	-	30	-	-	1
Due to other funds	552	321	-	-	-
Deposits	-	7	-	-	10
Matured interest payable	-	-	-	-	-
Deferred revenue	2,737	19	-	10	887
Matured bonds payable	-	-	-	-	-
Total liabilities	3,747	1,203	363	98	1,182
Fund balances:					
Reserved	-	175	12,951	-	1,248
Unreserved:					
Designated	33	-	-	-	549
Undesignated	-	29	-	7,621	364
Total fund balances	33	204	12,951	7,621	2,161
Total liabilities and fund balances	\$ 3,780	\$ 1,407	\$ 13,314	\$ 7,719	\$ 3,343

City of Glendale, Arizona
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2002
(amounts expressed in thousands)

Debt Service Funds		Capital Project Funds				Permanent Fund	Total
Highway Users	Municipal Property Corporation	Streets Construction	Fire and Police Construction	Parks Bond Construction	Other Construction	Cemetery Perpetual Care	Non-major Governmental Funds
\$ 4,958	\$ 19	\$ 11,515	\$ 1,816	\$ 4,169	\$ 24,101	\$ 4,100	\$ 72,355
-	-	-	-	-	-	108	1,763
-	-	41	11	5	13	-	71
-	-	-	-	-	179	-	3,024
-	-	-	-	-	98	-	227
-	1,141	-	-	-	-	-	1,660
-	-	-	-	-	-	-	2,737
<u>\$ 4,958</u>	<u>\$ 1,160</u>	<u>\$ 11,556</u>	<u>\$ 1,827</u>	<u>\$ 4,174</u>	<u>\$ 24,391</u>	<u>\$ 4,208</u>	<u>\$ 81,837</u>
\$ 1	\$ -	\$ 429	\$ 1,474	\$ 1,169	\$ 358	\$ -	\$ 5,231
-	-	-	-	-	-	-	219
-	-	43	-	144	4	-	222
-	-	-	-	-	-	-	873
-	-	-	-	-	-	-	17
615	257	-	-	-	-	-	872
-	-	145	-	-	152	108	4,058
4,280	880	-	-	-	-	-	5,160
<u>4,896</u>	<u>1,137</u>	<u>617</u>	<u>1,474</u>	<u>1,313</u>	<u>514</u>	<u>108</u>	<u>16,652</u>
62	23	-	-	-	98	4,100	-
-	-	10,939	-	-	21,719	-	18,657
-	-	-	353	2,861	2,060	-	-
62	23	10,939	353	2,861	23,877	4,100	33,240
<u>\$ 4,958</u>	<u>\$ 1,160</u>	<u>\$ 11,556</u>	<u>\$ 1,827</u>	<u>\$ 4,174</u>	<u>\$ 24,391</u>	<u>\$ 4,208</u>	<u>\$ 81,837</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2002

(amounts expressed is thousands)

	Special Revenue Funds				Other Special Revenue Fund
	Community Development Block Grants	Highway Users Gas Tax	Development Impact Fees	Transportation	
REVENUES					
Taxes and special assessments	\$ -	\$ -	\$ -	\$ 7,693	\$ 3,239
Licenses and permits	-	-	4,993	-	-
Intergovernmental	2,800	13,965	-	1,977	2,512
Charges for services	-	-	-	129	995
Investments	-	3	512	41	33
Miscellaneous	111	24	-	42	753
Total revenues	<u>2,911</u>	<u>13,992</u>	<u>5,505</u>	<u>9,882</u>	<u>7,532</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	681
Public safety	-	-	-	-	5,223
Public works	-	-	-	-	16
Community services	-	-	-	3,776	1,799
Community environment	2,971	-	-	-	252
Street maintenance	-	11,493	-	-	-
Miscellaneous	-	-	-	-	5
Debt service:					
Principal	-	44	-	-	19
Interest	-	18	-	-	5
Capital outlay	-	2,723	3,717	-	386
Total expenditures	<u>2,971</u>	<u>14,278</u>	<u>3,717</u>	<u>3,776</u>	<u>8,386</u>
Excess (deficiency) of revenues over expenditures	<u>(60)</u>	<u>(286)</u>	<u>1,788</u>	<u>6,106</u>	<u>(854)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from bonds sold	-	-	-	-	-
Proceeds from loans	-	-	-	-	-
Transfers in	2	6,160	-	1,403	691
Transfers out	-	(5,894)	(40)	-	(1)
Total other financing sources and uses	<u>2</u>	<u>266</u>	<u>(40)</u>	<u>1,403</u>	<u>690</u>
Net change in fund balances	(58)	(20)	1,748	7,509	(164)
Fund balances, July 1	91	224	11,203	112	2,325
Fund balances, June 30	<u>\$ 33</u>	<u>\$ 204</u>	<u>\$ 12,951</u>	<u>\$ 7,621</u>	<u>\$ 2,161</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

Debt Service Funds		Capital Projects				Permanent Fund	Total Nonmajor Governmental Funds
Highway Users	Municipal Property Corporation	Streets Construction	Fire and Police Construction	Parks Bond Construction	Other Construction	Cemetery Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,932
-	-	-	-	-	22	-	5,015
-	-	-	-	-	247	-	21,501
-	-	-	-	-	-	-	1,124
-	6	355	108	114	75	148	1,395
-	-	-	-	6	-	371	1,307
-	6	355	108	120	344	519	41,274
-	-	-	-	-	270	-	951
-	-	-	-	-	-	-	5,223
-	-	-	-	-	-	-	16
-	-	-	-	14	1,702	-	7,291
-	-	-	-	-	-	-	3,223
-	-	-	-	-	-	-	11,493
4	1	3	-	-	-	-	13
4,280	880	-	-	632	-	-	5,855
1,230	515	-	-	41	-	-	1,809
-	-	6,785	3,494	4,911	9,574	-	31,590
5,514	1,396	6,788	3,494	5,598	11,546	-	67,464
(5,514)	(1,390)	(6,433)	(3,386)	(5,478)	(11,202)	519	(26,190)
-	-	2,097	-	2,621	31,261	-	35,979
-	-	-	-	200	-	-	200
5,456	1,395	-	-	-	53	-	15,160
-	-	(42)	-	(124)	(3)	-	(6,104)
5,456	1,395	2,055	-	2,697	31,311	-	45,235
(58)	5	(4,378)	(3,386)	(2,781)	20,109	519	19,045
120	18	15,317	3,739	5,642	3,768	3,581	46,140
\$ 62	\$ 23	\$ 10,939	\$ 353	\$ 2,861	\$ 23,877	\$ 4,100	\$ 65,185

City of Glendale, Arizona
Combining Statement of Net Assets
Nonmajor Proprietary Funds - Business-type Activities
June 30, 2002
(amounts expressed in thousands)

	Sanitation	Housing	Total
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 1,018	\$ 553	\$ 1,571
Receivables:			
Accounts	1,444	19	1,463
Allowance for doubtful accounts	(23)	(2)	(25)
Due from other governments	-	65	65
Inventories and prepaid items	-	12	12
Total current assets	<u>2,439</u>	<u>647</u>	<u>3,086</u>
Noncurrent assets:			
Restricted cash and investments	508	1	509
Capital assets:			
Capital assets	8,821	10,464	19,285
Accumulated depreciation	(5,046)	(4,256)	(9,302)
Capital assets, net	<u>3,775</u>	<u>6,208</u>	<u>9,983</u>
Total noncurrent assets	<u>4,283</u>	<u>6,209</u>	<u>10,492</u>
Total assets	<u>6,722</u>	<u>6,856</u>	<u>13,578</u>
LIABILITIES			
Current liabilities:			
Accounts payable	108	18	126
Compensated absences	198	8	206
Accrued expenses	60	-	60
Due to other funds	-	62	62
Due to other government	-	15	15
Deposits	68	35	103
Unearned rent	-	1	1
Current portion of long-term debt:			
Capital lease payable	888	-	888
Interest payable	24	-	24
Total current liabilities	<u>1,346</u>	<u>139</u>	<u>1,485</u>
Noncurrent liabilities:			
Compensated absences	71	74	145
Other long-term debt	-	1	1
Capital lease obligations	<u>2,560</u>	<u>-</u>	<u>2,560</u>
Total noncurrent liabilities	<u>2,631</u>	<u>75</u>	<u>2,706</u>
Total liabilities	<u>3,977</u>	<u>214</u>	<u>4,191</u>
NET ASSETS			
Invested in capital assets, net of related debt	327	6,208	6,535
Restricted for:			
Other purposes	-	434	434
Unrestricted	<u>2,418</u>	<u>-</u>	<u>2,418</u>
Total net assets	<u>\$ 2,745</u>	<u>\$ 6,642</u>	<u>\$ 9,387</u>

City of Glendale, Arizona

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Proprietary Funds - Business-type Activities**

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

	Sanitation	Housing	Totals
Operating revenues:			
Intergovernmental	\$ -	\$ 6,483	\$ 6,483
Container service	4,499	-	4,499
Curb service	7,309	-	7,309
Other fees	-	422	422
Total operating revenues	<u>11,808</u>	<u>6,905</u>	<u>18,713</u>
Operating expenses:			
Housing	-	7,157	7,157
Sanitation	9,277	-	9,277
Administrative and general	1,200	-	1,200
Depreciation	781	367	1,148
Total operating expenses	<u>11,258</u>	<u>7,524</u>	<u>18,782</u>
Operating income (loss)	<u>550</u>	<u>(619)</u>	<u>(69)</u>
Nonoperating revenues (expenses):			
Impact fees	97	-	97
Investments	53	-	53
Interest expense	(185)	-	(185)
Gain (loss) on disposal of assets	22	-	22
Intergovernmental - capital grants	-	307	307
Total nonoperating revenue (expenses)	<u>(13)</u>	<u>307</u>	<u>294</u>
Income before contributions and transfers	537	(312)	225
Transfers in	-	390	390
Change in net assets	<u>537</u>	<u>78</u>	<u>615</u>
Total net assets - beginning	2,208	-	2,208
Change in accounting principle	-	6,564	6,564
Total net assets - beginning, restated	<u>2,208</u>	<u>6,564</u>	<u>8,772</u>
Total net assets - ending	<u>\$ 2,745</u>	<u>\$ 6,642</u>	<u>\$ 9,387</u>

City of Glendale, Arizona
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

1 of 2

	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 11,672	\$ 265	\$ 11,937
Cash received from federal government	-	5,887	5,887
Cash paid to suppliers:			
Internal city departments	(5,921)	-	(5,921)
External vendors	(1,361)	(6,047)	(7,408)
Cash paid to employees for services	(3,226)	(1,112)	(4,338)
Net cash provided by (used in) operating activities	<u>1,164</u>	<u>(1,007)</u>	<u>157</u>
Cash flows used for noncapital financing activities:			
Received from other programs	-	24	24
Paid to other programs	-	(135)	(135)
Paid to other projects	-	(10)	(10)
Transfers in	-	395	395
Net cash provided by noncapital financing activities	<u>-</u>	<u>274</u>	<u>274</u>
Cash flows from capital and related financing activities:			
Proceeds from capital leases	1,020	-	1,020
Principal payments on obligations	(857)	-	(857)
Acquisition of capital assets and rights	(1,535)	(307)	(1,842)
Impact fees	97	-	97
Interest payments on obligations	(161)	-	(161)
Capital grant proceeds	-	307	307
Net cash used for capital and related financing activities	<u>(1,436)</u>	<u>-</u>	<u>(1,436)</u>
Noncash investing, capital, and financing activities			
Interest received from investments	61	-	61
Net cash provided by investing activities	<u>61</u>	<u>-</u>	<u>61</u>
Net decrease in cash during fiscal year	(211)	(733)	(944)
Cash and cash equivalents, July 1	1,737	1,287	3,024
Cash and cash equivalents, June 30	<u>\$ 1,526</u>	<u>\$ 554</u>	<u>\$ 2,080</u>

City of Glendale, Arizona
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 550	\$ (619)	\$ (69)
Adjustments to reconcile operating income to net cash provided by operations:			
Depreciation	781	367	1,148
Changes in assets and liabilities:			
Accounts receivable	(156)	(2)	(158)
Due from other governments	-	238	238
Inventories and prepaid items	-	(10)	(10)
Accounts payable	(32)	(9)	(41)
Accrued expenses	(1)	-	(1)
Deposits	20	3	23
Unearned rent	-	(2)	(2)
Due to other funds	-	(991)	(991)
Compensated absences	2	18	20
Net cash provided by (used in) operating activities	<u>\$ 1,164</u>	<u>\$ (1,007)</u>	<u>\$ 157</u>
Reconciliation of balance sheet cash and investments to the statement of cash flows:			
Per combined balance sheet:			
Equity in pooled cash and investments	\$ 1,018	\$ 553	\$ 1,571
Restricted cash and investments	508	1	509
Total cash and cash equivalents	<u>\$ 1,526</u>	<u>\$ 554</u>	<u>\$ 2,080</u>
Non-cash transactions affecting financial position:			
Non-cash loss on asset disposal	\$ 22	\$ -	\$ 22

City of Glendale, Arizona
Combining Statement of Net Assets
Internal Service Funds
June 30, 2002
(amounts expressed in thousands)

	Risk Management	Workers' Compensation	Employee Benefits	Totals
ASSETS				
Current assets:				
Equity in pooled				
cash and investments	\$ 3,112	\$ 6,492	\$ 3,603	\$ 13,207
Accounts receivable, net	-	-	46	46
Inventories and prepaid items	337	-	-	337
Total current assets	<u>3,449</u>	<u>6,492</u>	<u>3,649</u>	<u>13,590</u>
Noncurrent assets:				
Restricted cash and investments	-	15	16	31
Total assets	<u>3,449</u>	<u>6,507</u>	<u>3,665</u>	<u>13,621</u>
LIABILITIES				
Current liabilities:				
Accounts payable	90	100	804	994
Accrued expenses	-	-	68	68
Estimated claims payable	689	618	1,448	2,755
Total current liabilities	<u>779</u>	<u>718</u>	<u>2,320</u>	<u>3,817</u>
Noncurrent liabilities:				
Deferred revenue	-	-	15	15
Estimated claims payable	955	1,250	-	2,205
Total noncurrent liabilities	<u>955</u>	<u>1,250</u>	<u>15</u>	<u>2,220</u>
Total liabilities	<u>1,734</u>	<u>1,968</u>	<u>2,335</u>	<u>6,037</u>
NET ASSETS				
Unrestricted	<u>1,715</u>	<u>4,539</u>	<u>1,330</u>	<u>7,584</u>
Total net assets	<u>\$ 1,715</u>	<u>\$ 4,539</u>	<u>\$ 1,330</u>	<u>\$ 7,584</u>

City of Glendale, Arizona

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Internal Service Funds

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

	<u>Risk Management</u>	<u>Workers' Compensation</u>	<u>Employee Benefits</u>	<u>Totals</u>
Operating revenues:				
Self-insurance premiums	\$ 1,800	\$ 1,400	\$ 12,370	\$ 15,570
Operating expenses:				
Insurance claims and premiums	<u>1,500</u>	<u>943</u>	<u>12,127</u>	<u>14,570</u>
Operating income	300	457	243	1,000
Nonoperating revenues:				
Investments	<u>110</u>	<u>238</u>	<u>92</u>	<u>440</u>
Change in net assets	410	695	335	1,440
Net assets - beginning	<u>1,305</u>	<u>3,844</u>	<u>995</u>	<u>6,144</u>
Net assets - ending	<u>\$ 1,715</u>	<u>\$ 4,539</u>	<u>\$ 1,330</u>	<u>\$ 7,584</u>

City of Glendale, Arizona
Combining Statement of Cash Flows
Internal Service Funds
For fiscal year ended June 30, 2002
(amounts expressed in thousands)

	Risk Management	Workers' Compensation	Employee Benefits	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,800	\$ 1,400	\$ 12,381	\$ 15,581
Cash paid for insurance and in settlement of claims	<u>(1,677)</u>	<u>(1,067)</u>	<u>(11,292)</u>	<u>(14,036)</u>
Net cash provided by operating activities	123	333	1,089	1,545
Cash flows from investing activities:				
Interest received	<u>109</u>	<u>238</u>	<u>92</u>	<u>439</u>
Net increase in cash during fiscal year	232	571	1,181	1,984
Cash and cash equivalents, July 1	2,880	5,936	2,438	11,254
Cash and cash equivalents, June 30	<u>\$ 3,112</u>	<u>\$ 6,507</u>	<u>\$ 3,619</u>	<u>\$ 13,238</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 300	\$ 457	\$ 243	\$ 1,000
Adjustments to reconcile operating income to net cash provided by operations:				
Change in accounts receivable	-	-	(5)	(5)
Change in inventories and prepaid items	(44)	-	-	(44)
Change in accounts payable	(62)	81	720	739
Change in accrued expenses	-	-	(335)	(335)
Change in deposits payable	-	-	(83)	(83)
Change in claims payable	(71)	(205)	534	258
Change in deferred revenue	-	-	15	15
Net cash provided by operating activities	<u>\$ 123</u>	<u>\$ 333</u>	<u>\$ 1,089</u>	<u>\$ 1,545</u>
Reconciliation of balance sheet cash and investments to the statement of cash flows:				
Per combined balance sheet:				
Equity in pooled cash and investments	\$ 3,112	\$ 6,492	\$ 3,603	\$ 13,207
Restricted cash and investments	-	15	16	31
Total cash and cash equivalents	<u>\$ 3,112</u>	<u>\$ 6,507</u>	<u>\$ 3,619</u>	<u>\$ 13,238</u>

Other Supplementary Information

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City of Glendale, Arizona
Budgetary Comparison Schedule
Community Development Block Grants Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ -	\$ -	\$ 95	\$ 95
RESOURCES (INFLOWS):				
Intergovernmental	4,728	4,728	2,800	(1,928)
Miscellaneous	-	-	111	111
Total revenues	4,728	4,728	2,911	(1,817)
Add: Transfers in	-	-	2	2
Amounts available for appropriation	4,728	4,728	3,008	(1,720)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Community environment	4,728	4,726	2,968	1,758
Capital outlay	-	2	-	2
Total charges to appropriations	4,728	4,728	2,968	1,760
Budgetary fund balance, June 30, 2002	\$ -	\$ -	\$ 40	\$ 40

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 3,008
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(95)
Less: Transfers in	(2)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 2,911

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,968
Change in compensated absences liability	3
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 2,971

City of Glendale, Arizona
Budgetary Comparison Schedule
Highway Users Gas Tax Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ -	\$ -	\$ 287	\$ 287
RESOURCES (INFLOWS):				
Intergovernmental	14,000	14,000	13,579	(421)
Local	5	5	-	(5)
Miscellaneous	-	-	24	24
Total revenues	14,005	14,005	13,603	(402)
Add: Transfers in	8,147	8,202	6,160	(2,042)
Less: Transfers out	(6,222)	(6,222)	(5,894)	328
Amounts available for appropriation	15,930	15,985	14,156	(1,829)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Street maintenance	12,692	12,535	11,466	1,069
Capital outlay	3,176	3,388	2,337	1,051
Debt service:				
Principal	44	44	44	-
Interest	18	18	18	-
Total charges to appropriations	15,930	15,985	13,865	2,120
Budgetary fund balance, June 30, 2002	\$ -	\$ -	\$ 291	\$ 291

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 14,156
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(287)
Grant - Funded City projects administered by another entity and only recognized on City's GAAP records	386
Interest earned on restricted investments not available for appropriation	3
Less: Transfers in	(6,160)
Add: Transfers out	5,894
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 13,992

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 13,865
Change in compensated absences liability	27
Grant - Funded City projects administered by another entity and only recognized on City's GAAP records	386
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 14,278

City of Glendale, Arizona
Budgetary Comparison Schedule
Development Impact Fees Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 8,943	\$ 8,943	\$ 11,203	\$ 2,260
RESOURCES (INFLOWS):				
Licenses and permits	6,126	6,125	4,993	(1,132)
Investments	490	490	512	22
Bond proceeds	7,000	-	-	-
Total revenues	13,616	6,615	5,505	(1,110)
Less: Transfers out	-	-	(40)	(40)
Amounts available for appropriation	22,559	15,558	16,668	1,110
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contingencies	-	3	-	3
Capital outlay	16,249	15,116	3,717	11,399
Total charges to appropriations	16,249	15,119	3,717	11,402
Budgetary fund balance, June 30, 2002	\$ 6,310	\$ 439	\$ 12,951	\$ 12,512

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	\$ 16,668
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(11,203)
Add: Transfers out	40
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 5,505

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,717
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 3,717

City of Glendale, Arizona
Budgetary Comparison Schedule
Transportation Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ -	\$ -	\$ 135	\$ 135
RESOURCES (INFLOWS):				
Taxes	-	7,528	7,693	165
Intergovernmental	2,552	2,552	1,977	(575)
Charges for services	126	126	129	3
Investments	-	-	41	41
Miscellaneous	1,496	1,496	42	(1,454)
Proceeds of bonds sold	214	214	-	(214)
Total revenues	<u>4,388</u>	<u>11,916</u>	<u>9,882</u>	<u>(2,034)</u>
Add: Transfers in	1,581	1,581	1,403	(178)
Less: Transfers out	<u>(1,201)</u>	<u>(1,201)</u>	<u>-</u>	<u>1,201</u>
Amounts available for appropriation	<u>4,768</u>	<u>12,296</u>	<u>11,420</u>	<u>(876)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Community services	4,768	4,583	3,765	818
Capital outlay	<u>-</u>	<u>239</u>	<u>-</u>	<u>239</u>
Total charges to appropriations	<u>4,768</u>	<u>4,822</u>	<u>3,765</u>	<u>1,057</u>
Budgetary fund balance, June 30, 2002	<u>\$ -</u>	<u>\$ 7,474</u>	<u>\$ 7,655</u>	<u>\$ 181</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 11,420
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(135)
Less: Transfers in	<u>(1,403)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 9,882</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,765
Change in compensated absences liability	<u>11</u>
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,776</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Other Special Revenue Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 1,736	\$ 1,736	\$ 2,392	\$ 656
RESOURCES (INFLOWS):				
Taxes	3,369	3,368	3,239	(129)
Intergovernmental	523	523	2,510	1,987
Charges for services	-	-	995	995
Investments	7	7	33	26
Miscellaneous	5,929	5,929	753	(5,176)
Total revenues	9,828	9,827	7,530	(2,297)
Add: Transfers in	3,038	3,058	691	(2,367)
Less: Transfers out	(1,600)	(1,600)	(1)	1,599
Amounts available for appropriation	13,002	13,021	10,612	(2,409)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government	707	692	678	14
Public safety	6,463	6,226	5,241	985
Public works	107	107	16	91
Community services	1,953	1,949	1,800	149
Community environment	283	293	253	40
Street maintenance				
Miscellaneous	-	-	5	(5)
Contingencies	620	620	-	620
Capital outlay	2,727	2,971	384	2,587
Debt service:				
Principal	19	19	19	-
Interest	5	5	5	-
Total charges to appropriations	12,884	12,882	8,401	4,481
Budgetary fund balance, June 30, 2002	\$ 118	\$ 139	\$ 2,211	\$ 2,072

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	\$ 10,612
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(2,392)
Revenue recognized on a GAAP basis for "on behalf" grant	2
Less: Transfers in	(691)
Add: Transfers out	1
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 7,532

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 8,401
Change in compensated absences liability	(17)
Revenue recognized on a GAAP basis for "on behalf" grant	2
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 8,386

City of Glendale, Arizona
Budgetary Comparison Schedule
General Obligation Debt Service Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 4,186	\$ 4,186	\$ 3,515	\$ (671)
RESOURCES (INFLOWS):				
Taxes	12,993	12,993	12,864	(129)
Total revenues	12,993	12,993	12,864	(129)
Amounts available for appropriation	17,179	17,179	16,379	(800)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Miscellaneous	10	10	51	(41)
Debt service:				
Principal	8,058	8,058	8,058	-
Interest	2,262	2,262	2,389	(127)
Total charges to appropriations	10,330	10,330	10,498	(168)
Budgetary fund balance, June 30, 2002	\$ 6,849	\$ 6,849	\$ 5,881	\$ (968)

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	\$ 16,379
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(3,515)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 12,864

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 10,498
Net effect of other financing sources (uses) on interest expenditures	51
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 10,549

City of Glendale, Arizona
Budgetary Comparison Schedule
Special Assessment Debt Service Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 3,870	\$ 3,870	\$ 4,053	\$ 183
RESOURCES (INFLOWS):				
Special assessments	1,060	-	844	844
Investments	-	1,060	1,003	(57)
Miscellaneous	1,050	1,050	-	(1,050)
Total revenues	2,110	2,110	1,847	(263)
Add: Transfers in	412	412	420	8
Amounts available for appropriation	6,392	6,392	6,320	(72)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Miscellaneous	15	15	7	8
Debt service:				
Principal	1,374	1,374	1,374	-
Interest	1,017	1,017	1,017	-
Total charges to appropriations	2,406	2,406	2,398	8
Budgetary fund balance, June 30, 2002	\$ 3,986	\$ 3,986	\$ 3,922	\$ (64)

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 6,320
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(4,053)
Less: Transfers in	(420)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 1,847

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,398
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 2,398

City of Glendale, Arizona
Budgetary Comparison Schedule
Highway User Debt Service Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 10	\$ 10	\$ 120	\$ 110
RESOURCES (INFLOWS):				
Transfers in	5,810	5,810	5,456	(354)
Amounts available for appropriation	5,820	5,820	5,576	(244)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Miscellaneous	10	10	4	6
Debt service:				
Principal	4,580	4,580	4,280	300
Interest	1,230	1,230	1,230	-
Total charges to appropriations	5,820	5,820	5,514	306
Budgetary fund balance, June 30, 2002	\$ -	\$ -	\$ 62	\$ 62

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 5,576
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(120)
Less: Transfers in	(5,456)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ -

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,514
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 5,514

City of Glendale, Arizona
Budgetary Comparison Schedule
Municipal Property Corporation Debt Service Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 95	\$ 95	\$ 18	\$ (77)
RESOURCES (INFLOWS):				
Investments	20	20	6	(14)
Total revenues	20	20	6	(14)
Add: Transfers in	1,395	1,395	1,395	-
Amounts available for appropriation	1,510	1,510	1,419	(91)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Miscellaneous	15	15	1	14
Debt service:				
Principal	880	880	880	-
Interest	515	515	515	-
Total charges to appropriations	1,410	1,410	1,396	14
Budgetary fund balance, June 30, 2002	\$ 100	\$ 100	\$ 23	\$ (77)

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	\$ 1,419
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(18)
Less: Transfers in	(1,395)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 6

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,396
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 1,396

City of Glendale, Arizona
Budgetary Comparison Schedule
Streets Construction Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 7,396	\$ 7,396	\$ 15,317	\$ 7,921
RESOURCES (INFLOWS):				
Investments	400	400	355	(45)
Proceeds of bonds sold	6,380	6,380	2,097	(4,283)
Total revenues	6,780	6,780	2,452	(4,328)
Less: Transfers out	-	-	(42)	(42)
Amounts available for appropriation	14,176	14,176	17,727	3,551
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Miscellaneous	-	-	3	(3)
Contingencies	-	9	-	9
Capital outlay	12,215	12,272	6,785	5,487
Total charges to appropriations	12,215	12,281	6,788	5,493
Budgetary fund balance, June 30, 2002	\$ 1,961	\$ 1,895	\$ 10,939	\$ 9,044

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	\$ 17,727
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(15,317)
Less: Bond proceeds	(2,097)
Add: Transfers out	42
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 355

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,788
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 6,788

City of Glendale, Arizona
Budgetary Comparison Schedule
Fire and Police Construction Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 3,720	\$ 3,720	\$ 3,739	\$ 19
RESOURCES (INFLOWS):				
Investments	185	185	108	(77)
Proceeds of bonds sold	3,800	3,800	-	(3,800)
Total revenues	3,985	3,985	108	(3,877)
Amounts available for appropriation	7,705	7,705	3,847	(3,858)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Capital outlay	6,700	6,700	3,494	3,206
Total charges to appropriations	6,700	6,700	3,494	3,206
Budgetary fund balance, June 30, 2002	\$ 1,005	\$ 1,005	\$ 353	\$ (652)

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 3,847
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(3,739)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 108

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,494
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 3,494

City of Glendale, Arizona
Budgetary Comparison Schedule
Parks Bond Construction Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 5,758	\$ 5,758	\$ 5,643	\$ (115)
RESOURCES (INFLOWS):				
Investments	440	440	114	(326)
Miscellaneous	-	-	5	5
Proceeds from bonds sold	17,600	17,600	2,621	(14,979)
Total revenues	18,040	18,040	2,740	(15,300)
Less: Transfers out	-	-	(124)	(124)
Amounts available for appropriation	23,798	23,798	8,259	(15,539)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Community services	-	-	14	(14)
Capital outlay	22,119	22,978	4,711	18,267
Debt service:				
Principal	-	-	632	(632)
Interest	-	-	41	(41)
Total charges to appropriations	22,119	22,978	5,398	17,580
Budgetary fund balance, June 30, 2002	\$ 1,679	\$ 820	\$ 2,861	\$ 2,041

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 8,259
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(5,643)
Bonds proceeds	(2,621)
Add: Transfers out	124
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 119

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,398
Capital outlay - Paseo Racquet Club purchase	200
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 5,598

City of Glendale, Arizona
Budgetary Comparison Schedule
Other Construction Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 2,758	\$ 2,758	\$ 3,670	\$ 912
RESOURCES (INFLOWS):				
Intergovernmental	-	-	247	247
Investments	722	722	75	(647)
Miscellaneous	3,613	3,613	28	(3,585)
Proceeds of bonds sold	11,200	17,400	31,261	13,861
Total revenues	15,535	21,735	31,611	9,876
Transfers in	1,600	1,627	53	(1,574)
Transfers out	-	-	(3)	(3)
Amounts available for appropriation	19,893	26,120	35,331	9,211
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government	-	-	270	(270)
Community services	-	-	1,708	(1,708)
Capital outlay	18,463	20,978	9,574	11,404
Total charges to appropriations	18,463	20,978	11,552	9,426
Budgetary fund balance, June 30, 2002	\$ 1,430	\$ 5,142	\$ 23,779	\$ 18,637

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 35,331
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(3,670)
Expenditures funded by permit revenue	(6)
Less: Transfers in	(53)
Add: Transfers out	3
Bonds proceeds	(31,261)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 344

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 11,552
Expenditures funded by permit revenue	(6)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 11,546

City of Glendale, Arizona
Budgetary Comparison Schedule
Cemetery Perpetual Care Permanent Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 265	\$ 265	\$ 3,581	\$ 3,316
RESOURCES (INFLOWS):				
Investments	-	-	148	148
Miscellaneous	-	-	371	371
Total revenues	-	-	519	519
Amounts available for appropriation	265	265	4,100	3,835
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Capital outlay	265	265	-	265
Total charges to appropriations ⁽¹⁾	265	265	-	265
Budgetary fund balance, June 30, 2002	\$ -	\$ -	\$ 4,100	\$ 4,100

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,100
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(3,581)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 519

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ -
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ -

(1) Monies may be withdrawn from the cemetery perpetual care fund when a finding is made that the cemetery may be expanded by acquiring adjacent real property, and the projected revenues related to such expansion exceed the costs of operating and maintaining such property as a part of the cemetery. Authorization of expansion shall be adopted by ordinance.



City of Glendale, Arizona
Budgetary Comparison Schedule
Water and Sewer Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 24,968	\$ 24,968	\$ 30,867	\$ 5,899
RESOURCES (INFLOWS):				
Intergovernmental	246	246	51	(195)
Charges for services:				
Metered water sales	25,669	25,668	26,769	1,101
Sewer service charges	19,701	19,701	18,281	(1,420)
Impact fees	9,778	9,778	3,503	(6,275)
Other fees	1,422	1,422	1,019	(403)
Investments	1,532	1,532	903	(629)
Miscellaneous	-	-	2	2
Proceeds from bonds sold	15,000	15,000	-	(15,000)
Proceeds from loan	-	-	2,276	2,276
Total revenues	<u>73,348</u>	<u>73,347</u>	<u>52,804</u>	<u>(20,543)</u>
Less: Transfers out	<u>(4,540)</u>	<u>(4,540)</u>	<u>(4,688)</u>	<u>(148)</u>
Amounts available for appropriation	<u>93,776</u>	<u>93,775</u>	<u>78,983</u>	<u>(14,792)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General administration	5,615	5,576	5,081	495
Water	12,103	11,947	10,621	1,326
Sewer	9,556	9,506	7,480	2,026
Contingencies	2,000	2,348	-	2,348
Capital outlay	36,818	36,656	17,539	19,117
Debt service:				
Principal	9,620	9,620	10,658	(1,038)
Interest	<u>3,170</u>	<u>3,170</u>	<u>3,374</u>	<u>(204)</u>
Total charges to appropriations	<u>78,882</u>	<u>78,823</u>	<u>54,753</u>	<u>24,070</u>
Budgetary fund balance, June 30, 2002	<u>\$ 14,894</u>	<u>\$ 14,952</u>	<u>\$ 24,230</u>	<u>\$ 9,278</u>

City of Glendale
Budgetary Comparison Schedule
Water and Sewer Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 78,983
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(30,867)
Interest earned on restricted assets not available for appropriation	23
Loan proceeds	(2,276)
Proceeds from equipment disposals	(2)
Add: Transfers out	4,688
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets	<u>\$ 50,549</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 54,753
Amortization of capitalized bond issuance expense	(31)
Capital outlay expenditure	(17,539)
Change in compensated absences liability	(87)
Change in prepaid assets or inventory	(15)
Depreciation expense	8,104
Principal payments on long-term obligations	(10,658)
Interest expense	(220)
Indirect cost allocation	4,540
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets	<u>\$ 38,847</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Landfill Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 15,281	\$ 15,281	\$ 16,901	\$ 1,620
RESOURCES (INFLOWS):				
Charges for services:				
Landfill user fees	6,194	6,194	8,441	2,247
Other fees	2,638	2,638	1,169	(1,469)
Miscellaneous	-	-	116	116
Investments	458	458	622	164
Impact fees	-	-	151	151
Total revenues	<u>9,290</u>	<u>9,290</u>	<u>10,499</u>	<u>1,209</u>
Less: Transfers out	<u>(878)</u>	<u>(878)</u>	<u>(892)</u>	<u>(14)</u>
Amounts available for appropriation	<u>23,693</u>	<u>23,693</u>	<u>26,508</u>	<u>2,815</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contingencies	2,000	2,000	-	2,000
Landfill	5,574	6,179	4,565	1,614
Capital outlay	4,538	4,539	2,072	2,467
Debt service:				
Principal	2,434	1,828	1,453	375
Interest	759	759	799	(40)
Total charges to appropriations	<u>15,305</u>	<u>15,305</u>	<u>8,889</u>	<u>6,416</u>
Budgetary fund balance, June 30, 2002	<u>\$ 8,388</u>	<u>\$ 8,388</u>	<u>\$ 17,619</u>	<u>\$ 9,231</u>

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenses

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 26,508
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(16,901)
Interest earned on restricted investments not available for appropriation	37
Proceeds from disposal of capital assets	(116)
Transfers out	892
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets	<u>\$ 10,420</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 8,889
Capital outlay expenditures	(2,072)
Change in compensated absences liability	(32)
Change in estimated landfill post-closure liability	(6,211)
Depreciation expense	1,089
Principal payments on long-term obligations	(1,453)
Interest expense	140
Indirect cost allocation	878
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets	<u>\$ 1,228</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Sanitation Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 1,911	\$ 1,911	\$ 1,963	\$ 52
RESOURCES (INFLOWS):				
Charges for services:				
Container service	4,291	4,291	4,499	208
Curb service	7,474	7,474	7,309	(165)
Impact fees	-	-	96	96
Investments	-	-	33	33
Miscellaneous	-	-	76	76
Total revenues	<u>11,765</u>	<u>11,765</u>	<u>12,013</u>	<u>248</u>
Less: Transfers out	(1,200)	(1,200)	(1,200)	-
Amounts available for appropriation	<u>12,476</u>	<u>12,476</u>	<u>12,776</u>	<u>300</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Public works	10,090	10,377	9,266	1,111
Capital outlay	10	10	-	10
Debt service:				
Principal	1,435	1,148	857	291
Interest	287	287	161	126
Total charges to appropriations	<u>11,822</u>	<u>11,822</u>	<u>10,284</u>	<u>1,538</u>
Budgetary fund balance, June 30, 2002	<u>\$ 654</u>	<u>\$ 654</u>	<u>\$ 2,492</u>	<u>\$ 1,838</u>

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenses

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the schedule of operations - budget and actual	\$ 12,776
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(1,963)
Interest earned on restricted assets not available for appropriation	21
Proceeds from disposal of capital assets	(76)
Add: Transfers out	<u>1,200</u>
Total revenues as reported on the combining statement of revenues, expenses, and changes in fund net assets- nonmajor proprietary funds	<u>\$ 11,958</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the schedule of operations - budget and actual	\$ 10,284
Depreciation expense	781
Interest expense	23
Change in compensated absences liability	2
Capital lease financed expense	9
Principal payments on long-term obligations	(856)
Indirect cost allocation	<u>1,200</u>
Total expenses as reported in the combining statement of revenues, expenses, and changes in fund net assets - nonmajor proprietary funds	<u>\$ 11,443</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Housing Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ -	\$ -	\$ 366	\$ 366
RESOURCES (INFLOWS):				
Intergovernmental	-	-	6,790	6,790
Miscellaneous	-	-	422	422
Investments	7,935	7,935	-	(7,935)
Total revenues	<u>7,935</u>	<u>7,935</u>	<u>7,212</u>	<u>(723)</u>
Add: Transfers in	<u>390</u>	<u>390</u>	<u>390</u>	<u>-</u>
Amounts available for appropriation	<u>16,260</u>	<u>8,325</u>	<u>7,968</u>	<u>(357)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing	7,904	7,904	7,139	765
Capital outlay	<u>421</u>	<u>421</u>	<u>307</u>	<u>114</u>
Total charges to appropriations	<u>8,325</u>	<u>8,325</u>	<u>7,446</u>	<u>879</u>
Budgetary fund balance, June 30, 2002	<u>\$ 7,935</u>	<u>\$ -</u>	<u>\$ 522</u>	<u>\$ 522</u>

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenses

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 7,968
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(366)
Less: Transfers in	<u>(390)</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets - nonmajor proprietary funds	<u>\$ 7,212</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,446
Change in compensated absences liability	18
Depreciation expense	367
Capital outlay	<u>(307)</u>
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets - nonmajor proprietary funds	<u>\$ 7,524</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Risk Management Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 3,007	\$ 3,007	\$ 2,728	\$ (279)
RESOURCES (INFLOWS):				
Self-insurance premiums	1,800	1,800	1,800	-
Investments	150	150	110	(40)
Total revenues	1,950	1,950	1,910	(40)
Amounts available for appropriation	4,957	4,957	4,638	(319)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Insurance and claims	1,600	1,600	1,616	(16)
Contingencies	250	250	-	250
Total charges to appropriations	1,850	1,850	1,616	234
Budgetary fund balance, June 30, 2002	\$ 3,107	\$ 3,107	\$ 3,022	\$ (85)

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expense

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,638
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(2,728)
Total revenues as reported on the combining statement of revenues, expenses, and changes in fund net assets	\$ 1,910

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,616
Change in estimated claims payable	(71)
Change in prepaid assets or inventory	(45)
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets	\$ 1,500

City of Glendale, Arizona
Budgetary Comparison Schedule
Workers' Compensation Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 5,538	\$ 5,538	\$ 5,917	\$ 379
RESOURCES (INFLOWS):				
Self-insurance premiums	1,400	1,400	1,400	-
Investments	250	250	238	(12)
Total revenues	1,650	1,650	1,638	(12)
Amounts available for appropriation	7,188	7,188	7,555	367
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Insurance and claims	1,075	1,075	1,148	(73)
Total charges to appropriations	1,075	1,075	1,148	(73)
Budgetary fund balance, June 30, 2002	\$ 6,113	\$ 6,113	\$ 6,407	\$ 294

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenses

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 7,555
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(5,917)
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets	\$ 1,638

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,148
Change in estimated claims payable	(205)
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets	\$ 943

City of Glendale, Arizona
Budgetary Comparison Schedule
Employee Benefits Fund
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2001	\$ 2,927	\$ 2,927	\$ 1,909	\$ (1,018)
RESOURCES (INFLOWS):				
Self-insurance premiums	11,128	11,128	12,370	1,242
Investments	-	-	92	92
Total revenues	11,128	11,128	12,462	1,334
Less: Transfers out	(750)	(750)	-	750
Amounts available for appropriation	13,305	13,305	14,371	1,066
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Insurance and claims	11,223	11,223	11,593	(370)
Total charges to appropriations	11,223	11,223	11,593	(370)
Budgetary fund balance, June 30, 2002	\$ 2,082	\$ 2,082	\$ 2,778	\$ 696

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 14,371
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(1,909)
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets	\$ 12,462

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 11,593
Change in estimated claims payable liability	534
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets	\$ 12,127

Supplementary Information - Federal Financial Data Schedule (PHA: AZ003)

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

Line Item #	Account Description	Low Rent Public Housing 14.850a	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Public Housing Capital Fund Program	Total
ASSETS:						
Current Assets:						
Cash:						
111	Cash - unrestricted	418,872	-	133,821	-	552,693
100	Total cash	418,872	-	133,821	-	552,693
Accounts receivables:						
122	Accounts receivable - HUD other projects	-	-	64,890	-	64,890
125	Accounts receivable - miscellaneous	1,668	-	14,749	-	16,417
126	Accounts receivable- tenants - dwelling rents	2,597	-	-	-	2,597
126	Allowance for doubtful accounts - dwelling rents	(1,781)	-	-	-	(1,781)
120	Total receivables, net of allowances for doubtful accounts	2,484	-	79,639	-	82,123
Current investments						
132	Investments - restricted	-	-	1,419	-	1,419
143	Inventories	11,850	-	-	-	11,850
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	2,337	-	-	-	2,337
150	Total Current Assets	435,543	-	214,879	-	650,422
Non-Current Assets						
Fixed Assets:						
161	Land	135,533	-	-	-	135,533
162	Buildings	7,487,368	-	125,048	-	7,612,416
163	Furniture, equipment & machinery - dwellings	357,078	-	113,406	8,753	479,237
164	Furniture, equipment & machinery - administration	103,381	-	-	-	103,381
165	Leasehold improvements	1,781,777	-	-	-	1,781,777
166	Accumulated depreciation	(4,149,658)	-	(105,779)	(950)	(4,256,387)
167	Construction in progress	-	69,933	-	281,368	351,301
160	Total fixed assets, net of accumulated depreciation	5,715,479	69,933	132,675	289,171	6,207,258
180	Total Non-Current Assets	5,715,479	69,933	132,675	289,171	6,207,258
190	Total Assets	6,151,022	69,933	347,554	289,171	6,857,680
LIABILITIES AND EQUITY/NET ASSETS:						
LIABILITIES:						
Current Liabilities						
312	Accounts payable <= 90 days	11,038	-	6,853	-	17,891
322	Accrued compensated absences - current portion	3,967	-	4,297	-	8,264
333	Accounts payable - other government	14,662	-	-	-	14,662
341	Tenant security deposits	34,685	-	-	-	34,685
345	Other current liabilities	17,941	-	45,276	-	63,217
347	Interprogram - due to	-	-	2,337	-	2,337
310	Total Current Liabilities	82,293	-	58,763	-	141,056
Non Current Liabilities						
353	Noncurrent liabilities- other	-	-	1,419	-	1,419
354	Accrued Compensated Absences - non current	35,699	-	38,674	-	74,373
350	Total Noncurrent Liabilities	35,699	-	40,093	-	75,792
300	Total Liabilities	117,992	-	98,856	-	216,848
EQUITY/NET ASSETS:						
508	Invested in capital assets, net of related debt	5,715,479	69,933	132,675	289,171	6,207,258
511	Total reserved fund balance	-	-	-	-	-
512	Undesignated fund balance/retained earnings	317,551	-	116,023	-	433,574
513	Total Equity/Net Assets	6,033,030	69,933	248,698	289,171	6,640,832
600	Total Liabilities and Equity/Net Assets	6,151,022	69,933	347,554	289,171	6,857,680

Note: Programs with zero current year activity and zero ending position are not shown in this statement.

City of Glendale, Arizona
Supplementary Information
 For the fiscal year ended June 30, 2002
 (Rounded to nearest dollar)

(Continued) Supplementary Information - Federal Financial Data Schedule (PHA: AZ003)

Line Item #	Account Description	Low Rent Public Housing 14.850a	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Public Housing Capital Fund Program	Total
REVENUE:						
703	Net tenant rental revenue	241,660	-	-	-	241,660
704	Tenant revenue - other	13,096	-	-	-	13,096
705	Total tenant revenue	254,756	-	-	-	254,756
706	HUD PHA operating grants	331,147	-	6,114,832	36,795	6,482,774
706.1	Capital Grants	-	40,842	-	265,788	306,630
715	Other revenue	11,216	-	155,807	-	167,023
700	Total Revenue	597,119	40,842	6,270,639	302,583	7,211,183
EXPENDITURES:						
911	Administrative salaries	285,618	-	451,378	-	736,996
914	Compensated absences	8,436	-	9,139	-	17,575
915	Employee benefit contributions- administrative	60,552	-	100,695	-	161,247
916	Other operating- administrative	46,243	-	54,107	36,795	137,145
931	Water	52,050	-	-	-	52,050
932	Electricity	17,174	-	-	-	17,174
933	Gas	991	-	-	-	991
938	Other utilities expense	23,718	-	-	-	23,718
941	Ordinary maintenance and operations - labor	169,868	-	6,848	-	176,716
942	Ordinary maintenance and operations - materials & other	31,867	-	-	-	31,867
943	Ordinary maintenance and operations - contract costs	159,554	-	-	-	159,554
945	Employee benefit contributions- ordinary maintenance	37,802	-	-	-	37,802
961	Insurance premiums	26,646	-	16,128	-	42,774
963	Payments in lieu of taxes	14,662	-	-	-	14,662
964	Bad debt - tenant rents	321	-	-	-	321
969	Total operating expenditures	935,502	-	638,295	36,795	1,610,592
970	Excess operating revenue over expenditures	(338,383)	40,842	5,632,344	265,788	5,600,591
973	Housing assistance payments	-	-	5,546,677	-	5,546,677
974	Depreciation expense	351,090	-	14,841	950	366,881
900	Total Expenditures	1,286,592	-	6,199,813	37,745	7,524,150
1004	Operating transfers from/to component unit	390,000	-	-	-	390,000
1010	Total other financing sources (Uses)	390,000	-	-	-	390,000
1000	Excess (deficiency) of total revenues over (under) total expenditures	(299,473)	40,842	70,826	264,838	77,033
MEMO ACCOUNT INFORMATION						
1102	Debt principal payments- enterprise funds	-	-	-	-	-
1103	Beginning equity	263,753	-	34,613	-	298,366
1104	Total Prior period adjustments, equity transfers and correction of errors	6,068,750	29,091	143,259	24,333	6,265,433
1113	Maximum annual contributions commitment (Per ACC)	-	-	83,538	-	83,538
1114	Prorata maximum annual contributions applicable to a period of less than twelve months	-	-	5,767,305	-	5,767,305
1115	Contingency Reserve	-	-	1,682,770	-	1,682,770
1116	Total Annual Contributions Available	-	-	7,533,613	-	7,533,613
1120	Unit months available	1,860	-	12,672	-	14,532
1121	Number of unit months leased	1,820	-	12,058	-	13,878

Note: Programs with zero current year activity and zero ending position are not shown in this statement

Capital Assets Used in the Operation of Governmental Funds**Schedule By Function and Activity⁽¹⁾**

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment
General government	\$ 21,745	\$ 16,039	\$ 1,580	\$ 1,378
Public safety	404	19,081	9,383	4,521
Public works	6,442	13,659	3,429	355
Community services	22,249	19,379	32,469	1,365
Community environment	1,033	-	2,873	-
Street maintenance	733	-	4,501	445
Cemetery	100	-	-	-
Total governmental funds capital assets	\$ 52,706	\$ 68,158	\$ 54,235	\$ 8,064

(1) This schedule presents only the capital asset balances related to governmental funds.

Capital Assets Used in the Operation of Governmental Funds**Schedule By Function and Activity⁽¹⁾**

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

<u>Computer Equipment</u>	<u>Software</u>	<u>Automotive Equipment</u>	<u>Construction in Process</u>	<u>Other</u>	<u>Total</u>
\$ 830	\$ 96	\$ 10,101	\$ 1,270	\$ 113	\$ 53,152
20	338	5,486	704	-	39,937
9	-	715	722	-	25,331
65	-	1,971	4,827	1,329	83,654
-	-	13	-	-	3,919
8	-	3,234	9,850	11,577	30,348
-	-	-	-	-	100
<u>\$ 932</u>	<u>\$ 434</u>	<u>\$ 21,520</u>	<u>\$ 17,373</u>	<u>\$ 13,019</u>	<u>\$ 236,441</u>

City of Glendale, Arizona

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes By Function and Activity⁽¹⁾

For the Fiscal Year Ended June 30, 2002

(amounts expressed in thousands)

Function and Activity	Governmental Funds Capital Assets July 1, 2001	Additions	Deductions	Governmental Funds Capital Assets June 30, 2002
General government	\$ 43,264	\$ 12,785	\$ 2,897	\$ 53,152
Public safety	36,309	5,302	1,674	39,937
Public works	25,473	431	573	25,331
Community services	80,904	5,797	3,047	83,654
Community environment	3,928	-	9	3,919
Street maintenance	9,145	26,753	5,550	30,348
Cemetery	100	-	-	100
Total governmental funds capital assets	<u>\$ 199,123</u>	<u>\$ 51,068</u>	<u>\$ 13,750</u>	<u>\$ 236,441</u>

(1) This schedule presents only the capital asset balances related to governmental funds.

Statistical Section

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City of Glendale, Arizona
General Governmental Expenditures by Function ⁽¹⁾
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Table 1

Fiscal Year	General Government	Public Safety	Public Works	Community Services	Community Environment	Street Maintenance	Community Housing ⁽²⁾	Miscellaneous and Contingency	Capital Outlay	Debt Service	Total
1992-93	\$ 7,659	\$ 21,818	\$ 6,274	\$ 10,945	\$ 1,562	\$ 6,106	\$ 4,879	\$ 1,501	\$ 22,980	\$ 16,572	\$ 100,296
1993-94	7,780	23,358	6,752	11,138	1,236	6,315	4,776	288	28,977	15,742	106,362
1994-95	10,187	26,686	7,400	12,596	1,447	7,153	4,603	195	27,160	17,659	115,086
1995-96	11,449	30,006	7,858	13,917	1,615	7,676	4,763	241	31,094	20,559	129,178
1996-97	13,287	34,318	9,114	15,522	1,883	8,600	4,887	466	41,520	18,330	147,927
1997-98	14,666	36,847	9,797	16,697	2,991	9,109	5,064	127	37,130	19,205	151,633
1998-99	15,340	37,912	10,456	18,514	2,508	9,516	5,312	22	42,363	20,539	162,482
1999-00	17,122	41,155	11,884	21,332	2,052	9,541	5,645	458	42,177	32,997	184,363
2000-01	21,583	43,741	12,688	22,832	2,379	10,320	6,201	475	37,028	23,106	180,353
2001-02	20,064	49,126	11,364	27,502	3,223	11,493	-	71	38,636	26,499	187,978

Notes:

(1) Includes all Governmental Fund Types

(2) In fiscal year 2001-02, the City reclassified the Housing function to be accounted for within a proprietary fund. This function will be eliminated from the table prospectively.

City of Glendale, Arizona
General Governmental Revenues by Source ⁽¹⁾
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Table 2

Fiscal Year	Taxes and Special Assessments	Licenses and Permits	Inter-governmental	Local	Charges for Services	Fines and Forfeitures	Investments	Miscellaneous	Total
1992-93	\$ 27,667	\$ 4,354	\$ 41,975	\$ 4,777	\$ 2,139	\$ 1,304	\$ 1,546	\$ 1,103	\$ 84,865
1993-94	35,080	5,132	41,892	16,487	2,370	1,362	1,389	1,790	105,502
1994-95	40,934	5,131	44,780	15,038	2,629	1,516	3,254	1,764	115,046
1995-96	44,313	5,739	48,219	15,941	3,425	2,029	3,706	1,757	125,129
1996-97	47,892	6,691	55,558	23,131	3,813	2,701	4,556	2,943	147,285
1997-98	51,253	9,197	61,845	12,355	4,735	2,646	5,185	1,971	149,187
1998-99	54,355	7,902	66,609	10,904	4,737	2,951	5,017	1,770	154,245
1999-00	57,681	8,280	70,269	11,020	4,861	2,413	4,533	1,905	160,962
2000-01	60,911	9,897	72,216	6,417	5,347	2,381	8,303	3,686	169,158
2001-02 ⁽³⁾	70,526	10,663	68,479	- ⁽²⁾	2,516	2,859	2,572	2,728	160,343

Notes:

- (1) Includes all Governmental Fund Types
- (2) In accordance with implementation of GASB Statement 34, the City no longer recognizes certain developer contributions of infrastructure as revenue.
- (3) In fiscal year 2001-02, the City reclassified the Housing function to be accounted for within a proprietary fund. This function will be eliminated from the table prospectively.

City of Glendale, Arizona
Property Tax Levies and Collections
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Table 3

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent to Total Tax Levy
1992-93	\$ 9,460	\$ 8,923	94.32 %	\$ 361	\$ 9,284	98.13 %	\$ 556	5.88 %
1993-94	9,420	9,092	96.51	352	9,444	100.25	379	4.02
1994-95	9,718	9,412	96.85	238	9,650	99.30	335	3.45
1995-96	10,506	10,241	97.48	254	10,496	99.90	294	2.80
1996-97	10,761	10,448	97.09	211	10,659	99.05	292	2.71
1997-98	12,051	11,661	96.76	245	11,906	98.79	342	2.84
1998-99	12,131	11,764	96.98	312	12,076	99.55	327	2.69
1999-00	12,978	12,507	96.37	288	12,795	98.59	376	2.89
2000-01	14,227	13,833	97.23	339	14,172	99.62	397	2.79
2001-02	16,136	15,529	96.24	291	15,820	98.04	556	3.45

City of Glendale, Arizona
Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Table 4

Fiscal Year	Real Estate	Improvements	Secured Personal	Unsecured Personal	Utilities Rails and Wires	Gross Valuation ⁽¹⁾	Less: Exemptions ⁽¹⁾	Net Assessed Value ⁽¹⁾	Estimated Actual Value
1992-93	\$ 168,538	\$ 278,213	\$ 7,783	\$ 33,990	\$ 26,405	\$ 514,929	\$ 807	\$ 514,122	\$ 4,138,652
1993-94	163,208	277,881	10,279	31,758	28,359	511,485	838	510,647	4,136,637
1994-95	160,082	302,623	1,951	31,215	30,192	526,063	796	525,267	4,321,468
1995-96	161,175	358,969	2,045	25,714	31,092	578,995	815	578,180	4,809,344
1996-97	191,755	401,560	2,564	23,711	46,017	665,607	65,363	600,245	5,022,245
1997-98	206,083	475,031	2,688	29,718	46,299	759,819	62,626	697,193	5,824,504
1998-99	215,309	485,708	2,974	29,627	44,837	778,455	61,065	717,390	5,931,081
1999-00	223,785	548,672	2,748	30,259	45,209	850,673	62,981	787,692	6,526,885
2000-01	233,712	619,842	2,609	39,388	46,580	942,131	65,229	876,903	7,288,261
2001-02	253,580	686,608	2,609	43,470	51,547	1,037,814	83,695	954,119	8,010,100

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Notes:

Source: Maricopa County Assessor's Office

(1) Fiscal year 1996-97 gross valuation and exemptions increased due to a change in methodology by Maricopa County. Beginning that year, items such as churches and universities were included in both the gross valuation and the exemption amounts. The net effect of this change to the assessed value is zero.

City of Glendale, Arizona
Property Tax Rates - Direct and Overlapping Governments
Per \$100 Assessed Valuation
 Last Ten Fiscal Years

Table 5

Fiscal Year	City of Glendale	Glendale Elementary District	Glendale High School District	Peoria Unified School District	Deer Valley Unified School District	State	Maricopa County/ Education Equalization	Community College District	Flood Control District	Central Arizona Water Conservation District	County Library District	Fire District Assistance
1992-93	\$ 1.98	\$ 6.00	\$ 3.47	\$ 7.93	\$ 9.57	\$ 0.47	\$ 1.75	\$ 0.85	\$ 0.39	\$ 0.14	\$ 0.04	\$ 0.01
1993-94	1.98	6.26	4.00	7.76	9.92	0.47	1.77	0.85	0.36	0.14	0.04	0.01
1994-95	1.98	7.19	3.82	8.30	10.27	0.47	1.77	0.90	0.36	0.14	0.04	0.01
1995-96	1.93	7.93	4.20	8.51	9.42	0.47	1.83	1.11	0.33	0.14	0.01	0.01
1996-97	1.88	7.07	4.12	8.78	10.22	0.00	1.79	1.05	0.34	0.14	0.04	0.01
1997-98	1.83	7.45	3.89	9.47	9.73	0.00	1.79	1.13	0.34	0.14	0.04	0.01
1998-99	1.78	7.98	3.95	9.98	9.81	0.00	1.81	1.11	0.33	0.14	0.04	0.01
1999-00	1.73	7.71	3.85	9.70	9.17	0.00	1.82	1.13	0.29	0.14	0.04	0.01
2000-01	1.72	7.19	3.56	9.49	8.06	0.00	1.79	1.12	0.25	0.13	0.04	0.01
2001-02	1.72	6.89	3.46	8.72	8.11	0.00	1.77	1.11	0.23	0.13	0.04	0.01

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Total Within Following Districts:

	Glendale Elementary and High School Districts	Peoria Unified School District	Deer Valley Unified School District
1992-93	\$ 15.10	\$ 13.56	\$ 15.20
1993-94	15.88	13.38	15.54
1994-95	16.68	13.97	15.94
1995-96	17.96	14.34	15.25
1996-97	16.44	14.03	15.47
1997-98	16.62	14.75	15.01
1998-99	17.15	15.20	15.03
1999-00	16.72	14.86	14.33
2000-01	15.81	14.55	13.12
2001-02	15.36	13.73	13.12

Source: Maricopa County 2001 Tax Rates

Note: The City rounds the rates to two digits from the four presented by the county.

City of Glendale, Arizona
Principal Property Taxpayers
 June 30, 2002
 (amounts expressed in thousands)

Table 6

Taxpayer	Type of Property	Assessed Valuation	Percentage of Total Secondary Assessed Valuation
Arizona Public Service	Gas & Electric	\$ 15,145	1.59 %
US West / Qwest	Natural Resources	13,251	1.39
Honeywell Inc.	Industrial Park	11,346	1.19
New River Associates	Shopping Center	10,822	1.13
Southwest Gas	Gas & Electric	5,136	0.54
Corning Gilbert Inc.	Industrial Park	4,349	0.45
KB Toys	Warehouse	4,080	0.43
Chase Commercial Mtg.	Shopping Center	3,581	0.37
May Department Stores	Shopping Center	3,134	0.33
JC Penney Co.	Shopping Center	3,050	0.32
51 Bell Limited Partnership	Warehouse	3,045	0.32
Burlington Northern Santa Fe	Railroad	3,043	0.32
DESC Ramainderman LLD	Shopping Center	3,040	0.32
VHS of Arrowhead Inc.	Medical Building	2,982	0.31
Condev West Inc.	Shopping Center	2,822	0.30
Sanderson Ford	Auto Sales	2,688	0.28
Total principal taxpayers		91,514	9.59
Other taxpayers		862,605	90.41
Total secondary assessed valuation		\$ 954,119	100.00 %

Source: Maricopa County Treasurer's Office

Notes: (1) The Salt River Project Agriculture Improvement and Power District assessed valuation is not reflected in the total assessed valuation of the City of Glendale. The Project is subject to "voluntary contribution" in lieu of ad valorem taxation.

City of Glendale, Arizona
Special Assessment Billings and Collections
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Table 7

<u>Fiscal Year</u>	<u>Special Assessment Billing</u>	<u>Special Assessment Collected ⁽¹⁾</u>
1992-93	\$ 407	\$ 611
1993-94	410	769
1994-95	844	1,233
1995-96	837	900
1996-97	801	1,431
1997-98	706	1,616
1998-99	740	921
1999-00	782	790
2000-01	827	1,078
2001-02	825	844

Notes:

(1) Includes prepayments and billings that assessees paid before assessment went to bond.

City of Glendale, Arizona
Computation of Legal Debt Margins
 June 30, 2002
 (amounts expressed in thousands)

Table 8

Assessed value, August 2001			<u>\$ 954,119</u>
Debt limit: 6% of assessed value			<u>\$ 57,247</u>
Amount of 6% type debt applicable to debt limit:⁽¹⁾			
1993	Refunding	\$ 6,230	
1993	Refunding water/sewer	65	
1996	Library	25	
1996	Maintenance	16	
1996	Public safety	16	
1996	Streets	68	
1998	Library	4,356	
1998	Public safety	1,742	
1998	Streets	1,162	
2000	Economic development	913	
2000	Governmental facilities	831	
2000	Landfill	1,333	
2000	Public safety	548	
2000	Streets and parking	3,922	
2000	Streets and traffic signals	1,689	
2000	Transit	169	
2002	Streets, traffic and parking	2,080	
2002	Streets	<u>11,225</u>	
Total amount of 6% type debt applicable to debt limit			\$ 36,390
Less amount available in Debt Service Fund and Water & Sewer Fund:			
Water & Sewer Fund		45	
Debt Service Fund		<u>6,178</u>	
Total amount available			<u>6,223</u>
Total debt applicable to debt limit			30,167
6% type debt--legal debt margin			<u>\$ 27,080</u>
Debt limit: 20% of assessed value			<u>\$ 190,824</u>
Amount of 20% type debt applicable to debt limit:⁽¹⁾			
1993	Refunding	6,360	
1993	Refunding water/sewer	3,920	
1996	Flood control	310	
1996	Parks	575	
1998	Parks	1,725	
1999	Refunding	370	
1999	Refunding water/sewer	2,180	
2000	Flood control	5,625	
2000	Open space/trails	450	
2000	Parks	5,300	
2002	Refunding	4,545	
2002	Flood control	3,000	
2002	Parks	2,600	
2002	Water feature	2,430	
2002	Multipurpose Recreational Facility	<u>14,355</u>	
Total amount of 20% type debt applicable to debt limit			\$ 53,745
Less amount available in Debt Service Fund and Water & Sewer Fund:			
1993	Refunding and refunding water and sewer	6,995	
Debt Service Fund		<u>2,778</u>	
Total amount available			<u>9,773</u>
Total debt applicable to debt limit			43,972
20% type debt--legal debt margin			<u>\$ 146,852</u>

Notes:

(1) Includes the July 1, 2002, debt service payment.

6% General Obligation bonds are permitted by State law to be issued for general municipal purposes.

20% General Obligation bonds are restricted to use for water and sewer utilities, parks, open space areas, lights and recreational purposes.

City of Glendale, Arizona
**Ratio of General Obligation Bonded Debt
to Assessed Value and Net Direct Bonded Debt Per Capita**
Last Ten Fiscal Years
(amounts expressed in thousands)

Table 9

Fiscal Year	Population ⁽¹⁾	Assessed Value ⁽²⁾	Gross Bonded Debt ⁽³⁾	Debt Service Monies Available	Debt Payable from Enterprise Revenues	Net Direct Bonded Debt	Direct Bonded Debt to Assessed Value	Net Direct Bonded Debt per Capita
1992-93	159	\$ 514,122	\$ 84,795	\$ 6,250	\$ 23,725	\$ 54,820	10.66 %	\$ 0.34377
1993-94	164	510,647	78,545	6,690	22,440	49,415	9.68	0.30058
1994-95	173	525,267	71,855	7,040	19,690	45,125	8.59	0.26132
1995-96	186	578,180	74,815	9,382	16,750	48,683	8.42	0.26103
1996-97	192	600,245	67,160	9,998	14,000	43,162	7.19	0.22526
1997-98	197	697,193	70,800	10,892	11,835	48,073	6.90	0.24437
1998-99	207	717,390	62,575	11,611	10,000	40,964	5.71	0.19775
1999-00	213	787,692	74,830	12,416	9,635	52,779	6.70	0.24752
2000-01	224	876,903	64,690	13,241	7,498	43,951	5.01	0.19660
2001-02	228	954,119	90,135	15,955	5,156	69,024	7.23	0.30325

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Notes:

- (1) Source: Maricopa Association of Governments through 1995, City of Glendale Planning Department 1995-96 to present
- (2) Source: Maricopa County Assessor's Office
- (3) Includes all bonded general obligation debt, which includes landfill debt of \$1,460 for 1999-00, and \$1,333 for 2000-01 and \$1,186 for 2001-02.

**Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures**

Last Ten Fiscal Years

(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to Total Expenditures</u>
1992-93	\$ 8,340	\$ 8,231	\$ 16,571	\$ 100,296	16.52 %
1993-94	8,146	7,597	15,743	106,364	14.80
1994-95	9,570	7,198	16,768	115,087	14.57
1995-96	9,921	6,797	16,718	129,309	12.93
1996-97	11,015	6,820	17,835	147,927	12.06
1997-98	11,643	6,099	17,742	151,633	11.70
1998-99	12,970	5,996	18,966	162,482	11.67
1999-00	26,490	5,283	31,773	184,363	17.23
2000-01	14,650	5,769	20,419	180,353	11.32
2001-02	14,592	5,203	19,795	187,978	10.53

Note: Principal and Interest expenditures for 1999-00 include a current refunding transaction.

City of Glendale, Arizona
**Computation of Net Direct and Overlapping
 General Obligation Bonded Debt**
 June 30, 2002
 (amounts expressed in thousands)

Table 11

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Glendale	Amount Applicable to Glendale
Peoria Unified School District No. 11	\$ 192,054	26.9893 %	\$ 51,834
Glendale Elementary School District No. 40	17,700	99.0630	17,534
Deer Valley Unified School District No. 97	186,475	30.0998	56,129
Alhambra Elementary School District No. 68	35,620	18.6989	6,661
Glendale Union High School District No. 205	68,290	20.8337	14,227
Maricopa County	39,515	4.1641	1,645
Maricopa County Community College District	284,815	4.1641	11,860
Phoenix Union High School District No. 210	189,090	1.6128	3,050
Pendergast Elementary School District No. 92	19,435	11.0093	2,140
Tolleson Union High School District No. 214	37,400	4.6751	1,748
Washington Elementary School District No. 6	136,670	2.9488	4,030
Dysart Unified School District No. 89	6,025	0.2661	16
Agua Fria Union High School District No. 216	29,520	0.1243	37
Litchfield Elementary School District No. 79	23,385	0.1995	47
Cartwright Elementary School District No. 83	2,085	0.1616	3
Total Overlapping Debt	1,268,079		170,961
City of Glendale Debt	69,024		69,024
Total	\$ 1,337,103		\$ 239,985

Source: Maricopa County - Abstract by tax authority and class,
 Abstract by tax area code and Annual Report of Bonded Indebtedness

City of Glendale, Arizona
Water and Sewer Revenue Bond Coverage
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Table 12

Fiscal Year	Gross Revenue ⁽¹⁾	Operating and Maintenance Expenses ⁽²⁾	Net Revenue Available for Debt Service	Revenue Bond Debt Service Requirements			Coverage
				Principal ⁽³⁾	Interest ⁽³⁾	Total	
1992-93	\$ 30,322	\$ 14,508	\$ 15,814	\$ 3,315	\$ 3,304	\$ 6,619	2.39
1993-94	36,724	13,697	23,027	4,650	1,852	6,502	3.54
1994-95	37,898	15,509	22,389	4,705	1,828	6,533	3.43
1995-96	42,265	18,231	24,034	4,905	1,574	6,479	3.71
1996-97	46,204	20,273	25,931	5,350	1,383	6,733	3.85
1997-98	50,249	21,004	29,245	5,635	1,153	6,788	4.31
1998-99	49,843	22,429	27,414	4,521	923	5,444	5.03
1999-00	49,243	24,071	25,172	3,426	753	4,179	6.02
2000-01	52,482	28,334	24,148	7,558	3,387	10,945	2.21
2001-02	50,549	27,620	22,929	8,463	3,022	11,485	2.00

Notes:

(1) Operating revenues and nonoperating revenues excluding non-cash contributions, gains and losses.

(2) Excluding depreciation

(3) Principal and interest amounts include debt service on the note payable to the Waste Infrastructure Financing Authority of Arizona for the 96-97 and 00-01 loans. The City used its 1961 Revenue Bond authorization in obtaining both loans. Therefore, this table includes the loan activity to calculate revenue bond coverage.

City of Glendale, Arizona
Demographic Statistics
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Table 13

Fiscal Year	City Population ⁽¹⁾	County-Wide Per Capita Income ⁽²⁾	County-Wide School Enrollment ⁽³⁾	County-Wide Unemployment Rate ⁽⁴⁾	County-Wide Population ⁽⁴⁾
1992-93	159	\$ 19	397	5.9 %	2,291
1993-94	164	20	413	4.7	2,338
1994-95	173	20	419	3.9	2,356
1995-96	186	21	419	3.5	2,552
1996-97	192	22	453	3.0	2,722
1997-98	197	24	476	2.6	2,803
1998-99	207	25	503	2.7	2,879
1999-00	213	27	518	2.9	2,954
2000-01	224	28	545	2.6	3,072
2001-02	228	28	566	3.9	3,192

Source:

- (1) Maricopa Association of Governments through 1994-95, City Planning Department from 1995-96 to present.
- (2) Arizona Department of Economic Security through 1999-00, Bureau of Economic Analysis 2000-01 to present.
- (3) State Department of Education
- (4) Arizona Department of Economic Security 1992-93 to 1999-00, Census 2000 for 2000-01 to present.

City of Glendale, Arizona
Property Value, Construction and Bank Deposits
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Table 14

Fiscal Year	Estimated Actual Property Value ⁽¹⁾	Construction ⁽²⁾			Totals	Bank Deposits ⁽³⁾
		Residential	Commercial and Industrial	Others		
1992-93	\$ 4,138,652	\$ 146,054	\$ 84,936	\$ 25,979	\$ 256,969	\$ 19,250
1993-94	4,136,637	187,816	21,077	22,913	231,806	20,599
1994-95	4,321,468	185,913	34,736	31,782	252,431	20,754
1995-96	4,809,344	206,646	33,528	25,622	265,796	21,125
1996-97	5,022,246	246,524	35,947	32,053	314,524	20,998
1997-98	5,824,504	336,900	45,426	18,908	401,234	20,568
1998-99	5,931,081	260,658	40,564	31,916	333,138	25,214
1999-00	6,526,885	217,219	46,693	28,194	292,106	26,490
2000-01	7,288,261	202,341	74,479	10,903	287,723	28,380
2001-02	8,010,100	127,085	83,132	9,322	219,539	29,293

Source:

- (1) Maricopa County Assessor's Office
- (2) City of Glendale Community Development Group
- (3) Arizona Banker's Association (County-wide bank deposits activity)
 Total deposits for Quarter Ending June 30, 2002

Date of Incorporation	1910
Form of Government	Council-Manager
Area	55.6 Square Miles
Miles of streets	692
Building permits issued	5,428
Number of employees (full time equivalents)	1,532
Fire Protection:	
Number of stations	Seven
Number of firefighters (excluding volunteer firefighters)	175
Fire hydrants	7,009
Police Protection:	
Number of stations	Three
Number of police officers (exclusive of police reserve)	335
Recreation and Culture:	
Number of parks	89 with 1,984 acres
Number of libraries	Three
Number of library books	606,676

City of Glendale, Arizona
Insurance Coverage
For the Fiscal Year Ended June 30, 2002
(amounts expressed in thousands)

Table 16

Type of Insurance	Insuring Company	Policy Limits	Deduction Amount	Annual Premium	Expiration Date
Property/Inland Marine	Travelers Ins. Co.			\$ 278	1/26/03
Boiler and Machinery		\$ 100,000	\$ 50		
Real & Personal Property		231,054	50		
Fire Prevention / Service Vehicles		2,857	50		
Unlicensed mobile equipment		45,442	50		
Sublimits					
Earthquake & Flood per occurrence / aggregate except \$5,000,000 on Flood Zone A,V,B		100,000	100		
Business Interruption		10,000	50		
Transit		5,000	50		
Miscellaneous Equipment		3,000	50		
Pollutant Clean Up and Removal		1,000	50		
Automobile Physical Damage	American Insurance Co. (Fireman's Fund)	Actual cash value	3	116	1/26/03
Airport Owners' and Operators' General Liability	Westchester Fire Ins. Co. (ACE USA)	20,000		13	1/26/03
Commercial Crime Policy	National Union Fire Ins. (AIG)		50	47	4/9/04
Public employee dishonesty		15,000			
Faithful performance		2,000			
Workers' Compensation	Hartford Casualty Ins. Co.		250	72	7/1/02
Limit each accident/disease					
a) Workers' compensation		Statutory limits			
b) Employer liability		2,000			
Commercial General Liability - (Special Events)	Clarendon Ins. Co.	2,000		32	10/4/03
Excess Public Entity Liability First Layer	Genesis Ins. Co.	10,000	1,000	515	7/1/03
Excess Public Liability Second Layer	Princeton Ins.	10,000	11,000	298	7/1/03
Excess Public Liability Third Layer	Gulf Ins.	15,000	21,000	125	7/1/03
Excess Public Liability Fourth Layer	Westchester Ins. Co.	15,000	36,000	78	7/1/03
Kidnap, Ransom, and Extortion	National Union Fire Ins. Co.	10,000	N/A	4	5/2/04

The City's insurance is administered by Risk Management and Workers' Compensation divisions. Commercial insurance coverage is obtained by competitive bidding. Funding levels for self-insurance programs are provided by independent actuarial firms. The City Council has final approval on all insurance programs.

WATER RATES PER METER SIZE

Meter Size (inch)	Commercial Monthly Base Charge	
	Inside City	Outside City
3/4	\$ 12.02	\$ 15.63
1	13.15	17.10
1 1/2	19.84	25.79
2	26.53	34.50
3	53.02	68.93
4	77.65	100.95
6	132.69	172.50

Meter Size	Residential Monthly Base Charge	
	Inside City	Outside City
All Sizes	\$ 12.02	\$ 15.63

Gallons per Month	Residential and 3/4 Commercial Meter Size		Commercial 1 inch Meter Size and Greater ⁽¹⁾			
	All Year		All Year		Summer Excess Rate	
	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City
0 - 3,000	--	--	\$ 1.22	\$ 1.58	\$ 1.81	\$ 2.36
4,000 - 15,000	\$ 1.27	\$ 1.65	1.22	1.58	1.81	2.36
16,000 - 30,000	1.51	1.97	1.22	1.58	1.81	2.36
over 31,000	1.81	2.36	1.22	1.58	1.81	2.36

(1) Per 1,000 gallons

SEWER SERVICE RATES

Type of Service	Inside City	Outside City
Single Family Dwelling Unit	\$ 20.47	30.56
Office Building	39.21	N/A
Apartment - Average 5 units	74.35	50.00
Apartment - Average 35 units	330.66	267.03
Retail/Wholesale	35.84	N/A

(1) Per 1,000 gallons

SOURCE: City of Glendale Finance Department

HISTORICAL AVERAGE NUMBER OF WATER ACCOUNTS ⁽¹⁾

Fiscal Year Ending June 30	Residential	Commercial ⁽²⁾	Total
1995	41,317	3,789	45,106
1996	43,230	3,964	47,194
1997	45,421	4,165	49,586
1998	47,363	4,343	51,706
1999	49,556	4,544	54,100
2000 ⁽³⁾	50,324	4,590	54,914
2001	51,169	4,649	55,818
2002	52,736	5,197	57,933

(1) Total meters in the system being read monthly. Slightly lower figure for active accounts due to vacant properties.

(2) Includes multi-family housing facilities.

(3) As of April 3, 2000.

SOURCE: City of Glendale Finance Department

WATER DELIVERIES
 Acre Feet

Calendar Year	Residential ⁽¹⁾	Commercial	Other	Total
1995	27,361	5,616	8,998	41,975
1996	29,458	6,202	9,081	44,741
1997	31,294	4,562	8,667	44,523
1998	30,477	4,491	6,344	41,312
1999	32,779	4,739	8,942	46,460
2000	35,135	9,413	893	45,441
2001	34,667	8,865	722	44,254

(1) Residential includes both single and multi-family housing.

SOURCE: Annual Report of Arizona Department of Water Resources.

SEWERAGE ACCOUNTS BILLED AND SEWAGE TREATED

Fiscal Year	No. of Sewer Accounts Billed	Multi-City Plant (MGD) Actual	Arrowhead (MGD) ⁽¹⁾	West ⁽³⁾ (MGD)	Peak (MGD) ⁽²⁾
1995	41,498	10.0	1.1		15.0
1996	44,090	11.0	1.6		16.5
1997	45,813	12.3	1.9		18.5
1998	47,064	10.4	2.2		15.6
1999	49,021	10.9	2.7		16.4
2000	50,564	11.7	2.8	4.3	17.6
2001	52,688	11.4	2.8	4.3	17.1

(1) Estimated

(2) Peak Day is based on 150% of the Multi-City Plant Use.

(3) Began operations in 2000

SOURCE: City of Glendale Finance and Utilities Departments

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City of Glendale
Finance Department
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