



CITY OF GLENDALE, ARIZONA
**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

FOR FISCAL YEAR ENDED
JUNE 30, 2003



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CITY OF GLENDALE, ARIZONA COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year 2002-03, Ended June 30, 2003

**Elaine M. Scruggs
Mayor**

Thomas R. Eggleston
Vice Mayor
Barrel District

Councilmembers

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

Management Staff

Ed Beasley - City Manager
Pam Kavanaugh - Assistant City Manager

Tim Ernster
Deputy City Manager - Community Development

Kenneth A. Reedy
Deputy City Manager - Public Works

Chris Zapata
Deputy City Manager - Community Services

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

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City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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**City of Glendale, Arizona
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2003**

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September 26, 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, 2003.

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 Heinfeld, Meech & Co., P.C., 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, 2003, 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 reporting package.

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 56.44 square miles and serves a population of 231,288. 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, attorney and municipal judges. 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; water and sewer and sanitation services; 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 by 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 funds, however, require the special approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual 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 an economic environment that continues to grow and diversify. Local indicators point to continued stability and strength. The economy of Glendale is based on manufacturing, defense activities, services, private graduate schools, retail trade, restaurants and sports and entertainment. The Arizona Department of Economic Security currently lists the average total labor force in the City as 125,786 for the period January through June 2003. Average employment for the same period is 119,197, 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 has been facing a significant deficit due to an economic slowdown; however, improvements in the economy have occurred recently, which could result in a smaller impact on the revenues received by the City.

Through strategic budgetary planning, the City reduced expenditures in anticipation of decreased “State Shared Revenues.” In addition, the City has built fund balance to provide a cushion against economic or other unforeseen one-time requirements.

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 3.3 million. The state’s population reached 5.5 million in 2002, representing a 3.8% 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, which will be completed and open in December of 2003. The agreement also includes a mixed-use component that contains at least 1.6 million square feet of development. Additionally, a 54-acre mall property is currently being developed and construction and leasing are underway. Another key development is the anticipated 2005-06 completion of the multi-purpose National Football League (NFL) stadium. The \$355 million multi-purpose stadium will be the home of the Arizona Cardinals and the Fiesta Bowl, and is anticipated to be site of the 2008 Super Bowl and other major events.

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.

Glendale received one of the lowest interest rates (3.86 percent) on the largest General Obligation bond sale in the City’s history. The 3.86% rate was given to the City because of its strong financial practices and results in savings of \$2.8 million to Glendale residents over the life of the capital improvement projects constructed in the City.

Substantial investments have been made by the City 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/obligations in order to meet the long-term 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 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. Categorized investments are classified in credit risk category 1 as defined by the Governmental Accounting Standards Board (GASB).

Risk management. During 2002-03, 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 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 post-employment benefits. Other than the pension benefits provided through the Arizona State Retirement System or the Arizona Public Safety Personnel Retirement System, the City does not provide post-employment benefits. However, the City does allow all of its retired employees to participate in the health care and life insurance plans provided to active employees. The plans provide 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 monies 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, 2002. This was the fifteenth consecutive year the City has received this prestigious award, and the seventeenth year overall. 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 2002-03. This is the fourteenth 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 Department. I 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, Council and City Manager for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



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, 2002

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.



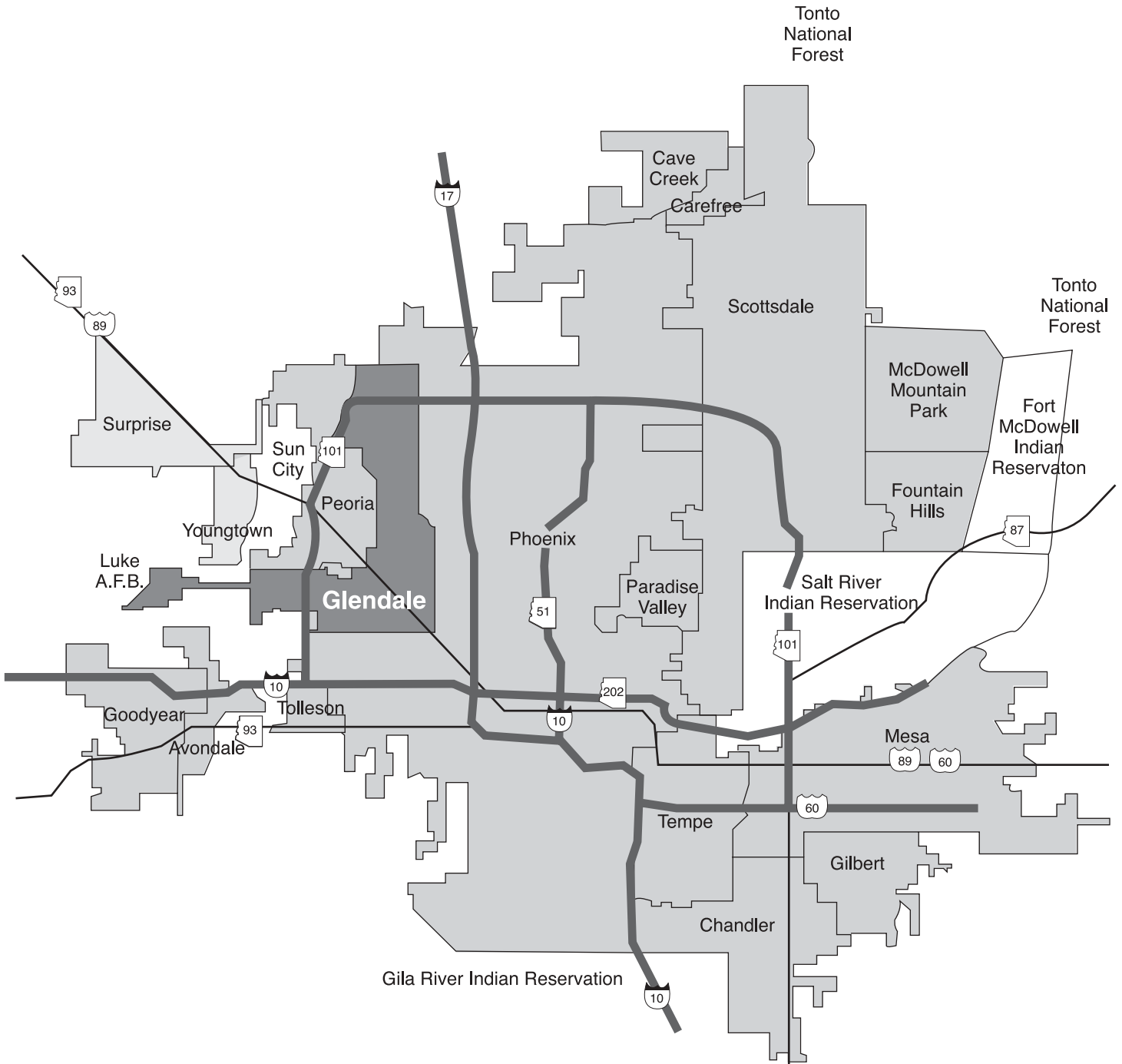
A handwritten signature in black ink, appearing to read "Edward Haney".

President

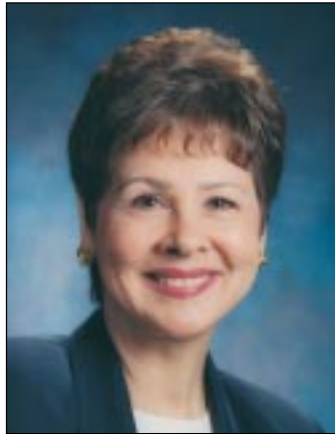
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

GLENDALE, ARIZONA AND NEIGHBORING COMMUNITIES



CITY OFFICIALS



ELAINE M. SCRUGGS
Mayor



JOYCE V. CLARK
*Councilmember
Yucca District*



THOMAS R. EGGLESTON
*Vice Mayor/
Councilmember
Barrel District*



STEVE E. FRATE
*Councilmember
Sahuaro District*



DAVID M. GOULET
*Councilmember
Ocotillo District*



H. PHILIP LIEBERMAN
*Councilmember
Cactus District*

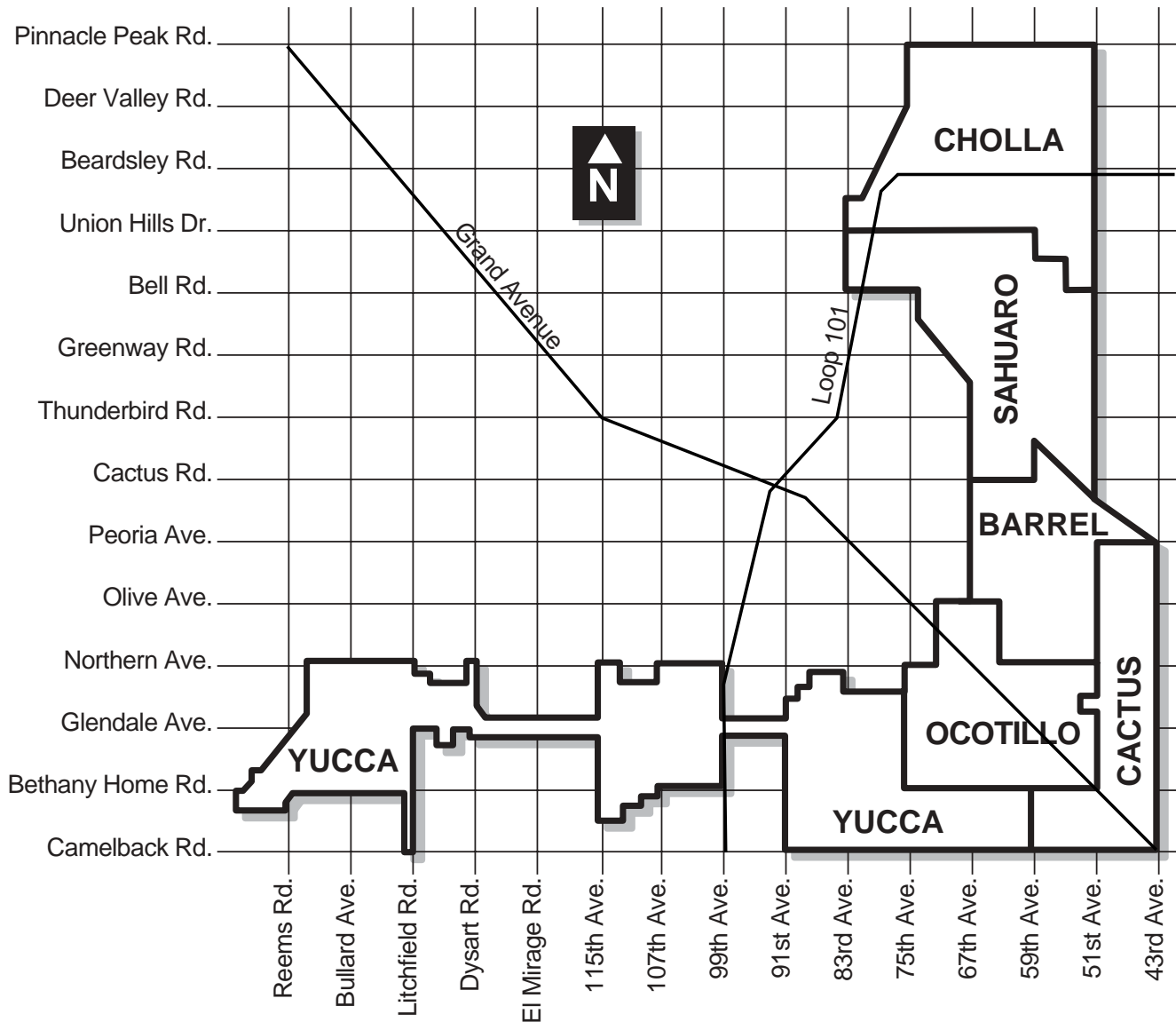


MANUEL D. MARTINEZ
*Councilmember
Cholla District*



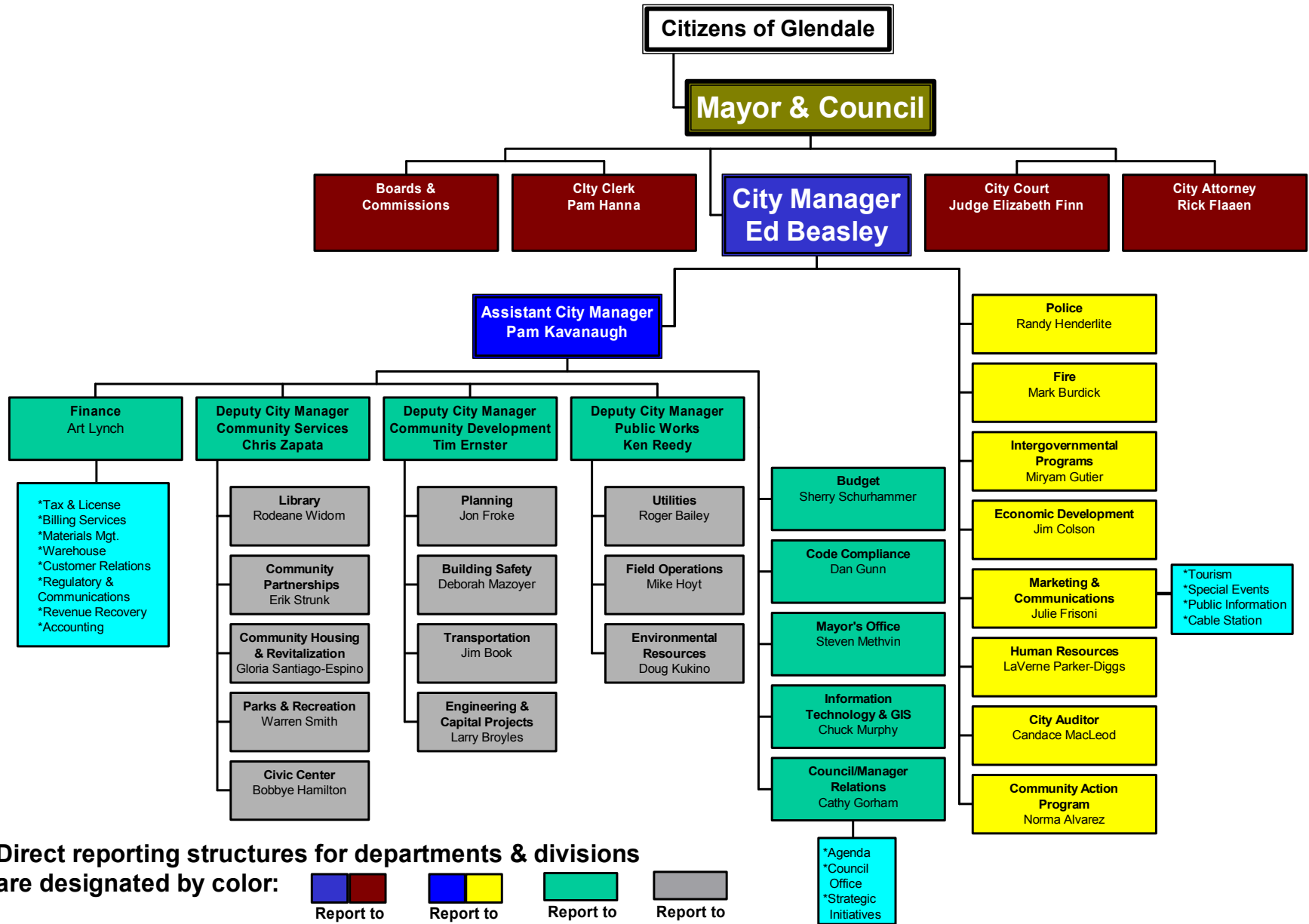
ED BEASLEY
City Manager

GLENDALE COUNCIL DISTRICT BOUNDARIES



ORGANIZATION CHART

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Direct reporting structures for departments & divisions are designated by color:

- Report to Council
- Report to City Manager
- Report to Assistant City Manager
- Report to Deputy City Managers

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City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL SECTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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INDEPENDENT AUDITORS' REPORT

The 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, as of and for the year ended June 30, 2003, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glendale, as of June 30, 2003, 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.

The management's discussion and analysis on pages 13 to 23 and the budgetary comparison information on pages 77 to 80 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 opinions on the financial statements that collectively comprise the City of Glendale's basic financial statements. The introductory section, combining statements, other supplementary information and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements other supplementary information 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2003, on our consideration of the City of Glendale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Heinfeld, Meech & Co, P.C.

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

September 26, 2003



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION & ANALYSIS

(Required Supplementary Information)

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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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, 2003. 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 the Management's Discussion and Analysis, provide these significant key financial highlights for 2002-03 as follows.

- The City's total net assets increased \$75,447 or 9.29%. The governmental net assets increased by \$60,855 or 13.25% and the business-type net assets increased by \$14,592 or 4.13%. A \$327,446 prior period adjustment increased the governmental net assets by the addition of infrastructure as required by Governmental Accounting Standards Board Statement (GASBS) 34.
- General revenues from governmental activities increased \$32,287 or 26.15%, and were 74.72% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions increased \$8,894 or 20.30%.
- The business-type activities revenue increased by \$2,629 or 3.15%.
- The total cost of all City programs increased by \$18,603 or 9.27%.
- A major governmental fund, the general fund, had \$109,302 in revenues, which is an increase of \$4,943 or 4.74% from the prior year. The primary sources of revenue in general fund are local taxes and intergovernmental taxes. The total expenditures of the general fund were \$103,970, which is a decrease of \$3,597 or 3.34% from the prior year. The fund balance increased \$23,925 or 95.25%. This increase was largely from \$14.5 of loan proceeds used to finance City acquisition of property for the Northern Crossing retail redevelopment project, which is under construction. The developer then issued a long-term note for \$14.5 to acquire the City property. The remainder of the fund balance increase resulted from increased tax and intergovernmental revenue, combined with planned expenditure reductions in general government.
- The City issued \$66,400 in general obligation bonds to fund the construction of public improvements. In addition, its municipal property corporation issued \$155,200 in excise tax revenue bonds, related to the arena project.

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

CITY OF GLENDALE, ARIZONA
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

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 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 16 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 11 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 of the City. Data from the other two

CITY OF GLENDALE, ARIZONA
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major 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 and transportation special revenue fund.

Other information. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the RSI.

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 \$887,999 as of June 30, 2003.

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 City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment 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, 2003
(amounts expressed in thousands)

Net Assets

The following table reflects the condensed Statement of Net Assets compared to prior year.

Condensed Statement of Net Assets
As of June 30, 2003, and 2002
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002*	2003	2002	2003	2002*
Current and other assets	\$ 335,020	\$ 170,321	\$ 111,521	\$ 101,107	\$ 446,541	\$ 271,428
Capital assets	628,443	489,043	371,792	355,271	1,000,235	844,314
Total assets	963,463	659,364	483,313	456,378	1,446,776	1,115,742
Current liabilities	88,803	42,136	22,960	6,784	111,763	48,920
Long-term liabilities	354,664	158,087	92,350	96,183	447,014	254,270
Total liabilities	443,467	200,223	115,310	102,967	558,777	303,190
Net assets:						
Invested in capital assets, net of related debt	259,802	358,706	275,204	269,007	535,006	627,713
Restricted	127,393	91,203	10,235	20,092	137,628	111,295
Unrestricted	132,801	9,232	82,564	64,312	215,365	73,544
Total net assets	\$ 519,996	\$ 459,141	\$ 368,003	\$ 353,411	\$ 887,999	\$ 812,552

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. The same situation held true for the prior fiscal year.

*Amounts do not agree to prior year due to a prior period adjustment for the addition of infrastructure.

CITY OF GLENDALE, ARIZONA
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

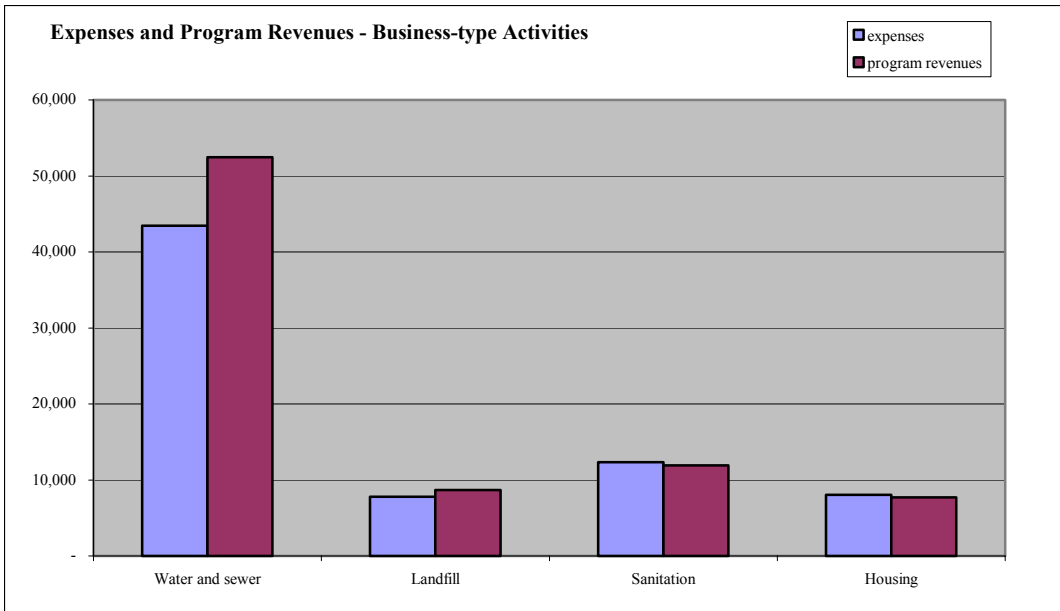
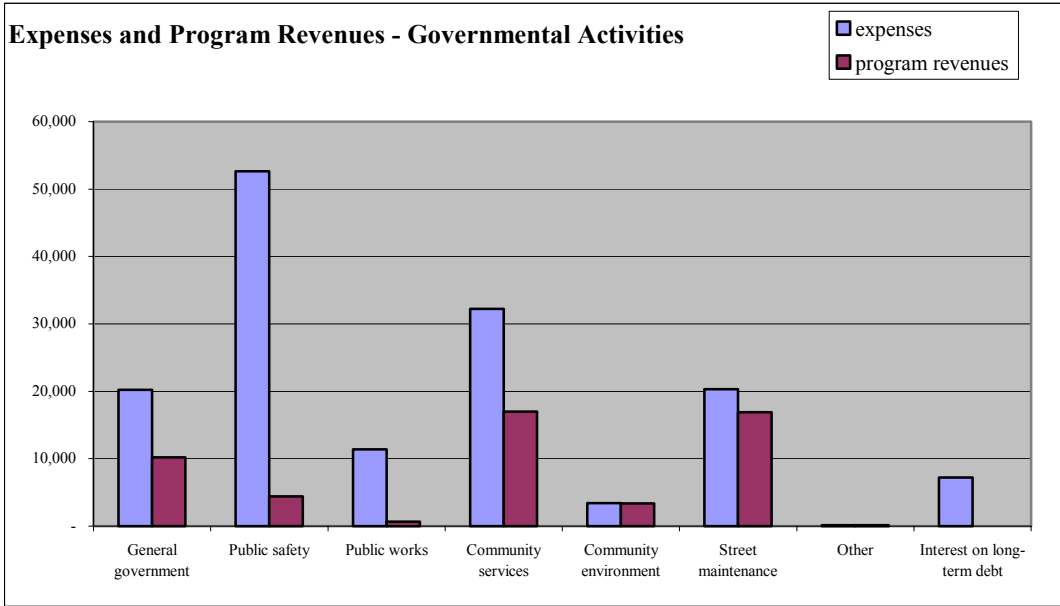
Changes in net assets. The City's total revenues for the fiscal year ended June 30, 2003, were \$295,917. The total cost of all programs and services was \$220,470. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2003, and 2002.

Changes in Net Assets
(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2003	2002*	2003	2002	2003	2002*
Revenues:						
Program revenues:						
Charges for services	\$ 25,898	\$ 18,591	\$ 73,144	\$ 67,908	\$ 99,042	\$ 86,499
Operating grants and contributions	22,522	22,640	7,091	6,592	29,613	29,232
Capital grants and contributions	4,294	2,589	520	673	4,814	3,262
Total program revenues	52,714	43,820	80,755	75,173	133,469	118,993
General revenues:						
Property taxes	16,739	16,459	-	-	16,739	16,459
Sales taxes	63,832	52,580	-	-	63,832	52,580
State shared sales tax	17,113	16,862	-	-	17,113	16,862
Urban revenue sharing (state shared income tax)	23,288	22,822	-	-	23,288	22,822
Auto in-lieu taxes	8,619	7,219	-	-	8,619	7,219
Impact fees	-	-	-	3,751	-	3,751
Investment earnings, unrestricted	(1,602)	1,397	(123)	1,215	(1,725)	2,612
Gain (loss) on disposal of capital assets	445	(345)	(725)	(168)	(280)	(513)
Gain (loss) on joint venture	-	-	(1,011)	(1,054)	(1,011)	(1,054)
Miscellaneous	299	289	-	-	299	289
Capital contributions	27,042	6,205	7,241	4,591	34,283	10,796
Total revenues	208,489	167,308	86,137	83,508	294,626	250,816
Expenses:						
General government	20,209	22,490	-	-	20,209	22,490
Public safety	52,625	53,779	-	-	52,625	53,779
Public works	11,411	12,766	-	-	11,411	12,766
Community services	32,210	30,919	-	-	32,210	30,919
Community environment	3,433	3,414	-	-	3,433	3,414
Street maintenance	20,308	12,534	-	-	20,308	12,534
Other	148	19	-	-	148	19
Interest on long-term debt	7,223	5,864	-	-	7,223	5,864
Water and sewer	-	-	43,442	39,909	43,442	39,909
Landfill	-	-	7,784	1,189	7,784	1,189
Sanitation	-	-	12,353	10,180	12,353	10,180
Housing	-	-	8,033	7,513	8,033	7,513
Total expenses	147,567	141,785	71,612	58,791	219,179	200,576
Excess before transfers	60,922	25,523	14,525	24,717	75,447	50,240
Transfers in (out)	(67)	(228)	67	228	-	-
Increase in net assets	60,855	25,295	14,592	24,945	75,447	50,240
Net assets, beginning	459,141	106,400	353,411	328,466	812,552	434,866
Restatement (See Note I.T)	-	327,446	-	-	-	327,446
Net assets, ending	\$ 519,996	\$ 459,141	\$ 368,003	\$ 353,411	\$ 887,999	\$ 812,552

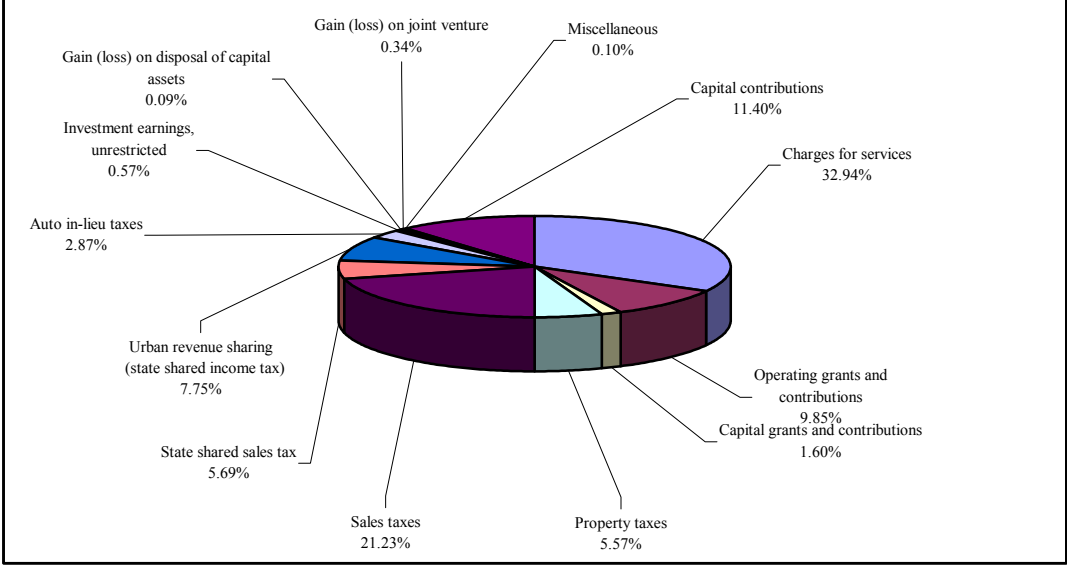
*For 2001-02 the franchise, license, and impact fees are reclassified and reported as Charges for Services instead of General Revenues, to be consistent with current year treatment.

CITY OF GLENDALE, ARIZONA
 Management's Discussion and Analysis (MD&A)
 For the Fiscal Year Ended June 30, 2003
 (amounts expressed in thousands)

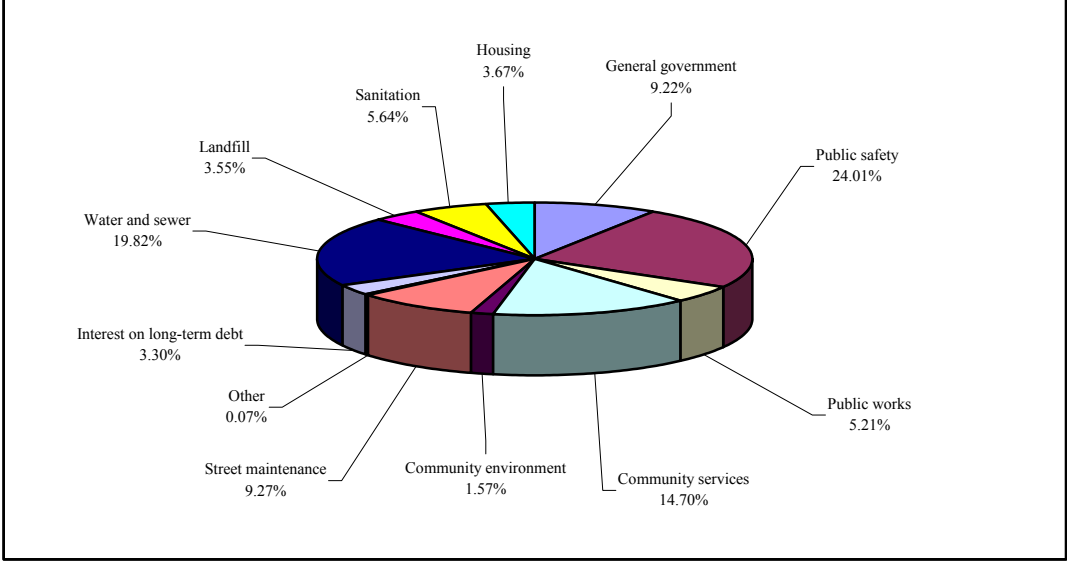


CITY OF GLENDALE, ARIZONA
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2003
 (amounts expressed in thousands)

Revenue Sources Fiscal Year 2002-03



Functional Expenses Fiscal Year 2002-03



CITY OF GLENDALE, ARIZONA
 Management's Discussion and Analysis (MD&A)
 For the Fiscal Year Ended June 30, 2003
 (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.

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 \$232,374, an increase of \$132,269 or 132.13% in comparison with the prior year.
- *Unreserved undesignated fund balance*, which is available for spending at the City's discretion within a fund was \$159,581, an increase of \$143,889 or 916.96% from the prior year. This increase resulted primarily through issuance of long-term debt for the arena project.
- The City also had \$21,951 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 XVI.
- 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	\$ 17,315
Special revenue	18,644
Debt service	10,246
Capital projects	98
Permanent	<u>4,539</u>
Total	<u>\$ 50,842</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 \$31,727, while total fund balance reached \$49,042. 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 30.52% of total general fund expenditures, while total fund balance represents 47.17% of that same amount.

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

Net assets of the enterprise funds and the internal service funds increased \$13,886 or 3.85%, respectively. The enterprise funds total net assets were 2.78% restricted and 22.55% unrestricted. Internal service funds were 100.0% unrestricted.

CITY OF GLENDALE, ARIZONA
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

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 default of the issuer of a portion of the investments held by the State of Arizona Local Government Investment Pool (LGIP). The securities in question comprised approximately 3.2% of the LGIP's investment portfolio and were transferred by LGIP to a separate pool due to the default.
- General fund revenues exceeded the final amended budget by \$13,020 or 10.0%, due to the Northern Crossing loan proceeds.
- General fund expenditures were less than the final amended budget by \$21,778 or 16.11%. This positive variance resulted from \$11,046 in left over contingencies appropriation at fiscal year-end along with expenditure reductions in general government.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets (net of accumulated depreciation) as of June 30, 2003, for its governmental type activities was \$628,443 and for the business type activities was \$371,792. 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:

- Construction of the Gateway Public Safety Center, \$4,810;
- Expansion of the Glendale Municipal Airport runway, \$1,848;
- New Adult Center at a current year cost of \$4,292;
- The City invested an additional \$8,215 on enhancements at the Cholla Water Treatment Plant;
- Modifications were made to the West Area Water Reclamation Facility totaling \$4,041.

The following table is a summary of capital assets reflected in the June 30, 2003, as compared to last year financial statements.

CITY OF GLENDALE, ARIZONA
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

Capital Assets at Year End
(Net of depreciation)
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002*	2003	2002	2003	2002*
Construction in progress	\$ 136,486	\$ 17,373	\$ 34,788	\$ 23,798	\$ 171,274	\$ 41,171
Land	42,679	52,706	9,477	5,625	52,156	58,331
Artwork	1,166	938	-	-	1,166	938
Buildings	42,739	44,990	9,844	10,128	52,583	55,118
Improvements other than buildings	21,080	19,934	5,296	5,332	26,376	25,266
Infrastructure-streets	320,097	303,221	-	-	320,097	303,221
Infrastructure-parks	12,031	11,364	-	-	12,031	11,364
Infrastructure-airport	4,159	4,297	-	-	4,159	4,297
Infrastructure-flood/storm drains	25,636	20,645	-	-	25,636	20,645
Water lines	-	-	62,733	59,260	62,733	59,260
Sewer lines	-	-	68,537	66,819	68,537	66,819
Water treatment plant	-	-	58,940	61,496	58,940	61,496
Sewer treatment plant	-	-	85,607	87,286	85,607	87,286
Meters and services	-	-	22,235	21,255	22,235	21,255
Fire hydrants	-	-	3,884	3,986	3,884	3,986
Machinery and equipment	13,636	5,172	4,583	3,935	18,219	9,107
Computer equipment	503	458	145	160	648	618
Software	341	356	-	-	341	356
Automotive equipment	7,890	7,589	5,723	6,191	13,613	13,780
Total	<u>\$ 628,443</u>	<u>\$ 489,043</u>	<u>\$ 371,792</u>	<u>\$ 355,271</u>	<u>\$ 1,000,235</u>	<u>\$ 844,314</u>

*Amounts do not agree to prior year due to a prior period adjustment for the addition of infrastructure.

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 \$460,904, compared to the \$229,099 last year, a 101.18% net increase. Of this amount, \$146,135 comprises debt backed by the full faith and credit of the City and \$12,036 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	
	2003	2002	2003	2002	2003	2002
General obligation	\$ 127,104	\$ 82,637	\$ 19,031	\$ 7,498	\$ 146,135	\$ 90,135
Special assessments	12,036	16,247	-	-	12,036	16,247
Highway user revenue bonds	20,030	24,310	-	-	20,030	24,310
Municipal Property Corporation revenue bonds	170,590	11,215	-	-	170,590	11,215
Capital lease obligation	14,971	4,498	12,838	15,291	27,809	19,789
Water and sewer revenue bonds	-	-	49,280	56,705	49,280	56,705
Notes payable	20,193	4,340	14,831	6,358	35,024	10,698
Total	<u>\$ 364,924</u>	<u>\$ 143,247</u>	<u>\$ 95,980</u>	<u>\$ 85,852</u>	<u>\$ 460,904</u>	<u>\$ 229,099</u>

The City's total long-term debt increased by \$231,805 from the prior year. The key factor in this increase was a \$155,200 municipal property corporation bond issue for the arena project.

CITY OF GLENDALE, ARIZONA
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

The City maintains an "AA" rating from Standard & Poor's and an "Aa2" rating from Moody's for general obligation debt. The highway user revenue bonds have been rated "Aa3" by Moody's and "A+" by Standard & 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, 2003, was \$11,553 and \$116,974, respectively.

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

Economic Factors and Next Year's Budgets and Rates

The adopted fiscal year 2003-04 budget is \$593,000 (down 6.61% from 2002-03), including a \$237,000 operating budget (an increase of 4.41% from 2003) and \$293,630 in capital outlay (down 16.14% from 2003). The fiscal year 2003-04 budget includes \$14,270 contingency appropriation to cover emergency expenses or revenue shortages.

- Fiscal year 2002-03 saw the national, state and regional economies struggle to recover from the effects of an ongoing recession.
- 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 2003 was 6.5%, which is an increase from a rate of 5.6% a year ago. This compares unfavorably to the state's average unemployment rate of 6.2% and the national average rate of 6.1%.

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.

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City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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City of Glendale, Arizona
Statement of Net Assets
June 30, 2003
(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and investments	\$ 177,054	\$ 52,717	\$ 229,771
Receivables (net of allowance for uncollectibles)			
Property taxes	772	-	772
Accounts	8,608	8,334	16,942
Accrued interest	793	93	886
Intergovernmental receivable	6,634	412	7,046
Internal balances	540	(540)	-
Inventories and prepaid items	3,841	452	4,293
Restricted cash and investments	105,758	11,010	116,768
Capital assets:			
Non-depreciable	180,331	44,265	224,596
Depreciable (net)	448,112	327,527	775,639
Deferred receivable	31,020	-	31,020
Water storage right (net)	-	6,561	6,561
Equity in joint venture	-	32,482	32,482
Total assets	<u>963,463</u>	<u>483,313</u>	<u>1,446,776</u>
LIABILITIES			
Vouchers payable	17,408	2,895	20,303
Accounts payable	11,796	92	11,888
Retainage payable	1,296	1,104	2,400
Accrued expenses	-	1,499	1,499
Accrued interest payable	4,230	1,735	5,965
Intergovernmental payable	94	227	321
Deposits	625	641	1,266
Unearned rent	-	4	4
Deferred revenue	23,139	-	23,139
Noncurrent liabilities:			
Due within one year	30,215	14,763	44,978
Due in more than one year	354,664	92,350	447,014
Total liabilities	<u>443,467</u>	<u>115,310</u>	<u>558,777</u>
NET ASSETS			
Invested in capital assets, net of related debt	259,802	275,204	535,006
Restricted for:			
Capital projects	54,412	55	54,467
Debt service	25,412	2,268	27,680
Revenue bond retirement, replacement, and extension	-	6,576	6,576
Perpetual care - nonexpendable	4,674	-	4,674
Other purposes	42,895	1,336	44,231
Unrestricted	132,801	82,564	215,365
Total net assets	<u>\$ 519,996</u>	<u>\$ 368,003</u>	<u>\$ 887,999</u>

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

City of Glendale, Arizona
Statement of Activities
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 20,209	\$ 10,029	\$ 175	\$ -
Public safety	52,625	1,897	2,476	28
Public works	11,411	526	110	12
Community services	32,210	13,439	1,025	2,537
Community environment	3,433	-	3,391	-
Street maintenance	20,308	7	15,345	1,558
Other	148	-	-	159
Interest on long-term debt	7,223	-	-	-
Total governmental activities	<u>147,567</u>	<u>25,898</u>	<u>22,522</u>	<u>4,294</u>
Business-type activities:				
Water and sewer	43,442	52,088	124	262
Landfill	7,784	8,644	4	6
Sanitation	12,353	11,918	-	5
Housing	8,033	494	6,963	247
Total business-type activities	<u>71,612</u>	<u>73,144</u>	<u>7,091</u>	<u>520</u>
Total primary government	<u>\$ 219,179</u>	<u>\$ 99,042</u>	<u>\$ 29,613</u>	<u>\$ 4,814</u>

General revenues:

Taxes:

Property taxes levied for:

General purposes

Debt service

Sales taxes

Unrestricted state shared sales tax

Unrestricted urban revenue sharing (state shared income tax)

Auto in-lieu taxes

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, restated (See note I.T)

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, 2003

(amounts expressed in thousands)

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (10,005)	\$ -	\$ (10,005)
(48,224)	-	(48,224)
(10,763)	-	(10,763)
(15,209)	-	(15,209)
(42)	-	(42)
(3,398)	-	(3,398)
11	-	11
(7,223)	-	(7,223)
<u>(94,853)</u>	<u>-</u>	<u>(94,853)</u>
-	9,032	9,032
-	870	870
-	(430)	(430)
-	(329)	(329)
<u>-</u>	<u>9,143</u>	<u>9,143</u>
<u>(94,853)</u>	<u>9,143</u>	<u>(85,710)</u>
3,353	-	3,353
13,386	-	13,386
63,832	-	63,832
17,113	-	17,113
23,288	-	23,288
8,619	-	8,619
(1,602)	(123)	(1,725)
445	(725)	(280)
-	(1,011)	(1,011)
299	-	299
27,042	7,241	34,283
(67)	67	-
<u>155,708</u>	<u>5,449</u>	<u>161,157</u>
60,855	14,592	75,447
459,141	353,411	812,552
<u>\$ 519,996</u>	<u>\$ 368,003</u>	<u>\$ 887,999</u>

City of Glendale, Arizona
Balance Sheet
Governmental Funds
June 30, 2003
(amounts expressed in thousands)

	Major Funds					Other Non-major Governmental Funds	Total Governmental Funds
	General	Transportation	General Obligation Debt Service	Special Assessment Debt Service	Arena Project		
ASSETS							
Equity in pooled cash and investments	\$ 48,247	\$ 16,326	\$ 17,543	\$ 813	\$ 3,438	\$ 77,706	\$ 164,073
Receivables, net of allowance for doubtful accounts:							
Property taxes	155	-	617	-	-	-	772
Accounts	6,313	1,536	-	-	213	546	8,608
Accrued interest	636	-	-	-	9	148	793
Due from other Funds	1,799	-	-	-	-	-	1,799
Intergovernmental receivable	2,186	656	-	-	-	3,793	6,635
Inventories and prepaid items	330	-	-	-	-	277	607
Restricted cash and investments	889	-	-	-	92,177	12,542	105,608
Deferred receivables	10,754	-	-	17,374	-	2,892	31,020
Total assets	<u>71,309</u>	<u>18,518</u>	<u>18,160</u>	<u>18,187</u>	<u>95,837</u>	<u>97,904</u>	<u>319,915</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Vouchers payable	6,769	664	-	-	311	9,105	16,849
Accounts payable	2,269	-	-	-	9,476	10	11,755
Retainage payable	-	-	-	-	1,149	146	1,295
Compensated absences - current	581	10	-	-	2	74	667
Intergovernmental payable	93	-	-	-	-	1	94
Due to other Funds	-	-	-	-	-	1,795	1,795
Deposits	464	-	-	-	-	161	625
Matured interest payable	-	-	2,179	361	-	1,628	4,168
Deferred revenue	12,091	10	387	17,374	-	4,620	34,482
Matured bonds payable	-	-	10,061	-	-	5,750	15,811
Total liabilities	<u>22,267</u>	<u>684</u>	<u>12,627</u>	<u>17,735</u>	<u>10,938</u>	<u>23,290</u>	<u>87,541</u>
Fund Balances:							
Reserved (Note XVI)	17,315	-	5,533	452	-	27,542	50,842
Unreserved:							
Designated (Note XVI):							
General fund	3,930	-	-	-	-	-	3,930
Special revenue funds	-	-	-	-	-	609	609
Capital project funds	-	-	-	-	-	17,412	17,412
Undesignated, reported in							
General fund	27,797	-	-	-	-	-	27,797
Special revenue funds	-	17,834	-	-	-	5,110	22,944
Capital projects funds	-	-	-	-	84,899	23,941	108,840
Total fund balances	<u>49,042</u>	<u>17,834</u>	<u>5,533</u>	<u>452</u>	<u>84,899</u>	<u>74,614</u>	<u>232,374</u>
Total liabilities and fund balances	<u>\$ 71,309</u>	<u>\$ 18,518</u>	<u>\$ 18,160</u>	<u>\$ 18,187</u>	<u>\$ 95,837</u>	<u>\$ 97,904</u>	<u>\$ 319,915</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, 2003
(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	\$	232,374
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$	816,393
Less accumulated depreciation		<u>(187,950)</u>
		628,443
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		3,500
Internal service funds are used by management to change 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.		
		6,091
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		(313,948)
Loans payable		(35,165)
Compensated absences		(8,871)
Bond premium		(3,426)
Arbitrage rebate payable		<u>(291)</u>
		(361,701)
Unmatured interest payable		
		(62)
Deferred revenue that is measurable but not yet available for governmental fund activities is recognized as revenue for governmental-wide activities.		
		11,351
Net assets of governmental activities	<u>\$</u>	<u>519,996</u>

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

City of Glendale, Arizona

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2003

(amounts expressed in thousands)

	Major Funds					Other Non-Major Governmental Funds	Total Governmental Funds
	General	Transportation	General Obligation Debt Service	Special Assessment Debt Service	Arena Project		
REVENUES							
Taxes and special assessments	\$ 47,078	\$ 16,788	\$ 13,589	\$ 1,625	\$ -	\$ 3,378	\$ 82,458
Licenses and permits	8,077	-	-	-	1,067	7,627	16,771
Intergovernmental	49,113	1,883	-	-	-	22,840	73,836
Charges for services	2,087	170	-	-	38	1,018	3,313
Fines and forfeitures	3,246	-	-	-	-	-	3,246
Investment income (loss)	(1,777)	297	159	-	(90)	606	(805)
Miscellaneous	1,478	2	-	-	-	1,354	2,834
Total revenues	<u>109,302</u>	<u>19,140</u>	<u>13,748</u>	<u>1,625</u>	<u>1,015</u>	<u>36,823</u>	<u>181,653</u>
EXPENDITURES							
Current:							
General government	16,340	-	-	-	2,860	1,121	20,321
Public safety	44,396	-	-	-	81	5,094	49,571
Public works	10,097	-	-	-	-	21	10,118
Community services	19,569	6,841	-	-	-	1,981	28,391
Community environment	-	-	-	-	-	3,282	3,282
Street maintenance	-	-	-	-	-	9,994	9,994
Miscellaneous	-	-	33	39	-	8	80
Debt service:							
Principal	1,407	-	10,061	4,211	-	6,001	21,680
Interest	519	-	4,002	847	189	2,598	8,155
Capital outlay	11,642	2,984	-	-	85,141	42,446	142,213
Total expenditures	<u>103,970</u>	<u>9,825</u>	<u>14,096</u>	<u>5,097</u>	<u>88,271</u>	<u>72,546</u>	<u>293,805</u>
Excess (deficiency) of revenues over expenditures	<u>5,332</u>	<u>9,315</u>	<u>(348)</u>	<u>(3,472)</u>	<u>(87,256)</u>	<u>(35,723)</u>	<u>(112,152)</u>
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	-	-	-	-	152,304	63,616	215,920
Loan proceeds	14,500	-	-	-	-	-	14,500
Proceeds from equipment disposal	2,801	1	-	-	-	-	2,802
Capital lease proceeds	7,978	-	-	-	-	3,288	11,266
Other uses:							
Transfers in	536	900	-	2	-	11,413	12,851
Transfers out	(7,222)	(3)	-	-	-	(5,693)	(12,918)
Total other financing sources and uses	<u>18,593</u>	<u>898</u>	<u>-</u>	<u>2</u>	<u>152,304</u>	<u>72,624</u>	<u>244,421</u>
Net change in fund balances	<u>23,925</u>	<u>10,213</u>	<u>(348)</u>	<u>(3,470)</u>	<u>65,048</u>	<u>36,901</u>	<u>132,269</u>
Fund balances, July 1	<u>25,117</u>	<u>7,621</u>	<u>5,881</u>	<u>3,922</u>	<u>19,851</u>	<u>37,713</u>	<u>100,105</u>
Fund balances, June 30	<u>\$ 49,042</u>	<u>\$ 17,834</u>	<u>\$ 5,533</u>	<u>\$ 452</u>	<u>\$ 84,899</u>	<u>\$ 74,614</u>	<u>\$ 232,374</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
to the Statement of Activities**
For the Fiscal Year Ended June 30, 2003
(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	\$	132,269
<p>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 of \$142,215 exceeded depreciation of \$18,964 for the current period.</p>		
		123,251
<p>The net effect of various transactions involving capital is to increase net assets.</p>		
Capital contributions	\$	27,042
Disposals		(2,803)
Gain on sales		445
		<u>24,684</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
		241
<p>The issuance of long-term debt of (\$238,546) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt of \$21,680 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 of \$2,744, premiums of (\$3,141), 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.</p>		
		(217,263)
<p>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.</p>		
		(1,300)
<p>The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
		(1,014)
<p>Interest expense on the statement of activities differ from governmental funds because of the portion not accrued on the governmental funds.</p>		
		(13)
Change in net assets of governmental activities	<u>\$</u>	<u>60,855</u>

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

City of Glendale, Arizona
Statement of Net Assets
Proprietary Funds
June 30, 2003
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds		Other Proprietary Funds	Total	
	Water and Sewer	Landfill			
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 33,744	\$ 17,810	\$ 1,163	\$ 52,717	\$ 12,979
Receivables:					
Accounts	6,578	479	1,493	8,550	-
Allowance for uncollectibles	(190)	(3)	(23)	(216)	-
Accrued interest	93	-	-	93	-
Intergovernment receivable	65	-	347	412	-
Inventories and prepaid items	447	-	5	452	270
Total current assets	<u>40,737</u>	<u>18,286</u>	<u>2,985</u>	<u>62,008</u>	<u>13,249</u>
Noncurrent assets:					
Restricted cash and investments	10,726	182	73	10,981	151
Capital assets:					
Capital assets	441,373	20,913	19,901	482,187	-
Accumulated depreciation	(96,375)	(4,281)	(9,739)	(110,395)	-
Capital assets, net	<u>344,998</u>	<u>16,632</u>	<u>10,162</u>	<u>371,792</u>	<u>-</u>
Water storage rights, net	6,561	-	-	6,561	-
Equity in joint venture	32,482	-	-	32,482	-
Long-term investments	-	-	29	29	-
Total noncurrent assets	<u>394,767</u>	<u>16,814</u>	<u>10,264</u>	<u>421,845</u>	<u>151</u>
Total assets	<u>435,504</u>	<u>35,100</u>	<u>13,249</u>	<u>483,853</u>	<u>13,400</u>
LIABILITIES					
Current liabilities:					
Vouchers payable	2,654	183	58	2,895	560
Accounts payable	61	-	31	92	42
Retainage payable	1,104	-	-	1,104	-
Compensated absences	669	130	195	994	-
Accrued expenses	1,499	-	-	1,499	-
Due to other funds	-	-	4	4	-
Intergovernment payable	171	-	56	227	-
Deposits	451	84	106	641	-
Unearned rent	-	-	4	4	-
Estimated claims payable	-	-	-	-	5,194
Current portion of long-term debt:					
General obligation bonds	2,020	154	-	2,174	-
Unamortized premium on debt issuance	9	-	-	9	-
Revenue bonds payable	7,810	-	-	7,810	-
Capital lease payable	26	1,402	983	2,411	-
Other long-term debt	1,365	-	-	1,365	-
Interest payable	1,632	87	16	1,735	-
Total current liabilities	<u>19,471</u>	<u>2,040</u>	<u>1,453</u>	<u>22,964</u>	<u>5,796</u>
Noncurrent liabilities:					
Deferred revenue	-	-	-	-	7
Compensated absences	289	41	167	497	-
General obligation bonds	15,825	1,033	-	16,858	-
Unamortized premium on debt issuance	541	-	-	541	-
Revenue bonds payable	41,470	-	-	41,470	-
Other long-term debt	-	-	29	29	-
Note payable	13,525	-	-	13,525	-
Capital lease obligations	83	7,997	2,347	10,427	-
Claims payable	-	-	-	-	1,506
Estimated closure and post-closure costs	-	9,003	-	9,003	-
Total noncurrent liabilities	<u>71,733</u>	<u>18,074</u>	<u>2,543</u>	<u>92,350</u>	<u>1,513</u>
Total liabilities	<u>91,204</u>	<u>20,114</u>	<u>3,996</u>	<u>115,314</u>	<u>7,309</u>
NET ASSETS					
Invested in capital assets, net of related debt	262,324	6,047	6,833	275,204	-
Restricted for:					
Capital projects	55	-	-	55	-
Debt service	2,268	-	-	2,268	-
Revenue bond retirement, replacement and extension	6,576	-	-	6,576	-
Other purposes	667	-	680	1,347	-
Unrestricted	72,410	8,939	1,740	83,089	6,091
Total net assets	<u>\$ 344,300</u>	<u>\$ 14,986</u>	<u>\$ 9,253</u>	<u>368,539</u>	<u>\$ 6,091</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				(536)	
Net assets of business-type activities				<u>\$ 368,003</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
Fiscal Year for the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Major Funds		Other Proprietary Funds	Totals	
	Water and Sewer	Landfill			
Operating revenues:					
Intergovernmental	\$ 151	\$ -	\$ 6,963	\$ 7,114	\$ -
Metered water sales	26,320	-	-	26,320	-
Sewer service charges	19,316	-	-	19,316	-
Container service	-	-	4,547	4,547	-
Curb service	-	-	7,254	7,254	-
Landfill user fees	-	6,769	-	6,769	-
Self-insurance premium	-	-	-	-	16,178
Recycling sales	-	1,653	-	1,653	-
Other fees	1,145	10	492	1,647	-
Total operating revenues	<u>46,932</u>	<u>8,432</u>	<u>19,256</u>	<u>74,620</u>	<u>16,178</u>
Operating expenses:					
Water	12,654	-	-	12,654	-
Sewer	8,325	-	-	8,325	-
Landfill	-	5,510	-	5,510	-
Housing	-	-	7,598	7,598	-
Closure/post-closure care adjustment	-	537	-	537	-
Sanitation	-	-	11,217	11,217	-
Administrative and general	9,691	-	-	9,691	-
Insurance claims	-	-	-	-	17,980
Amortization and depreciation	9,283	1,138	1,257	11,678	-
Total operating expenses	<u>39,953</u>	<u>7,185</u>	<u>20,072</u>	<u>67,210</u>	<u>17,980</u>
Operating income (loss)	<u>6,979</u>	<u>1,247</u>	<u>(816)</u>	<u>7,410</u>	<u>(1,802)</u>
Nonoperating revenues (expenses):					
Impact fees	5,334	209	116	5,659	-
Investment income (loss)	(344)	438	14	108	309
Interest expense	(2,986)	(501)	(129)	(3,616)	-
Net loss from joint venture	(1,011)	-	-	(1,011)	-
Bond issuance cost	(1)	-	-	(1)	-
Gain (loss) on disposal of assets	(993)	224	44	(725)	-
Intergovernmental - capital grants	-	-	247	247	-
Total nonoperating revenue (expenses)	<u>(1)</u>	<u>370</u>	<u>292</u>	<u>661</u>	<u>309</u>
Income before contributions and transfers	6,978	1,617	(524)	8,071	(1,493)
Capital contributions	7,241	-	-	7,241	-
Transfers in	-	-	390	390	-
Transfers out	(323)	-	-	(323)	-
Change in net assets	<u>13,896</u>	<u>1,617</u>	<u>(134)</u>	<u>15,379</u>	<u>(1,493)</u>
Total net assets - beginning	330,404	13,369	9,387		7,584
Total net assets - ending	<u>\$ 344,300</u>	<u>\$ 14,986</u>	<u>\$ 9,253</u>		<u>\$ 6,091</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(787)	
Change in net assets of business-type activities				<u>\$ 14,592</u>	

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

Statement of Cash Flows**Proprietary Funds**

For the Fiscal Year Ended June 30, 2003

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds		Other Proprietary Funds	Totals	
	Water and Sewer	Landfill			
Cash flows from operating activities:					
Cash received from customers	\$ 47,587	\$ 8,871	\$ 12,267	\$ 68,725	\$ 16,218
Cash received from federal government	-	-	6,681	6,681	-
Cash paid to suppliers:					
Internal city departments	(7,129)	(1,509)	(7,045)	(15,683)	-
External vendors	(11,412)	(2,647)	(7,662)	(21,721)	-
Cash paid for insurance and in settlement of claims	-	-	-	-	(16,635)
Cash paid to employees for services	(10,223)	(1,615)	(4,223)	(16,061)	-
Net cash provided by (used for) operating activities	<u>18,823</u>	<u>3,100</u>	<u>18</u>	<u>21,941</u>	<u>(417)</u>
Cash flows used for noncapital financing activities:					
Transfers in	-	-	409	409	-
Transfers out	(323)	-	-	(323)	-
Net cash provided by or used for noncapital financing activities	<u>(323)</u>	<u>-</u>	<u>409</u>	<u>86</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Proceeds from loans and bonds	23,386	-	-	23,386	-
Proceeds from capital leases	-	-	775	775	-
Principal payments on obligations	(10,736)	(2,456)	(893)	(14,085)	-
Acquisition of capital assets and rights	(23,012)	(1,050)	(1,392)	(25,454)	-
Impact fees	5,334	209	116	5,659	-
Interest payments on obligations	(2,776)	(660)	(138)	(3,574)	-
Capital grant proceeds	-	-	247	247	-
Net cash used for capital and related financing activities	<u>(7,804)</u>	<u>(3,957)</u>	<u>(1,285)</u>	<u>(13,046)</u>	<u>-</u>
Cash flows from investing activities:					
Interest received from investments	(301)	440	14	153	309
Net cash provided by investing activities	<u>(301)</u>	<u>440</u>	<u>14</u>	<u>153</u>	<u>309</u>
Net increase (decrease) in cash and cash equivalents during fiscal year	10,395	(417)	(844)	9,134	(108)
Cash and cash equivalents, July 1	34,075	18,409	2,080	54,564	13,238
Cash and cash equivalents, June 30	<u>\$ 44,470</u>	<u>\$ 17,992</u>	<u>\$ 1,236</u>	<u>\$ 63,698</u>	<u>\$ 13,130</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, 2003
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds		Other Proprietary	Totals	
	Water and Sewer	Landfill	Funds		
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 6,979	\$ 1,247	\$ (816)	\$ 7,410	\$ (1,802)
Adjustments to reconcile operating income to net cash provided by operations:					
Amortization and Depreciation	9,283	1,138	1,257	11,678	-
Changes in assets and liabilities:					
Accounts receivable	527	481	(32)	976	46
Intergovernmental receivable	7	-	(282)	(275)	-
Inventories and prepaid items	27	-	7	34	68
Accounts payable	72	(184)	(37)	(149)	(418)
Accrued expenses	1,846	(73)	(38)	1,735	(42)
Due to other funds	-	-	(58)	(58)	-
Deposits	52	(45)	3	10	-
Unearned rent	-	-	3	3	-
Deferred revenue	-	-	-	-	(9)
Compensated absences	30	(1)	11	40	-
Claims payable	-	-	-	-	1,740
Estimated closure and post-closure costs	-	537	-	537	-
Net cash provided by operating activities	<u>\$ 18,823</u>	<u>\$ 3,100</u>	<u>\$ 18</u>	<u>\$ 21,941</u>	<u>\$ (417)</u>
Reconciliation of balance sheet cash and investments to the statement of cash flows:					
Per combined balance sheet:					
Equity in pooled cash and investments	\$ 33,744	\$ 17,810	\$ 1,163	\$ 52,717	\$ 12,979
Restricted cash and investments	10,726	182	73	10,981	151
Total cash and cash equivalents	<u>\$ 44,470</u>	<u>\$ 17,992</u>	<u>\$ 1,236</u>	<u>\$ 63,698</u>	<u>\$ 13,130</u>
Noncash investing, capital, and financing activities:					
Contributions of capital assets	\$ 7,241	\$ -	\$ -	\$ 7,241	\$ -
Loss on joint venture	(1,011)	-	-	(1,011)	-
Non-cash loss on asset disposal	(993)	224	44	(725)	-
Estimated closure and post-closure costs	-	(537)	-	(537)	-

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

Notes to the Financial Statements

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

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CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

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 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 units, 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 discretely presented 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:

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

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 *transportation 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.

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 *arena project fund* was established to account for bond proceeds received and expenses paid related to the construction of the Coyotes Arena.

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 Citywide 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 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,

CITY OF GLENDALE, ARIZONA

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rather than upon the determination of net income. The following governmental funds are presented in the accompanying 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, Highway User Gas Tax Revenues and Unrestricted Excise Tax Revenues as well as debt 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).

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 citywide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the

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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 30 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.

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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, 2003, the postage portion of the general fund supplies inventory was \$40. 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 \$3,616. Of this amount, \$51 was included as part of the cost of capital assets under construction in connection with water and sewer projects.

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

<u>Assets</u>	<u>Useful Life (Years)</u>
Buildings	30
Improvements other than buildings	10-20
Infrastructure	10-100
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, 2003, is \$2,457. 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, 2003, the City has capitalized payment of \$4,104 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 30 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, 2002
Levy (assessment) date (third Monday in August)	August 19, 2002
Due dates:	
First half of assessment	October 1, 2002
Second half of assessment	March 1, 2003
Penalties and interest added (collection dates):	
First half of assessment	November 1, 2002
Second half of assessment	May 1, 2003

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, 2003, is as follows:

<u>Fund</u>	<u>Rate</u>
General fund	\$ 0.35
General obligation debt service fund	<u>1.37</u>
Total	<u>\$ 1.72</u>

N. Compensated absences

Vacation time is accumulated up to a maximum of six workweeks. 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 thirty days following the year ended June 30, 2003, 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.

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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 citywide 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

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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 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 2002-03 was \$4,284.

In November 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.

T. Change in accounting principle – Cumulative effect of adding capitalized infrastructure

The implementation of Governmental Accounting Standards Board Statement 34 - "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments," capitalizing major infrastructure assets caused the prior year net assets to be restated. Major general infrastructure assets acquired, significantly improved, or reconstructed in fiscal years ending after June 30, 1980, through June 30, 2001, have been capitalized. The net effect of this change is shown as an adjustment to beginning net assets for governmental activities only as of July 1, 2002.

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Governmental activities:

Net assets beginning July 1, 2002	\$ 131,695
Capitalization of infrastructure assets	422,978
Accumulated depreciation of infrastructure assets	<u>(95,532)</u>
Net assets beginning July 1, 2002 - restated	<u>\$ 459,141</u>

II. Compliance - Excess of expenditure over appropriations

For the year ended June 30, 2003, expenditures exceeded appropriations in the Municipal Property Corporation Debt Service Fund, Fire and Police Construction Fund and the Risk Management Fund (the legal level of budgetary control) by \$1,019, \$2,137 and \$103, respectively. These over-expenditures were funded by available fund balance in each of the respective funds, in addition to bond proceeds in the MPC Debt Service and Fire and Police Construction funds.

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 \$44,338. The bank ledger balances were \$44,305, of which \$277 was insured by the Federal Depository Insurance Corporation (FDIC), \$76,755 was collateralized by the bank's agent in the City's name. The difference between the carrying amount and the bank balance represents outstanding transactions that had not cleared the bank as of June 30, 2003.

At year-end, the carrying amount of the City's cash with fiscal agents totaled \$892. 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, \$667 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 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.

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.

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	Fair Value
Credit risk category 1	
Commercial paper	\$ 2,046
U.S. Treasury securities	11,292
U.S. instrumentalities	52,546
Investments not subject to credit risk categorization:	
LGIP	129,823
Maricopa County Treasurer's Investment Pool	449
Wells Fargo Money Market	1,033
Wells Fargo Treasury Plus	6,208
Dreyfus cash	97,522
Bank One money market	<u>390</u>
Total investments	<u>\$ 301,309</u>

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Notes to the Financial Statements

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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, 2003, is as follows:

	Balances June 30, 2002*	Additions / Transfers In	Disposals / Transfers Out	Balances June 30, 2003
Governmental activities				
Non-depreciable assets:				
Construction in progress	\$ 17,373	\$ 146,443	\$ (27,330)	\$ 136,486
Land	52,706	3,045	(13,072)	42,679
Artwork	938	228	-	1,166
Total non-depreciable assets	<u>71,017</u>	<u>149,716</u>	<u>(40,402)</u>	<u>180,331</u>
Depreciable assets:				
Buildings	68,158	-	-	68,158
Improvements other than buildings	54,235	3,781	-	58,016
Infrastructure - streets	385,744	26,388	-	412,132
Infrastructure - parks	18,560	1,307	-	19,867
Infrastructure - flood/storm drains	22,682	5,293	-	27,975
Infrastructure - airport	8,073	126	-	8,199
Machinery and equipment	8,064	9,401	(195)	17,270
Computer equipment	932	314	(67)	1,179
Software	434	61	-	495
Automotive equipment	21,520	2,419	(1,168)	22,771
Total depreciable assets at historical cost	<u>588,402</u>	<u>49,090</u>	<u>(1,430)</u>	<u>636,062</u>
Less accumulated depreciation for:				
Buildings	(23,168)	(2,251)	-	(25,419)
Improvements other than buildings	(34,301)	(2,635)	-	(36,936)
Infrastructure - streets	(82,523)	(9,512)	-	(92,035)
Infrastructure - parks	(7,196)	(640)	-	(7,836)
Infrastructure - flood/storm drains	(2,037)	(302)	-	(2,339)
Infrastructure - airport	(3,776)	(264)	-	(4,040)
Machinery and equipment	(2,892)	(921)	179	(3,634)
Computer equipment	(474)	(272)	70	(676)
Software	(78)	(76)	-	(154)
Automotive equipment	(13,931)	(2,091)	1,141	(14,881)
Total accumulated depreciation	<u>(170,376)</u>	<u>(18,964)</u>	<u>1,390</u>	<u>(187,950)</u>
Total depreciable assets, net	<u>418,026</u>	<u>30,126</u>	<u>(40)</u>	<u>448,112</u>
Governmental activities capital assets, net	<u>\$ 489,043</u>	<u>\$ 179,842</u>	<u>\$ (40,442)</u>	<u>\$ 628,443</u>

*As restated

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	Balances June 30, 2002	Additions / Transfer In	Disposals / Transfer Out	Balances June 30, 2003
Business-type activities:				
Non-depreciable assets:				
Construction in progress - water and sewer	\$ 21,868	\$ 18,806	(8,021)	\$ 32,653
Construction in progress - landfill	15	1	(15)	1
Construction in progress - landfill bonds	1,564	88	-	1,652
Construction in progress - housing authority	351	200	(69)	482
Land	5,625	3,852	-	9,477
Total non-depreciable assets	<u>29,423</u>	<u>\$ 22,947</u>	<u>\$ (8,105)</u>	<u>\$ 44,265</u>
Depreciable assets:				
Buildings	13,328	192	-	13,520
Improvements other than buildings	7,097	179	-	7,276
Water lines	78,084	4,776	-	82,860
Sewer lines	93,719	5,896	(2,456)	97,159
Water treatment plant	90,582	14	-	90,596
Sewer treatment plant	89,976	408	-	90,384
Meters and services	25,948	1,702	-	27,650
Fire hydrants	5,187	-	-	5,187
Machinery and Equipment	6,822	1,510	(66)	8,266
Computer equipment	875	61	(2)	934
Automotive equipment	15,489	1,117	(2,516)	14,090
Total depreciable assets at historical cost	<u>427,107</u>	<u>15,855</u>	<u>(5,040)</u>	<u>437,922</u>
Less accumulated depreciation for:				
Buildings	(3,200)	(476)	-	(3,676)
Improvements other than buildings	(1,765)	(215)	-	(1,980)
Water lines	(18,824)	(1,303)	-	(20,127)
Sewer lines	(26,900)	(1,799)	77	(28,622)
Water treatment plant	(29,086)	(2,570)	-	(31,656)
Sewer treatment plant	(2,690)	(2,087)	-	(4,777)
Meters and services	(4,693)	(722)	-	(5,415)
Fire hydrants	(1,201)	(102)	-	(1,303)
Machinery and Equipment	(2,887)	(816)	20	(3,683)
Computer equipment	(715)	(76)	2	(789)
Automotive equipment	(9,298)	(1,376)	2,307	(8,367)
Total accumulated depreciation	<u>(101,259)</u>	<u>(11,542)</u>	<u>2,406</u>	<u>(110,395)</u>
Total depreciable assets, net	<u>325,848</u>	<u>4,313</u>	<u>(2,634)</u>	<u>327,527</u>
Business-type activities capital assets, net	<u>\$ 355,271</u>	<u>\$ 27,260</u>	<u>\$ (10,739)</u>	<u>\$ 371,792</u>

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Depreciation was charged to functions/programs as follows:

Governmental activities:	
General	\$ 2,088
Public safety	2,147
Public works	1,021
Street maintenance	10,066
Community service	3,495
Community environment	<u>147</u>
Total depreciation expense	<u>\$ 18,964</u>
Business-type activities:	
Water and sewer	\$ 9,216
Landfill	1,138
Sanitation	846
Housing	<u>342</u>
Total depreciation expense	<u>\$ 11,542</u>

Effective with these financial statements, the City has implemented infrastructure reporting requirements of GASB Statement 34, not including retroactive infrastructure. The City capitalized retroactive infrastructure during the transition year June 30, 2003, in the amount of \$422,978 less accumulated depreciation of \$95,532.

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 \$4,800 plus closing costs through fiscal year 2003 with a purchase commitment of \$2,200 plus closing costs in fiscal year 2004. Payment will be funded from each fiscal year revenues out of the general 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, 2003, the City has issued \$28,010 in General Obligation Bonds and has paid \$6,470 in land acquisition and other related costs. The City has also issued \$152,304 in MPC bonds and has paid \$85,141 in additional capital outlay through fiscal year 2003.

On September 3, 2002, the City of Glendale and a private developer entered into a development agreement for the purpose of acquiring and developing a facility to accommodate professional football, civic, cultural and other sporting events within the city boundaries. The City committed to forming a community facilities

CITY OF GLENDALE, ARIZONA

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(amounts expressed in thousands)

district (CFD) in which approximately \$35,000 in CFD bonds would be issued. The CFD would be solely responsible for the repayment of CFD bonds.

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 \$500 for each workers' compensation claim and purchases commercial insurance for claims in excess of \$500.

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.

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.

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.

CITY OF GLENDALE, ARIZONA

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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 \$6,700 as of June 30, 2003. Changes in the balances of claims liabilities during the past two years are as follows:

	Risk Management		Workers' Compensation		Employee Benefits	
	2003	2002	2003	2002	2003	2002
Unpaid claims, beginning of fiscal year	\$ 1,644	\$ 1,715	\$ 1,868	\$ 2,073	\$ 1,448	\$ 914
Current year claims and changes in estimate	3,208	680	2,060	559	11,653	11,379
Claims payments	(2,534)	(751)	(1,425)	(764)	(11,222)	(10,845)
Balance at fiscal year end	<u>\$ 2,318</u>	<u>\$ 1,644</u>	<u>\$ 2,503</u>	<u>\$ 1,868</u>	<u>\$ 1,879</u>	<u>\$ 1,448</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, 2003, is as follows:

CITY OF GLENDALE, ARIZONA

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June 30, 2003

(amounts expressed in thousands)

<u>Year Ending June 30</u>	<u>Capital Leases</u>
2004	\$ 3,709
2005	4,383
2006	4,023
2007	3,506
2008	3,075
2009-2013	15,648
2014-2018	965
Total minimum lease payments	35,309
Less: Amount representing interest	(7,501)
Present value of net minimum lease payments	<u>\$ 27,808</u>

The assets acquired through capital leases are as follows:

<u>Class of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Equipment	\$ 98	\$ 3,036
Automotive equipment	2,975	5,108
Building	197	6,807
Other	5,164	2,498
	<u>8,434</u>	<u>17,449</u>
Less: Accumulated depreciation	(2,568)	(3,883)
Total	<u>\$ 5,866</u>	<u>\$ 13,566</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 2002-03 were \$53.

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 2002-03 were \$146.

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 \$9,386 (cost of \$9,934 less accumulated depreciation of \$548). The leased properties and buildings are

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

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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.

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>
2004	\$ 656
2005	534
2006	498
2007	392
Beyond 2008	<u>33</u>
Total	<u>\$ 2,113</u>

VIII. Short-term debt

The City issued Subordinate Municipal Property Corporation (MPC) debt to finance the construction of multiple projects throughout the City in the enterprise and capital projects funds prior to the issuance of related MPC and general obligation bonds. The capital project funds: arena, fire and police, streets, parks, and other construction, participated in the financing in addition to the water and sewer fund. Short-term debt activity for the year ended June 30, 2003, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
MPC Series 2002 C	\$ -	\$ 45,662	(45,662)	\$ -
MPC Series 2002 D	-	5,925	(5,925)	-

IX. 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.

CITY OF GLENDALE, ARIZONA

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C. Municipal property corporation bonds (MPC)

In 1982 and 2002, the MPC, a non-profit corporation, issued bonds to finance the construction of a new municipal office complex and hockey arena, respectively. On October 19, 1982, and July 31, 2002, the City entered into a lease purchase agreement with MPC, whereby the City is purchasing the constructed municipal office complex and hockey arena, respectively, 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, and February 1, 2003, respectively.

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 arena, 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.

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, 2003, 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.

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CITY OF GLENDALE, ARIZONA
Notes to the Financial Statements
June 30, 2003
(amounts expressed in thousands)

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, 2003.

	June 30 2002	Additions	Reductions	June 30, 2003	Amounts Due Within One Year
General obligation (G.O.) bonds	\$ 82,637	\$ 52,525	\$ (8,058)	\$ 127,104	\$ 10,061
Special assessment debt					
with governmental commitment	16,247	-	(4,211)	12,036	982
Revenue bonds:					
Street and highway	24,310	-	(4,280)	20,030	4,510
Municipal property corporation	11,215	160,255	(880)	170,590	1,240
Total bonds payable	<u>134,409</u>	<u>212,780</u>	<u>(17,429)</u>	<u>329,760</u>	<u>16,793</u>
Capital leases and other debt:					
Capital lease obligations	4,498	11,266	(793)	14,971	645
Notes payable	4,340	16,730	(877)	20,193	895
Total capital leases and other debt	<u>8,838</u>	<u>27,996</u>	<u>(1,670)</u>	<u>35,164</u>	<u>1,540</u>
Other long-term obligations:					
Compensated absences	9,171	368	-	9,539	6,536
Claims and judgments	4,960	14,822	(13,082)	6,700	5,194
Unamortized premium on debt issuance	318	3,140	(33)	3,425	152
Arbitrage rebate payable	391	-	(100)	291	-
Total other long-term obligations	<u>14,840</u>	<u>18,330</u>	<u>(13,215)</u>	<u>19,955</u>	<u>11,882</u>
Total	<u>\$ 158,087</u>	<u>\$ 259,106</u>	<u>\$ (32,314)</u>	<u>\$ 384,879</u>	<u>\$ 30,215</u>

General fund typically has been used to liquidate compensated absences in prior years, since most employees engaged in governmental activities are paid from that fund. Paychecks include payment for leave taken during the current pay period. General obligation (G.O.) bond debt service fund typically has been used to liquidate arbitrage rebate in prior years, since most arbitrage liability was generated by related G.O. bond proceeds.

The Paseo Racquet Club Purchase \$200 note dated August 1, 2001, was liquidated during fiscal year 2002-03.

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

The following is a summary of changes in long-term liabilities reported in the business-type financial statements for the year ended June 30, 2003.

	June 30 2002	Additions	Reductions	June 30, 2003	Amounts Due Within One Year
Water and sewer G.O. bonds	\$ 6,165	\$ 13,875	\$ (2,195)	\$ 17,845	\$ 2,020
Landfill G.O. bonds	1,333	-	(147)	1,186	154
Unamortized premium on debt issuance	412	249	(52)	609	68
Water and sewer revenue bonds	56,705	-	(7,425)	49,280	7,810
Note payable	6,358	9,511	(1,038)	14,831	1,306
Capital lease obligations	15,291	775	(3,228)	12,838	2,411
Estimated closure and post-closure costs	8,466	537	-	9,003	-
Compensated absences	1,452	40	-	1,492	994
Housing noncurrent liabilities	1	28	-	29	-
Total	<u>\$ 96,183</u>	<u>\$ 25,015</u>	<u>\$ (14,085)</u>	<u>\$ 107,113</u>	<u>\$ 14,763</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 statements. 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, 2003. The remaining balance of bonds considered defeased at June 30, 2003, are as follows:

Issue Refunded	Date Refunded	Remaining Balance
Water and sewer revenue bonds: Refunding series of 1983	December 1, 1984	\$ 1,550
Water and sewer G.O. bonds: Series 1984	May 1, 1985	<u>2,225</u>
Total refunded bonds		<u>\$ 3,775</u>

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

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(amounts expressed in thousands)

G. Bonds payable

Bonds payable at June 30, 2003, 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, 2003
<u>G.O. bonds payable from secondary assessed property taxes</u>					
Refunding	5.05-5.55	1993	2007	\$ 36,125	\$ 7,580
Various	4.15-4.60	1998	2008	12,000	7,865
Refunding	4.25-4.35	2000	2003	370	340
Various	5.00-5.40	2000	2015	20,215	18,559
Various	2.50-5.00	2002	2022	40,235	40,235
Various	1.50-5.00	2003	2022	52,525	52,525
Total					<u>127,104</u>
<u>Revenue bonds payable from highway user revenue funds</u>					
Refunding	5.00	1993	2003	16,470	1,495
Streets	5.05-5.75	1995	2011	4,590	2,360
Streets	4.00-4.90	1996	2005	9,000	7,850
Streets	5.00-5.37	2000	2010	8,750	8,325
Total					<u>20,030</u>
<u>Municipal property corporation payable from general fund lease payments</u>					
Refunding	4.25-4.90	2000	2009	12,615	10,335
MPC excise tax	5.00-5.38	2003	2033	5,055	5,055
MPC excise tax 2003A	2.50-5.00	2003	2024	49,940	49,940
MPC excise tax 2003B	1.46-5.58	2003	2033	105,260	105,260
Total					<u>170,590</u>
<u>Special assessment bonds payable due from assessments on property owners</u>					
District 57	6.00	1993	2014	9,725	4,540
District 59	6.00	1993	2014	11,600	7,355
District 73	5.35	1997	2007	299	141
Total					<u>12,036</u>
Total bonds payable recorded in governmental activities					329,760
Less current portion					(16,793)
Long-term portion of bonds payable recorded in governmental activities					<u>\$ 312,967</u>

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

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, 2003
<u>G.O. bonds payable from landfill fund</u>					
Landfill	5.00-5.40	2000	2015	\$ 1,460	<u>\$ 1,186</u>
<u>G.O. bonds payable from water and sewer fund</u>					
Refunding	5.05-5.55	1993	2007	20,375	1,950
Refunding	4.35	2000	2007	2,180	2,020
Water and sewer	1.50-5.00	2003	2022	13,875	13,875
Total					<u>17,845</u>
<u>Revenue bonds payable from water and sewer fund</u>					
Refunding	4.25-4.50	1994	2005	17,010	4,655
Various	4.75-5.75	2000	2010	5,300	44,625
Total					<u>49,280</u>
Total bonds payable recorded in business-type activities					68,311
Less current portion					<u>(9,984)</u>
Long-term portion of bonds payable recorded in business-type activities					<u>\$ 58,327</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, 2003, is as follows:

	6%	20%
Capacity to incur bonded debt	\$ 59,346	\$ 197,818
Less: Bonded debt applicable to limit	<u>(47,813)</u>	<u>(80,844)</u>
Unused bonded debt capacity	<u>\$ 11,533</u>	<u>\$ 116,974</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.

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

I. Bonds authorized, issued and unissued

Bonds authorized but not fully issued as of July 1, 2003, as shown below:

G.O. Bonds	Authorized Amount	Issued through June 30, 2003	Authorized but Unissued
<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
<u>Voter authorized November 2, 1999</u>			
Cultural facility ⁽¹⁾	18,215	-	18,215
Economic development	50,500	15,088	35,412
Flood control	38,860	8,345	30,515
Governmental facilities ⁽¹⁾	40,910	3,510	37,400
Landfill development ⁽¹⁾	17,000	1,460	15,540
Library	15,398	-	15,398
Open spaces	53,700	3,175	50,525
Parks and recreation	57,188	25,624	31,564
Public safety	64,801	3,438	61,363
Streets and parking ⁽¹⁾	38,050	17,722	20,328
Transit ⁽¹⁾	6,935	185	6,750
Total G.O. bonds	\$ 418,005	\$ 87,097	\$ 330,908
 <u>Revenue bonds</u>			
<u>Voter authorized March 10, 1987</u>			
Streets and highway	\$ 57,770	\$ 36,340	\$ 21,430
Water and sewer	56,000	48,750	7,250
<u>Voter authorized November 2, 1999</u>			
Water and sewer ⁽¹⁾	10,000	-	10,000
Total revenue bonds	123,770	85,090	38,680
Total bonds	\$ 541,775	\$ 172,187	\$ 369,588

(1) Certain General Obligation Bonds or Revenue Bonds can be issued as General Obligation Bonds, Revenue Bonds or a combination thereof.

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

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.	\$ 2,000
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.	1,285
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
Northern Crossing Land Lease Purchase - The \$14,500 note dated November 15, 2002, is payable in nine annual installments at a variable interest rate with the final payment due on or before September 15, 2012. The interest rate assumption stays level after the 2008 fiscal year.	14,500
Hickman's Egg Ranch Purchase - The \$2,200 note dated September 18, 2001, is payable in one installment due July 1, 2004, with no accrued interest.	2,200
Fraternal Order of Police Land Purchase - The \$30 note dated July 9, 2002, is payable in three annual installments at an interest rate of 6.00%. The final payment is due on or before July 1, 2004.	<u>19</u>
Total notes payable recorded in governmental activities	20,193
Less current portion	(895)
Long-term portion of notes payable recorded in governmental activities	<u>\$ 19,298</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.	\$ 3,140
Cholla Water Treatment Plant Solids Handling Facilities - The maximum available under the loan is \$15,400 of which \$12,003 was drawn down and recorded as a liability as of June 30, 2003. 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.	<u>11,691</u>
Total notes payable recorded in business-type activities	14,831
Less current portion	(1,306)
Long-term portion of notes payable recorded in business-type activities	<u>\$ 13,525</u>

CITY OF GLENDALE, ARIZONA
Notes to the Financial Statements
June 30, 2003
(amounts expressed in thousands)

K. Debt service requirements

Fiscal Year Ending	Highway User Revenue	Landfill G.O. Bonds	Municipal Property Corporation Bonds	Special Assessment District Bonds	Various Purposes		Water and Sewer			Total
	Bonds	Bonds	Bonds	Bonds	G.O. Bonds	Notes Payable	G.O. Bonds	Notes Payable	Revenue Bonds	
2004	\$ 5,452	\$ 214	\$ 10,916	\$ 1,674	\$ 13,549	\$ 3,986	\$ 3,324	\$ 1,399	\$ 7,751	\$ 48,265
2005	2,776	215	9,949	1,685	13,363	3,220	1,270	1,977	7,772	42,227
2006	2,037	215	10,067	1,697	13,364	3,330	1,275	1,977	7,002	40,964
2007	1,963	216	10,402	1,191	11,433	3,337	1,267	1,129	7,023	37,961
2008	1,964	216	11,018	491	10,808	2,669	1,263	1,129	7,044	36,602
2009	1,966	138	11,583	991	9,354	2,466	1,264	1,129	7,040	35,931
2010	1,973	-	9,852	1,222	9,475	2,365	1,256	1,129	7,038	34,310
2011	222	-	9,698	1,912	9,467	2,364	1,251	1,129	-	26,043
2012	-	-	9,791	1,931	9,456	2,364	1,251	1,129	-	25,922
2013	-	-	9,807	1,948	9,503	2,364	1,259	1,129	-	26,010
2014	-	-	9,858	1,961	9,506	-	1,260	1,129	-	23,714
2015	-	-	9,912	-	9,479	-	1,249	1,129	-	21,769
2016	-	-	9,970	-	7,296	-	1,236	1,129	-	19,631
2017	-	-	12,339	-	7,226	-	1,226	1,129	-	21,920
2018	-	-	12,393	-	7,189	-	1,213	1,129	-	21,924
2019	-	-	12,448	-	2,758	-	-	1,129	-	16,335
2020	-	-	12,505	-	2,759	-	-	1,129	-	16,393
2021	-	-	12,561	-	2,761	-	-	1,129	-	16,451
2022	-	-	12,613	-	2,762	-	-	1,129	-	16,504
2023	-	-	12,669	-	-	-	-	-	-	12,669
2024	-	-	13,313	-	-	-	-	-	-	13,313
2025	-	-	13,371	-	-	-	-	-	-	13,371
2026	-	-	13,427	-	-	-	-	-	-	13,427
2027	-	-	13,484	-	-	-	-	-	-	13,484
2028	-	-	13,542	-	-	-	-	-	-	13,542
2029	-	-	12,738	-	-	-	-	-	-	12,738
2030	-	-	13,675	-	-	-	-	-	-	13,675
2031	-	-	13,735	-	-	-	-	-	-	13,735
2032	-	-	13,796	-	-	-	-	-	-	13,796
2033	-	-	13,845	-	-	-	-	-	-	13,845
2034	-	-	1,141	-	-	-	-	-	-	1,141
Total	18,353	1,214	356,418	16,703	161,508	28,465	20,864	23,417	50,670	677,612
Less interest	2,833	182	187,068	4,667	44,465	8,272	5,039	9,892	9,200	271,618
Principal	<u>\$ 15,520</u>	<u>\$ 1,032</u>	<u>\$ 169,350</u>	<u>\$ 12,036</u>	<u>\$ 117,043</u>	<u>\$ 20,193</u>	<u>\$ 15,825</u>	<u>\$ 13,525</u>	<u>\$ 41,470</u>	<u>\$ 405,994</u>

The following table discloses the debt service requirements as of June 30, 2003, segregating principal and interest, for the next five years and in five-year increments thereafter.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 28,802	\$ 19,463	\$ 48,265
2005	23,865	18,362	42,227
2006	23,395	17,569	40,964
2007	21,280	16,681	37,961
2008	20,929	15,673	36,602
2009-2013	82,279	65,933	148,212
2014-2018	61,963	46,997	108,960
2019-2023	40,826	37,531	78,357
2024-2028	43,755	23,377	67,132
2029-2033	58,900	10,032	68,932
Total	<u>\$ 405,994</u>	<u>\$ 271,618</u>	<u>\$ 677,612</u>

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

L. New bonds

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 April 1, 2003, the City issued \$66,400 in general obligation bonds to fund the construction of public improvements in the City. The bonds mature on various dates starting 2003 through 2018 with various interest rates of 1.5% to 5.0%. The bonds are direct and general obligations of the City and are payable as to both principal and interest from ad valorem taxes levied against all taxable property within the City subject to taxation.

On May 27, 2003, the City issued \$49,940 of Municipal Property Corporation (MPC) Excise Tax Revenue Bonds Series 2003A Tax Exempt and \$105,260 in Series 2003B Taxable Bonds to finance the cost of constructing, equipping and furnishing a multipurpose arena complex. The bonds mature on various dates starting 2004 through 2033 with various interest rates of 1.46% to 5.58%. The principal and interest on the bonds are not a general obligation of the Corporation and City but a limited obligation of the Corporation and City payable solely from and are secured by a pledge of the City's unrestricted excise taxes.

X. 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, 2003, 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	-	15,408
Percentage of capacity used	0%	68%
Total closure and post-closure costs in present dollars:		
as of June 30, 2003	\$ 14,099	\$ 13,202
as of June 30, 2002	13,925	13,039
Closure and post-closure care costs:		
Amount remaining to be recognized		
as of June 30, 2003	\$ 14,099	\$ 4,199
Liability recognized as of June 30, 2003	\$ -	\$ 9,003

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2002-03. The estimated costs are subject to changes due in 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 43 years.

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.

XI. Interfund transactions

A. Interfund receivables

Interfund balances at June 30, 2003, consisted of the following (amounts in thousands):

	<u>Due To</u>	<u>Due From</u>
General	\$ 1,799	\$ -
Non-major governmental funds:		
Community development block grant fund	-	345
Highway user revenue fund	-	786
Other special revenue fund	-	117
Capital project - other construction fund	-	547
Non-major enterprise funds:		
Housing fund	-	4
Total	<u>\$ 1,799</u>	<u>\$ 1,799</u>

The interfund balances at June 30, 2003, 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, 2003, are expected to be repaid within one year.

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

B. Interfund transfers

Interfund transfers for the year ended June 30, 2003, consisted of the following:

Transfers to general fund from:

Transportation special revenue fund	\$ 3
Non-major governmental funds	
Development impact fees special revenue fund	16
Streets construction capital project fund	3
Fire and police bond construction fund	51
Other construction capital project fund	135
Parks bond construction fund	5
Water and sewer enterprise fund	<u>323</u>
Total transfers to general fund	<u>536</u>

Transfers to transportation special revenue fund from:

General fund	<u>900</u>
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Transfers to special assessment debt service funds from:

General fund	<u>2</u>
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Transfers to non-major governmental funds from:

General fund	<u>3,934</u>
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Transfers to non-major debt service funds from:

General fund	1,713
Non-major governmental funds	
Highway users gas tax special revenue fund	<u>5,468</u>
Total transfers to non-major debt service funds	<u>7,181</u>

Transfers to non-major capital projects funds from:

General Fund	283
Non-major governmental funds	
Minor grants special revenue	<u>15</u>
Total transfers to non-major capital projects funds	<u>298</u>

Transfers to non-major enterprise funds from:

General fund	<u>390</u>
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Grand total all transfers	<u><u>\$ 13,241</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 to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

The interfund transfers are all classified as transfers and are included in the results of operations of both governmental and proprietary funds. There were no significant transfers during fiscal year 2003 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

XII. 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, 2003, the City intended to honor \$15,569 of outstanding encumbrances in the new year.

XIII. 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, 2003, the City recognized a loss of \$1,143. 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 on the joint venture as of and for the fiscal year ended June 30, 2003, (unaudited) is as follows:

Assets

Current assets	\$ 63,265
Capital assets, net of accumulated depreciation	455,450
Total assets	<u>518,715</u>

Liabilities

Net assets

	<u>50,872</u>
	<u>\$ 467,843</u>
Total revenues	\$ 102,136
Total expenses	(45,449)
Increase in net assets	<u>\$ 56,687</u>

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

Calculation of the City's equity:

City's share of SROG equity	\$ 28,636
(Total equity of \$467,843 less unrealized gain of \$1,202 less assets not owned by the City of \$133,273 multiplied by 8.59 %)	
Net capitalized interest on the City's records	1,214
City contributions not yet received by SROG	<u>2,632</u>
Total City equity	<u><u>\$ 32,482</u></u>

Change in the City's equity:

Capital contributed to the joint venture	\$ 3,820
Net loss on joint venture	<u>(1,143)</u>
Net increase in equity	<u><u>\$ 2,677</u></u>

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

XIV. 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 non-profit 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.

XV. Related party transaction

Included in the special assessment debt service fund deferred receivables at June 30, 2003, is \$9 owed by the City's governmental funds.

XVI. Fund balance/net assets reservation, designation, and restriction

The following is a list of reserves, designations, and restrictions 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.) \$ 330

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. 3,000

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

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.	\$ 6,088
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.	52
Reserved for court security	
Security surcharges collected by the City Court are required by ordinance to be spent solely on court security.	144
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.	77
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.	290
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.	1,093
Reserved for vehicle/equipment replacement	
For future scheduled replacement of existing equipment and vehicles.	<u>6,241</u>
Total reserved for general fund type	<u>\$ 17,315</u>
Designated for computer replacement	
For future schedule replacement of existing personal computers.	\$ 2,984
Designation 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.	206
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.	7
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.	133
Designated for equipment management	
For maintenance of City equipment	436
Designated for telephone	
For payment of future telephone charges and maintenance	<u>164</u>
Total designated for general fund type	<u>\$ 3,930</u>

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

Special Revenue Fund Type

Reserved for inventory

Amount available only for expenditure (i.e., consumption of existing supplies inventories that have already been purchased). \$ 137

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. 47

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	270
Federal	<u>143</u>
Total reserved for Drug Enforcement	<u>413</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:	
Citywide Parks	677
Citywide Recreation Facilities	367
Citywide Open Space & Trails	125
District No. 1	667
District No. 2	1,379
District No. 3	491
Library:	
Buildings	2,539
Books	527
Library	1,207
Fire protection facilities	1,494
Police facilities	1,814
Transportation	2,746
General government	<u>2,726</u>
Total reserved for Development Impact fees	<u>16,759</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	895
Fire	<u>393</u>
Total reserved for Police and Fire activities	<u>1,288</u>

Total reserved for special revenue fund type \$ 18,644

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

Designated for home program	
For community development block grant home program activities	\$ 38
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.	<u>571</u>
Total designated for special revenue fund type	<u>\$ 609</u>
 <u>Debt Service Fund Type</u>	
Reserved for debt service	
Certain assets have been reserved for future payment of debt service based upon the requirements of the various bond ordinances.	\$ 9,955
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.	<u>291</u>
Total reserved for debt service fund type	<u>\$ 10,246</u>
 <u>Capital Projects Fund Type</u>	
Reserved for capital projects	
Certain assets have been reserved for future flood control storm drain construction.	<u>\$ 98</u>
Total reserved for capital projects fund type	<u>\$ 98</u>
 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.	\$ 4,817
 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.	1,473
 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.	139
 Designated for airport projects	
Accounts for grant funds used to plan, acquire, construct and expand airport runways, taxiways, aprons and certain roads within airport boundaries, as well as other improvements to airport facilities.	175

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

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.

\$ 7,146

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.

913

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.

2,749

Total designated for capital projects fund type

\$ 17,412

Enterprise Fund Type

Restricted for capital projects

A prior period's investment earnings related to several water and sewer construction projects are restricted for future use related to those projects.

\$ 55

Restricted for debt service

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.

313

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, 2003, only the loan with the State Revolving Fund (authorized by revenue bond election in 1961) was not covered by a surety bond.

1,955

Restricted 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.

6,576

Restricted for other purposes

Deposits related to a multi-jurisdictional water project are held in an escrow account maintained by the State Treasurer, and are restricted as to use.

667

Net assets held by the Housing fund may only be used for that purpose.

680

Total restricted for enterprise fund type

\$ 10,246

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

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.

\$ 4,539

Total reserved for permanent fund type

\$ 4,539

XVII. 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, 2003, 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

CITY OF GLENDALE, ARIZONA

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June 30, 2003

(amounts expressed in thousands)

and employees to ASRS for the years ended June 30, 2003, 2002 and 2001 were \$2,940, \$2,800 and \$2,700, 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, 2003, 2002 and 2001 were \$20, \$20 and \$24, respectively, which were equal to the required contributions for the year.

Agent Plans. For the year ended June 30, 2003, 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 7.69% 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 available 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%
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 available 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.

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

E. Required supplementary information

Analysis of funding progress for the agent plan as of the most recent available 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	- %

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	- %

XVIII. Other post-employment 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 post-employment 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.

XIX. Contingent liabilities and commitments

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

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2003

(amounts expressed in thousands)

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.

XX. Subsequent events

On July 22, 2003, the Mayor and City Council approved the petition from the property owner and B & B Holding, Inc., DBA Arizona Cardinals, to form a community facilities district (District) within the City limits. The District will develop and maintain the land around the stadium. The district board and officers shall be governed by members of the City. The City is not directly or indirectly liable for the public infrastructure contemplated by the general plan and the development agreement. The District is solely responsible for payment or repayment of indebtedness, liability, cost, expenses or obligation of the District.

On July 8, 2003, the Mayor and Council approved revisions to Chapter 11 of the Glendale Municipal Code, which address operations of Glendale Memorial Park Cemetery. Modifications expanded uses of the fund to include improvements to the property and requires all revenues be deposited in the general fund.

On July 1, 2003, the City issued \$7,250 Refunding Certificates of Participation Series 16 of Subordinate Excise Tax Revenue Bonds (the 2003D MPC Bonds) under the Arizona Municipal Financing Program of 1992. The proceeds of the loan were used to redeem a portion of the 2033 maturity of the MPC Series 2003B Taxable Bonds. The bonds mature on 2033 with an interest rate of 4.7%. 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.

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City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

REQUIRED SUPPLEMENTARY INFORMATION

(other than MD&A)

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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City of Glendale, Arizona
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

1 of 2

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 28,779	\$ 28,779	\$ 26,250	\$ (2,529)
RESOURCES (INFLOWS):				
Taxes	46,326	44,936	47,078	2,142
Licenses and permits	6,685	7,589	8,077	488
Intergovernmental	49,275	47,391	49,113	1,722
Charges for services	11,115	10,333	10,738	405
Fines and forfeitures	2,710	3,116	3,246	130
Investment income (loss)	14,830	831	(1,777)	(2,608)
Proceeds from disposal of assets	75	102	2,801	2,699
Loan proceeds	-	-	14,500	14,500
Capital lease proceeds	855	14,500	7,978	(6,522)
Miscellaneous	2,929	1,414	1,478	64
Total revenues	<u>134,800</u>	<u>130,212</u>	<u>143,232</u>	<u>13,020</u>
Add: Transfers in	-	-	536	536
Less: Transfers out	<u>(10,638)</u>	<u>(10,688)</u>	<u>(7,222)</u>	<u>3,466</u>
Amounts available for appropriation	<u>152,941</u>	<u>148,303</u>	<u>162,796</u>	<u>14,493</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government	20,142	21,399	18,425	2,974
Public safety	47,477	46,372	44,830	1,542
Public works	18,011	17,391	16,867	524
Community services	20,670	20,259	19,706	553
Contingencies	10,897	11,046	-	11,046
Debt service:				
Principal	1,414	1,414	1,407	7
Interest	565	565	519	46
Capital outlay	<u>18,157</u>	<u>16,717</u>	<u>11,633</u>	<u>5,084</u>
Total charges to appropriations	<u>137,333</u>	<u>135,163</u>	<u>113,387</u>	<u>21,776</u>
Budgetary fund balance, June 30, 2003	<u>\$ 15,608</u>	<u>\$ 13,140</u>	<u>\$ 49,409</u>	<u>\$ 36,269</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2003
(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	\$ 162,796
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(26,250)
Interest earned on restricted investments not available for appropriation	2
Internal charges for services provided	(8,653)
Proceeds from disposal of assets	(2,801)
Loan proceeds	(14,500)
Capital lease proceeds	(7,978)
Less: Transfers in	(536)
Add: Transfers out	7,222
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 109,302</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 113,387
Capital outlay funded by capital lease	14
Change in compensated absences liability	(799)
Change in prepaid assets or inventory	(3)
Internal charges for services provided	(8,629)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 103,970</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Transportation Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 7,668	\$ 7,668	\$ 7,655	\$ (13)
RESOURCES (INFLOWS):				
Taxes	17,160	16,558	16,788	230
Intergovernmental	6,488	1,469	1,883	414
Charges for services	135	160	170	10
Investments	323	300	297	(3)
Miscellaneous	-	-	2	2
Proceeds from equipment disposal	-	-	1	1
Total revenues	<u>24,106</u>	<u>18,487</u>	<u>19,141</u>	<u>654</u>
Add: Transfers in	900	900	900	-
Less: Transfers out	-	-	(3)	(3)
Amounts available for appropriation	<u>32,674</u>	<u>27,055</u>	<u>27,693</u>	<u>638</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Community services	9,159	9,159	6,865	2,294
Capital outlay	<u>14,050</u>	<u>15,208</u>	<u>2,984</u>	<u>12,224</u>
Total charges to appropriations	<u>23,209</u>	<u>24,367</u>	<u>9,849</u>	<u>14,518</u>
Budgetary fund balance, June 30, 2003	<u>\$ 9,465</u>	<u>\$ 2,688</u>	<u>\$ 17,844</u>	<u>\$ 15,156</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	\$ 27,693
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(7,655)
Proceeds from disposal of assets	(1)
Less: Transfers in	(900)
Add: Transfers out	3
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 19,140</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 9,849
Change in compensated absences liability	(24)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 9,825</u>

CITY OF GLENDALE, ARIZONA

Notes to Required Supplementary Information

June 30, 2003

(amounts expressed in thousands)

I. 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 supplemental 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.

II. Budgetary information

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

III. 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.

Contingency appropriation is re-established each fiscal year based on available fund balance and balancing needs of the budget year. The unused balances of contingency appropriations are reflected in the budget basis financial statements.



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

COMBINING STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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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.

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.

- Flood control facilities
- Library
- Airport
- Transit projects
- Economic development
- Open Space/Trails
- Government facilities

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.

Cemetery 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.

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City of Glendale, Arizona
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003
(amounts expressed in thousands)

ASSETS	Special Revenue Funds			
	Community Development Block Grants	Highway Users Gas Tax	Development Impact Fees	Other Special Revenue Fund
Equity in pooled cash and investments	\$ 22	\$ -	\$ 17,047	\$ 2,484
Receivables, net of allowance for doubtful accounts:				
Accounts	6	45	1	311
Accrued interest	-	-	-	2
Intergovernmental receivable	818	1,239	-	347
Inventories and prepaid items	-	137	-	42
Restricted cash and investments	-	47	-	5,896
Deferred receivables	2,892	-	-	-
Total assets	<u>\$ 3,738</u>	<u>\$ 1,468</u>	<u>\$ 17,048</u>	<u>\$ 9,082</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Vouchers payable	\$ 456	\$ 270	\$ 264	\$ 256
Accounts payable	-	-	1	9
Retainage payable	-	-	24	-
Compensated absences - current	3	42	-	29
Intergovernmental payable	-	-	-	1
Due to other funds	345	786	-	117
Deposits	-	151	-	10
Matured interest payable	-	-	-	-
Deferred revenue	2,892	35	-	1,282
Matured bonds payable	-	-	-	-
Total liabilities	<u>3,696</u>	<u>1,284</u>	<u>289</u>	<u>1,704</u>
Fund balances:				
Reserved	-	184	16,759	1,701
Unreserved:				
Designated	38	-	-	571
Undesignated	4	-	-	5,106
Total fund balances	<u>42</u>	<u>184</u>	<u>16,759</u>	<u>7,378</u>
Total liabilities and fund balances	<u>\$ 3,738</u>	<u>\$ 1,468</u>	<u>\$ 17,048</u>	<u>\$ 9,082</u>

City of Glendale, Arizona
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003
(amounts expressed in thousands)

Debt Service Funds		Capital Project Funds				Permanent Fund	Total Non-major Governmental Funds
Highway Users	Municipal Property Corporation	Streets Construction	Fire and Police Construction	Parks Bond Construction	Other Construction	Cemetery Perpetual Care	
\$ 5,018	\$ 22	\$ 6,451	\$ 10,357	\$ 17,928	\$ 13,838	\$ 4,539	\$ 77,706
-	-	69	-	-	-	114	546
-	-	17	39	53	37	-	148
-	-	-	-	-	1,389	-	3,793
-	-	-	-	-	98	-	277
-	6,599	-	-	-	-	-	12,542
-	-	-	-	-	-	-	2,892
<u>\$ 5,018</u>	<u>\$ 6,621</u>	<u>\$ 6,537</u>	<u>\$ 10,396</u>	<u>\$ 17,981</u>	<u>\$ 15,362</u>	<u>\$ 4,653</u>	<u>\$ 97,904</u>
\$ -	\$ -	\$ 102	\$ 6,168	\$ 589	\$ 1,000	\$ -	\$ 9,105
-	-	-	-	-	-	-	10
-	-	-	-	122	-	-	146
-	-	-	-	-	-	-	74
-	-	-	-	-	-	-	1
-	-	-	-	-	547	-	1,795
-	-	-	-	-	-	-	161
508	1,120	-	-	-	-	-	1,628
-	-	145	-	-	152	114	4,620
<u>4,510</u>	<u>1,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,750</u>
<u>5,018</u>	<u>2,360</u>	<u>247</u>	<u>6,168</u>	<u>711</u>	<u>1,699</u>	<u>114</u>	<u>23,290</u>
-	4,261	-	-	-	98	4,539	27,542
-	-	6,290	-	-	11,122	-	18,021
-	-	-	4,228	17,270	2,443	-	29,051
-	4,261	6,290	4,228	17,270	13,663	4,539	74,614
<u>\$ 5,018</u>	<u>\$ 6,621</u>	<u>\$ 6,537</u>	<u>\$ 10,396</u>	<u>\$ 17,981</u>	<u>\$ 15,362</u>	<u>\$ 4,653</u>	<u>\$ 97,904</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**Non-major Governmental Funds**

For the Fiscal Year Ended June 30, 2003

(amounts expressed in thousands)

	Special Revenue Funds			
	Community Development Block Grants	Highway Users Gas Tax	Development Impact Fees	Other Special Revenue Fund
REVENUES				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ 3,378
Licenses and permits	-	-	7,627	-
Intergovernmental	3,017	14,183	-	3,332
Charges for services	-	-	-	1,018
Investments	-	1	372	19
Miscellaneous	214	7	-	782
Total revenues	<u>3,231</u>	<u>14,191</u>	<u>7,999</u>	<u>8,529</u>
EXPENDITURES				
Current:				
General government	-	-	-	647
Public safety	-	-	-	5,071
Public works	-	-	-	21
Community services	-	-	-	1,979
Community environment	2,994	-	-	288
Street maintenance	-	9,994	-	-
Miscellaneous	-	-	-	-
Debt service:				
Principal	-	46	-	20
Interest	-	14	-	3
Capital outlay	228	1,756	4,175	1,024
Total expenditures	<u>3,222</u>	<u>11,810</u>	<u>4,175</u>	<u>9,053</u>
Excess (deficiency) of revenues over expenditures	<u>9</u>	<u>2,381</u>	<u>3,824</u>	<u>(524)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	4,889
Capital lease proceeds	-	-	-	-
Transfers in	-	3,067	-	867
Transfers out	-	(5,468)	(16)	(15)
Total other financing sources and uses	<u>-</u>	<u>(2,401)</u>	<u>(16)</u>	<u>5,741</u>
Excess (deficiency) of revenues and other sources over Net change in fund balances	9	(20)	3,808	5,217
Fund balances, July 1	33	204	12,951	2,161
Fund balances, June 30	<u>\$ 42</u>	<u>\$ 184</u>	<u>\$ 16,759</u>	<u>\$ 7,378</u>

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

Non-major Governmental Funds

For the Fiscal Year Ended June 30, 2003

(amounts expressed in thousands)

Debt Service Funds		Capital Projects Funds				Permanent Fund	Total Non-major Governmental Funds
Highway Users	Municipal Property Corporation	Streets Construction	Fire and Police Construction	Parks Bond Construction	Other Construction	Cemetery Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,378
-	-	-	-	-	-	-	7,627
-	-	355	-	27	1,926	-	22,840
-	-	-	-	-	-	-	1,018
-	31	(91)	66	73	25	110	606
-	-	-	-	1	-	350	1,354
-	31	264	66	101	1,951	460	36,823
-	-	6	52	365	51	-	1,121
-	-	-	23	-	-	-	5,094
-	-	-	-	-	-	-	21
-	-	-	-	2	-	-	1,981
-	-	-	-	-	-	-	3,282
-	-	-	-	-	-	-	9,994
3	2	3	-	-	-	-	8
4,510	1,240	-	-	185	-	-	6,001
1,017	1,510	-	34	17	3	-	2,598
-	-	6,174	14,388	6,882	7,798	21	42,446
5,530	2,752	6,183	14,497	7,451	7,852	21	72,546
(5,530)	(2,721)	(5,919)	(14,431)	(7,350)	(5,901)	439	(35,723)
-	5,246	1,273	15,069	21,749	15,390	-	63,616
-	-	-	3,288	-	-	-	3,288
5,468	1,713	-	-	15	283	-	11,413
-	-	(3)	(51)	(5)	(135)	-	(5,693)
5,468	6,959	1,270	18,306	21,759	15,538	-	72,624
(62)	4,238	(4,649)	3,875	14,409	9,637	439	36,901
62	23	10,939	353	2,861	4,026	4,100	37,713
\$ -	\$ 4,261	\$ 6,290	\$ 4,228	\$ 17,270	\$ 13,663	\$ 4,539	\$ 74,614

City of Glendale, Arizona
Combining Statement of Net Assets
Non-major Proprietary Funds - Business-type Activities
June 30, 2003
(amounts expressed in thousands)

	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 629	\$ 534	\$ 1,163
Receivables:			
Accounts	1,492	1	1,493
Allowance for uncollectibles	(22)	(1)	(23)
Intergovernmental receivable	-	347	347
Inventories and prepaid items	-	5	5
Total current assets	<u>2,099</u>	<u>886</u>	<u>2,985</u>
Noncurrent assets:			
Restricted cash and investments	73	-	73
Capital assets:			
Capital assets	9,257	10,644	19,901
Accumulated depreciation	<u>(5,140)</u>	<u>(4,599)</u>	<u>(9,739)</u>
Capital assets, net	4,117	6,045	10,162
Long-term investments	-	29	29
Total noncurrent assets	<u>4,190</u>	<u>6,074</u>	<u>10,264</u>
Total assets	<u>6,289</u>	<u>6,960</u>	<u>13,249</u>
LIABILITIES			
Current liabilities:			
Vouchers payable	58	-	58
Accounts payable	-	31	31
Compensated absences	185	10	195
Due to other funds	-	4	4
Intergovernmental payable	22	34	56
Deposits	72	34	106
Unearned rent	-	4	4
Current portion of long-term debt:			
Capital lease payable	983	-	983
Interest payable	16	-	16
Total current liabilities	<u>1,336</u>	<u>117</u>	<u>1,453</u>
Noncurrent liabilities:			
Compensated absences	78	89	167
Other long-term debt	-	29	29
Capital lease obligations	<u>2,347</u>	<u>-</u>	<u>2,347</u>
Total noncurrent liabilities	<u>2,425</u>	<u>118</u>	<u>2,543</u>
Total liabilities	<u>3,761</u>	<u>235</u>	<u>3,996</u>
NET ASSETS			
Invested in capital assets, net of related debt	788	6,045	6,833
Restricted for:			
Other purposes	-	680	680
Unrestricted	<u>1,740</u>	<u>-</u>	<u>1,740</u>
Total net assets	<u>\$ 2,528</u>	<u>\$ 6,725</u>	<u>\$ 9,253</u>

City of Glendale, Arizona

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

Non-major Proprietary Funds - Business-type Activities

For the Fiscal Year Ended June 30, 2003

(amounts expressed in thousands)

	Business-type Activities		
	Enterprise Funds		
	Sanitation	Housing	Totals
Operating revenues:			
Intergovernmental	\$ -	\$ 6,963	\$ 6,963
Container service	4,547	-	4,547
Curb service	7,254	-	7,254
Other fees	-	492	492
Total operating revenues	<u>11,801</u>	<u>7,455</u>	<u>19,256</u>
Operating expenses:			
Housing	-	7,598	7,598
Sanitation	11,217	-	11,217
Depreciation	846	411	1,257
Total operating expenses	<u>12,063</u>	<u>8,009</u>	<u>20,072</u>
Operating income (loss)	<u>(262)</u>	<u>(554)</u>	<u>(816)</u>
Nonoperating revenues (expenses):			
Impact fees	116	-	116
Investments	14	-	14
Interest expense	(129)	-	(129)
Gain (loss) on disposal of assets	44	-	44
Intergovernmental - capital grants	-	247	247
Total nonoperating revenue (expenses)	<u>45</u>	<u>247</u>	<u>292</u>
Income before contributions and transfers	(217)	(307)	(524)
Transfers in	<u>-</u>	<u>390</u>	<u>390</u>
Change in net assets	<u>(217)</u>	<u>83</u>	<u>(134)</u>
Total net assets - beginning	2,745	6,642	9,387
Total net assets - ending	<u>\$ 2,528</u>	<u>\$ 6,725</u>	<u>\$ 9,253</u>

Combining Statement of Cash Flows**Non-major Proprietary Funds - Business-type Activities**

For the Fiscal Year Ended June 30, 2003

(amounts expressed in thousands)

	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 11,757	\$ 510	\$ 12,267
Cash received from federal government	-	6,681	6,681
Cash paid to suppliers:			
Internal city departments	(7,045)	-	(7,045)
External vendors	(1,260)	(6,402)	(7,662)
Cash paid to employees for services	(3,007)	(1,216)	(4,223)
Net cash provided by (used in) operating activities	<u>445</u>	<u>(427)</u>	<u>18</u>
Cash flows used for noncapital financing activities:			
Transfers in	-	409	409
Net cash provided by noncapital financing activities	<u>-</u>	<u>409</u>	<u>409</u>
Cash flows from capital and related financing activities:			
Proceeds from capital leases	775	-	775
Principal payments on obligations	(893)	-	(893)
Acquisition of capital assets and rights	(1,143)	(249)	(1,392)
Impact fees	116	-	116
Interest payments on obligations	(138)	-	(138)
Capital grant proceeds	-	247	247
Net cash used for capital and related financing activities	<u>(1,283)</u>	<u>(2)</u>	<u>(1,285)</u>
Noncash investing, capital, and financing activities			
Interest received from investments	14	-	14
Net cash provided by investing activities	<u>14</u>	<u>-</u>	<u>14</u>
Net decrease in cash during fiscal year	(824)	(20)	(844)
Cash and cash equivalents, July 1	1,526	554	2,080
Cash and cash equivalents, June 30	<u>\$ 702</u>	<u>\$ 534</u>	<u>\$ 1,236</u>

Combining Statement of Cash Flows**Non-major Proprietary Funds - Business-type Activities**

For the Fiscal Year Ended June 30, 2003

(amounts expressed in thousands)

	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided by (used by) operating activities:			
Operating loss	\$ (262)	\$ (554)	\$ (816)
Adjustments to reconcile operating income to net cash provided by operations:			
Depreciation	846	411	1,257
Changes in assets and liabilities:			
Accounts receivable	(49)	17	(32)
Intergovernmental receivable	-	(282)	(282)
Inventories and prepaid items	-	7	7
Accounts payable	(50)	13	(37)
Accrued expenses	(38)	-	(38)
Deposits	4	(1)	3
Other long-term debt	-	-	-
Unearned rent	-	3	3
Due to other funds	-	(58)	(58)
Compensated absences	(6)	17	11
Net cash provided by (used in) operating activities	<u>\$ 445</u>	<u>\$ (427)</u>	<u>\$ 18</u>
Reconciliation of balance sheet cash and investments to the statement of cash flows:			
Per combined balance sheet:			
Equity in pooled cash and investments	629	534	1,163
Restricted cash and investments	73	-	73
Total cash and cash equivalents	<u>\$ 702</u>	<u>\$ 534</u>	<u>\$ 1,236</u>
Noncash transactions affecting financial position:			
Noncash loss on asset disposal	\$ 44	\$ -	\$ 44

City of Glendale, Arizona
Combining Statement of Net Assets
Internal Service Funds
June 30, 2003
(amounts expressed in thousands)

	<u>Risk Management</u>	<u>Workers' Compensation</u>	<u>Employee Benefits</u>	<u>Totals</u>
ASSETS				
Current assets:				
Equity in pooled				
cash and investments	\$ 1,685	\$ 7,021	\$ 4,273	\$ 12,979
Inventories and prepaid items	231	-	39	270
Total current assets	<u>1,916</u>	<u>7,021</u>	<u>4,312</u>	<u>13,249</u>
Noncurrent assets:				
Restricted cash and investments	<u>-</u>	<u>135</u>	<u>16</u>	<u>151</u>
Total assets	<u>1,916</u>	<u>7,156</u>	<u>4,328</u>	<u>13,400</u>
LIABILITIES				
Current liabilities:				
Vouchers payable	19	-	541	560
Accounts payable	-	-	42	42
Estimated claims payable	<u>2,103</u>	<u>1,212</u>	<u>1,879</u>	<u>5,194</u>
Total current liabilities	<u>2,122</u>	<u>1,212</u>	<u>2,462</u>	<u>5,796</u>
Noncurrent liabilities:				
Deferred revenue	-	-	7	7
Estimated claims payable	<u>215</u>	<u>1,291</u>	<u>-</u>	<u>1,506</u>
Total noncurrent liabilities	<u>215</u>	<u>1,291</u>	<u>7</u>	<u>1,513</u>
Total liabilities	<u>2,337</u>	<u>2,503</u>	<u>2,469</u>	<u>7,309</u>
NET ASSETS				
Unrestricted	<u>(421)</u>	<u>4,653</u>	<u>1,859</u>	<u>6,091</u>
Total net assets	<u>\$ (421)</u>	<u>\$ 4,653</u>	<u>\$ 1,859</u>	<u>\$ 6,091</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, 2003

(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	\$ 12,978	\$ 16,178
Operating expenses:				
Insurance claims and premiums	<u>3,984</u>	<u>1,457</u>	<u>12,539</u>	<u>17,980</u>
Operating income (loss)	(2,184)	(57)	439	(1,802)
Nonoperating revenues:				
Investments	<u>48</u>	<u>171</u>	<u>90</u>	<u>309</u>
Change in net assets	(2,136)	114	529	(1,493)
Net assets - beginning	<u>1,715</u>	<u>4,539</u>	<u>1,330</u>	<u>7,584</u>
Net assets - ending	<u>\$ (421)</u>	<u>\$ 4,653</u>	<u>\$ 1,859</u>	<u>\$ 6,091</u>

City of Glendale, Arizona
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Risk Management	Workers' Compensation	Employee Benefits	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,800	\$ 1,400	\$ 13,018	\$ 16,218
Cash paid for insurance and in settlement of claims	(3,275)	(922)	(12,438)	(16,635)
Net cash provided by operating activities	(1,475)	478	580	(417)
Cash flows from investing activities:				
Interest received	48	171	90	309
Net increase in cash during fiscal year	(1,427)	649	670	(108)
Cash and cash equivalents, July 1	3,112	6,507	3,619	13,238
Cash and cash equivalents, June 30	<u>\$ 1,685</u>	<u>\$ 7,156</u>	<u>\$ 4,289</u>	<u>\$ 13,130</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ (2,184)	\$ (57)	\$ 439	\$ (1,802)
Adjustments to reconcile operating income to net cash provided by operations:				
Change in accounts receivable	-	-	46	46
Change in inventories and prepaid items	107	-	(39)	68
Change in accounts payable	(72)	(100)	(246)	(418)
Change in accrued expenses	-	-	(42)	(42)
Change in claims payable	674	635	431	1,740
Change in deferred revenue	-	-	(9)	(9)
Net cash provided by operating activities	<u>\$ (1,475)</u>	<u>\$ 478</u>	<u>\$ 580</u>	<u>\$ (417)</u>
Reconciliation of balance sheet cash and investments to the statement of cash flows:				
Per combined balance sheet:				
Equity in pooled cash and investments	\$ 1,685	\$ 7,021	\$ 4,273	\$ 12,979
Restricted cash and investments	-	135	16	151
Total cash and cash equivalents	<u>\$ 1,685</u>	<u>\$ 7,156</u>	<u>\$ 4,289</u>	<u>\$ 13,130</u>



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OTHER SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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City of Glendale, Arizona
Budgetary Comparison Schedule
Community Development Block Grants Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ -	\$ -	\$ 40	\$ 40
RESOURCES (INFLOWS):				
Intergovernmental	4,635	4,565	3,017	(1,548)
Miscellaneous	75	145	214	69
Total revenues	<u>4,710</u>	<u>4,710</u>	<u>3,231</u>	<u>(1,479)</u>
Amounts available for appropriation	<u>4,710</u>	<u>4,710</u>	<u>3,271</u>	<u>(1,439)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Community environment	4,710	4,445	2,998	1,447
Capital outlay	-	265	228	37
Total charges to appropriations	<u>4,710</u>	<u>4,710</u>	<u>3,226</u>	<u>1,484</u>
Budgetary fund balance, June 30, 2003	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45</u>	<u>\$ 45</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 3,271
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>(40)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,231</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,226
Change in compensated absences liability	<u>(4)</u>
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,222</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Highway Users Gas Tax Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ -	\$ -	\$ 291	\$ 291
RESOURCES (INFLOWS):				
Intergovernmental	14,200	14,089	14,183	94
Miscellaneous	-	-	7	7
Total revenues	14,200	14,089	14,190	101
Add: Transfers in	5,730	5,730	3,067	(2,663)
Less: Transfers out	(5,887)	(5,887)	(5,468)	419
Amounts available for appropriation	14,043	13,932	12,080	(1,852)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Street maintenance	11,124	10,954	10,079	875
Capital outlay	2,857	2,613	1,756	857
Debt service:				
Principal	46	46	46	-
Interest	16	16	14	2
Total charges to appropriations	14,043	13,629	11,895	1,734
Budgetary fund balance, June 30, 2003	\$ -	\$ 303	\$ 185	\$ (118)

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 12,080
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(291)
Interest earned on restricted investments not available for appropriation	1
Less: Transfers in	(3,067)
Add: Transfers out	5,468
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 14,191</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 11,895
Change in compensated absences liability	(85)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 11,810</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Development Impact Fees Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 8,048	\$ 8,048	\$ 12,951	\$ 4,903
RESOURCES (INFLOWS):				
Licenses and permits	7,640	8,059	7,627	(432)
Investments	566	-	372	372
Proceeds of bonds sold	3,500	-	-	-
Total revenues	11,706	8,059	7,999	(60)
Less: Transfers out	-	-	(16)	(16)
Amounts available for appropriation	19,754	16,107	20,934	4,827
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Capital outlay	14,265	7,963	4,175	3,788
Total charges to appropriations	14,265	7,963	4,175	3,788
Budgetary fund balance, June 30, 2003	\$ 5,489	\$ 8,144	\$ 16,759	\$ 8,615

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 20,934
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(12,951)
Add: Transfers out	16
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 7,999

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,175
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 4,175

City of Glendale, Arizona
Budgetary Comparison Schedule
Other Special Revenue Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 2,091	\$ 2,091	\$ 2,211	\$ 120
RESOURCES (INFLOWS):				
Taxes	3,432	3,340	3,378	38
Intergovernmental	4,655	4,721	3,332	(1,389)
Charges for services	-	-	1,018	1,018
Investments	14	35	19	(16)
Proceeds of bonds sold	-	5,000	4,889	(111)
Miscellaneous	1,811	1,795	781	(1,014)
Total revenues	<u>9,912</u>	<u>14,891</u>	<u>13,417</u>	<u>(1,474)</u>
Add: Transfers in	1,602	1,652	867	(785)
Less: Transfers out	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>(15)</u>
Amounts available for appropriation	<u>13,605</u>	<u>18,634</u>	<u>16,480</u>	<u>(2,154)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government	710	692	648	44
Public safety	6,397	6,439	5,086	1,353
Public works	107	107	21	86
Community services	1,893	1,866	1,980	(114)
Community environment	364	390	293	97
Contingencies	600	600	-	600
Capital outlay	2,873	1,598	1,024	574
Debt service:				
Principal	20	20	20	-
Interest	4	4	3	1
Total charges to appropriations	<u>12,968</u>	<u>11,716</u>	<u>9,075</u>	<u>2,641</u>
Budgetary fund balance, June 30, 2003	<u>\$ 637</u>	<u>\$ 6,918</u>	<u>\$ 7,405</u>	<u>\$ 487</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 16,480
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(2,211)
Bond proceeds	(4,889)
Miscellaneous	1
Less: Transfers in	(867)
Add: Transfers out	15
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 8,529</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 9,075
Change in compensated absences liability	(22)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 9,053</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
General Obligation Debt Service Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 6,178	\$ 6,178	\$ 5,881	\$ (297)
RESOURCES (INFLOWS):				
Investments	-	-	159	159
Taxes	13,503	13,469	13,589	120
Total inflows	13,503	13,469	13,748	279
Amounts available for appropriation	19,681	19,647	19,629	(18)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Miscellaneous	10	2,572	33	2,539
Debt service:				
Principal	9,862	9,862	10,061	(199)
Interest	3,751	3,751	4,002	(251)
Total charges to appropriations	13,623	16,185	14,096	2,089
Budgetary fund balance, June 30, 2003	\$ 6,058	\$ 3,462	\$ 5,533	\$ 2,071

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	\$ 19,629
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(5,881)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 13,748

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 14,096
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 14,096

City of Glendale, Arizona
Budgetary Comparison Schedule
Special Assessment Debt Service Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 3,643	\$ 3,643	\$ 3,922	\$ 279
RESOURCES (INFLOWS):				
Special assessments	599	856	1,625	769
Miscellaneous	1,639	759	-	(759)
Total revenues	2,238	1,615	1,625	10
Add: Transfers in	-	-	2	2
Amounts available for appropriation	5,881	5,258	5,549	291
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Miscellaneous	15	15	39	(24)
Debt service:				
Principal	921	921	4,211	(3,290)
Interest	4,945	4,322	847	3,475
Total charges to appropriations	5,881	5,258	5,097	161
Budgetary fund balance, June 30, 2003	\$ -	\$ -	\$ 452	\$ 452

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	\$ 5,549
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(3,922)
Less: Transfers in	(2)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 1,625

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,097
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 5,097

City of Glendale, Arizona
Budgetary Comparison Schedule
Highway User Debt Service Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ -	\$ -	\$ 62	\$ 62
RESOURCES (INFLOWS):				
Transfers in	5,887	5,887	5,468	(419)
Amounts available for appropriation	5,887	5,887	5,530	(357)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Miscellaneous	10	10	3	7
Debt service:				
Principal	4,510	4,510	4,510	-
Interest	1,367	1,367	1,017	350
Total charges to appropriations	5,887	5,887	5,530	357
Budgetary fund balance, June 30, 2003	\$ -	\$ -	\$ -	\$ -

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	\$ 5,530
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(62)
Less: Transfers in	(5,468)
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	\$ 5,530
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 5,530

City of Glendale, Arizona
Budgetary Comparison Schedule
Municipal Property Corporation Debt Service Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 23	\$ 23	\$ 23	\$ -
RESOURCES (INFLOWS):				
Investments	6	268	31	(237)
Long-term debt issued	-	6,070	5,246	(824)
Total revenues	6	6,338	5,277	(1,061)
Add: Transfers in	1,733	1,733	1,713	(20)
Amounts available for appropriation	1,762	8,094	7,013	(1,081)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Miscellaneous	15	15	2	13
Debt service:				
Principal	1,240	1,240	1,240	-
Interest	478	478	1,510	(1,032)
Total charges to appropriations	1,733	1,733	2,752	(1,019)
Budgetary fund balance, June 30, 2003	\$ 29	\$ 6,361	\$ 4,261	\$ (2,100)

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 7,013
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(23)
Less: Transfers in	(1,713)
Long-term debt issued	(5,246)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 31

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,752
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 2,752

City of Glendale, Arizona
Budgetary Comparison Schedule
Arena Construction Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 30,728	\$ 30,728	\$ 19,851	\$ (10,877)
RESOURCES (INFLOWS):				
Licenses and permits	454	1239	1,684	445
Charges for services	358	20	38	18
Investments	-	-	(90)	(90)
Miscellaneous	-	9,167	-	(9,167)
Long-term debt issued	150,000	142,799	152,304	9,505
Proceeds from capital leases	163	-	-	-
Total revenues	<u>150,975</u>	<u>153,225</u>	<u>153,936</u>	<u>711</u>
Amounts available for appropriation	<u>181,703</u>	<u>183,953</u>	<u>173,787</u>	<u>(10,166)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Interest expense	-	-	189	(189)
General administration	-	3,254	2,860	394
Community services	800	814	617	197
Public safety	172	142	81	61
Capital outlay	<u>175,732</u>	<u>173,794</u>	<u>85,141</u>	<u>88,653</u>
Total charges to appropriations	<u>176,704</u>	<u>178,004</u>	<u>88,888</u>	<u>89,116</u>
Budgetary fund balance, June 30, 2003	<u>\$ 4,999</u>	<u>\$ 5,949</u>	<u>\$ 84,899</u>	<u>\$ 78,950</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	\$ 173,787
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(19,851)
Long-term debt issued	(152,304)
Expenditures funded by permit revenue	(617)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,015</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 88,888
Expenditures funded by permit revenue	(617)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 88,271</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Streets Construction Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 11,664	\$ 11,664	\$ 10,939	\$ (725)
RESOURCES (INFLOWS):				
Intergovernmental	-	-	355	355
Investments	950	209	(91)	(300)
Long-term debt issued	7,841	1,250	1,273	23
Total revenues	8,791	1,459	1,537	78
Less: Transfers out	-	-	(3)	(3)
Amounts available for appropriation	20,455	13,123	12,473	(650)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General administration	-	-	6	(6)
Miscellaneous	-	-	3	(3)
Capital outlay	12,997	13,123	6,174	6,949
Total charges to appropriations	12,997	13,123	6,183	6,940
Budgetary fund balance, June 30, 2003	\$ 7,458	\$ -	\$ 6,290	\$ 6,290

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 12,473
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(10,939)
Less: Long-term debt issued	(1,273)
Add: Transfers out	3
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 264

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,183
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 6,183

City of Glendale, Arizona
Budgetary Comparison Schedule
Fire and Police Construction Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 5,647	\$ 5,647	\$ 353	\$ (5,294)
RESOURCES (INFLOWS):				
Investments	282	282	66	(216)
Capital lease proceeds	-	-	3,288	3,288
Long-term debt issued	2,400	18,058	15,069	(2,989)
Total revenues	2,682	18,340	18,423	83
Less: Transfers out	-	-	(51)	(51)
Amounts available for appropriation	8,329	23,987	18,725	(5,262)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General administration	-	-	52	(52)
Public safety	-	-	23	(23)
Capital outlay	7,200	12,360	14,388	(2,028)
Interest expense	-	-	34	(34)
Total charges to appropriations	7,200	12,360	14,497	(2,137)
Budgetary fund balance, June 30, 2003	\$ 1,129	\$ 11,627	\$ 4,228	\$ (7,399)

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	\$ 18,725
Less: Capital lease proceeds	(3,288)
Long-term debt issued	(15,069)
Transfers out	51
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(353)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 66

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 14,497
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 14,497

City of Glendale, Arizona
Budgetary Comparison Schedule
Parks Bond Construction Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 13,826	\$ 13,826	\$ 2,861	\$ (10,965)
RESOURCES (INFLOWS):				
Intergovernmental	-	-	27	27
Investments	691	417	73	(344)
Miscellaneous	-	-	1	1
Long-term debt issued	9,385	21,360	21,749	389
Total revenues	10,076	21,777	21,850	73
Transfers in	-	-	15	15
Less: Transfers out	-	-	(5)	(5)
Amounts available for appropriation	23,902	35,603	24,721	(10,882)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General administration	-	-	365	(365)
Community services	-	-	2	(2)
Capital outlay	23,863	21,987	6,882	15,105
Debt service:				
Principal	-	-	185	(185)
Interest	-	-	17	(17)
Total charges to appropriations	23,863	21,987	7,451	14,536
Budgetary fund balance, June 30, 2003	\$ 39	\$ 13,616	\$ 17,270	\$ 3,654

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	\$ 24,721
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(2,861)
Long-term debt issued	(21,749)
Transfers in	(15)
Add: Transfers out	5
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 101

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,451
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 7,451

City of Glendale, Arizona
Budgetary Comparison Schedule
Other Construction Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 5,434	\$ 5,434	\$ 3,928	\$ (1,506)
RESOURCES (INFLOWS):				
Intergovernmental	5,371	1,000	1,926	926
Investments	1,020	392	25	(367)
Payment to refunded bonds escrow agent	-	-	-	-
Long-term debt issued	12,595	15,115	15,390	275
Proceeds from lease	-	-	-	-
Total revenues	18,986	16,507	17,341	834
Add: Transfers in	283	283	283	-
Less: Transfers out	-	-	(135)	(135)
Amounts available for appropriation	24,703	22,224	21,417	(807)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government	-	-	51	(51)
Capital outlay	24,323	22,104	7,798	14,306
Interest	-	-	3	(3)
Total charges to appropriations	24,323	22,104	7,852	14,252
Budgetary fund balance, June 30, 2003	\$ 380	\$ 120	\$ 13,565	\$ 13,445

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	\$ 21,417
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(3,928)
Less: Transfers in	(283)
Add: Transfers out	135
Long-term debt issued	(15,390)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 1,951

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,852
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 7,852

City of Glendale, Arizona
Budgetary Comparison Schedule
Cemetery Perpetual Care Permanent Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 265	\$ 265	\$ 4,100	\$ 3,835
RESOURCES (INFLOWS):				
Investments	-	-	110	110
Miscellaneous	-	593	350	(243)
Total revenues	-	593	460	(133)
Amounts available for appropriation	265	858	4,560	3,702
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Capital outlay	265	265	21	244
Total charges to appropriations ⁽¹⁾	265	265	21	244
Budgetary fund balance, June 30, 2003	\$ -	\$ 593	\$ 4,539	\$ 3,946

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	\$ 4,560
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(4,100)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 460

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 21
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 21

⁽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, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 23,516	\$ 23,516	\$ 24,230	\$ 714
RESOURCES (INFLOWS):				
Intergovernmental	292	-	151	151
Charges for services:				
Metered water sales	28,265	27,100	26,320	(780)
Sewer service charges	19,438	19,544	19,316	(228)
Impact fees	6,120	5,429	5,334	(95)
Other fees	605	787	1,138	351
Investments	797	305	(335)	(640)
Miscellaneous	-	-	6	6
Proceeds from bonds sold	38,600	13,875	14,127	252
Proceeds from loan	11,669	6,919	9,511	2,592
Total revenues	<u>105,786</u>	<u>73,959</u>	<u>75,568</u>	<u>1,609</u>
Less: Transfers out	-	-	(323)	(323)
Amounts available for appropriation	<u>129,302</u>	<u>97,475</u>	<u>99,475</u>	<u>2,000</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General administration	9,881	9,881	9,631	250
Water	12,757	12,740	12,171	569
Sewer	9,065	9,047	8,809	238
Bond issuance cost	-	-	63	(63)
Contingencies	2,000	4,978	-	4,978
Capital outlay	61,048	48,276	22,685	25,591
Debt service:				
Principal	9,830	9,830	11,162	(1,332)
Interest	2,723	2,723	3,073	(350)
Total charges to appropriations	<u>107,304</u>	<u>97,475</u>	<u>67,594</u>	<u>29,881</u>
Budgetary fund balance, June 30, 2003	<u>\$ 21,998</u>	<u>\$ -</u>	<u>\$ 31,881</u>	<u>\$ 31,881</u>

City of Glendale
Budgetary Comparison Schedule
Water and Sewer Fund

For the Fiscal Year Ended June 30, 2003
(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	\$ 99,475
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(24,230)
Interest earned on restricted assets not available for appropriation	(8)
Bond proceeds	(14,127)
Loan proceeds	(9,511)
Add: Transfers out	<u>323</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets	<u><u>\$ 51,922</u></u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 67,594
Amortization of capitalized bond issuance expense	(35)
Capital outlay expenditure	(22,685)
Change in compensated absences liability	30
Change in prepaid assets or inventory	28
Amortization and depreciation expense	9,283
Bond issuance costs	(62)
Principal payments on long-term obligations	(11,162)
Interest expense	(52)
Capital lease financed expense	<u>1</u>
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets, excluding loss from joint venture and disposal of assets	<u><u>\$ 42,940</u></u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Landfill Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 15,692	\$ 15,692	\$ 17,619	\$ 1,927
RESOURCES (INFLOWS):				
Charges for services:				
Landfill user fees	6,051	6,863	6,769	(94)
Recycling fees	1,155	1,500	1,653	153
Other fees	56	26	10	(16)
Proceeds from equipment disposal	-	-	354	354
Investments	495	481	435	(46)
Impact fees	138	233	209	(24)
Total revenues	<u>7,895</u>	<u>9,103</u>	<u>9,430</u>	<u>327</u>
Amounts available for appropriation	<u>23,587</u>	<u>24,795</u>	<u>27,049</u>	<u>2,254</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contingencies	2,000	383	-	383
Landfill	6,226	6,226	5,266	960
Capital outlay	150	3,344	822	2,522
Debt service:				
Principal	1,564	2,471	2,275	196
Interest	817	817	614	203
Total charges to appropriations	<u>10,757</u>	<u>13,241</u>	<u>8,977</u>	<u>4,264</u>
Budgetary fund balance, June 30, 2003	<u>\$ 12,830</u>	<u>\$ 11,554</u>	<u>\$ 18,072</u>	<u>\$ 6,518</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	\$ 27,049
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(17,619)
Interest earned on restricted investments not available for appropriation	3
Proceeds from disposal of capital assets	(354)
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets, excluding gain on disposal of assets	<u>\$ 9,079</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 8,977
Capital outlay expenditures	(822)
Change in compensated absences liability	1
Change in estimated landfill post-closure liability	537
Capital lease financed expense	243
Depreciation expense	1,138
Principal payments on long-term obligations	(2,275)
Interest expense	(113)
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets	<u>\$ 7,686</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Sanitation Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 2,072	\$ 2,072	\$ 2,492	\$ 420
RESOURCES (INFLOWS):				
Charges for services:				
Container service	4,571	4,714	4,547	(167)
Curb service	7,303	7,573	7,255	(318)
Impact fees	131	251	116	(135)
Investments	40	7	9	2
Miscellaneous	-	-	72	72
Proceeds from lease	825	775	774	(1)
Total revenues	<u>12,870</u>	<u>13,320</u>	<u>12,773</u>	<u>(547)</u>
Amounts available for appropriation	<u>14,942</u>	<u>15,392</u>	<u>15,265</u>	<u>(127)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Sanitation	11,725	11,725	11,187	538
Capital outlay	835	835	800	35
Debt service:				
Principal	1,146	1,146	892	254
Interest	117	117	136	(19)
Total charges to appropriations	<u>13,823</u>	<u>13,823</u>	<u>13,015</u>	<u>808</u>
Budgetary fund balance, June 30, 2003	<u>\$ 1,119</u>	<u>\$ 1,569</u>	<u>\$ 2,250</u>	<u>\$ 681</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	\$ 15,265
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(2,492)
Interest earned on restricted assets not available for appropriation	5
Proceeds from disposal of capital assets	(73)
Capital lease proceeds	(774)
Total revenues as reported on the combining statement of revenues, expenses, and changes in fund net assets - non-major proprietary funds, excluding gain on disposal of goods	<u>\$ 11,931</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 13,015
Depreciation expense	846
Interest expense	(7)
Change in compensated absences liability	(6)
Capital lease financed expense	36
Principal payments on long-term obligations	(892)
Capital outlay	(800)
Total expenses as reported in the combining statement of revenues, expenses, and changes in fund net assets - non-major proprietary funds	<u>\$ 12,192</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Housing Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ -	\$ -	\$ 522	\$ 522
RESOURCES (INFLOWS):				
Intergovernmental	7,592	7,275	7,210	(65)
Miscellaneous	-	-	492	492
Investments	375	390		(390)
Total revenues	<u>7,967</u>	<u>7,665</u>	<u>7,702</u>	<u>37</u>
Add: Transfers in	390	390	390	-
Amounts available for appropriation	<u>8,357</u>	<u>8,055</u>	<u>8,614</u>	<u>559</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing	7,975	7,673	7,582	91
Capital outlay	382	382	249	133
Total charges to appropriations	<u>8,357</u>	<u>8,055</u>	<u>7,831</u>	<u>224</u>
Budgetary fund balance, June 30, 2003	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 783</u>	<u>\$ 783</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	\$ 8,614
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(522)
Less: Transfers in	<u>(390)</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets - non-major proprietary funds	<u>\$ 7,702</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,831
Change in compensated absences liability	16
Depreciation expense	411
Capital outlay	<u>(249)</u>
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets - non-major proprietary funds	<u>\$ 8,009</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Risk Management Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 3,048	\$ 3,048	\$ 3,022	\$ (26)
RESOURCES (INFLOWS):				
Self-insurance premiums	1,800	1,800	1,800	-
Investments	150	50	48	(2)
Total revenues	<u>1,950</u>	<u>1,850</u>	<u>1,848</u>	<u>(2)</u>
Amounts available for appropriation	<u>4,998</u>	<u>4,898</u>	<u>4,870</u>	<u>(28)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Insurance and claims	1,600	3,100	3,203	(103)
Contingencies	500	-	-	-
Total charges to appropriations	<u>2,100</u>	<u>3,100</u>	<u>3,203</u>	<u>(103)</u>
Budgetary fund balance, June 30, 2003	<u>\$ 2,898</u>	<u>\$ 1,798</u>	<u>\$ 1,667</u>	<u>\$ (131)</u>

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	\$ 4,870
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>(3,022)</u>
Total revenues as reported on the combining statement of revenues, expenses, and changes in fund net assets	<u>\$ 1,848</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,203
Change in estimated claims payable	674
Change in prepaid assets or inventory	107
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets	<u>\$ 3,984</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Workers' Compensation Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 6,364	\$ 6,364	\$ 6,407	\$ 43
RESOURCES (INFLOWS):				
Self-insurance premiums	1,400	1,400	1,400	-
Investments	300	176	171	(5)
Total revenues	1,700	1,576	1,571	(5)
Amounts available for appropriation	8,064	7,940	7,978	38
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Insurance and claims	1,075	1,075	822	253
Total charges to appropriations	1,075	1,075	822	253
Budgetary fund balance, June 30, 2003	\$ 6,989	\$ 6,865	\$ 7,156	\$ 291

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	\$ 7,978
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(6,407)
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets	\$ 1,571

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 822
Change in estimated claims payable	635
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets	\$ 1,457

City of Glendale, Arizona
Budgetary Comparison Schedule
Employee Benefits Fund
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2002	\$ 1,216	\$ 1,216	\$ 2,778	\$ 1,562
RESOURCES (INFLOWS):				
Self-insurance premiums	12,252	11,928	12,979	1,051
Investments	-	-	90	90
Total revenues	<u>12,252</u>	<u>11,928</u>	<u>13,069</u>	<u>1,141</u>
Amounts available for appropriation	<u>13,468</u>	<u>13,144</u>	<u>15,847</u>	<u>2,703</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Insurance and claims	<u>12,577</u>	<u>12,577</u>	<u>12,109</u>	<u>468</u>
Total charges to appropriations	<u>12,577</u>	<u>12,577</u>	<u>12,109</u>	<u>468</u>
Budgetary fund balance, June 30, 2003	<u>\$ 891</u>	<u>\$ 567</u>	<u>\$ 3,738</u>	<u>\$ 3,171</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 15,847
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(2,778)
Miscellaneous	<u>(1)</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets	<u>\$ 13,068</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 12,109
Change in estimated claims payable liability	<u>430</u>
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets	<u>\$ 12,539</u>

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City of Glendale, Arizona
Supplementary Information
 For the Fiscal Year Ended June 30, 2003
 (Rounded to nearest dollar)

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.

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Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
ASSETS:								
Current assets:								
Cash:								
111	Cash - unrestricted	\$ 503,925	\$ -	\$ -	\$ -	\$ 30,197	\$ -	\$ 534,122
100	Total cash	503,925	-	-	-	30,197	-	534,122
Accounts receivables:								
121	Accounts receivable - PHA projects	-	-	-	-	170,120	-	170,120
122	Accounts receivable - HUD other projects	-	-	-	7,984	156,489	12,403	176,876
126	Accounts receivable - tenants - dwelling rents	1,112	-	-	-	-	-	1,112
126.1	Allowance for doubtful accounts - dwelling rents	(528)	-	-	-	-	-	(528)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	584	-	-	7,984	326,609	12,403	347,580
Current investments								
132	Investments - restricted	-	-	-	-	28,732	-	28,732
143	Inventories	4,500	-	-	-	-	-	4,500
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-
144	Interprogram - due from	109,131	-	-	-	-	-	109,131
150	Total current assets	618,140	-	-	7,984	385,538	12,403	1,024,065
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	357,077	-	-	-	-	17,763	374,840
164	Furniture, equipment & machinery - administration	105,589	16,527	-	-	113,405	19,149	254,670
165	Leasehold improvements	1,781,777	-	-	-	-	-	1,781,777
166	Accumulated depreciation	(4,473,010)	(87)	-	-	(120,619)	(4,880)	(4,598,596)
167	Construction in progress	-	-	-	-	-	484,762	484,762
160	Total fixed assets, net of accumulated depreciation	5,394,334	16,440	-	-	117,834	516,794	6,045,402
180	Total non-current assets	5,394,334	16,440	-	-	117,834	516,794	6,045,402
190	Total assets	\$ 6,012,474	\$ 16,440	\$ -	\$ 7,984	\$ 503,372	\$ 529,197	\$ 7,069,467

City of Glendale, Arizona
Supplementary Information
 For the Fiscal Year Ended June 30, 2003
 (Rounded to nearest dollar)

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

119

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
LIABILITIES AND EQUITY/NET ASSETS:								
LIABILITIES:								
Current liabilities								
312	Accounts payable <= 90 days	\$ 18,153	\$ -	\$ -	\$ -	\$ 12,657	\$ -	\$ 30,810
322	Accrued compensated absences - current portion	4,758	-	-	-	5,155	-	9,913
332	Accounts payable - PHA projects	-	-	-	-	1,182	-	1,182
333	Accounts payable - other government	35,208	-	-	-	1,496	-	36,704
341	Tenant security deposits	33,603	-	-	-	-	-	33,603
342	Deferred revenues	4,470	-	-	-	-	-	4,470
347	Interprogram - due to	-	-	-	7,984	88,744	12,403	109,131
310	Total current liabilities	96,192	-	-	7,984	109,234	12,403	225,813
Noncurrent liabilities								
353	Noncurrent liabilities- other	-	-	-	-	28,732	-	28,732
354	Accrued compensated absences - noncurrent	42,826	-	-	-	46,395	-	89,221
350	Total noncurrent liabilities	42,826	-	-	-	75,127	-	117,953
300	Total liabilities	139,018	-	-	7,984	184,361	12,403	343,766
EQUITY/NET ASSETS:								
508	Total contributed capital	-	-	-	-	-	-	-
508.1	Invested in capital assets, net of related debt	5,394,334	16,440	-	-	117,834	516,794	6,045,402
511	Total reserved fund balance	-	-	-	-	-	-	-
511.1	Restricted net assets	-	-	-	-	-	-	-
512.1	Unrestricted net assets	479,122	-	-	-	201,177	-	680,299
513	Total equity/net assets	5,873,456	16,440	-	-	319,011	516,794	6,725,701
600	Total liabilities and equity/net assets	\$ 6,012,474	\$ 16,440	\$ -	\$ 7,984	\$ 503,372	\$ 529,197	\$ 7,069,467

City of Glendale, Arizona
Supplementary Information

For the Fiscal Year Ended June 30, 2003
(Rounded to nearest dollar)

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

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Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
REVENUE:								
703	Net tenant rental revenue	\$ 275,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,472
704	Tenant revenue - other	14,231	-	-	-	-	-	14,231
705	Total tenant revenue	289,703	-	-	-	-	-	289,703
706	HUD PHA operating grants	400,418	-	-	79,006	6,460,289	23,682	6,963,395
706.1	Capital grants	-	16,215	-	-	-	230,705	246,920
715	Other revenue	480	-	-	-	206,411	-	206,891
720	Investment income - restricted	-	-	-	-	-	-	-
700	Total revenue	690,601	16,215	-	79,006	6,666,700	254,387	7,706,909
EXPENDITURES:								
911	Administrative salaries	353,783	-	-	-	479,320	-	833,103
912	Auditing fees	1,000	-	-	-	2,250	-	3,250
914	Compensated absences	7,918	-	-	-	8,578	-	16,496
915	Employee benefit contributions - administrative	74,402	-	-	-	112,748	-	187,150
916	Other operating - administrative	45,898	-	-	11,340	84,004	22,388	163,630
924	Tenant services - other	-	-	-	67,666	-	-	67,666
931	Water	45,883	-	-	-	-	-	45,883
932	Electricity	14,465	-	-	-	-	-	14,465
933	Gas	850	-	-	-	-	-	850
938	Other utilities expense	30,937	-	-	-	-	-	30,937
941	Ordinary maintenance and operations - labor	163,091	-	-	-	-	-	163,091
942	Ordinary maintenance and operations - materials & other	37,495	-	-	-	7,680	1,294	46,469
943	Ordinary maintenance and operations - contract costs	73,549	-	-	-	-	-	73,549
945	Employee benefit contributions - ordinary maintenance	33,117	-	-	-	-	-	33,117
952	Protective services - other contract costs	360	-	-	-	-	-	360
961	Insurance premiums	15,848	-	-	-	13,376	-	29,224
962	Other general expenses	-	-	-	-	15,645	-	15,645
963	Payments in lieu of taxes	18,334	-	-	-	-	-	18,334
964	Bad debt - tenant rents	(108)	-	-	-	-	-	(108)
969	Total operating expenditures	916,822	-	-	79,006	723,601	23,682	1,743,111
970	Excess operating revenue over expenditures	(226,221)	16,215	-	-	5,943,099	230,705	5,963,798
973	Housing assistance payments	-	-	-	-	5,854,911	-	5,854,911
974	Depreciation expense	323,353	87	-	-	14,841	3,930	342,211
900	Total expenditures	1,240,175	87	-	79,006	6,593,353	27,612	7,940,233
OTHER FINANCING SOURCES (USES)								
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	\$ (159,574)	\$ 16,128	\$ -	\$ -	\$ 73,347	\$ 226,775	\$ 156,676

City of Glendale, Arizona
Supplementary Information

For the Fiscal Year Ended June 30, 2003
(Rounded to nearest dollar)

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

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
MEMO ACCOUNT INFORMATION								
1102	Debt principal payments - enterprise funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1103	Beginning equity	6,033,030	69,933	248,698	-	-	289,171	6,640,832
1104	Total prior period adjustments, equity transfers and correction of errors	-	(69,621)	(248,698)	-	245,664	848	(71,807)
1113	Maximum annual contributions commitment (Per ACC)	-	-	-	-	7,004,586	-	7,004,586
1114	Prorata maximum annual contributions applicable to a period of less than twelve months	-	-	-	-	-	-	-
1115	Contingency reserve, ACC program reserve	-	-	-	-	913,063	-	913,063
1116	Total annual contributions available	-	-	-	-	7,917,649	-	7,917,649
1120	Unit months available	1,858	-	-	-	12,672	-	14,530
1121	Number of unit months leased	1,839	-	-	-	12,357	-	14,196

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

For the Fiscal Year Ended June 30, 2003

(amounts expressed in thousands)

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment
General government	\$ 10,679	\$ 16,039	\$ 5,042	\$ 10,367
Public safety	434	19,081	9,703	4,621
Public works	6,347	13,659	3,428	335
Community services	23,353	19,379	32,469	1,502
Community environment	1,033	-	2,873	-
Street maintenance	733	-	4,501	445
Cemetery	100	-	-	-
Total governmental funds capital assets	\$ 42,679	\$ 68,158	\$ 58,016	\$ 17,270

(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, 2003

(amounts expressed in thousands)

<u>Computer Equipment</u>	<u>Software</u>	<u>Automotive Equipment</u>	<u>Infrastructure</u>	<u>Construction in Process</u>	<u>Other</u>	<u>Total</u>
\$ 1,031	\$ 77	\$ 10,999	\$ 315	\$ 98,837	\$ -	\$ 153,386
58	338	5,687	-	8,100	-	48,022
9	-	755	27,792	1,863	-	54,188
73	-	2,197	31,808	15,511	1,166	127,458
-	-	13	-	-	-	3,919
8	80	3,120	408,258	12,175	-	429,320
-	-	-	-	-	-	100
<u>\$ 1,179</u>	<u>\$ 495</u>	<u>\$ 22,771</u>	<u>\$ 468,173</u>	<u>\$ 136,486</u>	<u>\$ 1,166</u>	<u>\$ 816,393</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, 2003
(amounts expressed in thousands)

Function and Activity	Governmental Funds Capital Assets July 1, 2002*	Additions	Deductions	Governmental Funds Capital Assets June 30, 2003
General government	\$ 53,152	\$ 115,990	\$ 15,756	\$ 153,386
Public safety	39,937	17,370	9,285	48,022
Public works	48,014	6,281	107	54,188
Community services	112,699	17,181	2,422	127,458
Community environment	3,919	-	-	3,919
Street maintenance	401,598	41,984	14,262	429,320
Cemetery	100	-	-	100
Total governmental funds capital assets	\$ 659,419	\$ 198,806	\$ 41,832	\$ 816,393

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

*As restated



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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General Governmental Expenditures by Function ⁽¹⁾

Last Ten Fiscal Years

(amounts expressed in thousands)

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
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
2002-03	20,321	49,571	10,118	28,391	3,282	9,994	-	80	142,213	29,835	293,805

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.

General Governmental Revenues by Source ⁽¹⁾

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Taxes and Special Assessments	Licenses and Permits	Inter-governmental	Local	Charges for Services	Fines and Forfeitures	Investments	Miscellaneous	Total
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	70,526	10,663	68,479	-	2,516	2,859	2,572	2,728	160,343
2002-03	82,458	16,771	73,836	-	3,313	3,246	(805)	2,834	181,653

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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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent to Total Tax Levy</u>
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
2002-03	16,743	16,289	97.29	440	16,729	99.92	484	2.89

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(amounts expressed in thousands)

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
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
2002-03	258,224	733,234	2,383	39,629	54,189	1,087,659	98,565	989,094	8,331,442

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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
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
2002-03	1.72	6.87	3.63	8.69	7.59	0.00	1.78	1.11	0.21	0.13	0.04	0.01

Total Within Following Districts:

Glendale Elementary and High School Districts	Peoria Unified School District	Deer Valley Unified School District
---	--------------------------------	-------------------------------------

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
2002-03	15.51	13.69	12.59

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, 2003
(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	1.53 %
US West / Qwest	Natural Resources	13,251	1.34
Honeywell Inc.	Industrial Park	11,346	1.15
New River Associates	Shopping Center	10,822	1.09
Southwest Gas	Gas & Electric	5,136	0.52
Corning Gilbert Inc.	Industrial Park	4,349	0.44
KB Toys	Warehouse	4,080	0.41
Chase Commercial Mtg.	Shopping Center	3,581	0.36
Lexington Glendale LLC	Industrial Park	3,369	0.34
May Department Stores	Shopping Center	3,134	0.32
JC Penney Co.	Shopping Center	3,050	0.31
51 Bell Limited Partnership	Warehouse	3,045	0.31
Burlington Northern Santa Fe	Railroad	3,043	0.31
DESC Ramainderman LLD	Shopping Center	3,040	0.31
VHS of Arrowhead Inc.	Medical Building	2,982	0.30
Condev West Inc.	Shopping Center	2,822	0.29
Safeway	Grocery Shopping	2,790	0.28
Sanderson Ford	Auto Sales	2,688	0.27
Total principal taxpayers		97,673	9.88
Other taxpayers		891,419	90.12
Total secondary assessed valuation		\$ 989,092	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

Fiscal Year	Special Assessment Billing	Special Assessment Collected ⁽¹⁾
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
2002-03	752	767

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, 2003
 (amounts expressed in thousands)

Table 8

Assessed value, August 2002			\$ 989,092
Debt limit: 6% of assessed value			\$ 59,346
Amount of 6% type debt applicable to debt limit:⁽¹⁾			
1993	Refunding	\$ 5,110	
1993	Refunding water/sewer	20	
1998	Library	3,684	
1998	Public safety	1,474	
1998	Streets	982	
2000	Economic development	790	
2000	Governmental facilities	718	
2000	Landfill	1,186	
2000	Public safety	502	
2000	Streets and parking	3,520	
2000	Streets and traffic signals	1,509	
2000	Transit	144	
2002	Streets, traffic and parking	2,080	
2002	Streets	11,225	
2003	Governmental facilities	2,600	
2003	Maintenance	5,400	
2003	Public safety	14,800	
2003	Streets and parking	1,250	
Total amount of 6% type debt applicable to debt limit			\$ 56,994
Less amount available in debt service fund and water & sewer fund:			
G.O. debt service payment 7/1/03		6,560	
Debt service fund		2,621	
Total amount available			9,181
Total debt applicable to debt limit			47,813
6% type debt--legal debt margin			11,533
Debt limit: 20% of assessed value			\$ 197,818
Amount of 20% type debt applicable to debt limit:⁽¹⁾			
1993	Refunding	2,470	
1993	Refunding water/sewer	1,930	
1998	Parks	1,725	
1999	Refunding	340	
1999	Refunding water/sewer	2,020	
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	14,355	
2003	Flood control	4,390	
2003	Open space/trails	2,725	
2003	Parks	1,033	
2003	Parks and recreation	20,327	
2003	Water and sewer	13,875	
Total amount of 20% type debt applicable to debt limit			\$ 89,140
Less amount available in debt service fund and water and sewer fund:			
G.O. debt service payment 7/1/03		5,675	
Debt service fund		2,621	
Total amount available			8,296
Total debt applicable to debt limit			80,844
20% type debt--legal debt margin			\$ 116,974

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
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
2002-03	231	989,092	146,135	17,478	16,858	111,799	11.30	0.48397

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, \$1,333 for 2000-01, \$1,186 for 2001-02 and \$1,032 for 2002-03.

**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>
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
2002-03	20,022	7,376	27,398	292,622	9.36

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, 2003
 (amounts expressed in thousands)

Table 11

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Glendale	Amount Applicable to Glendale
Peoria Unified School District No. 11	\$ 220,454	26.5414 %	\$ 58,512
Glendale Elementary School District No. 40	22,915	98.8551	22,653
Deer Valley Unified School District No. 97	198,370	28.0201	55,583
Alhambra Elementary School District No. 68	35,360	18.7091	6,616
Glendale Union High School District No. 205	64,545	20.4157	13,177
Maricopa County	20,165	4.0442	816
Maricopa County Community College District	261,015	4.0442	10,556
Phoenix Union High School District No. 210	170,935	1.5621	2,670
Pendergast Elementary School District No. 92	22,035	10.6790	2,353
Tolleson Union High School District No. 214	34,940	4.1692	1,457
Washington Elementary School District No. 6	131,765	2.8359	3,737
Dysart Unified School District No. 89	21,000	0.3287	69
Agua Fria Union High School District No. 216	40,270	0.0878	35
Litchfield Elementary School District No. 79	21,890	0.1444	32
Cartwright Elementary School District No. 83	1,560	0.0415	1
Total Overlapping Debt	1,267,219		178,267
City of Glendale Debt	111,800		111,800
Total	\$ 1,379,019		\$ 290,067

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	
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
2002-03	51,922	30,537	21,385	9,116	2,745	11,861	1.80

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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

<u>Fiscal Year</u>	<u>City Population ⁽¹⁾</u>	<u>County-Wide Per Capita Income ⁽²⁾</u>	<u>County-Wide School Enrollment ⁽³⁾</u>	<u>County-Wide Unemployment Rate ⁽⁴⁾</u>	<u>County-Wide Population ⁽⁴⁾</u>
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
2002-03	231	29	-	5.6	3,296

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; 2002-03 data not available
- (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⁾				Bank Deposits ⁽³⁾
		Residential	Commercial and Industrial	Others	Totals	
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
2002-03	8,331,442	195,770	120,706	10,877	327,353	34,753

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, 2003

Date of Incorporation	1910
Form of Government	Council-Manager
Area	56.44 Square Miles
Miles of streets	702
Building permits issued	6,299
Number of employees (full time equivalents)	1,615
Fire Protection:	
Number of stations	Eight
Number of firefighters (excluding volunteer firefighters)	174
Fire hydrants	7,300
Police Protection:	
Number of stations	Three
Number of police officers (exclusive of police reserve)	350
Recreation and Culture:	
Number of parks	89 with 1,984 acres
Number of libraries	Three
Number of library books	600,477

Insurance Coverage

For the Fiscal Year Ended June 30, 2003

(amounts expressed in thousands)

Type of Insurance	Insuring Company	Policy Limits	Deduction Amount	Annual Premium	Expiration Date
Property/Inland Marine	Travelers Ins. Co.			\$ 218	1/26/2004
Boiler and Machinery		\$ 100,000	\$ 50		
Real & Personal Property		229,054	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	5	118	1/26/2004
Airport Owners' and Operators' General Liability	Westchester Fire Ins. Co. (ACE USA)	20,000		14	1/26/2004
Commercial Crime Policy	National Union Fire Ins. (AIG)		50	47	4/9/2004
Public employee dishonesty		15,000			
Faithful performance		2,000			
Workers' Compensation	Hartford Casualty Ins. Co.		500	71	7/1/2003
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	10/4/2003
Excess Public Entity Liability First Layer	Genesis Ins. Co.	10,000	1,000	582	7/1/2004
Excess Public Liability Second Layer	Princeton Ins.	10,000	11,000	316	7/1/2004
Excess Public Liability Third Layer	Gulf Ins.	10,000	21,000	127	7/1/2004
Excess Public Liability Fourth Layer	Westchester Ins. Co.	20,000	31,000	134	7/1/2004
Kidnap, Ransom, and Extortion	National Union Fire Ins. Co.	10,000	N/A	4	5/2/2004

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

SEWER SERVICE RATES

Type of Service	Inside City	Outside City
Single Family Dwelling Unit	\$ 20.09	\$ 42.37
Office Building	37.43	N/A
Apartment - Average 5 units	63.51	49.51
Apartment - Average 35 units	332.11	275.22
Retail/Wholesale	39.50	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
2003	53,654	5,431	59,085

(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
2002	36,044	8,865	1,031	45,940

(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
2002	55,506 ⁽⁴⁾	11.9	2.8	4.3	17.9

(1) Estimated

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

(3) Began operations in 2000

(4) As of September 12, 2003

SOURCE: City of Glendale Finance and Utilities Departments

City of Glendale, Arizona
Government-wide Expenses by Function
 Last Two Fiscal Years ⁽¹⁾
 (amounts expressed in thousands)

Table 19

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Community Services</u>	<u>Community Environment</u>	<u>Street Maintenance</u>	<u>Other</u>	<u>Interest on long-term debt</u>	<u>Water and sewer</u>	<u>Landfill</u>	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
2001-02	\$ 22,490	\$ 53,779	\$ 12,766	\$ 30,919	\$ 3,414	\$ 12,534	\$ 19	\$ 5,864	\$ 39,909	\$ 1,189	\$ 10,180	\$ 7,513	\$ 200,576
2002-03	20,209	52,625	11,411	32,210	3,433	20,308	148	7,223	43,442	7,784	12,353	8,033	219,179

Notes:

(1) Only two years' data is available. In subsequent years this table will be expanded to include ten fiscal years.

City of Glendale, Arizona
Government-wide Revenues

Table 20

Last Two Fiscal Years ⁽¹⁾
 (amounts expressed in thousands)

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Unrestricted Investment Earnings	Gains or (losses) and Miscellaneous	
2001-02	\$ 90,250 ⁽²⁾	\$ 29,232	\$ 3,262	\$115,942	\$ 10,796	\$ 2,612	\$ (1,278)	\$ 250,816
2002-03	99,042	29,613	4,814	129,591	34,283	(1,725)	(992)	294,626

Notes:

- (1) Only two years' data is available. In subsequent years this table will be expanded to include ten fiscal years.
 (2) For 2001-02 the franchise, license, and impact fees are reclassified and reported as Charges for Services instead of General Revenues, to be consistent with treatment in subsequent years.

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