

City of Glendale, Arizona

# Comprehensive Annual Financial Report

*For the Fiscal Year Ended June 30, 2005*



*Estrella Mountains* by Ed Mell. Displayed at the City of Glendale Municipal Airport.

This page left blank intentionally.



City of Glendale, Arizona  
**Comprehensive  
Annual Financial Report**

*For the Fiscal Year Ended June 30, 2005*

**Elaine M. Scruggs  
Mayor**

Thomas R. Eggleston  
Vice Mayor  
Barrel District

**Councilmembers**

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

**Management Staff**

Ed Beasley - City Manager  
Pam Kavanaugh - Assistant City Manager

Arthur R. Lynch  
Deputy City Manager

Kenneth A. Reedy  
Deputy City Manager

Gloria Santiago-Espino  
Deputy City Manager

Horatio Skeete  
Deputy City Manager

Prepared by the Finance Department  
Raymond H. Shuey  
Chief Financial Officer

This page left blank intentionally.



City of Glendale, Arizona

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

---

# **INTRODUCTORY SECTION**

---

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

This page left blank intentionally.

**City of Glendale, Arizona  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2005**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>I. INTRODUCTORY SECTION</b>	
Title Page .....	i
Table of Contents .....	iii
Letter of Transmittal .....	1
GFOA Certificate of Achievement.....	5
Glendale, Arizona and Neighboring Communities .....	6
City Officials.....	7
Glendale Council District Boundaries.....	8
Organization Chart.....	9
 <b>II. FINANCIAL SECTION</b>	
<b>Report of Independent Accountants.....</b>	<b>11</b>
<b>A. MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&amp;A).....</b>	<b>13</b>
<b>B. BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Assets .....	25
Statement of Activities.....	26
 <b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds.....	28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	29
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	31
Statement of Net Assets – Proprietary Funds.....	32
Statement of Revenues Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	33
Statement of Cash Flows – Proprietary Funds .....	34
 <b>Notes to the Financial Statements</b> (including an Index of the Notes).....	 <b>36</b>
 <b>C. REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule – General Fund .....	75
Budgetary Comparison Schedule – Transportation Fund.....	77
Notes to Required Supplementary Information.....	78

**City of Glendale, Arizona  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2005**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>D. COMBINING STATEMENTS</b>	
<b>Non-Major Governmental Funds</b>	
Combining Balance Sheet.....	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	84
Budgetary Comparison Schedules	
Community Development Block Grants Fund.....	86
Highway Users Gas Tax Fund .....	87
Development Impact Fees Fund.....	88
Other Special Revenue Fund.....	89
General Obligation Debt Service Fund (a Major Fund).....	90
Special Assessment Debt Service Fund .....	91
Highway User Debt Service Fund.....	92
Municipal Property Corporation Debt Service Fund (a Major Fund) .....	93
Arena Construction Fund.....	94
Streets Construction Fund.....	95
Fire and Police Construction Fund.....	96
Parks Bond Construction Fund (a Major Fund) .....	97
Other Construction Fund.....	98
Cemetery Perpetual Care Permanent Fund .....	99
<b>Non-Major Proprietary Funds – Business-type Activities</b>	
Combining Statement of Net Assets.....	100
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	101
Combining Statement of Cash Flows .....	102
Budgetary Comparison Schedules	
Water and Sewer Fund (a Major Fund).....	104
Landfill Fund (a Major Fund) .....	106
Sanitation Fund .....	107
Housing Fund.....	108
<b>Internal Service Funds</b>	
Combining Statement of Net Assets.....	109
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	110
Combining Statement of Cash Flows .....	111
Budgetary Comparison Schedules	
Risk Management Fund .....	112
Workers’ Compensation Fund .....	113
Employee Benefits Fund.....	114
<b>E. OTHER SUPPLEMENTARY INFORMATION</b>	
Federal Financial Data Schedule.....	115

**City of Glendale, Arizona  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2005**

**TABLE OF CONTENTS**

**III. STATISTICAL SECTION**

	<u>Schedule</u>	<u>Page</u>
Net Assets by Component .....	1	120
Changes in Net Assets .....	2	122
Fund Balances – Governmental Funds .....	3	124
Changes in Fund Balances – Governmental Funds .....	4	126
Assessed and Estimated Actual Value of Taxable Property .....	5	128
Direct and Overlapping Governments Property Tax Rates .....	6	129
Principal Property Taxpayers .....	7	130
Property Tax Levies and Collections .....	8	131
Ratio of Outstanding Debt by Type .....	9	132
Ratios of Net General Bonded Debt Outstanding .....	10	134
Net Direct and Overlapping Governmental Activities Debt .....	11	135
Legal Debt Margin Information .....	12	136
Pledged-Revenue Coverage .....	13	138
Demographic and Economical Statistics .....	14	140
Principal Employers .....	15	141
Full-time Equivalent City Government Employees by Function/Program .....	16	142
Operating Indicators by Function/Program .....	17	143
Capital Asset Statistics by Function/Program .....	18	144
Miscellaneous Water and Sewer Rate Statistics .....	19	145
Miscellaneous Water and Sewer Statistics .....	20	146

This page left blank intentionally.



October 21, 2005

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, 2005.

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, 2005, 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 56.7 square miles and serves a population of 235,987. 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 four-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 total labor force in the City as 131,504 for the period January through June 2005 with average employment of 126,197. Average employment for the same period last year is 124,708, 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. As a result of this year's mid-decade census and the recalculation of Glendale's pro rata portion of state shared revenues,

the City anticipates a smaller segment of these revenues in future years. The City has taken this into account in the budgeting process and does not expect any operating budget reductions.

The City of Glendale has continued to follow its strategy, developed by the Finance Department, to build fund balances.

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 3.5 million. The state's population reached 5.74 million in 2004, representing a 3.0% increase over the previous fiscal year.

**Long-term financial planning.** The Glendale Arena opened in 2003 and, in 2004 was named the Best New Concert Venue in North America. The arena has hosted many concerts and special events, including sold-out performances by four of the top ten grossing tours in the U.S.

The Cardinals Stadium, which is being built by the State's Tourism and Sports Authority, is on track for completion in August 2006. The stadium will be home to the Arizona Cardinals, the Fiesta Bowl, the 2008 Super Bowl, as well as other major events.

In June 2005, the City entered into an agreement with Cabela's, the nation's foremost outfitter of hunting, fishing, and outdoor equipment, to build a 165,000 square-foot retail store just north of the arena and stadium. Cabela's is scheduled to open in August 2006 and will create about 400 new jobs and attract four million visitors annually.

The Ellman Companies continue to develop the 200-acre, mixed-use project adjacent to the arena, dubbed Westgate City Center. Build-out for this mixed-use project should occur over the next seven to ten years and will feature themed restaurants, trendy nightspots, and a premium 4,000-seat theater. The Westgate area will also feature an 80,000 square-foot convention center adjoining a new luxury hotel to be developed by John Q. Hammons Hotels, opening in fall 2006.

Vanguard City Home will build 91 condominium lofts in the core downtown area of Glendale. This development will incorporate a historic building, occupy currently vacant property, and will feature ground-floor retail outlets, all to be completed in late 2006.

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 or excise taxes. The City has continued its practice of paying off its general obligation and revenue obligation 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 2004-05, 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. An employee benefit fund was established in prior years to help offset the rising benefit costs to the City. An actuarial study of health insurance funding indicated that creating a separate fund, and holding the excess payments and accumulated interest in it would be the best way to develop reserves. Any unused premiums and interest would remain in the fund for future expenses.

**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.

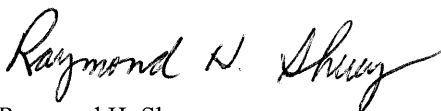
**Awards and acknowledgements.** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004. This was the seventeenth consecutive year the City has received this prestigious award, and the nineteenth 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.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated 2004-05. This is the sixteenth 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 in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Raymond H. Shuey  
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, 2004

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.



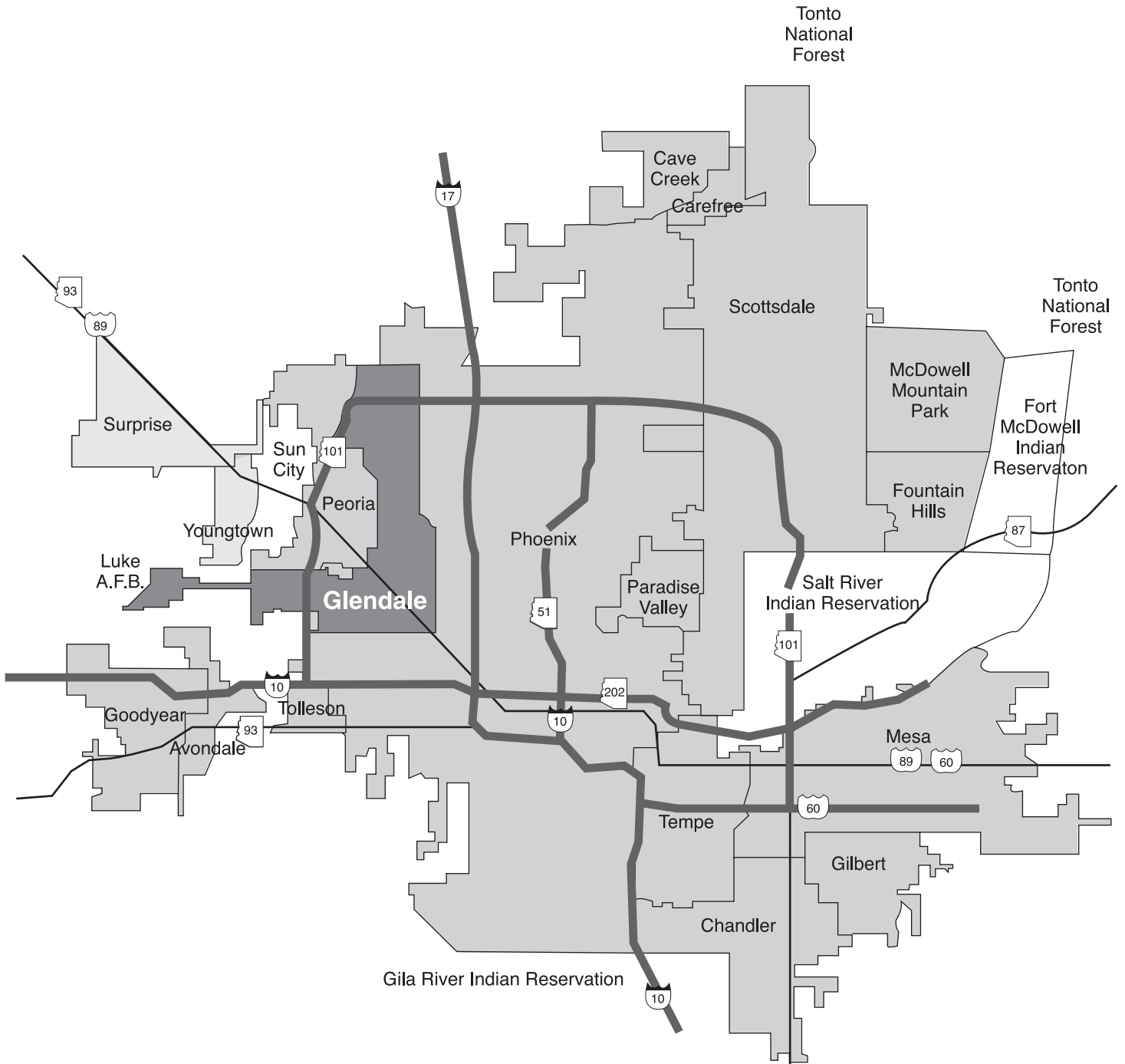
*Nancy L. Zielke*

President

*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*



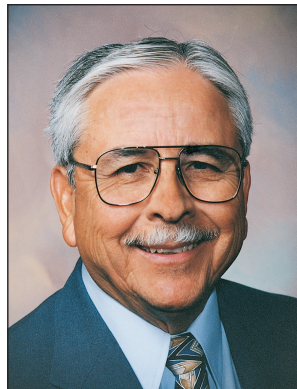
STEVE E. FRATE  
*Councilmember  
Sahuaro District*



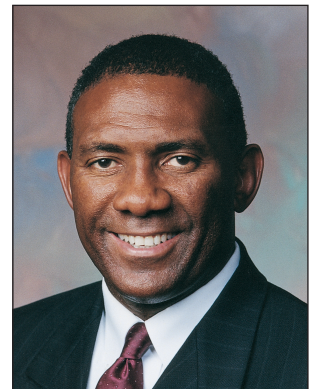
DAVID M. GOULET  
*Councilmember  
Ocotillo District*



H. PHILIP LIEBERMAN  
*Councilmember  
Cactus District*

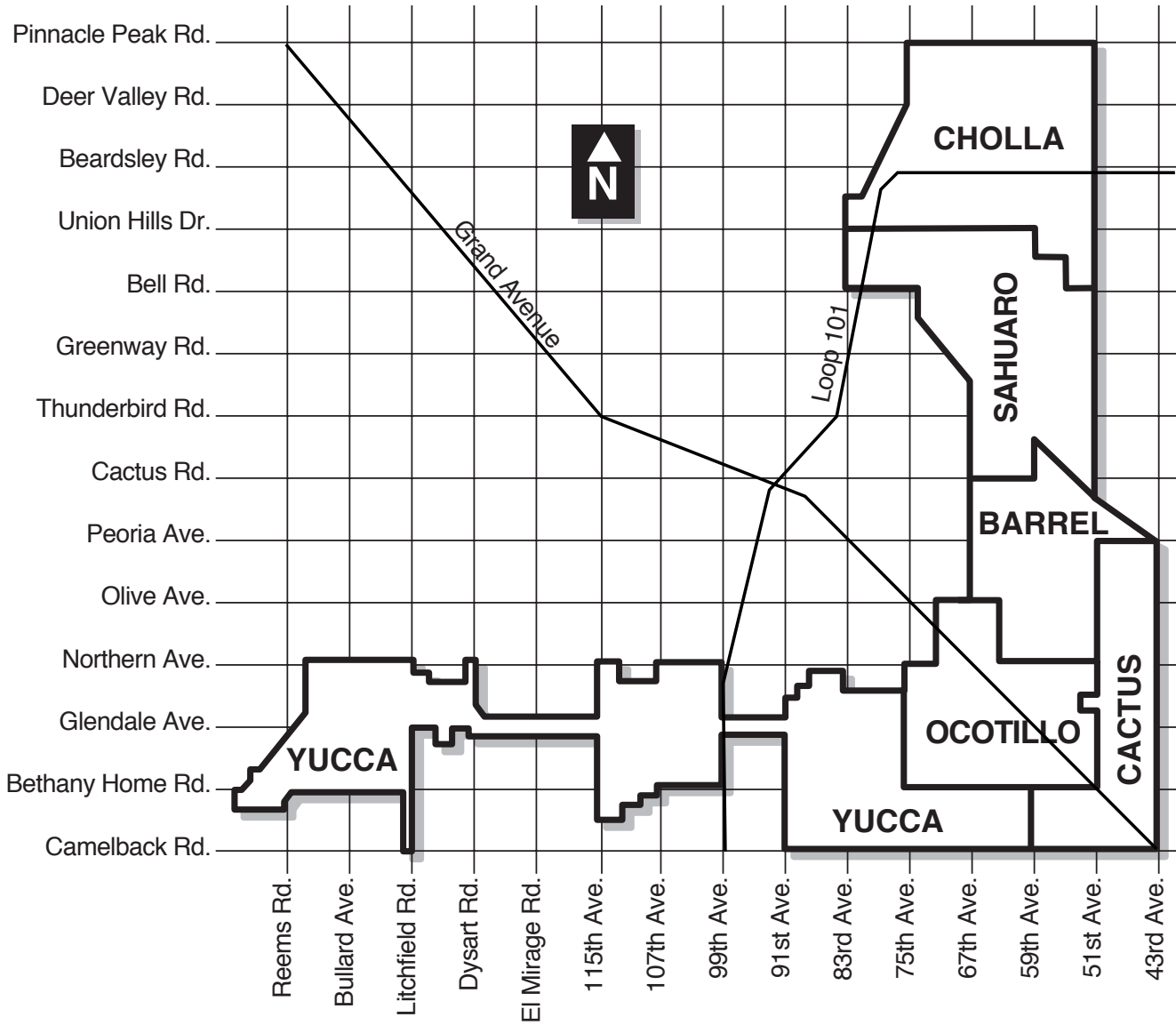


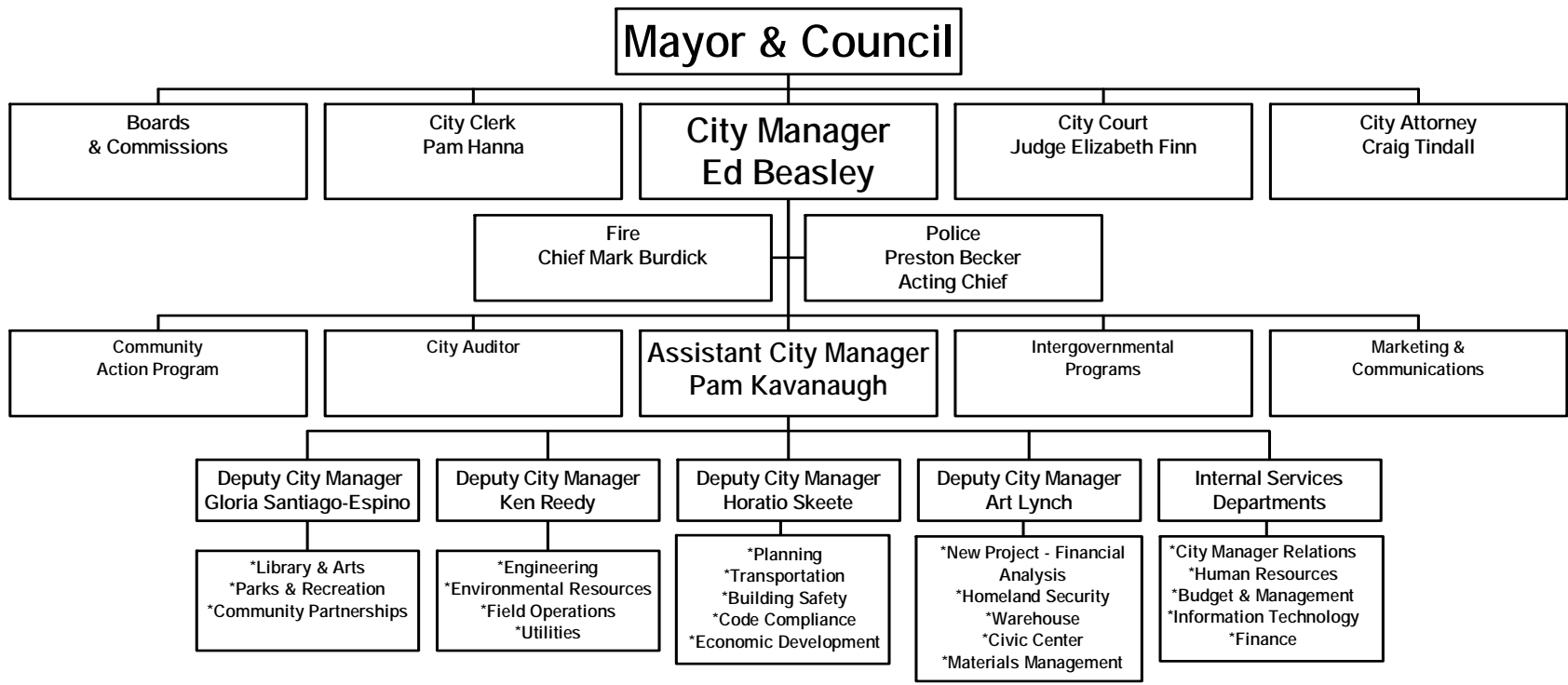
MANUEL D. MARTINEZ  
*Councilmember  
Cholla District*



ED BEASLEY  
*City Manager*

# Glendale Council District Boundaries





This page left blank intentionally.



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

---

# FINANCIAL SECTION

---

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

This page left blank intentionally.



HEINFELD, MEECH & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

Gary Heinfeld, CPA, CGFM  
Nancy A. Meech, CPA, CGFM

Jennifer L. Shields, CPA  
Corey Arvizu, CPA  
Scott W. Kies, CPA

3003 N. Central Avenue, Suite 1175  
Phoenix, Arizona 85012  
(602) 277-9449  
Fax (602) 277-9297

www.heinfeldmeech.com

---

## 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, Arizona (the City), as of and for the year ended June 30, 2005, 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, Arizona, as of June 30, 2005, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2005, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 13 through 23 and pages 75 through 78 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's basic financial statements. The accompanying supplementary information such as the introductory section, combining statements, Other Supplementary Information and the statistical section 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The information included in the introductory section, other supplementary information and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Heinfeld, Meech & Co., P.C.*

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

October 21, 2005



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

---

# MANAGEMENT'S DISCUSSION & ANALYSIS

(Required Supplementary Information)

---

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

This page left blank intentionally.

## **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, 2005. 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 2004-05 as follows.

- The City's total net assets increased \$35,016 or 3.67%. The governmental net assets increased by \$20,368 or 3.55% and the business-type net assets increased by \$14,648 or 3.85%.
- General revenues from governmental activities decreased \$10,984 or 6.65%, and were 73.50% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions increased \$434 or 0.79%.
- The business-type activities revenue increased by \$6,952 or 8.02%.
- The total cost of all City programs increased by \$26,813 or 11.09%.
- A major governmental fund, the general fund, had \$125,735 in revenues, which is an increase of \$8,377 or 7.14% from the prior year. The primary sources of revenue in the general fund are local taxes and intergovernmental taxes. The total expenditures of the general fund were \$117,714, which is an increase of \$14,774 or 14.35% from the prior year. The fund balance increased \$5,376 or 8.86%. This increase resulted from increased tax and special assessments revenue, and intergovernmental revenues.
- The City issued \$11,960 in general obligation bonds to fund the acquisition, improvement, and equipment of a variety of projects in the City.

### **Overview of the Financial Statements**

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

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

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in

**CITY OF GLENDALE, ARIZONA**  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

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 two categories: governmental funds and proprietary 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 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.

**CITY OF GLENDALE, ARIZONA**  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

**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 \$987,326 as of June 30, 2005.

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.

The remainder of this page left blank intentionally.

**CITY OF GLENDALE, ARIZONA**  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2005  
(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, 2005, and 2004  
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 277,726	\$ 276,340	\$ 142,260	\$ 175,854	\$ 419,986	\$ 452,194
Capital assets	766,969	746,074	423,570	395,684	1,190,539	1,141,758
<b>Total assets</b>	<b>1,044,695</b>	<b>1,022,414</b>	<b>565,830</b>	<b>571,538</b>	<b>1,610,525</b>	<b>1,593,952</b>
Current liabilities	39,346	67,010	10,873	27,021	50,219	94,031
Long-term liabilities	412,496	382,919	160,484	164,692	572,980	547,611
<b>Total liabilities</b>	<b>451,842</b>	<b>449,929</b>	<b>171,357</b>	<b>191,713</b>	<b>623,199</b>	<b>641,642</b>
Net assets:						
Invested in capital assets, net of related debt	372,778	353,135	274,620	228,252	647,398	581,387
Restricted	179,434	169,434	11,249	10,479	190,683	179,913
Unrestricted	40,641	49,916	108,604	141,094	149,245	191,010
<b>Total net assets</b>	<b>\$ 592,853</b>	<b>\$ 572,485</b>	<b>\$ 394,473</b>	<b>\$ 379,825</b>	<b>\$ 987,326</b>	<b>\$ 952,310</b>

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.

**CITY OF GLENDALE, ARIZONA**  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

**Changes in net assets.** The City's total revenues for the fiscal year ended June 30, 2005, were \$303,600. The total cost of all programs and services was \$268,584. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2005, and 2004.

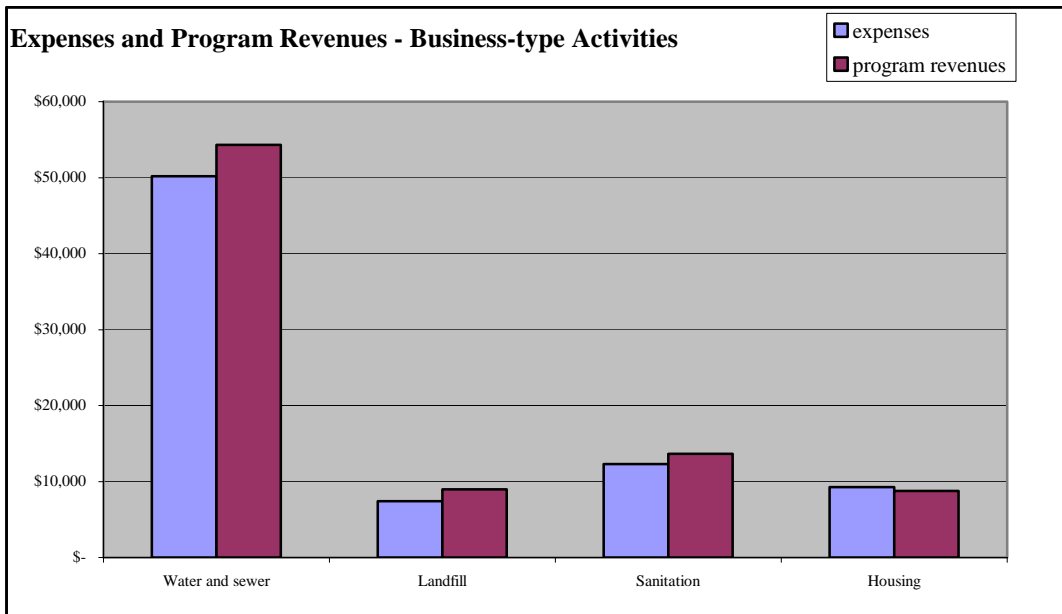
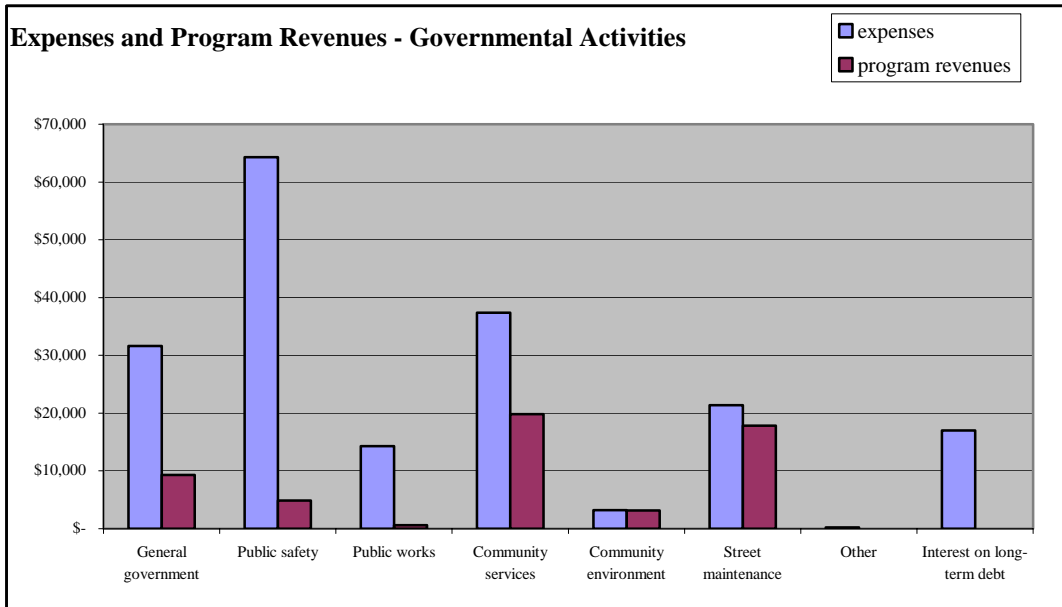
**Changes in Net Assets**  
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004*	2005	2004*
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 27,652	\$ 27,228	\$ 77,422	\$ 75,378	\$ 105,074	\$ 102,606
Operating grants and contributions	26,535	24,503	8,027	7,643	34,562	32,146
Capital grants and contributions	1,407	3,429	242	168	1,649	3,597
Total program revenues	55,594	55,160	85,691	83,189	141,285	138,349
General revenues:						
Property taxes	19,422	18,321	-	-	19,422	18,321
Sales taxes	77,166	74,763	-	-	77,166	74,763
State shared sales tax	20,271	18,409	-	-	20,271	18,409
Urban revenue sharing (state shared income tax)	20,115	19,731	-	-	20,115	19,731
Auto in-lieu taxes	9,414	8,978	-	-	9,414	8,978
Investment earnings, unrestricted	2,654	315	2,065	1,115	4,719	1,430
Gain (loss) on disposal of capital assets	225	9	-	-	225	9
Miscellaneous	275	349	202	-	477	349
Capital contributions	4,794	24,614	5,712	2,414	10,506	27,028
Total revenues	209,930	220,649	93,670	86,718	303,600	307,367
<b>Expenses:</b>						
General government	31,603	24,003	-	-	31,603	24,003
Public safety	64,277	56,176	-	-	64,277	56,176
Public works	14,309	13,883	-	-	14,309	13,883
Community services	37,394	33,914	-	-	37,394	33,914
Community environment	3,236	3,446	-	-	3,236	3,446
Street maintenance	21,355	20,425	-	-	21,355	20,425
Other	238	142	-	-	238	142
Interest on long-term debt	16,986	15,838	-	-	16,986	15,838
Water and sewer	-	-	50,190	46,913	50,190	46,913
Landfill	-	-	7,431	7,164	7,431	7,164
Sanitation	-	-	12,287	12,294	12,287	12,294
Housing	-	-	9,278	8,858	9,278	8,858
Total expenses	189,398	167,827	79,186	75,229	268,584	243,056
Excess before transfers	20,532	52,822	14,484	11,489	35,016	64,311
Transfers in (out)	(164)	(333)	164	333	-	-
Increase in net assets	20,368	52,489	14,648	11,822	35,016	64,311
Net assets, beginning	572,485	519,996	379,825	368,003	952,310	887,999
Net assets, ending	\$ 592,853	\$ 572,485	\$ 394,473	\$ 379,825	\$ 987,326	\$ 952,310

\*For 2004, loss on joint venture in business-type activities is included in water and sewer expenses rather than a separate revenue line item, to be consistent with current year treatment.

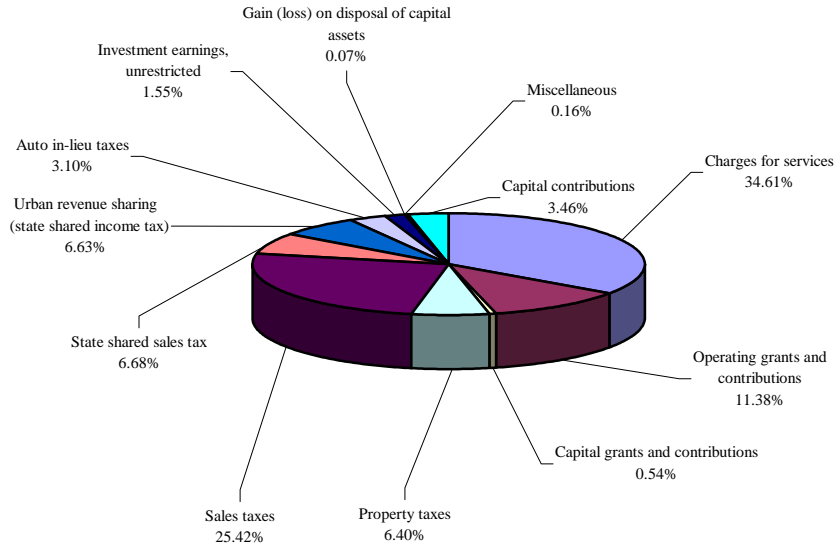
The size of the increase in net assets results primarily from sustained economic growth including developer investment in city facilities and infrastructure.

**CITY OF GLENDALE, ARIZONA**  
 Management's Discussion and Analysis (MD&A)  
 For the Fiscal Year Ended June 30, 2005  
 (amounts expressed in thousands)

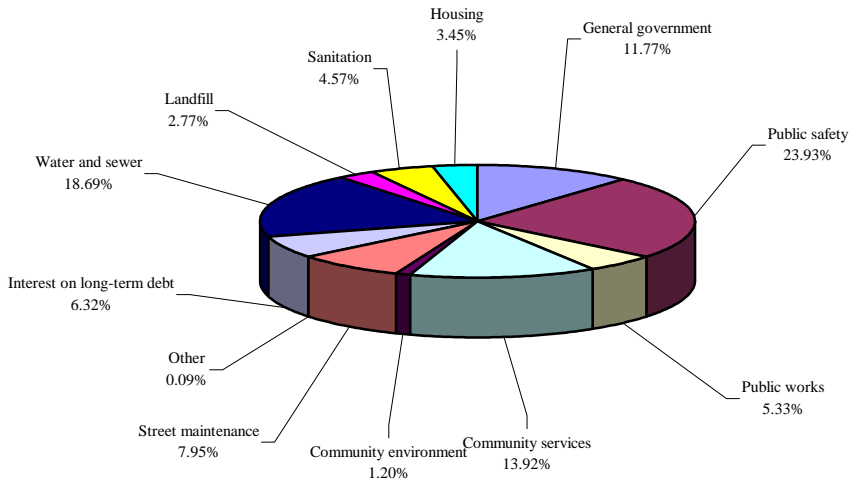


**CITY OF GLENDALE, ARIZONA**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2005**  
 (amounts expressed in thousands)

**Revenue Sources Fiscal Year 2004-05**



**Functional Expenses Fiscal Year 2004-05**



**CITY OF GLENDALE, ARIZONA**  
 Management's Discussion and Analysis (MD&A)  
 For the Fiscal Year Ended June 30, 2005  
 (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 \$201,684, a decrease of \$1,542 or 0.76% in comparison with the prior year.
- *Unreserved undesignated fund balance*, which is available for spending at the City's discretion within a fund, was \$122,037, an increase of \$4,872 or 4.16% from the prior year.
- The City also had \$31,256 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	\$ 9,377
Special revenue	24,275
Debt service	9,899
Capital projects	98
Permanent	<u>4,742</u>
Total	<u>\$ 48,391</u>

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$56,661, while total fund balance reached \$66,038. 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 48.13% of total general fund expenditures, while total fund balance represents 56.10% of that same amount.

The transportation fund accounts for the City's public transit program. The fund saw an increase in fund balance of \$6,093 for the fiscal year ended June 30, 2005. This increase is due to increased operating revenue over operating expenses.

The general obligation debt service fund accounts for the accumulation of resources for and payment of general obligation debt. The fund saw a decrease in fund balance of \$526 for the fiscal year ended June 30, 2005, due to more debt being repaid by property taxes instead of revenues.

The municipal property corporation debt service fund accounts for the accumulation of resources for and payment of municipal property corporation bond debt. The fund saw a decrease in fund balance of \$3,948 for the fiscal year ended June 30, 2005. This was due to no long-term debt and refunding bonds issued.

**CITY OF GLENDALE, ARIZONA**  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

The parks bond construction fund accounts for bond proceeds received and expenses paid related to the construction and maintenance of the city parks. The fund saw a decrease in fund balance of \$5,179 for the fiscal year ended June 30, 2005. This decrease is due to capital project expenditures.

**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 \$14,164 or 3.66%. The enterprise funds' total net assets were 2.84% restricted and 27.86% unrestricted. Internal service funds were 100.0% unrestricted.

The water and sewer fund accounts for operations, maintenance and construction projects of City-owned water and sewer systems. The fund saw an increase in net assets of \$11,683 for the fiscal year ended June 30, 2005. This increase is due to 1) increased operating revenue greater than operating expenses, and 2) increased capital contributions.

The landfill fund accounts for operations of the City-owned landfill. The fund saw an increase of \$1,985 for the fiscal year ended June 30, 2005. This increase is due to an increase in operating revenues and a decrease in operating expenses.

The internal service fund accounts for risk management, workers' compensation, and employee benefits provided to other departments. The fund saw a decrease of \$831 for the fiscal year ended June 30, 2005. This is due to increased operating expenses as a result of increased claims.

### **General Fund Budgetary Highlights**

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

- Investment revenue was improved this year as a result of increased interest rates.
- License and permit revenues were adversely affected by 1) a decrease in development impact fees for roadway improvement and 2) the completion of the Glendale arena.
- General fund revenues exceeded the final amended budget by \$5,903 or 4.29%, primarily due to an increase in federal grants.
- General fund expenditures were less than the final amended budget by \$36,214 or 21.28%. This positive variance resulted from \$19,485 in left over contingencies appropriation at fiscal year-end.

### **Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets (net of accumulated depreciation) as of June 30, 2005, for its governmental type activities was \$766,969 and for the business type activities was \$423,570. 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.

**CITY OF GLENDALE, ARIZONA**  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

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

- New Bronto ladder truck, \$871;
- Purchase land and building for new court, \$3,605;
- Invested \$2,167 in an underground storage facility to store additional reclaimed water;
- A new sewage lift station totaling \$2,895;
- The City invested an additional \$9,537 on enhancements at the Cholla Water Treatment Plant; and
- Modifications to the West Area Water Reclamation Facility totaling \$12,475.

The following table is a summary of capital assets reflected in the June 30, 2005, as compared to last year's financial statements.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Construction in progress	\$ 69,406	\$ 44,460	\$ 69,715	\$ 52,028	\$ 139,121	\$ 96,488
Land	49,762	43,930	9,477	9,477	59,239	53,407
Artwork	1,189	1,175	-	-	1,189	1,175
Buildings	130,333	132,054	9,137	9,589	139,470	141,643
Improvements other than buildings	70,927	76,565	9,850	9,345	80,777	85,910
Infrastructure-streets	355,182	359,367	-	-	355,182	359,367
Infrastructure-parks	25,237	23,729	-	-	25,237	23,729
Infrastructure-airport	7,401	7,589	-	-	7,401	7,589
Infrastructure-flood/storm drains	25,957	25,532	-	-	25,957	25,532
Water lines	-	-	65,194	63,698	65,194	63,698
Sewer lines	-	-	78,180	78,953	78,180	78,953
Water treatment plant	-	-	68,976	56,395	68,976	56,395
Sewer treatment plant	-	-	81,694	83,802	81,694	83,802
Meters and services	-	-	20,624	21,479	20,624	21,479
Fire hydrants	-	-	3,681	3,783	3,681	3,783
Machinery and equipment	19,499	22,034	537	692	20,036	22,726
Computer equipment	574	510	264	327	838	837
Software	294	270	-	-	294	270
Automotive equipment	11,208	8,859	5,241	6,116	16,449	14,975
<b>Total</b>	<b>\$ 766,969</b>	<b>\$ 746,074</b>	<b>\$ 423,570</b>	<b>\$ 395,684</b>	<b>\$ 1,190,539</b>	<b>\$ 1,141,758</b>

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 \$535,306, compared to \$552,323 last year, a 3.0% net decrease. Of this amount, \$171,070 comprises debt backed by the full faith and credit of the City and \$75 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment.

**CITY OF GLENDALE, ARIZONA**  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
General obligation	\$ 157,065	\$ 153,688	\$ 14,005	\$ 16,857	\$ 171,070	\$ 170,545
Special assessments	75	109	-	-	75	109
Highway user revenue bonds	22,455	22,730	-	-	22,455	22,730
Municipal Property Corporation revenue bonds	177,950	180,230	-	-	177,950	180,230
Capital lease obligation	13,704	14,704	2,676	11,005	16,380	25,709
Water and sewer revenue bonds/obligations	-	-	115,140	121,470	115,140	121,470
Notes payable	18,576	17,098	13,660	14,432	32,236	31,530
<b>Total</b>	<b>\$ 389,825</b>	<b>\$ 388,559</b>	<b>\$ 145,481</b>	<b>\$ 163,764</b>	<b>\$ 535,306</b>	<b>\$ 552,323</b>

The City's total long-term debt decreased by \$17,017 from the prior year. A key factor in this decrease was a pay down of capital lease obligations.

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 "AA-" 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, 2005, was \$16,991 and \$129,570, 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 2005-06 budget is \$730,000 (up 11.79% from 2004-05), including a \$290,000 operating budget (an increase of 8.2% from 2005) and \$326,500 in capital outlay (up 13.76% from 2005). The fiscal year 2005-06 budget includes \$66,100 contingency appropriation to cover emergency expenses or revenue shortages.

- Fiscal year 2004-05 saw the national, state and regional economies recovering from the effects of a recession in previous years.
- 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 2005 was 4.0%, which is a decrease from a rate of 4.1% a year ago. This compares favorably to the state's average unemployment rate of 4.4% and the national average rate of 5.0%.

**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, Glendale, Arizona 85301.

This page left blank intentionally.



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

---

# BASIC FINANCIAL STATEMENTS

---

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

This page left blank intentionally.

City of Glendale, Arizona  
**Statement of Net Assets**  
June 30, 2005  
(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 235,577	\$ 49,389	\$ 284,966
Receivables (net of allowance for uncollectibles)			
Property taxes	768	-	768
Accounts	11,082	9,341	20,423
Accrued interest	929	87	1,016
Intergovernmental receivable	6,437	302	6,739
Internal balances	978	(978)	-
Inventories and prepaid items	4,600	1,336	5,936
Restricted cash and investments	12,360	33,930	46,290
Capital assets:			
Non-depreciable	120,357	79,192	199,549
Depreciable (net)	646,612	344,378	990,990
Deferred receivable	4,995	-	4,995
Water storage right (net)	-	6,422	6,422
Equity in joint venture	-	42,431	42,431
Total assets	<u>1,044,695</u>	<u>565,830</u>	<u>1,610,525</u>
<b>LIABILITIES</b>			
Vouchers payable	22,707	6,246	28,953
Accounts payable	526	34	560
Retainage payable	409	125	534
Accrued interest payable	7,790	3,477	11,267
Intergovernmental payable	111	248	359
Deposits	628	743	1,371
Unearned revenue	7,175	-	7,175
Noncurrent liabilities:			
Due within one year	32,248	10,199	42,447
Due in more than one year	380,248	150,285	530,533
Total liabilities	<u>451,842</u>	<u>171,357</u>	<u>623,199</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	372,778	274,620	647,398
Restricted for:			
Capital projects	105,197	-	105,197
Debt service	10,200	2,494	12,694
Revenue bond retirement, replacement, and extension	-	7,414	7,414
Perpetual care - nonexpendable	4,814	-	4,814
Other purposes	59,223	1,341	60,564
Unrestricted	40,641	108,604	149,245
Total net assets	<u>\$ 592,853</u>	<u>\$ 394,473</u>	<u>\$ 987,326</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, 2005  
(amounts expressed in thousands)

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 31,603	\$ 9,075	\$ 175	\$ 62
Public safety	64,277	1,200	3,671	-
Public works	14,309	506	97	17
Community services	37,394	16,871	1,789	1,145
Community environment	3,236	-	3,130	-
Street maintenance	21,355	-	17,673	183
Other	238	-	-	-
Interest on long-term debt	16,986	-	-	-
Total governmental activities	<u>189,398</u>	<u>27,652</u>	<u>26,535</u>	<u>1,407</u>
Business-type activities:				
Water and sewer	50,190	54,295	-	39
Landfill	7,431	8,961	-	-
Sanitation	12,287	13,624	-	-
Housing	9,278	542	8,027	203
Total business-type activities	<u>79,186</u>	<u>77,422</u>	<u>8,027</u>	<u>242</u>
Total primary government	<u>\$ 268,584</u>	<u>\$ 105,074</u>	<u>\$ 34,562</u>	<u>\$ 1,649</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 on disposal of capital assets

Miscellaneous

Capital contributions

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (22,291)	\$ -	\$ (22,291)
(59,406)	-	(59,406)
(13,689)	-	(13,689)
(17,589)	-	(17,589)
(106)	-	(106)
(3,499)	-	(3,499)
(238)	-	(238)
(16,986)	-	(16,986)
<u>(133,804)</u>	<u>-</u>	<u>(133,804)</u>
-	4,144	4,144
-	1,530	1,530
-	1,337	1,337
-	(506)	(506)
-	<u>6,505</u>	<u>6,505</u>
<u>(133,804)</u>	<u>6,505</u>	<u>(127,299)</u>
3,576	-	3,576
15,846	-	15,846
77,166	-	77,166
20,271	-	20,271
20,115	-	20,115
9,414	-	9,414
2,654	2,065	4,719
225	-	225
275	202	477
4,794	5,712	10,506
(164)	164	-
<u>154,172</u>	<u>8,143</u>	<u>162,315</u>
20,368	14,648	35,016
572,485	379,825	952,310
<u>\$ 592,853</u>	<u>\$ 394,473</u>	<u>\$ 987,326</u>

City of Glendale, Arizona  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2005  
(amounts expressed in thousands)

	Major Funds						Total Governmental Funds
	General	Transportation	General Obligation Debt Service	Municipal Property Corporation	Parks Bond Construction	Other Non-major Governmental Funds	
<b>ASSETS</b>							
Equity in pooled cash and investments	\$ 70,347	\$ 32,582	\$ 21,384	\$ 618	\$ 26,574	\$ 69,615	\$ 221,120
Receivables, net of allowance for doubtful accounts:							
Property taxes	139	-	629	-	-	-	768
Accounts	7,585	1,842	-	-	-	1,655	11,082
Accrued interest	807	-	-	-	61	61	929
Due from other Funds	564	-	-	1,022	-	-	1,586
Intergovernmental receivable	2,861	20	-	-	-	3,556	6,437
Inventories and prepaid items	213	-	-	-	-	219	432
Restricted cash and investments	395	-	-	6,077	-	5,723	12,195
Deferred receivables	1,830	-	-	-	-	3,165	4,995
Total assets	<u>\$ 84,741</u>	<u>\$ 34,444</u>	<u>\$ 22,013</u>	<u>\$ 7,717</u>	<u>\$ 26,635</u>	<u>\$ 83,994</u>	<u>\$ 259,544</u>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Vouchers payable	\$ 12,910	\$ 1,550	\$ 1	\$ 6	\$ 1,542	\$ 5,395	\$ 21,404
Accounts payable	526	-	-	-	-	-	526
Retainage payable	-	9	-	-	167	233	409
Compensated absences - current	686	15	-	-	-	70	771
Intergovernmental payable	109	-	-	-	-	2	111
Due to other funds	-	-	-	-	-	1,543	1,543
Deposits	562	-	-	-	-	66	628
Matured interest payable	-	-	3,033	4,171	-	523	7,727
Deferred revenue	3,910	44	438	-	15	5,105	9,512
Matured bonds payable	-	-	10,508	1,885	-	2,836	15,229
Total liabilities	<u>18,703</u>	<u>1,618</u>	<u>13,980</u>	<u>6,062</u>	<u>1,724</u>	<u>15,773</u>	<u>57,860</u>
Fund Balances:							
Reserved (Note XVI)	9,377	1	8,033	1,655	-	29,325	48,391
Unreserved:							
Designated (Note XVI):							
General fund	2,941	-	-	-	-	-	2,941
Special revenue funds	-	553	-	-	-	461	1,014
Capital project funds	-	-	-	-	-	27,301	27,301
Undesignated, reported in							
General fund	53,720	-	-	-	-	-	53,720
Special revenue funds	-	32,272	-	-	-	2,134	34,406
Capital projects funds	-	-	-	-	24,911	9,000	33,911
Total fund balances	<u>66,038</u>	<u>32,826</u>	<u>8,033</u>	<u>1,655</u>	<u>24,911</u>	<u>68,221</u>	<u>201,684</u>
Total liabilities and fund balances	<u>\$ 84,741</u>	<u>\$ 34,444</u>	<u>\$ 22,013</u>	<u>\$ 7,717</u>	<u>\$ 26,635</u>	<u>\$ 83,994</u>	<u>\$ 259,544</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, 2005  
(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	\$	201,684
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$	1,008,827
Less accumulated depreciation		<u>(241,858)</u>
		766,969
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		4,856
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.		
		5,833
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		(342,315)
Notes payable		(18,576)
Capital lease obligations		(13,704)
Compensated absences		(9,852)
Bond premium		<u>(4,366)</u>
		(388,813)
Unmatured interest payable		
		(63)
Deferred revenue that is measurable but not yet available for governmental fund activities is recognized as revenue for governmental-wide activities.		
		2,387
Net assets of governmental activities	<u>\$</u>	<u>592,853</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, 2005

(amounts expressed in thousands)

	Major Funds					Other Non-Major Governmental Funds	Total Governmental Funds
	General	Transportation	General Obligation Debt Service	Municipal Property Corporation	Parks Bond Construction		
<b>REVENUES</b>							
Taxes and special assessments	\$ 56,565	\$ 19,827	\$ 16,002	\$ -	\$ -	\$ 4,418	\$ 96,812
Licenses and permits	9,631	-	-	-	-	5,866	15,497
Intergovernmental	50,055	1,981	-	-	7	23,648	75,691
Charges for services	2,016	185	-	-	-	3,480	5,681
Fines and forfeitures	3,247	-	-	-	-	-	3,247
Investment income	2,244	599	115	55	558	1,191	4,762
Miscellaneous	1,977	-	-	-	-	1,358	3,335
Total revenues	<u>125,735</u>	<u>22,592</u>	<u>16,117</u>	<u>55</u>	<u>565</u>	<u>39,961</u>	<u>205,025</u>
<b>EXPENDITURES</b>							
Current:							
General government	19,618	-	-	-	10	1,264	20,892
Public safety	54,593	-	-	-	-	6,773	61,366
Public works	12,006	-	-	-	-	75	12,081
Community services	21,807	7,924	-	-	-	2,896	32,627
Community environment	196	-	-	-	-	2,886	3,082
Street maintenance	-	-	-	-	-	10,535	10,535
Miscellaneous	-	-	13	32	-	9	54
Debt service:							
Principal	3,577	-	10,508	1,885	-	2,929	18,899
Interest	993	-	6,122	9,017	-	1,099	17,231
Capital outlay	4,924	10,803	-	-	5,769	25,787	47,283
Total expenditures	<u>117,714</u>	<u>18,727</u>	<u>16,643</u>	<u>10,934</u>	<u>5,779</u>	<u>54,253</u>	<u>224,050</u>
Excess (deficiency) of revenues over expenditures	<u>8,021</u>	<u>3,865</u>	<u>(526)</u>	<u>(10,879)</u>	<u>(5,214)</u>	<u>(14,292)</u>	<u>(19,025)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Long-term debt issued	-	1,415	-	-	-	14,660	16,075
Premium on long-term debt issued	-	-	-	-	-	230	230
Proceeds from equipment disposal	1,018	1	-	89	234	-	1,342
Other uses:							
Transfers in	555	900	-	6,842	-	4,457	12,754
Transfers out	(4,218)	(88)	-	-	(199)	(8,413)	(12,918)
Total other financing sources and uses	<u>(2,645)</u>	<u>2,228</u>	<u>-</u>	<u>6,931</u>	<u>35</u>	<u>10,934</u>	<u>17,483</u>
Net change in fund balances	<u>5,376</u>	<u>6,093</u>	<u>(526)</u>	<u>(3,948)</u>	<u>(5,179)</u>	<u>(3,358)</u>	<u>(1,542)</u>
Fund balances, July 1	60,662	26,733	8,559	5,603	30,090	71,579	203,226
Fund balances, June 30	<u>\$ 66,038</u>	<u>\$ 32,826</u>	<u>\$ 8,033</u>	<u>\$ 1,655</u>	<u>\$ 24,911</u>	<u>\$ 68,221</u>	<u>\$ 201,684</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, 2005  
(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		\$	(1,542)
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 \$47,283 exceeded depreciation of \$30,876 for the current period.			16,407
The net effect of various transactions involving capital is to increase net assets.			
Capital contributions	\$	4,794	
Disposals		(1,342)	
Gain on sales		225	
		<u>3,677</u>	3,677
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			522
The net effect of long-term debt issuance and the related transactions is to increase net assets.			
Bond premium		(230)	
Bonds issuance costs		146	
Principal paid		18,899	
Debt issued		(16,075)	
		<u>2,740</u>	2,740
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.			(437)
Internal service funds are used by management to charge the costs of workers' compensation, risk management, and employee benefits individual funds.			(759)
The net revenue of certain activities as unearned revenue is reported in governmental activities.			(52)
Expenses on the statement of activities differ from governmental funds because of the portion not accrued on the governmental funds.			(188)
Change in net assets of governmental activities		\$	<u><u>20,368</u></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, 2005  
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds		Other	Total	
	Water and Sewer	Landfill	Proprietary Funds		
<b>ASSETS</b>					
Current assets:					
Equity in pooled cash and investments	\$ 29,925	\$ 16,580	\$ 2,884	\$ 49,389	\$ 14,456
Receivables:					
Accounts	6,968	932	1,677	9,577	-
Allowance for uncollectibles	(205)	(5)	(25)	(235)	-
Accrued interest	87	-	-	87	-
Intergovernment receivable	2	-	300	302	-
Inventories and prepaid items	1,331	-	5	1,336	247
Total current assets	<u>38,108</u>	<u>17,507</u>	<u>4,841</u>	<u>60,456</u>	<u>14,703</u>
Noncurrent assets:					
Restricted cash and investments	33,911	-	19	33,930	165
Capital assets:					
Capital assets	515,577	20,377	19,460	555,414	-
Accumulated depreciation	(115,326)	(5,921)	(10,597)	(131,844)	-
Capital assets, net	<u>400,251</u>	<u>14,456</u>	<u>8,863</u>	<u>423,570</u>	<u>-</u>
Water storage rights, net	6,422	-	-	6,422	-
Equity in joint venture	42,431	-	-	42,431	-
Total noncurrent assets	<u>483,015</u>	<u>14,456</u>	<u>8,882</u>	<u>506,353</u>	<u>165</u>
Total assets	<u>521,123</u>	<u>31,963</u>	<u>13,723</u>	<u>566,809</u>	<u>14,868</u>
<b>LIABILITIES</b>					
Current liabilities:					
Vouchers payable	5,626	379	241	6,246	1,304
Accounts payable	-	-	34	34	-
Retainage payable	125	-	-	125	-
Compensated absences	757	153	233	1,143	-
Due to other funds	-	-	43	43	-
Intergovernment payable	159	-	89	248	-
Deposits	516	116	108	740	-
Unearned rent	-	-	3	3	-
Estimated claims payable	-	-	-	-	5,256
Current portion of long-term debt:					
General obligation bonds	760	171	-	931	-
Unamortized premium on debt issuance	198	-	-	198	-
Revenue bonds/obligations payable	5,120	-	-	5,120	-
Capital lease payable	24	638	771	1,433	-
Other long-term debt	1,375	-	-	1,375	-
Interest payable	3,432	30	15	3,477	-
Total current liabilities	<u>18,092</u>	<u>1,487</u>	<u>1,537</u>	<u>21,116</u>	<u>6,560</u>
Noncurrent liabilities:					
Deferred revenue	-	-	-	-	49
Compensated absences	271	44	211	526	-
General obligation bonds	12,375	700	-	13,075	-
Unamortized premium on debt issuance	3,271	-	-	3,271	-
Revenue bonds/obligations payable	110,020	-	-	110,020	-
Other long-term debt	-	-	13	13	-
Note payable	12,285	-	-	12,285	-
Capital lease obligations	25	176	1,042	1,243	-
Claims payable	-	-	-	-	2,426
Estimated closure and post-closure costs	-	9,852	-	9,852	-
Total noncurrent liabilities	<u>138,247</u>	<u>10,772</u>	<u>1,266</u>	<u>150,285</u>	<u>2,475</u>
Total liabilities	<u>156,339</u>	<u>12,259</u>	<u>2,803</u>	<u>171,401</u>	<u>9,035</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	254,797	12,772	7,051	274,620	-
Restricted for:					
Debt service	2,494	-	-	2,494	-
Revenue bond retirement, replacement and extension	7,414	-	-	7,414	-
Other purposes	694	-	647	1,341	-
Unrestricted	99,385	6,932	3,222	109,539	5,833
Total net assets	<u>\$ 364,784</u>	<u>\$ 19,704</u>	<u>\$ 10,920</u>	<u>395,408</u>	<u>\$ 5,833</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				(935)	
Net assets of business-type activities				<u>\$ 394,473</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, 2005  
(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	\$ 39	\$ -	\$ 8,027	\$ 8,066	\$ -
Metered water sales	25,880	-	-	25,880	-
Sewer service charges	19,753	-	-	19,753	-
Container service	-	-	4,445	4,445	-
Curb service	-	-	9,057	9,057	-
Landfill user fees	-	5,733	-	5,733	-
Self-insurance premium	-	-	-	-	18,197
Recycling sales	-	2,955	-	2,955	-
Other fees	1,477	104	550	2,131	-
Total operating revenues	<u>47,149</u>	<u>8,792</u>	<u>22,079</u>	<u>78,020</u>	<u>18,197</u>
Operating expenses:					
Water	14,237	-	-	14,237	-
Sewer	9,383	-	-	9,383	-
Landfill	-	5,555	-	5,555	-
Housing	-	-	8,914	8,914	-
Closure/post-closure care adjustment	-	409	-	409	-
Sanitation	-	-	11,240	11,240	-
Administrative and general	8,480	-	-	8,480	-
Insurance claims	-	-	-	-	19,303
Amortization and depreciation	10,066	1,125	1,205	12,396	-
Total operating expenses	<u>42,166</u>	<u>7,089</u>	<u>21,359</u>	<u>70,614</u>	<u>19,303</u>
Operating income (loss)	<u>4,983</u>	<u>1,703</u>	<u>720</u>	<u>7,406</u>	<u>(1,106)</u>
Nonoperating revenues (expenses):					
Impact fees	7,386	167	113	7,666	-
Investment income	1,609	398	33	2,040	275
Interest expense	(5,826)	(287)	(83)	(6,196)	-
Net loss from joint venture	(1,947)	-	-	(1,947)	-
Amortization of bond issuance cost	(49)	-	-	(49)	-
Gain (loss) on disposal of assets	1	4	(9)	(4)	-
Intergovernmental - capital grants	-	-	203	203	-
Total nonoperating revenue (expenses)	<u>1,174</u>	<u>282</u>	<u>257</u>	<u>1,713</u>	<u>275</u>
Income before contributions and transfers	6,157	1,985	977	9,119	(831)
Capital contributions	5,712	-	-	5,712	-
Transfers in	-	-	350	350	-
Transfers out	(186)	-	-	(186)	-
Change in net assets	<u>11,683</u>	<u>1,985</u>	<u>1,327</u>	<u>14,995</u>	<u>(831)</u>
Total net assets - beginning	353,101	17,719	9,593		6,664
Total net assets - ending	<u>\$ 364,784</u>	<u>\$ 19,704</u>	<u>\$ 10,920</u>		<u>\$ 5,833</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(347)	
Change in net assets of business-type activities				<u>\$ 14,648</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 the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds		Other Proprietary Funds	Totals	
	Water and Sewer	Landfill			
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 47,184	\$ 8,642	\$ 13,986	\$ 69,812	\$ 18,237
Cash received from federal government	-	-	8,195	8,195	-
Cash paid to suppliers:					
Internal city departments	(4,997)	(2,368)	(1,029)	(8,394)	-
External vendors	(17,699)	(1,195)	(12,251)	(31,145)	-
Cash paid for insurance and in settlement of claims	-	-	-	-	(17,278)
Cash paid to employees for services	(11,548)	(1,905)	(6,705)	(20,158)	-
Net cash provided by operating activities	<u>12,940</u>	<u>3,174</u>	<u>2,196</u>	<u>18,310</u>	<u>959</u>
<b>Cash flows from (used) for noncapital financing activities:</b>					
Proceeds from sale of investments	-	-	(30)	(30)	-
Transfers in	-	-	350	350	-
Transfers out	(186)	-	-	(186)	-
Net cash provided by noncapital financing activities	<u>(186)</u>	<u>-</u>	<u>320</u>	<u>134</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from sale of capital assets	1	-	-	1	-
Principal payments on obligations	(9,826)	(7,268)	(1,191)	(18,285)	-
Acquisition of capital assets and rights	(41,083)	(41)	(615)	(41,739)	-
Impact fees	7,386	167	113	7,666	-
Interest payments on obligations	(6,466)	(366)	(88)	(6,920)	-
Capital grant proceeds	-	-	203	203	-
Net cash provided by or used for capital and related financing activities	<u>(49,988)</u>	<u>(7,508)</u>	<u>(1,578)</u>	<u>(59,074)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>					
Interest received from investments	1,579	398	33	2,010	276
Net cash provided by investing activities	<u>1,579</u>	<u>398</u>	<u>33</u>	<u>2,010</u>	<u>276</u>
Net increase (decrease) in cash and cash equivalents during fiscal year	(35,655)	(3,936)	971	(38,620)	1,235
Cash and cash equivalents, July 1	99,491	20,516	1,932	121,939	13,386
Cash and cash equivalents, June 30	<u>\$ 63,836</u>	<u>\$ 16,580</u>	<u>\$ 2,903</u>	<u>\$ 83,319</u>	<u>\$ 14,621</u>

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

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds		Other Proprietary Funds	Totals	
	Water and Sewer	Landfill			
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 4,983	\$ 1,703	\$ 720	\$ 7,406	\$ (1,106)
Adjustments to reconcile operating income to net cash provided by operations:					
Amortization and Depreciation	10,066	1,125	1,205	12,396	-
Changes in assets and liabilities:					
Accounts receivable	(80)	(186)	(75)	(341)	47
Intergovernmental receivable	4	-	147	151	-
Inventories and prepaid items	75	-	-	75	14
Vouchers payable	(589)	88	102	(399)	1,169
Accrued expenses	(1,566)	-	(3)	(1,569)	-
Intergovernmental payable	-	-	21	21	-
Due to other funds	-	-	(14)	(14)	-
Deposits	54	36	7	97	-
Deferred revenue	-	-	-	-	(7)
Compensated absences	(7)	(1)	86	78	-
Claims payable	-	-	-	-	842
Estimated closure and post-closure costs	-	409	-	409	-
Net cash provided by operating activities	<u>\$ 12,940</u>	<u>\$ 3,174</u>	<u>\$ 2,196</u>	<u>\$ 18,310</u>	<u>\$ 959</u>
<b>Reconciliation of statement of net assets cash and investments to the statement of cash flows:</b>					
Per combined statement of net assets:					
Equity in pooled cash and investments	\$ 29,925	\$ 14,928	\$ 2,884	\$ 47,737	\$ 14,456
Restricted cash and investments	33,911	1,652	19	35,582	165
Total cash and cash equivalents	<u>\$ 63,836</u>	<u>\$ 16,580</u>	<u>\$ 2,903</u>	<u>\$ 83,319</u>	<u>\$ 14,621</u>
<b>Noncash investing, capital, and financing activities:</b>					
Contributions of capital assets	\$ 5,712	\$ -	\$ -	\$ 5,712	\$ -
Loss on joint venture	(1,947)	-	-	(1,947)	-

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(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.

**Index**

	<u>Note</u>	<u>Page</u>
Summary of Significant Accounting Policies.....	I.....	37
Compliance – Excess of Expenditure Over Appropriations .....	II.....	45
Deposits and Investments .....	III.....	45
Capital Assets .....	IV.....	48
Construction and Other Significant Commitments.....	V.....	50
Self-Insurance Funds .....	VI.....	50
Leases .....	VII.....	52
Short-Term Debt.....	VIII.....	53
Long-Term Debt.....	IX.....	53
Landfill Obligations.....	X.....	62
Interfund Transactions .....	XI.....	63
Encumbrances.....	XII.....	65
Equity in Joint Venture.....	XIII.....	65
Jointly Governed Organizations .....	XIV.....	66
Related Party Transaction.....	XV.....	66
Fund Balance/Net Assets Reservation, Designation, and Restriction.....	XVI.....	66
Employee Retirement Systems and Pension Plans .....	XVII.....	71
Other Post-Employment Benefits .....	XVIII.....	73
Contingent Liabilities and Commitments .....	XIX.....	74
Subsequent Events.....	XX.....	74
Implementation of GASB Statement No. 44 .....	XXI.....	74

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(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, 2005

(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 *municipal property corporation debt service fund* accounts for building lease payments received from the general fund and subsequently paid as debt service to Municipal Property Corporation bondholders.

The *parks construction fund* accounts for the construction of parks and recreation improvements.

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, workers' 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**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

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 financial resources to be used by cemetery fund.

**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.

**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

## CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

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.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**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, 2005, the postage portion of the general fund supplies inventory was \$21. 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**

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 \$6,196. In addition, \$676 was included as part of the cost of capital assets under construction in connection with water and sewer projects.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

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, 2005, is \$2,322. 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, 2005, the City has capitalized payment of \$4,100 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.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

Property Tax Calendar

Lien date	January 1, 2004
Levy (assessment) date (third Monday in August)	August 16, 2004
Due dates:	
First half of assessment	October 1, 2004
Second half of assessment	March 1, 2005
Penalties and interest added (collection dates):	
First half of assessment	November 1, 2004
Second half of assessment	May 2, 2005

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, 2005, is as follows:

<u>Fund</u>	<u>Rate</u>
General fund	\$ 0.33
General obligation debt service fund	<u>1.39</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 80 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, 2005, 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.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

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 government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Q. Operating revenues and expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds, and of the City's internal service funds are charges to customers for sales and services, or housing operational grants from a federal agency. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**R. Deferred compensation**

Voluntary Deferred Compensation Plan for Employees of the City of Glendale, State of Arizona: Restated Plan Document (the "Plan document") was adopted by the Mayor and City Council on November 10, 1998, and amended on January 8, 2002, to incorporate the federal Economic Growth and Tax Relief Reconciliation Act of 2001. In addition, the Mayor and City Council adopted a defined contribution deferred compensation plan document on April 9, 2002, under the Internal Revenue Code Section 401(a). Through the Plan document, the City offers its employees a deferred compensation plan that permits them to defer a portion of their current salary until future years. Any contributions made to the deferred compensation plan, in compliance with Section 457 and 401(a) of the Internal Revenue Code, are not available to employees until termination of employment, retirement, death or an unforeseen emergency. Contributions to the plan are administered by one of two third-party administrators, ICMA

## **CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

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 one dollar. 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 increase in the fair value of investments during fiscal year 2004-05 was \$1,629.

### **II. Compliance - Excess of expenditure over appropriations**

For the year ended June 30, 2005, expenditures exceeded appropriations in the housing fund (the legal level of budgetary control) by \$158. These over-expenditures were funded by available fund balance in the housing fund in addition to operating transfers.

### **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 \$83,138 and the bank balances were \$81,677. The difference of \$1,461 represents deposits in transit, outstanding checks and other reconciling items. Of the bank balance, \$300 was insured by the Federal Depository Insurance Corporation (FDIC), \$43 was uninsured and uncollateralized. The remaining bank balances were covered by \$100,352 of collateral held by the City's agent in the City's name.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

Investments

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

Governmental Accounting Standards Board Statement No. 40 – Deposit and Investment Risk Disclosures (Statement 40) requires the City to disclose its deposit and investment policies regarding certain type of investment risks.

The City's investment in the LGIP is stated at fair value, which also approximates the value of the investment upon withdrawal.

As of June 30, 2005, the City had the following investments:

Investment Type	Investment Maturities (in years)		
	0 - 1	1 - 2	Fair Value
Commercial paper	\$ 6,918	\$ -	\$ 6,918
Corporate	1,989	-	1,989
U.S. Agencies	56,010	16,899	72,909
U.S. Treasuries	53,848	2,961	56,809
Total investments	<u>118,765</u>	<u>19,860</u>	<u>138,625</u>
State LGIP total	<u>97,322</u>	-	<u>97,322</u>
Grand total investments	<u>\$ 216,087</u>	<u>\$ 19,860</u>	<u>235,947</u>
Cash deposits			83,138
Other restricted cash			12,171
Total deposits and investments			<u>\$ 331,256</u>

Interest rate risk: As a means of limiting its exposure to interest rate risk the City's investment policy requires all securities to a final maturity of no more than three years. Also, the City purchases securities to be laddered with staggered maturity dates and limits at least half of the City's investment portfolio to maturates of 12 months or less.

Credit risk: As of June 30, 2005, the City's investments were rated by Moody's Investor Service and Standard & Poor's as follows:

Investment Type	Moody's Rating	S&P Rating	% of Investments	Weighted Average Maturity (Years)
U.S. Treasuries	Aaa	AAA	40.98%	0.50
U.S. Agencies	Aaa	AAA	52.59%	0.45
Commercial paper	PI	A-1+	4.98%	0.31
Corporate	Aaa	AAA	1.43%	0.57

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

Concentration of credit risk: The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
FHLB	U.S. Agencies	\$ 36,281
FNMA	U.S. Agencies	25,818
FHLMC	U.S. Agencies	10,810

Custodial credit risk: To control custodial credit risk, the City's investment policy requires all securities and collateral to be held by an independent third party custodian in the City's name. The custodian provides the City with monthly market values along with original safekeeping receipts.

The remainder of this page left blank intentionally.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**IV. Capital assets**

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2005, is as follows:

	Balances June 30, 2004	Additions	Transfers	Disposals	Balances June 30, 2005
<b>Governmental activities</b>					
Non-depreciable assets:					
Construction in progress	\$ 44,460	\$ 33,338	\$ (8,392)	\$ -	\$ 69,406
Land	43,930	6,105	-	(273)	49,762
Artwork	1,175	14	-	-	1,189
Total non-depreciable assets	<u>89,565</u>	<u>39,457</u>	<u>(8,392)</u>	<u>(273)</u>	<u>120,357</u>
Depreciable assets:					
Buildings	160,919	2,170	715	-	163,804
Improvements other than buildings	118,047	73	612	-	118,732
Infrastructure - streets	462,307	4,686	2,975	-	469,968
Infrastructure - parks	32,439	-	2,820	-	35,259
Infrastructure - flood/storm drains	28,249	108	699	-	29,056
Infrastructure - airport	11,898	-	204	-	12,102
Machinery and equipment	28,137	671	-	(36)	28,772
Computer equipment	1,413	284	-	(106)	1,591
Software	515	120	-	-	635
Automotive equipment	25,207	4,509	367	(1,532)	28,551
Total depreciable assets at historical cost	<u>869,131</u>	<u>12,621</u>	<u>8,392</u>	<u>(1,674)</u>	<u>888,470</u>
Less accumulated depreciation for:					
Buildings	(28,865)	(4,606)	-	-	(33,471)
Improvements other than buildings	(41,482)	(6,323)	-	-	(47,805)
Infrastructure - streets	(102,940)	(11,846)	-	-	(114,786)
Infrastructure - parks	(8,710)	(1,312)	-	-	(10,022)
Infrastructure - flood/storm drains	(2,717)	(382)	-	-	(3,099)
Infrastructure - airport	(4,309)	(392)	-	-	(4,701)
Machinery and equipment	(6,103)	(3,206)	-	36	(9,273)
Computer equipment	(903)	(220)	-	106	(1,017)
Software	(245)	(96)	-	-	(341)
Automotive equipment	(16,348)	(2,493)	-	1,498	(17,343)
Total accumulated depreciation	<u>(212,622)</u>	<u>(30,876)</u>	<u>-</u>	<u>1,640</u>	<u>(241,858)</u>
Total depreciable assets, net	<u>656,509</u>	<u>(18,255)</u>	<u>8,392</u>	<u>(34)</u>	<u>646,612</u>
Governmental activities capital assets, net	<u>\$ 746,074</u>	<u>\$ 21,202</u>	<u>\$ -</u>	<u>\$ (307)</u>	<u>\$ 766,969</u>

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

	Balances June 30, 2004	Additions	Transfers	Disposals	Balances June 30, 2005
<b>Business-type activities:</b>					
Non-depreciable assets:					
Construction in progress - water and sewer	\$ 51,700	\$ 35,391	\$ -	\$ (17,902)	\$ 69,189
Construction in progress - housing authority	328	198	-	-	526
Land	9,477	-	-	-	9,477
Total non-depreciable assets	<u>61,505</u>	<u>35,589</u>	<u>-</u>	<u>(17,902)</u>	<u>79,192</u>
Depreciable assets:					
Buildings	13,753	38	-	-	13,791
Improvements other than buildings	12,471	1,157	-	-	13,628
Water lines	85,224	2,990	-	-	88,214
Sewer lines	109,442	2,535	-	-	111,977
Water treatment plant	90,622	15,154	-	-	105,776
Sewer treatment plant	90,674	-	-	-	90,674
Meters and services	27,650	-	-	(106)	27,544
Fire hydrants	5,187	-	-	-	5,187
Machinery and equipment	3,594	149	-	(193)	3,550
Computer equipment	1,213	-	-	-	1,213
Automotive equipment	14,951	673	-	(956)	14,668
Total depreciable assets at historical cost	<u>454,781</u>	<u>22,696</u>	<u>-</u>	<u>(1,255)</u>	<u>476,222</u>
Less accumulated depreciation for:					
Buildings	(4,164)	(490)	-	-	(4,654)
Improvements other than buildings	(3,126)	(652)	-	-	(3,778)
Water lines	(21,526)	(1,494)	-	-	(23,020)
Sewer lines	(30,489)	(2,308)	-	-	(32,797)
Water treatment plant	(34,227)	(2,573)	-	-	(36,800)
Sewer treatment plant	(6,872)	(2,108)	-	-	(8,980)
Meters and services	(6,171)	(749)	-	-	(6,920)
Fire hydrants	(1,404)	(102)	-	-	(1,506)
Machinery and equipment	(2,902)	(260)	-	149	(3,013)
Computer equipment	(886)	(63)	-	-	(949)
Automotive equipment	(8,835)	(1,532)	-	940	(9,427)
Total accumulated depreciation	<u>(120,602)</u>	<u>(12,331)</u>	<u>-</u>	<u>1,089</u>	<u>(131,844)</u>
Total depreciable assets, net	<u>334,179</u>	<u>10,365</u>	<u>-</u>	<u>(166)</u>	<u>344,378</u>
Business-type activities capital assets, net	<u>\$ 395,684</u>	<u>\$ 45,954</u>	<u>\$ -</u>	<u>\$ (18,068)</u>	<u>\$ 423,570</u>

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

Depreciation was charged to functions/programs as follows:

Governmental activities:	
General	\$ 11,541
Public safety	2,682
Public works	1,148
Street maintenance	10,983
Community services	4,376
Community environment	<u>146</u>
Total depreciation expense	<u>\$ 30,876</u>
Business-type activities:	
Water and sewer	\$ 10,001
Landfill	1,125
Sanitation	847
Housing	<u>358</u>
Total depreciation expense	<u>\$ 12,331</u>

**V. Construction and other significant commitments**

The City has active construction projects as of June 30, 2005. The projects include street construction, park facilities, field operation complex, and the construction of additional water and sewer facilities. At year-end the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Construction Commitment</u>
General government	\$ 1,556	\$ 272
Community services	10,074	18,711
Public safety	6,615	5,491
Public works	27,669	6,085
Street maintenance	23,492	15,584
Water and sewer facilities	<u>68,128</u>	<u>12,093</u>
Total government activities	<u>\$ 137,534</u>	<u>\$ 58,236</u>

The City, under the memorandum of agreement with the Arizona Sports and Tourism Authority (AZSTA) and B & B Holdings (DBA Arizona Cardinals), irrevocably assigns, transfers and pledges unrestricted excise taxes collected at the Multipurpose Facility site (Stadium). In consideration for the pledge of unrestricted excise tax revenues, the AZSTA issued bonds to improve the Stadium infrastructure. The City's obligation is to make monthly payments to the AZSTA for sales tax payments collected from the site only. The AZSTA bonds do not constitute a legal debt of the City. In addition, the City has agreed to make an annual payment to the Authority in the amount of \$300, escalating 3% annually, for marketing events at the Stadium.

**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

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

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**

On July 1, 2000, the City established an employee benefits 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, mini-premium and self-insured insurance plans. The medical insurance plan covers individual claims in excess of \$150 for each plan year.

These premiums are set prior to the beginning of each plan year equal to 105% of the expected claims liability.

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.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

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 \$7,682 as of June 30, 2005. Changes in the balances of claims liabilities during the past two years are as follows:

	Risk Management		Workers' Compensation		Employee Benefits	
	2005	2004	2005	2004	2005	2004
Unpaid claims, beginning of fiscal year	\$ 2,568	\$ 2,318	\$ 2,194	\$ 2,503	\$ 2,079	\$ 1,879
Current year claims and changes in estimate	2,363	1,462	1,486	435	13,319	11,847
Claims payments	(1,971)	(1,212)	(1,433)	(744)	(12,923)	(11,647)
Balance at fiscal year end	<u>\$ 2,960</u>	<u>\$ 2,568</u>	<u>\$ 2,247</u>	<u>\$ 2,194</u>	<u>\$ 2,475</u>	<u>\$ 2,079</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, 2005, is as follows:

<u>Year Ending June 30</u>	<u>Capital Leases</u>
2006	\$ 3,083
2007	2,671
2008	2,675
2009	2,508
2010	2,235
2011-2015	<u>7,965</u>
Total minimum lease payments	21,137
Less: Amount representing interest	<u>(4,757)</u>
Present value of net minimum lease payments	<u>\$ 16,380</u>

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

The assets acquired through capital leases are as follows:

Class of Property	Governmental Activities	Business-type Activities
Equipment	\$ 472	\$ 250
Automotive equipment	2,975	5,412
Building	197	150
Other	<u>5,493</u>	<u>2,389</u>
	9,137	8,201
Less: Accumulated depreciation	<u>(3,437)</u>	<u>(2,888)</u>
Total	<u><u>\$ 5,700</u></u>	<u><u>\$ 5,313</u></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. Combined annual rental payments in fiscal year 2004-05 were \$300.

**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 \$197,207 (cost of \$210,554 less accumulated depreciation of \$13,347). The leased properties and buildings are included as capital assets in the government-wide financial statements. Certain leases contain provisions for future increased revenues based upon changes in the Consumer Price Index.

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

Fiscal Year	Total Revenues
2006	\$ 1,073
2007	993
2008	435
2009	253
Beyond 2010	<u>746</u>
Total	<u><u>\$ 3,500</u></u>

**VIII. Short-term debt**

The City did not issue short-term debt for the year ended June 30, 2005.

**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.

## **CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

### **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. Water and Sewer Revenue Obligations are issued pursuant to a Trust Agreement entered into between a Trustee and the City to acquire and construct various improvements to water and sewer facilities and extensions of the system. The bonds and obligations are backed by the revenues of the water and sewer systems.

### **C. Municipal property corporation bonds (MPC)**

In 1982, 2002, and 2003 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, July 31, 2002, and May 1, 2003, 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. In addition, on April 1, 2004, the City entered into a lease agreement with the MPC to issue bonds to finance an escrow account to refund certain outstanding City improvement district bonds. 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, February 1, 2003, July 1, 2003, and January 1, 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, 2005, 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.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**E. Changes in long-term liabilities**

The following is a summary of changes in long-term liabilities reported in the governmental activities financial statements for the year ended June 30, 2005.

	June 30, 2004	Additions	Reductions	June 30, 2005	Amounts Due Within One Year
General obligation (G.O.) bonds	\$ 153,688	\$ 11,960	\$ (8,583)	\$ 157,065	\$ 11,085
Special assessment debt					
with governmental commitment	109	-	(34)	75	36
Revenue bonds:					
Street and highway	22,730	-	(275)	22,455	2,260
Municipal property corporation	180,230	-	(2,280)	177,950	1,885
Total bonds payable	<u>356,757</u>	<u>11,960</u>	<u>(11,172)</u>	<u>357,545</u>	<u>15,266</u>
Notes payable:					
Notes payable	17,098	4,114	(2,636)	18,576	2,839
Total debt service	<u>17,098</u>	<u>4,114</u>	<u>(2,636)</u>	<u>18,576</u>	<u>2,839</u>
Other long-term obligations:					
Capital lease obligations	14,704	-	(1,000)	13,704	825
Compensated absences	10,194	720	(291)	10,623	7,794
Claims and judgments	6,841	17,168	(16,327)	7,682	5,256
Unamortized premium on debt issuance	4,381	230	(245)	4,366	268
Total other long-term obligations	<u>36,120</u>	<u>18,118</u>	<u>(17,863)</u>	<u>36,375</u>	<u>14,143</u>
Total	<u>\$ 409,975</u>	<u>\$ 34,192</u>	<u>\$ (31,671)</u>	<u>\$ 412,496</u>	<u>\$ 32,248</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. Special assessment debt with governmental commitment of \$36 is due six months after fiscal year end.

**CITY OF GLENDALE, ARIZONA**

## Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

The following is a summary of changes in long-term liabilities reported in the business-type activities financial statements for the year ended June 30, 2005.

	June 30, 2004	Additions	Reductions	June 30, 2005	Amounts Due Within One Year
Water and sewer G.O. bonds	\$ 15,825	\$ -	\$ (2,690)	\$ 13,135	\$ 760
Landfill G.O. bonds	1,032	-	(162)	870	170
Water and sewer revenue/obligation bonds	121,470	-	(6,330)	115,140	5,120
Total bonds payable	<u>138,327</u>	<u>-</u>	<u>(9,182)</u>	<u>129,145</u>	<u>6,050</u>
Notes payable	14,433	-	(773)	13,660	1,375
Total notes payable	<u>14,433</u>	<u>-</u>	<u>(773)</u>	<u>13,660</u>	<u>1,375</u>
Capital lease obligations	11,007	-	(8,331)	2,676	1,433
Estimated closure and post-closure costs	9,443	409	-	9,852	-
Unamortized premium on debt issuance	3,667	-	(198)	3,469	198
Compensated absences	1,590	1,139	(1,060)	1,669	1,143
Housing noncurrent liabilities	43	-	(30)	13	-
Total other long-term obligations	<u>25,750</u>	<u>1,548</u>	<u>(9,619)</u>	<u>17,679</u>	<u>2,774</u>
Total	<u>\$ 178,510</u>	<u>\$ 1,548</u>	<u>\$ (19,574)</u>	<u>\$ 160,484</u>	<u>\$ 10,199</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.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**G. Bonds payable**

Bonds payable at June 30, 2005, 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, 2005
<u>G.O. bonds payable from secondary assessed property taxes</u>					
Refunding	5.05-5.55	1993	2007	\$ 36,125	\$ 2,900
Various	4.15-4.60	1998	2008	12,000	5,475
Various	5.00-5.40	2000	2015	20,215	16,645
Various	2.50-5.00	2002	2022	40,235	35,630
Various	1.50-5.00	2003	2022	52,525	47,810
Various	3.00-5.00	2004	2019	36,645	36,645
Various	3.50-4.00	2005	2015	11,960	11,960
Total					<u>157,065</u>
<u>Revenue bonds payable from highway user revenue funds</u>					
Streets	5.00-5.37	2000	2010	8,750	7,800
Streets	2.50-4.00	2004	2014	14,655	14,655
Total					<u>22,455</u>
<u>Municipal property corporation payable from general fund lease payments</u>					
Refunding	4.25-4.90	2000	2009	12,615	7,785
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	97,040
MPC refunding	4.70-4.70	2004	2033	7,250	7,250
MPC excise tax 2004A	2.00-5.00	2004	2014	10,880	10,880
Total					<u>177,950</u>
<u>Special assessment bonds payable due from assessments on property owners</u>					
District 73	5.35	1997	2007	299	75
Total					<u>75</u>
Total bonds payable recorded in governmental activities					357,545
Less current portion					(15,266)
Long-term portion of bonds payable recorded in governmental activities					<u>\$ 342,279</u>

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

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, 2005
<u>G.O. bonds payable from landfill fund</u>					
Landfill	5.00-5.40	2000	2015	\$ 1,460	\$ 870
<u>G.O. bonds payable from water and sewer fund</u>					
Refunding	5.05-5.55	1993	2007	20,375	5
Water and sewer	1.50-5.00	2003	2022	13,875	13,130
Total					13,135
<u>Revenue bonds/obligations payable from water and sewer fund</u>					
Various	4.75-5.75	2000	2010	53,000	35,140
Various	4.00-5.00	2004	2023	80,000	80,000
Total					115,140
Total bonds payable recorded in business-type activities					129,145
Less current portion					(6,050)
Long-term portion of bonds payable recorded in business-type activities					\$ 123,095

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, 2005, is as follows:

	6%	20%
Capacity to incur bonded debt	\$ 68,673	\$ 228,910
Less: Bonded debt applicable to limit	(51,682)	(99,340)
Unused bonded debt capacity	\$ 16,991	\$ 129,570

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, 2005

(amounts expressed in thousands)

**H. Bonds authorized, issued and unissued**

Bonds authorized but not fully issued as of July 1, 2005, as shown below:

G.O. Bonds	Authorized Amount	Issued through June 30, 2005	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 <sup>(1)</sup>	18,215	4,494	13,721
Economic development	50,500	16,088	34,412
Flood control	38,860	15,023	23,837
Governmental facilities <sup>(1)</sup>	40,910	12,055	28,855
Landfill development <sup>(1)</sup>	17,000	1,460	15,540
Library	15,398	-	15,398
Open spaces	53,700	3,175	50,525
Parks and recreation	57,188	41,981	15,207
Public safety	64,801	9,904	54,897
Streets and parking <sup>(1)</sup>	38,050	22,787	15,263
Transit <sup>(1)</sup>	6,935	185	6,750
Total G.O. bonds	\$ 418,005	\$ 135,702	\$ 282,303
 <u>Revenue bonds</u>			
<u>Voter authorized March 10, 1987</u>			
Streets and highway	\$ 57,770	\$ 47,890	\$ 9,880
Water and sewer	56,000	49,657	6,343
<u>Voter authorized November 2, 1999</u>			
Water and sewer <sup>(1)</sup>	10,000	-	10,000
Total revenue bonds	123,770	97,547	26,223
Total bonds	\$ 541,775	\$ 233,249	\$ 308,526

(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, 2005

(amounts expressed in thousands)

**I. 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. \$ 699

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. 873

Northern Crossing Land 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. 12,889

Larry Miller Land & Building Purchase - The \$2,700 note dated December 30, 2004, is payable in five annual installments at an interest rate of 1.68% with the final payment due on or before December 30, 2009. 2,700

Arizona Department of Transportation Land Purchase - The \$1,415 note dated June 27, 2005, is payable in ten annual installments at an interest rate of 6.75% with the final payment due on or before August 2, 2015. 1,415

Total notes payable recorded in governmental activities 18,576

Less current portion (2,839)

Long-term portion of notes payable recorded in governmental activities \$ 15,737

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. \$ 1,619

Cholla Water Treatment Plant Solids Handling Facilities - The maximum available under the loan is \$15,400 of which \$12,598 was drawn down and recorded as a liability as of June 30, 2004. 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. 12,041

Total notes payable recorded in business-type activities 13,660

Less current portion (1,375)

Long-term portion of notes payable recorded in business-type activities \$ 12,285

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**J. Debt service requirements**

Fiscal Year Ending	Highway User Revenue Bonds	Landfill G.O. Bonds	Municipal Property Corporation Bonds	Special Assessment District Bonds	Various Purposes		Water and Sewer			Total
					G.O. Bonds	Notes Payable	G.O. Bonds	Notes Payable	Revenue Bonds/Obligations	
2006	\$ 2,727	\$ 215	\$ 11,656	\$ 39	\$ 18,124	\$ 4,114	\$ 1,275	\$ 1,977	\$ 10,975	\$ 51,102
2007	2,723	216	11,486	40	16,197	4,112	1,267	1,129	10,996	48,166
2008	2,723	216	11,442	-	15,561	3,435	1,263	1,129	11,017	46,786
2009	2,728	139	12,509	-	14,094	3,223	1,264	1,129	11,012	46,098
2010	2,727	-	11,006	-	14,228	3,112	1,256	1,129	11,010	44,468
2011	2,723	-	11,542	-	14,216	2,563	1,251	1,129	6,568	39,992
2012	2,726	-	11,657	-	14,230	2,563	1,251	1,129	6,568	40,124
2013	2,728	-	11,689	-	14,273	2,563	1,259	1,129	6,564	40,205
2014	2,725	-	11,753	-	14,288	199	1,260	1,129	6,568	37,922
2015	-	-	9,848	-	14,266	199	1,249	1,129	6,564	33,255
2016	-	-	9,906	-	10,652	-	1,236	1,129	6,568	29,491
2017	-	-	12,275	-	10,583	-	1,226	1,129	6,569	31,782
2018	-	-	12,330	-	10,530	-	1,214	1,129	6,567	31,770
2019	-	-	12,384	-	6,092	-	-	1,129	6,566	26,171
2020	-	-	12,442	-	2,759	-	-	1,129	6,566	22,896
2021	-	-	12,497	-	2,761	-	-	1,129	6,567	22,954
2022	-	-	12,549	-	2,762	-	-	1,129	6,568	23,008
2023	-	-	12,605	-	-	-	-	-	7,693	20,298
2024	-	-	13,249	-	-	-	-	-	7,696	20,945
2025	-	-	13,308	-	-	-	-	-	7,694	21,002
2026	-	-	13,363	-	-	-	-	-	7,693	21,056
2027	-	-	13,420	-	-	-	-	-	7,696	21,116
2028	-	-	13,478	-	-	-	-	-	7,697	21,175
2029	-	-	12,674	-	-	-	-	-	-	12,674
2030	-	-	13,611	-	-	-	-	-	-	13,611
2031	-	-	13,671	-	-	-	-	-	-	13,671
2032	-	-	13,732	-	-	-	-	-	-	13,732
2033	-	-	6,532	-	-	-	-	-	-	6,532
2034	-	-	8,563	-	-	-	-	-	-	8,563
Total	24,530	786	347,177	79	195,616	26,083	16,271	20,041	179,982	810,565
Less interest	4,335	86	171,112	4	49,636	7,507	3,896	7,756	69,962	314,294
Principal	<u>\$ 20,195</u>	<u>\$ 700</u>	<u>\$ 176,065</u>	<u>\$ 75</u>	<u>\$ 145,980</u>	<u>\$ 18,576</u>	<u>\$ 12,375</u>	<u>\$ 12,285</u>	<u>\$ 110,020</u>	<u>\$ 496,271</u>

The following table discloses the debt service requirements as of June 30, 2005, 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>
2006	\$ 26,479	\$ 24,623	\$ 51,102
2007	25,274	22,892	48,166
2008	25,016	21,770	46,786
2009	25,331	20,767	46,098
2010-2014	114,133	88,578	202,711
2015-2019	90,153	62,316	152,469
2020-2024	67,690	42,411	110,101
2025-2029	72,850	24,173	97,023
2030-2034	49,345	6,764	56,109
Total	<u>\$ 496,271</u>	<u>\$ 314,294</u>	<u>\$ 810,565</u>

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**K. New bonds**

On June 1, 2005, the City issued \$11,960 in general obligation bonds for the purpose of acquisition, improvement, and equipment of a variety of projects in the City. The bonds mature on various dates starting 2006 through 2015 with various interest rates of 3.5% 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.

**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, 2005, 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	-	16,328
Percentage of capacity used	0%	72%
Total closure and post-closure costs in present dollars:		
as of June 30, 2005	\$ 14,559	\$ 13,633
as of June 30, 2004	14,322	13,411
Closure and post-closure care costs:		
Amount remaining to be recognized		
as of June 30, 2005	\$ 14,559	\$ 3,781
Liability recognized as of June 30, 2005	\$ -	\$ 9,852

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2004-05. 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 40 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.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**XI. Interfund transactions**

**A. Interfund receivables**

Interfund balances at June 30, 2005, consisted of the following (amounts in thousands):

	<u>Due To</u>	<u>Due From</u>
<b>Major governmental funds:</b>		
General	\$ 564	\$ -
Municipal property corporation debt service	1,022	-
<b>Non-major governmental funds:</b>		
Community development block grant fund	-	110
Other special revenue fund	-	1,433
<b>Non-major enterprise funds:</b>		
Housing fund	-	<u>43</u>
Total	<u>\$ 1,586</u>	<u>\$ 1,586</u>

The interfund balances at June 30, 2005, 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, 2005, are expected to be repaid within one year.

The remainder of this page left blank intentionally.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**B. Interfund transfers**

Interfund transfers for the year ended June 30, 2005, consisted of the following:

**Transfers to general fund from:**

Transportation special revenue fund	\$ 61
Parks bond construction	199
Non-major governmental funds	
Highway users gas tax special revenue fund	11
Development impact fees	2
Special assessment debt service	8
Streets construction capital project fund	24
Fire and police bond construction fund	32
Other construction capital project fund	32
Water and sewer enterprise fund	<u>186</u>
Total transfers to general fund	<u>555</u>

**Transfers to transportation special revenue fund from:**

General fund	<u>900</u>
--------------	------------

**Transfers to municipal property corporation debt service fund from:**

General fund	1,754
Special revenue fund arena	<u>5,088</u>
Total transfers to municipal property corporation debt service fund	<u>6,842</u>

**Transfers to non-major governmental funds from:**

General fund	<u>1,215</u>
--------------	--------------

**Transfers to non-major debt service funds from:**

Non-major governmental funds	
Highway users gas tax special revenue fund	<u>3,242</u>

**Transfers to non-major enterprise funds from:**

General fund	<u>350</u>
--------------	------------

Grand total all transfers	<u>\$ 13,104</u>
---------------------------	------------------

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.

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 2005 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**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, 2005, the City intended to honor \$36,051 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, 2005, the City recognized a loss of \$1,947. 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, 2005, (unaudited) is as follows:

**Assets**

Current assets	\$ 63,525
Capital assets, net of accumulated depreciation	589,140
Total assets	<u>652,665</u>

**Liabilities**46,353**Net assets**\$ 606,312

Total revenues	\$ 105,953
Total expenses	(53,220)
Increase in net assets	<u>\$ 52,733</u>

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**Calculation of the City's equity:**

City's share of SROG equity	\$ 36,294
(Total equity of \$606,312 less ADOT settlement of \$6,920 totaling \$599,392 plus unrealized loss of \$732 less assets not owned by the City of \$177,612 multiplied by 8.59%)	
Net capitalized interest on the City's records	946
City contributions not yet received by SROG	5,191
Total City equity	<u>\$ 42,431</u>

**Change in the City's equity:**

Capital contributed to the joint venture	\$ 6,825
Net loss on joint venture	(1,947)
Net increase in equity	<u>\$ 4,878</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, 2005, is \$2 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). \$ 213

**Reserved for capital leases**

The City periodically enters into capital leases. In governmental funds, revenue is recognized when the proceeds are received. However, the unspent portion of the proceeds is restricted to the capital items identified in the lease agreement. 2,739

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

<b>Reserved for cable equipment (PEG)</b> Amount to be used only for expenditure by City's cable television station as required by agreement with cable system providers.	\$ 4
<b>Reserved for "From the Heart" program</b> Certain donations made to the City are required by ordinance to benefit Glendale residents through providing grants to non-profit social service organizations.	52
<b>Reserved for court security</b> Security surcharges collected by the City Court are required by ordinance to be spent solely on court security.	130
<b>Reserved for court computer upgrade</b> Surcharge that provides for monies to improve, maintain and enhance the ability to collect and manage monies received by courts and to improve court automation and improve case processing (administration of justice).	107
<b>Reserved for court time payment</b> 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.	81
<b>Reserved for garden for visually impaired</b> A donation was made to the City for the purpose of establishing a tactile garden for the visually impaired.	239
<b>Reserved for acquisition of artwork</b> Acquisition of artwork by the City's Arts Commission is provided through a surcharge on eligible capital projects as directed by the City Council.	1,430
<b>Reserved for vehicle/equipment replacement</b> For future scheduled replacement of existing equipment and vehicles.	<u>4,382</u>
<b>Total reserved for general fund type</b>	<u>\$ 9,377</u>
<b>Designated for computer replacement</b> For future schedule replacement of existing personal computers.	\$ 2,632
<b>Designation for library activities</b> 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.	141
<b>Designated for cable television station</b> Amount to be used only for expenditure by the City's cable television station from net revenues collected by Cable from special activities.	48
<b>Designated for local improvement districts administration</b> Portion of City special assessment bond proceeds identified exclusively for future costs of administering and accounting for existing improvement districts.	114
<b>Designated for equipment management</b> For maintenance of City equipment.	<u>6</u>
<b>Total designated for general fund type</b>	<u>\$ 2,941</u>

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**Special Revenue Fund Type**

**NON-MAJOR GOVERNMENTAL FUNDS**

**Reserved for inventory**

Amount available only for expenditure (i.e., consumption of existing supplies inventories that have already been purchased). \$ 121

**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	383
Federal	<u>71</u>
Total reserved for Drug Enforcement	<u>454</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	1,519
Citywide Recreation Facilities	836
Citywide Open Space & Trails	284
District No. 1	450
District No. 2	1,221
District No. 3	463
Library:	
Buildings	2,636
Books	296
Library	2,248
Fire protection facilities	290
Police facilities	1,907
Transportation	7,833
General government	<u>2,462</u>
Total reserved for Development Impact fees	<u>22,445</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	926
Fire	<u>281</u>
Total reserved for Police and Fire activities	<u>1,207</u>

**TRANSPORTATION FUND**

**Reserved for transportation**

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

Amount to be used only for expenditures by the City's Transportation Department for the replacement of equipment. \$ 1  
**Total reserved for special revenue fund type** **\$ 24,275**

**TRANSPORTATION FUND**

**Designated for local transportation assistance**

For specific transit-related buildings and equipment \$ 553

**NON-MAJOR GOVERNMENTAL FUNDS**

**Designated for home program**

For community development block grant home program activities. 65

**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. 396

**Total designated for special revenue fund type** **\$ 1,014**

**Debt Service Fund Type**

**Reserved for debt service**

Certain assets have been reserved for future payment of debt service based upon the requirements of the various bond ordinances.

General obligation debt service \$ 8,033

Municipal property corporation 1,655

Non-major governmental funds 211

**Total reserved for debt service fund type** **\$ 9,899**

**Capital Projects Fund Type**

**NON-MAJOR GOVERNMENTAL FUNDS**

**Reserved for capital projects**

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

**Total reserved for capital projects fund type** **\$ 98**

**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. \$ 7,234

**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. 7,523

**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

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**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.

\$ 222

**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.

1,411

**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.

577

**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.

1,845

**Designated cultural and historical projects**

Accounts for acquisitions and improvements in the historical downtown Glendale area. Funding is provided through bonds issued under an authorization approved by voters November 2, 1999.

3,732

**Designated for Arena projects**

Accounts for construction for a multi-purpose arena complex financed with Municipal Property Corporation Excise Tax Revenue Bonds.

4,618

**Total designated for capital projects fund type**

\$ 27,301

**Enterprise Fund Type**

**WATER AND SEWER FUND**

**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.

\$ 277

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, 2005, only the loans with the State Revolving Fund (authorized by revenue bond election in 1961) were not covered by a surety bond.

2,217

**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.

7,414

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**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. \$ 694  
Total water and sewer 10,602

**NON-MAJOR PROPRIETARY FUNDS**

Net assets held by the housing fund may only be used for that purpose. 647  
**Total restricted for enterprise fund type** \$ 11,249

**Permanent Fund Type**

**NON-MAJOR GOVERNMENTAL FUNDS**

**Reserved for cemetery perpetual care**

Funds are reserved by ordinance for future cemetery maintenance and operational expenses. \$ 4,742  
**Total reserved for permanent fund type** \$ 4,742

**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  
3010 East Camelback Road #200  
Phoenix, Arizona 85016

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

(602) 255-5575

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**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, 2005, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 5.7% (5.2% retirement and 0.5% long-term disability) of the members' annual covered payroll. The City's contributions from employer and employees to ASRS for the years ended June 30, 2005, 2004 and 2003 were \$7,094, \$6,860 and \$2,940, 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 13.49% 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, 2005, 2004 and 2003 were \$29, \$29 and \$20, respectively, which were equal to the required contributions for the year.

*Agent Plans.* For the year ended June 30, 2005, 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 7.43% and 11.80% for Fire and Police, respectively.

*Annual Pension Cost (APC).* The City's pension cost for Police and Fire for the year ended June 30, 2005, the date of the most recent available actuarial valuation, and related information follow.

	Fire	Police
Contribution rates:		
City	7.43%	11.80%
Plan members	7.65%	7.65%
Annual pension cost	\$ 895	\$ 2,172
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	6.00% - 9.00%	6.00% - 9.00%
Includes inflation at	5.00%	5.00%
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, 2005, follows.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**Contributions required and contributions made**

Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation
<b>Police</b>			
2005	\$2,172	100.0%	\$ -
2004	\$1,906	100.0%	\$ -
2003	\$1,489	100.0%	\$ -
<b>Fire</b>			
2005	\$ 895	100.0%	\$ -
2004	\$ 622	100.0%	\$ -
2003	\$ 443	100.0%	\$ -

Includes insurance premium tax, where applicable.

**E. Required supplementary information**

Analysis of funding progress for the agent plan as of the most recent available actuarial valuation, June 30, 2005, 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
<b>Police</b>						
2005	\$ 74,645	\$ 99,251	\$ 24,605	75.2%	\$ 19,240	127.9%
2004	\$ 72,743	\$ 86,792	\$ 14,050	83.8%	\$ 17,343	81.0%
2003	\$ 71,955	\$ 79,669	\$ 7,714	90.3%	\$ 16,906	45.6%

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
<b>Fire</b>						
2005	\$ 58,641	\$ 63,740	\$ 5,099	92.0%	\$ 11,376	44.8%
2004	\$ 56,727	\$ 54,893	\$ (1,834)	103.3%	\$ 9,849	- %
2003	\$ 56,183	\$ 50,467	\$ (5,716)	111.3%	\$ 9,236	- %

**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.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2005

(amounts expressed in thousands)

**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.

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 September 1, 2005, the City entered into an Intergovernmental Agreement with the Arizona Sports and Tourism Authority (AZSTA) for the funding and development of youth Sports fields. The AZSTA will fund \$1,000 of the total estimated City cost of \$6,925. This project is phased. The first phase is \$2,600.

On July 26, 2005, the Mayor and Council approved the City entering into the following agreements with:

- Cabela's Retail to develop a 165,000 square foot retail facility. The City committed \$10,000 to infrastructure costs and land acquisition;
- Zanjero Boulevard Land Company, LLC to develop land. The City committed infrastructure costs up to \$6,700;
- Loop 303 Peoria, LLC as a pre-annexation agreement. The Developer proposes to develop retail and auto dealerships at the site. The City committed up to \$10,000 in infrastructure costs to be paid back by sales tax generated the first three years of business. Dealership and retail development economic incentives become effective after the third year the first dealership opens for business;
- Fiesta Bowl. The Fiesta Bowl will make a one-time development fee contribution of \$500 for the use of land the next 10 years;
- Coyotes Center Development (CCD) to purchase land from to be used in the development of the hotel, conference center, media center and parking structure at Westgate; and
- John Q. Hammons, LLC to develop a 320 room hotel, 80,000 square foot conference center, a 40,000 square foot media center and a 690 space parking structure at Westgate. The City will own the conference center, media center, and parking structure.

Effective July 1, 2005, the Human Resources Policies and Procedures increased from 240 hours to 320 hours, the maximum amount of vacation time that can be accrued by a full-time normal 40 hour work week employee.

**XXI. Implementation of GASB Statement No. 44**

In May, 2004 GASB issued Statement No. 44 Economic Condition Reporting; The Statistical Section. The statistical section presents detailed information, typically in 10-year trends that assists users in utilizing the basic financial statements, notes to the basic financial statements and required supplementary information to assess the economic condition of the government. This statement is effective for periods beginning after June 15, 2005. Management of the City has elected to early implement GASB 44.



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

---

# **REQUIRED SUPPLEMENTARY INFORMATION**

(other than MD&A)

---

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

This page left blank intentionally.

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**General Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balance, July 1, 2004	\$ 49,146	\$ 49,146	\$ 62,455	\$ 13,309
<b>RESOURCES (INFLOWS):</b>				
Taxes	51,854	51,854	56,565	4,711
Licenses and permits	11,723	11,723	9,631	(2,092)
Intergovernmental	45,086	45,086	50,055	4,969
Charges for services	18,387	18,387	18,743	356
Fines and forfeitures	3,608	3,608	3,247	(361)
Investment income (loss)	923	923	2,244	1,321
Proceeds from disposal of assets	-	-	992	992
Miscellaneous	5,970	5,970	1,977	(3,993)
Total revenues	137,551	137,551	143,454	5,903
Add: Transfers in	-	-	2,414	2,414
Less: Transfers out	(4,546)	(4,546)	(6,077)	(1,531)
Amounts available for appropriation	182,151	182,151	202,246	20,095
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government	30,936	30,981	26,134	4,847
Public safety	55,619	57,479	54,382	3,097
Public works	23,064	24,015	21,699	2,316
Community services	23,759	24,129	22,066	2,063
Community environment	150	480	196	284
Contingencies	16,485	19,485	-	19,485
Debt service:				
Principal	3,164	3,234	3,577	(343)
Interest	1,440	1,451	993	458
Capital outlay	8,361	8,904	4,897	4,007
Total charges to appropriations	162,978	170,158	133,944	36,214
Budgetary fund balance, June 30, 2005	\$ 19,173	\$ 11,993	\$ 68,302	\$ 56,309

(Continued)

City of Glendale, Arizona  
**Budgetary Comparison Schedule** (continued)  
**General Fund**  
For the Fiscal Year Ended June 30, 2005  
(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.	\$ 202,246
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(62,455)
Internal charges for services provided.	(16,727)
Proceeds from disposal of assets.	(992)
Less: Transfers in.	(2,414)
Add: Transfers out.	6,077
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 125,735</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 133,944
Noncash exchange for capital outlay.	27
Salaries payable.	420
Change in prepaid assets or inventory.	45
Internal charges for services provided.	(16,722)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 117,714</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Transportation Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 26,348	\$ 26,348	\$ 26,789	\$ 441
<b>RESOURCES (INFLOWS):</b>				
Taxes	19,252	19,252	19,827	575
Intergovernmental	7,898	7,898	1,980	(5,918)
Charges for services	200	200	185	(15)
Investments	391	391	599	208
Proceeds from disposal of assets	-	-	1	1
Total revenues	27,741	27,741	22,592	(5,149)
Add: Transfers in	2,086	2,086	2,087	1
Less: Transfers out	(1,186)	(1,186)	(1,275)	(89)
Amounts available for appropriation	54,989	54,989	50,193	(4,796)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Community services	11,589	11,505	7,919	3,586
Capital outlay	43,400	43,484	9,389	34,095
Total charges to appropriations	54,989	54,989	17,308	37,681
Budgetary fund balance, June 30, 2005	\$ -	\$ -	\$ 32,885	\$ 32,885

**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.	\$ 50,193
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(26,789)
Less: Transfers in.	(2,087)
Add: Transfers out.	1,275
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 22,592

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 17,308
Change in compensated absences liability.	(5)
Salaries payable.	10
Acquisition of land.	1,414
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 18,727

**I. Budgetary basis of accounting**

The City prepares its annual budget on a basis, which differs from the GAAP basis. Budgetary comparison schedules for the general and transportation funds are 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 30<sup>th</sup> ending actual budget basis fund balances rather than the June 30<sup>th</sup> 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, 2005

This page left blank intentionally.

## **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.

#### **Special Assessment Debt Service Fund**

This fund collects the assessments levied against owners of property within the districts and disburses the amount collected to retire the bonds issued to finance related improvements.

### **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.

**Arena Project Construction Fund**

This fund accounts for the construction of a multipurpose arena complex. Funding for the project is provided through excise tax revenue bonds issued by the City of Glendale Municipal Property Corporation.

**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
- Cultural 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.

This page left blank intentionally.

City of Glendale, Arizona  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
June 30, 2005  
(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	\$ 4	\$ 1,076	\$ 23,199	\$ 1,783
Receivables, net of allowance for doubtful accounts:				
Accounts	29	-	-	1,554
Accrued interest	-	-	-	3
Intergovernmental receivable	429	1,614	-	1,379
Inventories and prepaid items	-	121	-	-
Restricted cash and investments	-	48	-	1,440
Deferred receivables	3,148	-	-	-
Total assets	<u>\$ 3,610</u>	<u>\$ 2,859</u>	<u>\$ 23,199</u>	<u>\$ 6,159</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Vouchers payable	\$ 284	\$ 675	\$ 115	\$ 829
Retainage payable	-	-	-	-
Compensated absences - current	3	42	-	25
Intergovernmental payable	-	-	-	2
Due to other funds	110	-	-	1,433
Deposits	-	54	-	12
Matured interest payable	-	-	63	-
Deferred revenue	3,148	-	-	1,587
Matured bonds payable	-	-	576	-
Total liabilities	<u>3,545</u>	<u>771</u>	<u>754</u>	<u>3,888</u>
Fund balances:				
Reserved	-	168	22,445	1,661
Unreserved:				
Designated	65	-	-	396
Undesignated	-	1,920	-	214
Total fund balances	<u>65</u>	<u>2,088</u>	<u>22,445</u>	<u>2,271</u>
Total liabilities and fund balances	<u>\$ 3,610</u>	<u>\$ 2,859</u>	<u>\$ 23,199</u>	<u>\$ 6,159</u>

Debt Service Funds		Capital Project Funds				Permanent Fund	Total Non-major Governmental Funds
Highway Users	Special Assessment Debt Service	Streets Construction	Fire and Police Construction	Arena Project	Other Construction	Cemetery Perpetual Care	
\$ 2,784	\$ 152	\$ 15,527	\$ 7,381	\$ 970	\$ 11,997	\$ 4,742	\$ 69,615
-	-	-	-	-	-	72	1,655
-	-	33	-	-	25	-	61
-	-	110	-	-	24	-	3,556
-	-	-	-	-	98	-	219
-	-	-	-	4,235	-	-	5,723
-	17	-	-	-	-	-	3,165
<u>\$ 2,784</u>	<u>\$ 169</u>	<u>\$ 15,670</u>	<u>\$ 7,381</u>	<u>\$ 5,205</u>	<u>\$ 12,144</u>	<u>\$ 4,814</u>	<u>\$ 83,994</u>
\$ 5	\$ -	\$ 722	\$ 1,099	\$ 587	\$ 1,079	\$ -	\$ 5,395
-	-	62	137	-	34	-	233
-	-	-	-	-	-	-	70
-	-	-	-	-	-	-	2
-	-	-	-	-	-	-	1,543
-	-	-	-	-	-	-	66
458	2	-	-	-	-	-	523
-	17	129	-	-	152	72	5,105
2,260	-	-	-	-	-	-	2,836
<u>2,723</u>	<u>19</u>	<u>913</u>	<u>1,236</u>	<u>587</u>	<u>1,265</u>	<u>72</u>	<u>15,773</u>
61	150	-	-	-	98	4,742	29,325
-	-	14,757	-	4,618	7,926	-	27,762
-	-	-	6,145	-	2,855	-	11,134
<u>61</u>	<u>150</u>	<u>14,757</u>	<u>6,145</u>	<u>4,618</u>	<u>10,879</u>	<u>4,742</u>	<u>68,221</u>
<u>\$ 2,784</u>	<u>\$ 169</u>	<u>\$ 15,670</u>	<u>\$ 7,381</u>	<u>\$ 5,205</u>	<u>\$ 12,144</u>	<u>\$ 4,814</u>	<u>\$ 83,994</u>

City of Glendale, Arizona  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Special Revenue Funds			
	Community Development Block Grants	Highway Users Gas Tax	Development Impact Fees	Other Special Revenue Fund
<b>REVENUES</b>				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ 4,389
Licenses and permits	-	-	5,866	-
Intergovernmental	2,567	15,909	-	4,991
Charges for services	-	-	-	3,480
Investments	-	-	450	35
Miscellaneous	174	-	-	858
Total revenues	<u>2,741</u>	<u>15,909</u>	<u>6,316</u>	<u>13,753</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	446	668
Public safety	-	-	51	6,595
Public works	-	-	-	75
Community services	-	-	88	2,468
Community environment	2,453	-	-	433
Street maintenance	-	10,445	-	81
Miscellaneous	-	-	-	5
Debt service:				
Principal	-	28	585	22
Interest	-	8	127	1
Capital outlay	271	955	5,260	1,842
Total expenditures	<u>2,724</u>	<u>11,436</u>	<u>6,557</u>	<u>12,190</u>
Excess (deficiency) of revenues over expenditures	<u>17</u>	<u>4,473</u>	<u>(241)</u>	<u>1,563</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	2,700	-
Premium on long-term debt issued	-	-	-	-
Transfers in	-	637	-	578
Transfers out	-	(3,253)	(2)	(5,089)
Total other financing sources and uses	<u>-</u>	<u>(2,616)</u>	<u>2,698</u>	<u>(4,511)</u>
Excess (deficiency) of revenues and other sources over Net change in fund balances	17	1,857	2,457	(2,948)
Fund balances, July 1	48	231	19,988	5,219
Fund balances, June 30	<u>\$ 65</u>	<u>\$ 2,088</u>	<u>\$ 22,445</u>	<u>\$ 2,271</u>

Debt Service Funds		Capital Projects Funds				Permanent Fund	Total Non-major Governmental Funds
Highway Users	Special Assessment Debt Service	Streets Construction	Fire and Police Construction	Arena Project	Other Construction	Cemetery Perpetual Care	
\$ -	\$ 29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,418
-	-	-	-	-	-	-	5,866
-	-	121	-	-	60	-	23,648
-	-	-	-	-	-	-	3,480
39	-	336	-	111	123	97	1,191
-	-	326	-	-	-	-	1,358
<u>39</u>	<u>29</u>	<u>783</u>	<u>-</u>	<u>111</u>	<u>183</u>	<u>97</u>	<u>39,961</u>
-	-	-	79	-	71	-	1,264
-	-	-	120	7	-	-	6,773
-	-	-	-	-	-	-	75
-	-	3	-	20	317	-	2,896
-	-	-	-	-	-	-	2,886
-	-	9	-	-	-	-	10,535
2	2	-	-	-	-	-	9
2,260	34	-	-	-	-	-	2,929
958	5	-	-	-	-	-	1,099
-	-	6,181	3,998	56	7,224	-	25,787
<u>3,220</u>	<u>41</u>	<u>6,193</u>	<u>4,197</u>	<u>83</u>	<u>7,612</u>	<u>-</u>	<u>54,253</u>
<u>(3,181)</u>	<u>(12)</u>	<u>(5,410)</u>	<u>(4,197)</u>	<u>28</u>	<u>(7,429)</u>	<u>97</u>	<u>(14,292)</u>
-	-	-	6,466	-	5,494	-	14,660
-	-	-	124	-	106	-	230
3,242	-	-	-	-	-	-	4,457
-	(8)	(24)	(32)	-	(5)	-	(8,413)
<u>3,242</u>	<u>(8)</u>	<u>(24)</u>	<u>6,558</u>	<u>-</u>	<u>5,595</u>	<u>-</u>	<u>10,934</u>
61	(20)	(5,434)	2,361	28	(1,834)	97	(3,358)
-	170	20,191	3,784	4,590	12,713	4,645	71,579
<u>\$ 61</u>	<u>\$ 150</u>	<u>\$ 14,757</u>	<u>\$ 6,145</u>	<u>\$ 4,618</u>	<u>\$ 10,879</u>	<u>\$ 4,742</u>	<u>\$ 68,221</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Community Development Block Grants Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 112	\$ 112	\$ 55	\$ (57)
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental	5,546	5,546	2,572	(2,974)
Miscellaneous	45	45	174	129
Total revenues	<u>5,591</u>	<u>5,591</u>	<u>2,746</u>	<u>(2,845)</u>
Amounts available for appropriation	<u>5,703</u>	<u>5,703</u>	<u>2,801</u>	<u>(2,902)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Community environment	5,618	5,307	2,459	2,848
Capital outlay	85	311	271	40
Total charges to appropriations	<u>5,703</u>	<u>5,618</u>	<u>2,730</u>	<u>2,888</u>
Budgetary fund balance, June 30, 2005	<u>\$ -</u>	<u>\$ 85</u>	<u>\$ 71</u>	<u>\$ (14)</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.	\$ 2,801
Change in intergovernmental revenue due to receivable for reimbursement of payroll accrual.	(5)
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>(55)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 2,741</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 2,730
Salaries payable.	<u>(6)</u>
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 2,724</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Highway Users Gas Tax Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 205	\$ 205	\$ 308	\$ 103
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental	15,382	15,395	15,909	514
Total revenues	15,382	15,395	15,909	514
Add: Transfers in	637	637	637	-
Less: Transfers out	(3,280)	(3,280)	(3,253)	27
Amounts available for appropriation	12,944	12,957	13,601	644
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Street maintenance	11,557	11,570	10,420	1,150
Capital outlay	1,350	1,350	955	395
Debt service:				
Principal	28	28	28	-
Interest	9	9	8	1
Total charges to appropriations	12,944	12,957	11,411	1,546
Budgetary fund balance, June 30, 2005	\$ -	\$ -	\$ 2,190	\$ 2,190

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	\$ 13,601
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(308)
Less: Transfers in.	(637)
Add: Transfers out.	3,253
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 15,909

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 11,411
Salaries payable.	25
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 11,436

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Development Impact Fees Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 17,996	\$ 17,996	\$ 19,988	\$ 1,992
<b>RESOURCES (INFLOWS):</b>				
Licenses and permits	7,608	7,608	5,866	(1,742)
Investments	491	491	450	(41)
Total revenues	8,099	8,099	6,316	(1,783)
Less: Transfers out	-	-	(2)	(2)
Amounts available for appropriation	26,095	26,095	26,302	207
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
General administration	53	329	446	(117)
Public safety	2,067	2,078	50	2,028
Community services	7,878	7,878	88	7,790
Capital outlay	15,394	13,995	2,560	11,435
Principal retirement	576	576	585	(9)
Interest expense	127	127	127	-
Total charges to appropriations	26,095	24,983	3,856	21,127
Budgetary fund balance, June 30, 2005	\$ -	\$ 1,112	\$ 22,446	\$ 21,334

**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.	\$ 26,302
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(19,988)
Add: Transfers out.	2
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 6,316

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 3,857
Capital outlay.	2,700
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 6,557

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Other Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 6,747	\$ 6,747	\$ 5,309	\$ (1,438)
<b>RESOURCES (INFLOWS):</b>				
Taxes	4,088	4,088	4,389	301
Intergovernmental	8,621	8,621	4,991	(3,630)
Charges for services	2,432	2,432	3,480	1,048
Investments	66	66	35	(31)
Miscellaneous	2,890	2,890	858	(2,032)
Capital lease proceeds	22	22	-	(22)
Total revenues	18,119	18,119	13,753	(4,366)
Add: Transfers in	845	845	578	(267)
Less: Transfers out	(6,536)	(6,536)	(5,089)	1,447
Amounts available for appropriation	19,175	19,175	14,551	(4,624)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government	698	701	668	33
Public safety	8,896	9,572	6,607	2,965
Public works	1,067	594	75	519
Community services	5,863	5,273	2,461	2,812
Community environment	374	508	428	80
Street maintenance	-	180	81	99
Miscellaneous	-	-	5	(5)
Contingencies	200	200	-	200
Capital outlay	1,447	1,444	1,842	(398)
Debt service:				
Principal	22	22	22	-
Interest	1	1	1	-
Total charges to appropriations	18,568	18,495	12,190	6,305
Budgetary fund balance, June 30, 2005	\$ 607	\$ 680	\$ 2,361	\$ 1,681

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	\$ 14,551
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(5,309)
Less: Transfers in.	(578)
Add: Transfers out.	5,089
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 13,753

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 12,190
Change in compensated absences liability.	(8)
Salaries payable.	8
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 12,190

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**General Obligation Debt Service Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 8,481	\$ 8,481	\$ 8,559	\$ 78
<b>RESOURCES (INFLOWS):</b>				
Investments	-	-	115	115
Taxes	15,940	15,940	16,002	62
Total inflows	15,940	15,940	16,117	177
Add: Transfers in	60	60	-	-
Amounts available for appropriation	24,481	24,481	24,676	195
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Miscellaneous	-	-	13	(13)
Debt service:				
Principal	11,298	11,298	10,508	790
Interest	5,996	5,996	6,122	(126)
Total charges to appropriations	17,294	17,294	16,643	651
Budgetary fund balance, June 30, 2005	\$ 7,187	\$ 7,187	\$ 8,033	\$ 846

**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.	\$ 24,676
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(8,559)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 16,117

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 16,643
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 16,643

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Special Assessment Debt Service Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 587	\$ 587	\$ 170	\$ (417)
<b>RESOURCES (INFLOWS):</b>				
Special assessments	-	-	29	29
Total revenues	-	-	29	29
Less: Transfers out	-	-	(8)	(8)
Amounts available for appropriation	<u>587</u>	<u>587</u>	<u>191</u>	<u>(396)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Miscellaneous	-	2	2	-
Debt service:				
Principal	34	34	34	-
Interest	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>
Total charges to appropriations	<u>39</u>	<u>41</u>	<u>41</u>	<u>-</u>
Budgetary fund balance, June 30, 2005	<u>\$ 548</u>	<u>\$ 546</u>	<u>\$ 150</u>	<u>\$ (396)</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.	\$ 191
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(170)
Add: Transfers out.	<u>8</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 29</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 41
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 41</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Highway User Debt Service Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ -	\$ -	\$ -	\$ -
<b>RESOURCES (INFLOWS):</b>				
Investments	-	-	39	(39)
Total Revenues	-	-	39	(39)
Transfers in	3,280	3,280	3,242	(38)
Amounts available for appropriation	3,280	3,280	3,281	(77)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Miscellaneous	-	-	2	(2)
Debt service:				
Principal	2,205	2,205	2,260	(55)
Interest	1,075	1,075	958	117
Total charges to appropriations	3,280	3,280	3,220	60
Budgetary fund balance, June 30, 2005	\$ -	\$ -	\$ 61	\$ 61

**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.	\$ 3,281
Less: Transfers in.	(3,242)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 39

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 3,220
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 3,220

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Municipal Property Corporation Debt Service Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 4,675	\$ 4,675	\$ 5,603	\$ 928
<b>RESOURCES (INFLOWS):</b>				
Investments	35	35	55	20
Proceeds from equipment disposal	-	-	89	89
Total revenues	35	35	144	109
Add: Transfers in	8,290	8,290	6,842	(1,448)
Amounts available for appropriation	13,000	13,000	12,589	(411)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Miscellaneous	-	-	32	(32)
Debt service:				
Principal	1,885	1,885	1,885	-
Interest	9,017	9,181	9,017	164
Total charges to appropriations	10,902	11,066	10,934	132
Budgetary fund balance, June 30, 2005	\$ 2,098	\$ 1,934	\$ 1,655	\$ (279)

**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.	\$ 12,589
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(5,603)
Less: Transfers in.	(6,842)
Less: Proceeds from equipment disposal	(89)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 55

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 10,934
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 10,934

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Arena Construction Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 8,684	\$ 8,684	\$ 4,590	\$ (4,094)
<b>RESOURCES (INFLOWS):</b>				
Investments	100	100	111	11
Total revenues	100	100	111	11
Amounts available for appropriation	8,784	8,784	4,701	(4,083)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General administration	250	250	-	250
Community services	707	707	20	687
Public safety	26	26	7	19
Capital outlay	6,809	60	56	4
Total charges to appropriations	7,792	1,043	83	960
Budgetary fund balance, June 30, 2005	\$ 992	\$ 7,741	\$ 4,618	\$ (3,123)

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 4,701
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(4,590)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 111

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 83
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 83

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Streets Construction Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 20,712	\$ 20,712	\$ 20,191	\$ (521)
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental	-	-	121	121
Investments	415	415	336	(79)
Miscellaneous	-	-	326	326
Total revenues	415	415	783	368
Less: Transfers out	-	-	(24)	(24)
Amounts available for appropriation	21,127	21,127	20,950	(177)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Contingencies	9	9	-	9
Community services	2,490	2,316	3	2,313
Street maintenance	160	160	9	151
Capital outlay	18,468	18,131	6,181	11,950
Total charges to appropriations	21,127	20,616	6,193	14,423
Budgetary fund balance, June 30, 2005	\$ -	\$ 511	\$ 14,757	\$ 14,246

**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.	\$ 20,950
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(20,191)
Add: Transfers out.	24
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 783

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 6,193
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 6,193

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Fire and Police Construction Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 3,671	\$ 3,671	\$ 3,784	\$ 113
<b>RESOURCES (INFLOWS):</b>				
Investments	73	73	-	(73)
Long-term debt issued	5,904	5,904	6,590	686
Total revenues	5,977	5,977	6,590	613
Less: Transfers out	-	-	(32)	(32)
Amounts available for appropriation	9,648	9,648	10,342	694
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
General administration	-	398	79	319
Public safety	-	-	120	(120)
Capital outlay	9,647	8,808	3,998	4,810
Total charges to appropriations	9,647	9,206	4,197	5,009
Budgetary fund balance, June 30, 2005	\$ 1	\$ 442	\$ 6,145	\$ 5,703

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	\$ 10,342
Differences - budget to GAAP:	
Long-term debt issued.	(6,590)
Add: Transfers out.	32
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(3,784)
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.	\$ 4,197
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 4,197

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Parks Bond Construction Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 31,583	\$ 31,583	\$ 30,090	\$ (1,493)
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental	-	-	7	7
Investments	632	632	558	(74)
Total revenues	632	632	565	(67)
Less: Transfers out	-	-	(199)	(199)
Amounts available for appropriation	32,215	32,215	30,456	(1,759)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General administration	1,139	1,139	10	1,129
Capital outlay	31,076	29,050	5,535	23,515
Total charges to appropriations	32,215	30,189	5,545	24,644
Budgetary fund balance, June 30, 2005	\$ -	\$ 2,026	\$ 24,911	\$ 22,885

**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.	\$ 30,456
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(30,090)
Add: Transfers out.	199
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 565

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 5,545
Noncash exchange for capital outlay.	234
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 5,779

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Other Construction Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 15,168	\$ 15,168	\$ 12,615	\$ (2,553)
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental	13,698	13,698	60	(13,638)
Investments	293	293	123	(170)
Long-term debt issued	4,979	4,979	5,600	621
Total revenues	18,970	18,970	5,783	(13,187)
Less: Transfers out	-	-	(5)	(5)
Amounts available for appropriation	34,138	34,138	18,393	(15,745)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government	1,970	1,068	71	997
Community services	5,603	5,603	317	5,286
Capital outlay	26,565	25,886	7,224	18,662
Total charges to appropriations	34,138	32,557	7,612	24,945
Budgetary fund balance, June 30, 2005	\$ -	\$ 1,581	\$ 10,781	\$ 9,200

**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. \$ 18,393

**Differences - budget to GAAP:**

The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes. (12,615)

Add: Transfers out. 5

Long-term debt issued. (5,600)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. \$ 183

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule. \$ 7,612

Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds. \$ 7,612

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Cemetery Perpetual Care Permanent Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 4,647	\$ 4,647	\$ 4,645	\$ (2)
<b>RESOURCES (INFLOWS):</b>				
Investments	79	79	97	18
Total revenues	79	79	97	18
Amounts available for appropriation	4,726	4,726	4,742	16
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Public Works	4,726	4,726	-	4,726
Total charges to appropriations	4,726	4,726	-	4,726
Budgetary fund balance, June 30, 2005	\$ -	\$ -	\$ 4,742	\$ 4,742

**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.	\$ 4,742
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(4,645)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 97</u>

City of Glendale, Arizona  
**Combining Statement of Net Assets**  
**Non-Major Proprietary Funds - Business-type Activities**  
June 30, 2005  
(amounts expressed in thousands)

	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and investments	\$ 2,220	\$ 664	\$ 2,884
Receivables:			
Accounts	1,676	1	1,677
Allowance for uncollectibles	(25)	-	(25)
Intergovernmental receivable	-	300	300
Inventories and prepaid items	-	5	5
Total current assets	<u>3,871</u>	<u>970</u>	<u>4,841</u>
Noncurrent assets:			
Restricted cash and investments	6	13	19
Capital assets:			
Capital assets	8,416	11,044	19,460
Accumulated depreciation	(5,282)	(5,315)	(10,597)
Capital assets, net	<u>3,134</u>	<u>5,729</u>	<u>8,863</u>
Total noncurrent assets	<u>3,140</u>	<u>5,742</u>	<u>8,882</u>
Total assets	<u>7,011</u>	<u>6,712</u>	<u>13,723</u>
<b>LIABILITIES</b>			
Current liabilities:			
Vouchers payable	241	-	241
Accounts payable	-	34	34
Compensated absences	219	14	233
Due to other funds	-	43	43
Intergovernmental payable	19	70	89
Deposits	72	36	108
Unearned rent	-	3	3
Current portion of long-term debt:			
Capital lease payable	771	-	771
Interest payable	15	-	15
Total current liabilities	<u>1,337</u>	<u>200</u>	<u>1,537</u>
Noncurrent liabilities:			
Compensated absences	88	123	211
Other long-term debt	-	13	13
Capital lease obligations	1,042	-	1,042
Total noncurrent liabilities	<u>1,130</u>	<u>136</u>	<u>1,266</u>
Total liabilities	<u>2,467</u>	<u>336</u>	<u>2,803</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,322	5,729	7,051
Restricted for:			
Other purposes	-	647	647
Unrestricted	3,222	-	3,222
Total net assets	<u>\$ 4,544</u>	<u>\$ 6,376</u>	<u>\$ 10,920</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, 2005

(amounts expressed in thousands)

	Business-type Activities		
	Enterprise Funds		
	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
Operating revenues:			
Intergovernmental	\$ -	\$ 8,027	\$ 8,027
Container service	4,445	-	4,445
Curb service	9,057	-	9,057
Other fees	8	542	550
Total operating revenues	<u>13,510</u>	<u>8,569</u>	<u>22,079</u>
Operating expenses:			
Housing	-	8,914	8,914
Sanitation	11,240	-	11,240
Depreciation	847	358	1,205
Total operating expenses	<u>12,087</u>	<u>9,272</u>	<u>21,359</u>
Operating income (loss)	<u>1,423</u>	<u>(703)</u>	<u>720</u>
Nonoperating revenues (expenses):			
Impact fees	113	-	113
Investments	33	-	33
Interest expense	(83)	-	(83)
Loss on disposal of assets	(9)	-	(9)
Intergovernmental - capital grants	-	203	203
Total nonoperating revenue (expenses)	<u>54</u>	<u>203</u>	<u>257</u>
Income before contributions and transfers	1,477	(500)	977
Transfers in	<u>-</u>	<u>350</u>	<u>350</u>
Change in net assets	<u>1,477</u>	<u>(150)</u>	<u>1,327</u>
Total net assets - beginning	<u>3,067</u>	<u>6,526</u>	<u>9,593</u>
Total net assets - ending	<u>\$ 4,544</u>	<u>\$ 6,376</u>	<u>\$ 10,920</u>

City of Glendale, Arizona  
**Combining Statement of Cash Flows**  
**Non-Major Proprietary Funds - Business-type Activities**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 13,442	\$ 544	\$ 13,986
Cash received from federal government	-	8,195	8,195
Cash paid to suppliers:			
Internal city departments	(1,029)	-	(1,029)
External vendors	(3,323)	(8,928)	(12,251)
Cash paid to employees for services	(6,748)	43	(6,705)
Net cash provided by (used in) operating activities	<u>2,342</u>	<u>(146)</u>	<u>2,196</u>
<b>Cash flows from noncapital financing activities:</b>			
Proceeds from sale of investments	-	(30)	(30)
Transfers in	-	350	350
Net cash provided by noncapital financing activities	<u>-</u>	<u>320</u>	<u>320</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal payments on obligations	(1,191)	-	(1,191)
Acquisition of capital assets and rights	(406)	(209)	(615)
Impact fees	113	-	113
Interest payments on obligations	(88)	-	(88)
Capital grant proceeds	-	203	203
Net cash used for capital and related financing activities	<u>(1,572)</u>	<u>(6)</u>	<u>(1,578)</u>
<b>Cash flows from investing activities:</b>			
Interest received from investments	33	-	33
Net cash provided by investing activities	<u>33</u>	<u>-</u>	<u>33</u>
Net increase (decrease) in cash and cash equivalents during fiscal year	803	168	971
Cash and cash equivalents, July 1	1,423	509	1,932
Cash and cash equivalents, June 30	<u>\$ 2,226</u>	<u>\$ 677</u>	<u>\$ 2,903</u>

	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
<b>Reconciliation of operating loss to net cash provided by (used by) operating activities:</b>			
Operating income (loss)	\$ 1,423	\$ (703)	\$ 720
Adjustments to reconcile operating income to net cash provided by operations:			
Depreciation	847	358	1,205
Changes in assets and liabilities:			
Accounts receivable	(74)	(1)	(75)
Intergovernmental receivable	-	147	147
Vouchers payable	116	(14)	102
Accrued expenses	(3)	-	(3)
Intergovernmental payable	-	21	21
Deposits	4	3	7
Due to other funds	-	(14)	(14)
Compensated absences	29	57	86
Net cash provided by (used in) operating activities	<u>\$ 2,342</u>	<u>\$ (146)</u>	<u>\$ 2,196</u>

**Reconciliation of statement of net assets cash and investments to the statement of cash flows:**

Per combined statement of net assets:			
Equity in pooled cash and investments	\$ 2,220	\$ 664	\$ 2,884
Restricted cash and investments	6	13	19
Total cash and cash equivalents	<u>\$ 2,226</u>	<u>\$ 677</u>	<u>\$ 2,903</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Water and Sewer Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 114,383	\$ 114,383	\$ 83,686	\$ (30,697)
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental	90	90	39	(51)
Charges for services:				
Metered water sales	29,924	29,924	25,999	(3,925)
Sewer service charges	21,037	21,037	19,753	(1,284)
Impact fees	7,593	7,593	7,386	(207)
Other fees	-	-	1,134	1,134
Investments	609	609	1,592	983
Miscellaneous	-	-	343	343
Proceeds from bonds sold	49,600	49,600	-	(49,600)
Proceeds from equipment disposal	-	-	9	9
Total revenues	<u>108,853</u>	<u>108,853</u>	<u>56,255</u>	<u>(52,598)</u>
Less: Transfers out	-	-	(186)	(186)
Amounts available for appropriation	<u>223,236</u>	<u>223,236</u>	<u>139,755</u>	<u>(83,481)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General administration	8,970	8,963	8,608	355
Water	16,121	27,987	14,186	13,801
Sewer	10,565	11,565	9,401	2,164
Contingencies	2,000	484	-	484
Capital outlay	128,246	116,903	42,339	74,564
Debt service:				
Principal	7,282	7,282	7,290	(8)
Interest	<u>6,956</u>	<u>6,956</u>	<u>6,681</u>	<u>275</u>
Total charges to appropriations	<u>180,140</u>	<u>180,140</u>	<u>88,505</u>	<u>91,635</u>
Budgetary fund balance, June 30, 2005	<u>\$ 43,096</u>	<u>\$ 43,096</u>	<u>\$ 51,250</u>	<u>\$ 8,154</u>

(Continued)

**Budgetary Comparison Schedule** (continued)**Water and Sewer Fund**

For the Fiscal Year Ended June 30, 2005

(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.	\$ 139,755
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(83,686)
Capital outlay contributed by developers	
Interest earned on restricted assets not available for appropriation.	17
Proceeds from equipment disposals.	(9)
Proceeds from disposal of capital assets.	1
Internal staff and administrative charges reported as revenue only on budgetary basis.	(120)
Add: Transfers out.	186
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 56,144</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 88,505
Differences - budget to GAAP:	
Amortization of capitalized bond issuance expense.	(39)
Capital outlay expenditure.	(42,339)
Change in compensated absences liability.	(7)
Change in prepaid assets or inventory.	(14)
Amortization and depreciation expense.	10,066
Principal payments on long-term obligations.	(7,290)
Interest expense.	(767)
Internal staff and administrative charges reported as revenue only on budgetary basis.	(120)
Change in accrued payroll.	46
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>\$ 48,041</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Landfill Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 19,937	\$ 19,937	\$ 20,783	\$ 846
<b>RESOURCES (INFLOWS):</b>				
Charges for services:				
Landfill user fees	7,277	7,277	6,103	(1,174)
Recycling fees	1,432	1,432	2,955	1,523
Other fees	8	8	106	98
Proceeds from equipment disposal	-	-	4	4
Investments	302	302	398	96
Impact fees	206	206	167	(39)
Total revenues	<u>9,225</u>	<u>9,225</u>	<u>9,733</u>	<u>508</u>
Amounts available for appropriation	<u>29,162</u>	<u>29,162</u>	<u>30,516</u>	<u>1,354</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contingencies	2,000	-	-	-
Landfill	6,464	6,464	5,918	546
Capital outlay	56	56	45	11
Debt service:				
Principal	1,625	7,094	7,260	(166)
Interest	366	366	363	3
Total charges to appropriations	<u>10,511</u>	<u>13,980</u>	<u>13,586</u>	<u>394</u>
Budgetary fund balance, June 30, 2005	<u>\$ 18,651</u>	<u>\$ 15,182</u>	<u>\$ 16,930</u>	<u>\$ 1,748</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.	\$ 30,516
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(20,783)
Internal staff and administrative charges reported as revenue only on budgetary basis.	(372)
Proceeds from disposal of capital assets.	(4)
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets, excluding gain on disposal of assets.	<u>\$ 9,357</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 13,586
Capital outlay expenditures.	(45)
Change in compensated absences liability.	(1)
Change in estimated landfill post-closure liability.	409
Depreciation expense.	1,125
Principal payments on long-term obligations.	(7,260)
Interest expense.	(76)
Accrued payroll.	8
Internal staff and administrative charges reported as revenue only on budgetary basis.	(370)
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 7,376</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Sanitation Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 1,358	\$ 1,358	\$ 3,054	\$ 1,696
<b>RESOURCES (INFLOWS):</b>				
Charges for services:				
Container service	4,562	4,561	4,445	(116)
Curb service	8,246	8,581	9,090	509
Impact fees	99	99	113	14
Recycle sales	-	-	10	10
Investments	17	17	33	16
Proceeds from equipment disposal	-	-	5	5
Total revenues	<u>12,924</u>	<u>13,258</u>	<u>13,696</u>	<u>438</u>
Amounts available for appropriation	<u>14,282</u>	<u>14,616</u>	<u>16,750</u>	<u>2,134</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Sanitation	12,026	12,026	11,228	798
Capital outlay	935	1,292	411	881
Debt service:				
Principal	1,118	1,118	1,162	(44)
Interest	110	110	88	22
Total charges to appropriations	<u>14,189</u>	<u>14,546</u>	<u>12,889</u>	<u>1,657</u>
Budgetary fund balance, June 30, 2005	<u>\$ 93</u>	<u>\$ 70</u>	<u>\$ 3,861</u>	<u>\$ 3,791</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.	\$ 16,750
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(3,054)
Proceeds from disposal of capital assets.	(5)
Internal staff and administrative charges reported as revenue only on budgetary basis.	(35)
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>\$ 13,656</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 12,889
Depreciation expense.	847
Interest expense.	(5)
Change in compensated absences liability.	29
Accrued payroll.	17
Internal staff and administrative charges reported as revenue only on budgetary basis.	(33)
Principal payments on long-term obligations.	(1,162)
Capital outlay.	(411)
Loss on disposal of assets.	8
Total expenses as reported in the combining statement of revenues, expenses, and changes in fund net assets - non-major proprietary funds.	<u>\$ 12,179</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Housing Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 799	\$ 799	\$ 576	\$ (223)
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental	7,697	7,697	8,230	533
Miscellaneous	-	-	542	542
Total revenues	7,697	7,697	8,772	1,075
Add: Transfers in	350	350	350	-
Amounts available for appropriation	8,846	8,846	9,698	852
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Housing	8,177	8,177	8,857	(680)
Capital outlay	531	531	9	522
Total charges to appropriations	8,708	8,708	8,866	(158)
Budgetary fund balance, June 30, 2005	\$ 138	\$ 138	\$ 832	\$ 694

**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.	\$ 9,698
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(576)
Less: Transfers in.	(350)
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets - non-major proprietary funds.	\$ 8,772

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 8,866
Change in compensated absences liability.	57
Accrued payroll.	
Depreciation expense.	358
Capital outlay.	(9)
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets - non-major proprietary funds.	\$ 9,272

City of Glendale, Arizona  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
June 30, 2005  
(amounts expressed in thousands)

	<u>Risk Management</u>	<u>Workers' Compensation</u>	<u>Employee Benefits</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Equity in pooled cash and investments	\$ 3,397	\$ 4,427	\$ 6,632	\$ 14,456
Inventories and prepaid items	247	-	-	247
Total current assets	<u>3,644</u>	<u>4,427</u>	<u>6,632</u>	<u>14,703</u>
Noncurrent assets:				
Restricted cash and investments	-	150	15	165
Total assets	<u>3,644</u>	<u>4,577</u>	<u>6,647</u>	<u>14,868</u>
<b>LIABILITIES</b>				
Current liabilities:				
Vouchers payable	507	38	759	1,304
Estimated claims payable	1,705	1,076	2,475	5,256
Total current liabilities	<u>2,212</u>	<u>1,114</u>	<u>3,234</u>	<u>6,560</u>
Noncurrent liabilities:				
Deferred revenue	-	-	49	49
Estimated claims payable	1,255	1,171	-	2,426
Total noncurrent liabilities	<u>1,255</u>	<u>1,171</u>	<u>49</u>	<u>2,475</u>
Total liabilities	<u>3,467</u>	<u>2,285</u>	<u>3,283</u>	<u>9,035</u>
<b>NET ASSETS</b>				
Unrestricted	<u>177</u>	<u>2,292</u>	<u>3,364</u>	<u>5,833</u>
Total net assets	<u>\$ 177</u>	<u>\$ 2,292</u>	<u>\$ 3,364</u>	<u>\$ 5,833</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, 2005

(amounts expressed in thousands)

	<u>Risk Management</u>	<u>Workers' Compensation</u>	<u>Employee Benefits</u>	<u>Total</u>
Operating revenues:				
Self-insurance premiums	\$ 2,301	\$ 1,133	\$ 14,763	\$ 18,197
Operating expenses:				
Insurance claims and premiums	<u>3,654</u>	<u>1,548</u>	<u>14,101</u>	<u>19,303</u>
Operating income (loss)	(1,353)	(415)	662	(1,106)
Nonoperating revenues:				
Investments	<u>65</u>	<u>93</u>	<u>117</u>	<u>275</u>
Income (loss) before transfers	(1,288)	(322)	779	(831)
Change in net assets	(1,288)	(322)	779	(831)
Net assets - beginning	<u>1,465</u>	<u>2,614</u>	<u>2,585</u>	<u>6,664</u>
Net assets - ending	<u>\$ 177</u>	<u>\$ 2,292</u>	<u>\$ 3,364</u>	<u>\$ 5,833</u>

City of Glendale, Arizona  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Risk Management	Workers' Compensation	Employee Benefits	Total
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 2,301	\$ 1,133	\$ 14,803	\$ 18,237
Cash paid for insurance and in settlement of claims	(2,806)	(1,476)	(12,996)	(17,278)
Net cash provided by (used for) operating activities	(505)	(343)	1,807	959
<b>Cash flows from investing activities:</b>				
Interest received	65	94	117	276
Net increase (decrease) in cash during fiscal year	(440)	(249)	1,924	1,235
Cash and cash equivalents, July 1	3,837	4,826	4,723	13,386
Cash and cash equivalents, June 30	<u>\$ 3,397</u>	<u>\$ 4,577</u>	<u>\$ 6,647</u>	<u>\$ 14,621</u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ (1,353)	\$ (415)	\$ 662	\$ (1,106)
Adjustments to reconcile operating income to net cash provided by operations:				
Change in accounts receivable	-	-	47	47
Change in inventories and prepaid items	14	-	-	14
Change in vouchers payable	442	19	708	1,169
Change in claims payable	392	53	397	842
Change in deferred revenue	-	-	(7)	(7)
Net cash provided by (used for) operating activities	<u>\$ (505)</u>	<u>\$ (343)</u>	<u>\$ 1,807</u>	<u>\$ 959</u>
<b>Reconciliation of statement of net assets cash and investments to the statement of cash flows:</b>				
Per combined statement of net assets:				
Equity in pooled cash and investments	\$ 3,397	\$ 4,427	\$ 6,632	\$ 14,456
Restricted cash and investments	-	150	15	165
Total cash and cash equivalents	<u>\$ 3,397</u>	<u>\$ 4,577</u>	<u>\$ 6,647</u>	<u>\$ 14,621</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Risk Management Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 1,056	\$ 1,056	\$ 3,773	\$ 2,717
<b>RESOURCES (INFLOWS):</b>				
Self-insurance premiums	2,301	2,301	2,301	-
Investments	18	18	65	47
Total revenues	<u>2,319</u>	<u>2,319</u>	<u>2,366</u>	<u>47</u>
Transfers in	-	-	-	-
Amounts available for appropriation	<u>3,375</u>	<u>3,375</u>	<u>6,139</u>	<u>2,764</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Insurance and claims	<u>2,250</u>	<u>3,250</u>	<u>3,248</u>	<u>2</u>
Total charges to appropriations	<u>2,250</u>	<u>3,250</u>	<u>3,248</u>	<u>2</u>
Budgetary fund balance, June 30, 2005	<u>\$ 1,125</u>	<u>\$ 125</u>	<u>\$ 2,891</u>	<u>\$ 2,766</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.	\$ 6,139
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>(3,773)</u>
Total revenues as reported on the combining statement of revenues, expenses, and changes in fund net assets.	<u>\$ 2,366</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 3,248
Change in estimated claims payable.	<u>406</u>
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 3,654</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Workers' Compensation Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 7,311	\$ 7,311	\$ 4,709	\$ (2,602)
<b>RESOURCES (INFLOWS):</b>				
Self-insurance premiums	1,133	1,133	1,133	-
Investments	123	123	93	(30)
Total revenues	1,256	1,256	1,226	(30)
Amounts available for appropriation	8,567	8,567	5,935	(2,632)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Insurance and claims	1,407	1,427	1,427	-
Total charges to appropriations	1,407	1,427	1,427	-
Budgetary fund balance, June 30, 2005	\$ 7,160	\$ 7,140	\$ 4,508	\$ (2,632)

**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.	\$ 5,935
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(4,709)
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets.	\$ 1,226

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 1,427
Change in estimated claims payable.	121
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets.	\$ 1,548

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Employee Benefits Fund**  
For the Fiscal Year Ended June 30, 2005  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2004	\$ 2,909	\$ 2,909	\$ 4,720	\$ 1,811
<b>RESOURCES (INFLOWS):</b>				
Self-insurance premiums	13,128	13,129	14,756	1,627
Investments	76	76	117	41
Total revenues	13,204	13,205	14,873	1,668
Amounts available for appropriation	16,113	16,114	19,593	3,479
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Insurance and claims	13,356	13,731	13,705	26
Total charges to appropriations	13,356	13,731	13,705	26
Budgetary fund balance, June 30, 2005	\$ 2,757	\$ 2,383	\$ 5,888	\$ 3,505

**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.	\$ 19,593
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(4,720)
Miscellaneous.	7
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets.	\$ 14,880

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 13,705
Change in estimated claims payable liability.	396
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets.	\$ 14,101



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

---

# OTHER SUPPLEMENTARY INFORMATION

---

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

This page left blank intentionally.

City of Glendale, Arizona  
**Federal Financial Data Schedule (PHA: AZ003)**  
For the Fiscal Year Ended June 30, 2005  
(rounded to nearest dollar)

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

Line Item 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	\$ 392,998	\$ -	\$ -	\$ -	\$ 271,328	\$ -	\$ 664,326
100	Total cash	392,998	-	-	-	271,328	-	664,326
Accounts receivables:								
121	Accounts receivable - PHA projects	-	-	-	-	181,966	-	181,966
122	Accounts receivable - HUD other projects	-	-	-	-	114,016	4,039	118,055
125	Accounts receivable - miscellaneous	-	-	-	-	-	-	-
126	Accounts receivable - tenants - dwelling rents	448	-	-	-	-	-	448
126.1	Allowance for doubtful accounts - dwelling rents	-	-	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	448	-	-	-	295,982	4,039	300,469
Current investments								
132	Investments - restricted	-	-	-	-	13,037	-	13,037
143	Inventories	5,012	-	-	-	-	-	5,012
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-
144	Interprogram - due from	252,947	-	-	-	-	-	252,947
150	Total current assets	651,405	-	-	-	580,347	4,039	1,235,791
Non-current assets								
Fixed assets:								
161	Land	135,533	-	-	-	-	-	135,533
162	Buildings	7,713,149	-	-	-	149,998	-	7,863,147
163	Furniture, equipment & machinery - dwellings	362,029	-	-	-	-	29,955	391,984
164	Furniture, equipment & machinery - administration	116,900	-	-	-	127,767	22,232	266,899
165	Leasehold improvements	1,860,800	-	-	-	-	-	1,860,800
166	Accumulated depreciation	(5,150,930)	-	-	-	(142,437)	(22,159)	(5,315,526)
167	Construction in progress	-	-	-	-	-	525,855	525,855
160	Total fixed assets, net of accumulated depreciation	5,037,481	-	-	-	135,328	555,883	5,728,692
180	Total non-current assets	5,037,481	-	-	-	135,328	555,883	5,728,692
190	Total assets	\$ 5,688,886	\$ -	\$ -	\$ -	\$ 715,675	\$ 559,922	\$ 6,964,483

(continued)

City of Glendale, Arizona  
**Federal Financial Data Schedule (PHA: AZ003)**  
 For the Fiscal Year Ended June 30, 2005  
 (rounded to nearest dollar)

(continued)

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
<b>LIABILITIES AND EQUITY/NET ASSETS</b>								
<b>LIABILITIES:</b>								
Current liabilities								
312	Accounts payable <= 90 days	\$ 51,833	\$ -	\$ -	\$ -	\$ 25,421	\$ -	\$ 77,254
322	Accrued compensated absences - current portion	6,545	-	-	-	7,090	-	13,635
332	Accounts payable - PHA projects	-	-	-	-	3,001	-	3,001
333	Accounts payable - other government	67,278	-	-	-	-	-	67,278
341	Tenant security deposits	35,581	-	-	-	-	-	35,581
342	Deferred revenues	3,004	-	-	-	-	-	3,004
347	Interprogram - due to	-	-	-	-	248,908	4,039	252,947
310	Total current liabilities	<u>164,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,420</u>	<u>4,039</u>	<u>452,700</u>
Noncurrent liabilities								
353	Noncurrent liabilities- other	-	-	-	-	63,813	-	63,813
354	Accrued compensated absences - noncurrent	58,904	-	-	-	13,037	-	71,941
350	Total noncurrent liabilities	<u>58,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,850</u>	<u>-</u>	<u>135,754</u>
300	Total liabilities	<u>223,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>361,270</u>	<u>4,039</u>	<u>588,454</u>
<b>EQUITY/NET ASSETS:</b>								
508	Total contributed capital	-	-	-	-	-	-	-
508.1	Invested in capital assets, net of related debt	5,037,481	-	-	-	135,328	555,883	5,728,692
511	Total reserved fund balance	-	-	-	-	-	-	-
511.1	Restricted net assets	-	-	-	-	-	-	-
512.1	Unrestricted net assets	428,260	-	-	-	219,077	-	647,337
513	Total equity/net assets	<u>5,465,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,405</u>	<u>555,883</u>	<u>6,376,029</u>
600	Total liabilities and equity/net assets	<u>\$ 5,688,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,675</u>	<u>\$ 559,922</u>	<u>\$ 6,964,483</u>

(continued)

City of Glendale, Arizona  
**Federal Financial Data Schedule (PHA: AZ003)**  
For the Fiscal Year Ended June 30, 2005  
(rounded to nearest dollar)

(continued)

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
<b>REVENUE:</b>								
703	Net tenant rental revenue	\$ 259,426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,426
704	Tenant revenue - other	11,472	-	-	-	-	-	11,472
705	Total tenant revenue	270,898	-	-	-	-	-	270,898
706	HUD PHA operating grants	375,670	-	-	80,208	7,489,285	81,422	8,026,585
706.1	Capital grants	-	-	-	-	-	203,427	203,427
715	Other revenue	26,552	-	-	-	244,857	-	271,409
720	Investment income - restricted	-	-	-	-	-	-	-
700	Total revenue	673,120	-	-	80,208	7,734,142	284,849	8,772,319
<b>EXPENDITURES:</b>								
911	Administrative salaries	370,723	-	-	-	487,840	-	858,563
912	Auditing fees	-	-	-	-	-	-	-
914	Compensated absences	27,296	-	-	-	29,571	-	56,867
915	Employee benefit contributions - administrative	98,184	-	-	-	128,872	-	227,056
916	Other operating - administrative	61,516	-	-	-	77,621	48,140	187,277
924	Tenant services - other	7,925	-	-	80,208	-	-	88,133
931	Water	41,645	-	-	-	-	-	41,645
932	Electricity	14,280	-	-	-	-	-	14,280
933	Gas	1,043	-	-	-	-	-	1,043
938	Other utilities expense	22,431	-	-	-	-	-	22,431
941	Ordinary maintenance and operations - labor	198,650	-	-	-	-	-	198,650
942	Ordinary maintenance and operations - materials & other	55,925	-	-	-	9,626	915	66,466
943	Ordinary maintenance and operations - contract costs	87,696	-	-	-	-	-	87,696
945	Employee benefit contributions - ordinary maintenance	54,282	-	-	-	-	-	54,282
952	Protective services - other contract costs	-	-	-	-	-	-	-
961	Insurance premiums	10,704	-	-	-	5,629	-	16,333
962	Other general expenses	-	-	-	-	47,617	-	47,617
963	Payments in lieu of taxes	17,982	-	-	-	-	-	17,982
964	Bad debt - tenant rents	-	-	-	-	-	-	-
969	Total operating expenditures	1,070,282	-	-	80,208	786,776	49,055	1,986,321
970	Excess operating revenue over expenditures	(397,162)	-	-	-	6,947,366	235,794	6,785,998
973	Housing assistance payments	-	-	-	-	6,927,187	-	6,927,187
974	Depreciation expense	337,669	-	-	-	9,276	11,176	358,121
900	Total expenditures	1,407,951	-	-	80,208	7,723,239	60,231	9,271,629
<b>OTHER FINANCING SOURCES (USES)</b>								
1001	Operating transfers in	32,367	-	-	-	-	-	32,367
1002	Operating transfers out	-	-	-	-	-	(32,367)	(32,367)
1004	Operating transfers from/to component unit	350,000	-	-	-	-	-	350,000
1010	Total other financing sources (uses)	382,367	-	-	-	-	(32,367)	350,000
1000	Excess (deficiency) of total revenues over (under) total expenditures	\$ (352,464)	\$ -	\$ -	\$ -	\$ 10,903	\$ 192,251	\$ (149,310)

(continued)

City of Glendale, Arizona  
**Federal Financial Data Schedule (PHA: AZ003)**  
 For the Fiscal Year Ended June 30, 2005  
 (rounded to nearest dollar)

(continued)

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	5,781,051	37,154	-	-	343,502	363,632	6,525,339
1104	Total prior period adjustments, equity transfers and correction of errors	37,154	(37,154)	-	-	-	-	-
1113	Maximum annual contributions commitment (per ACC)	-	-	-	-	6,866,755	-	6,866,755
1114	Prorata maximum annual contributions applicable to a period of less than twelve months	-	-	-	-	-	-	-
1115	Contingency reserve, ACC program reserve	-	-	-	-	4,526,718	-	4,526,718
1116	Total annual contributions available	-	-	-	-	11,393,473	-	11,393,473
1120	Unit months available	1,838	-	-	-	12,648	-	14,486
1121	Number of unit months leased	1,836	-	-	-	12,197	-	14,033



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

---

# STATISTICAL SECTION

---

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

This page left blank intentionally.

## STATISTICAL SECTION

This part of the City of Glendale's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

### Contents

	<u>Pages</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	120-127
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the city's local revenue source, the property tax.	128-131
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	132-139
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	140-141
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	142-146

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

City of Glendale, Arizona  
**Net Assets by Component**  
 Last Four Fiscal Years  
 (amounts expressed in thousands)

**Schedule 1**

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002*</u>
Government activities				
Invested in capital assets, net of related debt	\$ 372,778	\$ 353,135	\$ 259,802	\$ 31,260
Restricted	179,434	169,434	127,393	91,203
Unrestricted	<u>40,641</u>	<u>49,916</u>	<u>132,801</u>	<u>9,232</u>
Total governmental activities net assets	<u>\$ 592,853</u>	<u>\$ 572,485</u>	<u>\$ 519,996</u>	<u>\$ 131,695</u>
Business-type activities				
Invested in capital assets, net of related debt	274,620	228,252	275,204	269,007
Restricted	11,249	10,479	10,235	20,092
Unrestricted	<u>108,604</u>	<u>141,094</u>	<u>82,564</u>	<u>64,312</u>
Total business-type activities net assets	<u>\$ 394,473</u>	<u>\$ 379,825</u>	<u>\$ 368,003</u>	<u>\$ 353,411</u>
Primary government				
Invested in capital assets, net of related debt	647,398	581,387	535,006	300,267
Restricted	190,683	179,913	137,628	111,295
Unrestricted	<u>149,245</u>	<u>191,010</u>	<u>215,365</u>	<u>73,544</u>
Total primary government net assets	<u>\$ 987,326</u>	<u>\$ 952,310</u>	<u>\$ 887,999</u>	<u>\$ 485,106</u>

\* First year of GASB 34 reporting requirements implemented by the City.

This page left blank intentionally.

City of Glendale, Arizona  
**Changes in Net Assets**  
 Last Four Fiscal Years  
 (amounts expressed in thousands)

	2005	2004	2003	2002*
<b>Expenses</b>				
Governmental activities:				
General government	\$ 31,603	\$ 24,003	\$ 20,209	\$ 22,490
Public safety	64,277	56,176	52,625	53,779
Public works	14,309	13,883	11,411	12,766
Community services	37,394	33,914	32,210	30,919
Community environment	3,236	3,446	3,433	3,414
Street maintenance	21,355	20,425	20,308	12,534
Other	238	142	148	19
Interest on long-term debt	16,986	15,838	7,223	5,864
Total governmental activities expenses	<u>189,398</u>	<u>167,827</u>	<u>147,567</u>	<u>141,785</u>
Business-type activities:				
Water and sewer	50,190	45,628	43,442	39,909
Landfill	7,431	7,164	7,784	1,189
Sanitation	12,287	12,294	12,353	10,180
Housing	9,278	8,858	8,033	7,513
Total business-type activities expenses	<u>79,186</u>	<u>73,944</u>	<u>71,612</u>	<u>58,791</u>
Total primary government expenses	<u>\$ 268,584</u>	<u>\$ 241,771</u>	<u>\$ 219,179</u>	<u>\$ 200,576</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 9,075	\$ 9,092	\$ 10,029	\$ 4,464
Public safety	1,200	1,043	1,897	325
Public works	506	148	526	479
Community services	16,871	16,942	13,439	4,409
Community environment	-	3	-	-
Street maintenance	-	-	7	25
Operating grants and contributions	26,535	24,503	22,522	22,640
Capital grants and contributions	1,407	3,429	4,294	2,589
Total governmental activities program revenues	<u>55,594</u>	<u>55,160</u>	<u>52,714</u>	<u>34,931</u>
Business-type activities:				
Charges for services:				
Water and sewer	54,295	52,456	52,088	46,068
Landfill	8,961	9,593	8,644	9,610
Sanitation	13,624	12,817	11,918	11,808
Housing	542	512	494	422
Other activities				
Operating grants and contributions	8,027	7,643	7,091	6,592
Capital grants and contributions	242	168	520	673
Total business-type activities program revenues	<u>85,691</u>	<u>83,189</u>	<u>80,755</u>	<u>75,173</u>
Total primary government program revenues	<u>\$ 141,285</u>	<u>\$ 138,349</u>	<u>\$ 133,469</u>	<u>\$ 110,104</u>
<b>Net (expense)/revenue</b>				
Governmental activities	(133,804)	(112,667)	(94,853)	(106,854)
Business-type activities	6,505	9,245	9,143	16,382
Total primary government net expense	<u>\$ (127,299)</u>	<u>\$ (103,422)</u>	<u>\$ (85,710)</u>	<u>\$ (90,472)</u>

**Schedule 2**

	2005	2004	2003	2002*
<b>General revenues and other changes in net assets</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 19,422	\$ 18,321	\$ 16,739	\$ 16,459
Sales taxes	77,166	74,763	63,832	52,580
Unrestricted state shared sales tax	20,271	18,409	17,113	16,862
Unrestricted urban revenue sharing (state shared income tax)	20,115	19,731	23,288	22,822
Auto in-lieu taxes	9,414	8,978	8,619	7,219
Franchise fees	-	-	-	3,260
License fees	-	-	-	634
Impact fees	-	-	-	4,995
Investment earnings, unrestricted	2,654	315	(1,602)	1,397
Gain (loss) on disposal of capital assets	225	9	445	(345)
Miscellaneous	275	349	299	289
Capital contributions	4,794	24,614	27,042	6,205
Transfers	(164)	(333)	(67)	(228)
Total governmental activities	154,172	165,156	155,708	132,149
Business-type activities:				
Impact fees	-	-	-	3,751
Investment earnings, unrestricted	2,065	1,115	(123)	1,215
Gain (loss) on disposal of capital assets	-	-	(725)	(168)
Loss on joint venture	-	(1,285)	(1,011)	(1,054)
Miscellaneous	202	-	-	-
Capital contributions	5,712	2,414	7,241	4,591
Transfers	164	333	67	228
Total business-type activities	8,143	2,577	5,449	8,563
Total primary government	\$ 162,315	\$ 167,733	\$ 161,157	\$ 140,712
<b>Changes in net assets</b>				
Governmental activities	\$ 20,368	\$ 52,489	\$ 60,855	\$ 25,295
Business-type activities	14,648	11,822	14,592	24,945
Total primary government	\$ 35,016	\$ 64,311	\$ 75,447	\$ 50,240

\* First year of GASB 34 reporting requirements implemented by the City of Glendale.

City of Glendale, Arizona

Schedule 3

**Fund Balances - Governmental Funds**

Last Ten Fiscal Years

(amounts expressed in thousands)

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
General fund										
Reserved	\$ 9,377	\$ 9,582	\$ 17,315	\$ 17,998	\$ 13,232	\$ 13,147	\$ 5,373	\$ 4,247	\$ 2,899	\$ 2,426
Unreserved	56,661	51,080	31,727	7,119	24,716	35,460	33,043	32,183	31,121	23,860
Total general fund	<u>\$ 66,038</u>	<u>\$ 60,662</u>	<u>\$ 49,042</u>	<u>\$ 25,117</u>	<u>\$ 37,948</u>	<u>\$ 48,607</u>	<u>\$ 38,416</u>	<u>\$ 36,430</u>	<u>\$ 34,020</u>	<u>\$ 26,286</u>
All other governmental funds										
Reserved	\$ 39,014	\$ 41,188	\$ 33,527	\$ 28,460	\$ 19,473	\$ 16,147	\$ 13,812	\$ 12,947	\$ 7,166	\$ 4,464
Unreserved, report in:										
Special revenue funds	34,867	29,807	23,553	8,596	2,585	2,410	2,375	1,724	1,688	3,947
Debt service fund	-	-	-	-	-	-	-	-	-	-
Capital projects funds	61,765	71,569	126,252	37,932	28,369	33,717	11,782	21,861	16,133	19,891
Total all other governmental funds	<u>\$ 135,646</u>	<u>\$ 142,564</u>	<u>\$ 183,332</u>	<u>\$ 74,988</u>	<u>\$ 50,427</u>	<u>\$ 52,274</u>	<u>\$ 27,969</u>	<u>\$ 36,532</u>	<u>\$ 24,987</u>	<u>\$ 28,302</u>

This page left blank intentionally.

**Changes in Fund Balances - Governmental Funds**

Last Ten Fiscal Years

(amounts expressed in thousands)

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Revenues</b>										
Taxes and special assessments	\$ 96,812	\$ 93,655	\$ 82,458	\$ 70,526	\$ 60,911	\$ 57,681	\$ 54,355	\$ 51,253	\$ 47,892	\$ 44,313
Licenses and permits	15,497	16,667	16,771	10,663	9,897	8,280	7,902	9,197	6,691	5,739
Intergovernmental	75,691	73,166	73,836	68,479	72,216	70,269	66,609	61,845	55,558	48,219
Local revenues	-	-	-	-	6,417	11,020	10,904	12,355	23,130	15,941
Charges for services	5,681	4,824	3,313	2,516	5,347	4,862	4,737	4,735	3,813	2,963
Fines and forfeitures	3,247	3,169	3,246	2,859	2,381	2,413	2,951	2,646	2,701	2,029
Interest	-	-	-	-	-	-	-	-	-	3,706
Investment income (loss)	4,762	1,511	(805)	2,572	8,303	4,533	5,017	5,185	4,556	66
Special interest programs	-	-	-	-	-	-	-	-	-	397
Miscellaneous	3,335	2,774	2,834	2,729	3,687	1,905	1,770	1,971	2,943	1,756
<b>Total revenues</b>	<b>205,025</b>	<b>195,766</b>	<b>181,653</b>	<b>160,344</b>	<b>169,159</b>	<b>160,963</b>	<b>154,245</b>	<b>149,187</b>	<b>147,284</b>	<b>125,129</b>
<b>Expenditures</b>										
General government	20,892	17,274	20,321	20,064	21,583	17,122	15,340	14,666	13,287	11,449
Public safety	61,366	53,805	49,571	49,126	43,741	41,155	37,912	36,847	34,318	30,005
Public works	12,081	12,816	10,118	11,364	12,688	11,884	10,457	9,797	9,114	7,858
Community services	32,627	30,006	28,391	27,502	22,832	21,332	18,514	16,697	15,521	13,917
Community environment	3,082	3,311	3,282	3,223	2,379	2,052	2,508	2,991	1,883	1,615
Street maintenance	10,534	9,811	9,994	11,493	10,320	9,541	9,516	9,109	8,600	7,676
Community housing	-	-	-	-	6,201	5,645	5,312	5,064	4,887	4,763
Miscellaneous	55	555	80	71	475	458	21	88	150	241
Contingencies	-	-	-	-	-	-	-	40	316	-
Capital outlay	47,283	120,833	142,213	38,636	37,029	42,178	42,363	37,130	41,520	31,094
Debt service:										
Principal	18,899	18,090	21,680	20,574	16,501	27,574	14,359	12,897	11,426	13,454
Interest	17,231	15,998	8,155	5,925	6,605	5,422	6,180	6,308	6,905	7,106
<b>Total expenditures</b>	<b>224,050</b>	<b>282,499</b>	<b>293,805</b>	<b>187,978</b>	<b>180,354</b>	<b>184,363</b>	<b>162,482</b>	<b>151,634</b>	<b>147,927</b>	<b>129,178</b>
Excess of revenues over (under) expenditures	(19,025)	(86,733)	(112,152)	(27,634)	(11,195)	(23,400)	(8,237)	(2,447)	(643)	(4,049)

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Other financing sources (uses)</b>										
Discount on long-term debt	-	(82)	-	-	-	-	-	-	-	-
Proceeds from loans	-	-	-	200	-	5,279	-	1,858	3,316	-
Long-term debt issued	16,075	69,522	215,920	40,563	-	41,997	-	12,073	301	19,000
Premium on long-term debt issued	230	1,114	14,500	-	-	-	-	-	-	-
Proceeds from equipment disposal	1,342	8,198	2,802	82	-	-	-	-	-	-
Capital lease proceeds	-	428	11,266	-	-	9,139	-	1,290	-	-
Payment to refunded bonds escrow agent	-	(21,262)	-	(4,533)	-	-	-	-	-	-
Bond issuance cost	-	-	-	-	-	-	-	-	-	(131)
Transfers in	15,800	32,943	12,851	15,936	15,015	15,814	18,218	18,476	15,703	14,629
Transfers out	(15,964)	(33,276)	(12,918)	(16,165)	(16,325)	(14,333)	(16,559)	(17,295)	(14,257)	(13,412)
<b>Total other financing sources (uses)</b>	<b>17,483</b>	<b>57,585</b>	<b>244,421</b>	<b>36,083</b>	<b>(1,310)</b>	<b>57,896</b>	<b>1,659</b>	<b>16,402</b>	<b>5,063</b>	<b>20,086</b>
Net change in fund balances	\$ (1,542)	\$ (29,148)	\$ 132,269	\$ 8,449	\$ (12,505)	\$ 34,496	\$ (6,578)	\$ 13,955	\$ 4,420	\$ 16,037
Debt service as a percentage of noncapital expenditures	20.44%	21.09%	19.68%	17.74%	16.12%	23.21%	17.10%	16.77%	17.23%	20.96%

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

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Improvements</u>	<u>Secured Personal</u>	<u>Unsecured Personal</u>	<u>Utilities Rails and Wires</u>	<u>Less: Tax Exempt Property</u>	<u>Net Assessed Value<sup>(1)</sup></u>	<u>Total Direct Tax Rate</u>
1995-96	161,175	358,969	2,045	25,714	31,092	815	578,180	1.93
1996-97	191,755	401,560	2,564	23,711	46,017	65,362	600,245	1.88
1997-98	206,083	475,031	2,688	29,718	46,299	62,626	697,193	1.83
1998-99	215,309	485,708	2,974	29,627	44,837	61,065	717,390	1.78
1999-00	223,785	548,672	2,748	30,259	45,209	62,981	787,692	1.73
2000-01	233,712	619,842	2,609	39,388	46,580	65,228	876,903	1.72
2001-02	253,580	686,608	2,609	43,470	51,547	83,695	954,119	1.72
2002-03	258,224	733,234	2,383	39,629	54,189	98,565	989,094	1.72
2003-04	298,152	820,414	2,113	35,832	58,517	135,011	1,080,017	1.72
2004-05	342,689	893,850	1,661	43,584	56,582	193,816	1,144,550	1.72

Source: Maricopa County Assessor's Office

Notes: (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.

**Direct and Overlapping Governments Property Tax Rates**

Last Ten Fiscal Years

Per \$100 Assessed Valuation

Fiscal Year	Basic Rate	General Obligation Debt Service	City of Glendale	Overlapping Rates*		
				Glendale Elementary and High School Districts	Peoria Unified School Districts	Deer Valley Unified School Districts
1995-96	\$ 0.59	\$ 1.34	\$ <b>1.93</b>	\$ 17.96	\$ 14.34	\$ 15.25
1996-97	0.54	1.34	<b>1.88</b>	16.44	14.03	15.47
1997-98	0.49	1.34	<b>1.83</b>	16.62	14.75	15.01
1998-99	0.44	1.34	<b>1.78</b>	17.15	15.20	15.03
1999-00	0.39	1.34	<b>1.73</b>	16.72	14.86	14.33
2000-01	0.38	1.34	<b>1.72</b>	15.81	14.55	13.12
2001-02	0.36	1.36	<b>1.72</b>	15.36	13.73	13.12
2002-03	0.35	1.37	<b>1.72</b>	15.51	13.69	12.59
2003-04	0.34	1.38	<b>1.72</b>	14.79	13.59	12.06
2004-05	0.33	1.39	<b>1.72</b>	14.88	13.22	11.78

Source: Maricopa County 2004 Tax Rates

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

\* Overlapping rates are those of local and county governments that apply to property owners within the City of Glendale. Not all overlapping rates apply to all City of Glendale property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

City of Glendale, Arizona  
**Principal Property Taxpayers**  
 Current Year and Nine Years Ago  
 June 30, 2005  
 (amounts expressed in thousands)

**Schedule 7**

Taxpayer	Tax Year 2005			Tax Year 1996		
	Rank	Assessed Valuation	Percentage of Total City Taxable Assessed Value	Rank	Assessed Valuation	Percentage of Total City Taxable Assessed Value
Qwest Corporation/U.S. West Comm.	1	\$ 15,872	1.39 %	1	\$ 11,820	2.04 %
Arizona Public Service Company	2	14,691	1.28	2	11,462	1.98
New River Associates	3	9,293	0.81	3	7,230	1.25
Honeywell, Inc.	4	7,596	0.66			
Wal-Mart Stores, Inc.	5	6,119	0.53			
Southwest Gas Corporation	6	5,965	0.52	4	3,826	0.66
Toys DC South LLC	7	4,704	0.41			
VHS of Arrowhead, Inc.	8	4,235	0.37			
51 Bell Limited Partnership	9	4,000	0.35			
Corning Gilbert, Inc.	10	3,786	0.33			
Price Reit, Inc.				5	3,475	0.60
Sanderson Ford				6	3,218	0.56
Atchison Topeka & Santa Fe				7	2,916	0.50
Meridian Trust Company				8	2,475	0.43
Parcel 18 Associates				9	2,371	0.41
VW Mall, Inc.				10	2,300	0.40
<b>Total principal taxpayers</b>		<b>\$ 76,261</b>	<b>6.65 %</b>		<b>\$ 51,093</b>	<b>8.83 %</b>

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  
**Property Tax Levies and Collections**  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

**Schedule 8**

Fiscal Year	Total <sup>(1)</sup> Tax Levy	Collected within the Fiscal Year of Levy		Collections <sup>(2)</sup> in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1995-96	\$ 10,506	\$ 10,241	97.48 %	\$ 265	\$ 10,506	100.00 %
1996-97	10,761	10,448	97.09	304	10,752	99.92
1997-98	12,051	11,661	96.76	387	12,048	99.98
1998-99	12,131	11,764	96.98	367	12,131	100.00
1999-00	12,978	12,507	96.37	471	12,978	100.00
2000-01	14,227	13,833	97.23	394	14,227	100.00
2001-02	16,136	15,529	96.24	588	16,117	99.88
2002-03	16,743	16,289	97.29	443	16,732	99.93
2003-04	18,468	17,899	96.92	538	18,437	99.83
2004-05	19,534	19,011	97.32	0	19,011	97.32

Source: Maricopa County Treasurer's Office

(1) Total levy includes only secured property.

(2) Includes collections and resolutions.

**Ratio of Outstanding Debt by Type<sup>(1)</sup>**

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Government Activities					
	General Obligation Bonds	Special Assignment Bonds	Street and Highway Revenue Bonds	Municipal Property Corporation	Capital Leases	Notes Payable
1995-96	\$ 50,410	\$ 23,827	\$ 32,520	\$ 15,825	\$ 1,613	\$ -
1996-97	44,800	22,925	29,650	14,490	1,188	3,316
1997-98	50,740	21,858	26,585	13,040	2,056	3,841
1998-99	43,025	20,733	23,230	12,265	1,573	1,852
1999-00	55,055	19,278	28,380	12,000	10,198	6,693
2000-01	46,917	17,621	24,310	11,215	8,865	5,754
2001-02	82,637	16,247	24,310	11,215	4,498	4,340
2002-03	127,104	12,036	20,030	170,590	14,971	20,193
2003-04	153,688	109	22,730	180,230	14,704	17,098
2004-05	157,065	75	22,455	177,950	13,704	18,876

Fiscal Year	Business Activities						Total Primary Government	Per Capita <sup>(2)</sup>
	Water Sewer G.O. Bonds	Landfill G.O. Bonds	Water Sewer Revenue Bonds	Notes Payable	Capital Leases			
1995-96	\$ 16,750	\$ -	\$ 26,870	\$ 2,379	\$ 983	\$ 171,177	\$ 920	
1996-97	14,000	-	22,140	3,090	1,260	156,859	817	
1997-98	11,835	-	17,145	5,250	3,713	156,063	792	
1998-99	10,000	-	13,305	4,569	2,779	133,331	644	
1999-00	8,175	1,460	63,560	3,866	15,952	224,617	1,055	
2000-01	6,165	1,333	56,705	3,357	13,783	196,025	875	
2001-02	6,165	1,333	56,705	6,358	15,291	229,099	1,005	
2002-03	17,845	1,186	49,280	14,831	12,838	460,904	1,995	
2003-04	15,825	1,032	121,470	14,433	11,007	552,326	2,370	
2004-05	13,135	870	115,140	13,660	2,676	535,606	2,270	

Note: Details of the outstanding debt can be found in the notes to the financial statements.

(1) Does not include other long term obligations such as compensated absences, unamortized premiums, claims/judgments, arbitrage, post closure costs, etc.

(2) See schedule 14 for personal income and population data.

**Ratios of Net General Bonded Debt Outstanding**

Last Ten Fiscal Years

(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
1995-96	\$ 50,410	\$ 1,714	\$ 48,696	8.42 %	\$ 261.81
1996-97	44,800	1,638	43,162	7.19	224.80
1997-98	50,740	2,667	48,073	6.90	244.03
1998-99	43,025	2,061	40,964	5.71	197.89
1999-00	55,055	2,276	52,779	6.70	247.79
2000-01	46,917	2,966	43,951	5.01	196.21
2001-02	82,637	5,881	76,756	8.04	336.65
2002-03	127,104	5,533	121,571	12.29	526.28
2003-04	153,688	8,559	145,129	13.44	639.62
2004-05	157,065	8,033	149,032	13.02	631.49

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

City of Glendale, Arizona  
**Net Direct and Overlapping Governmental Activities Debt**  
June 30, 2005  
(amounts expressed in thousands)

**Schedule 11**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Glendale	Amount Applicable to Glendale
Peoria Unified School District No. 11	\$ 188,101	26.3126 %	\$ 49,494
Glendale Elementary School District No. 40	32,490	98.7312	32,078
Deer Valley Unified School District No. 97	213,195	23.3977	49,883
Alhambra Elementary School District No. 68	35,465	18.5072	6,564
Glendale Union High School District No. 205	102,745	21.2034	21,785
Maricopa County	-	3.8067	-
Maricopa County Community College District	399,805	3.8067	15,219
Phoenix Union High School District No. 210	253,640	1.5075	3,824
Pendergast Elementary School District No. 92	20,230	11.9099	2,409
Tolleson Union High School District No. 214	44,320	4.3592	1,932
Washington Elementary School District No. 6	129,985	2.7754	3,608
Dysart Unified School District No. 89	61,055	0.0325	20
Agua Fria Union High School District No. 216	43,095	0.0324	14
Litchfield Elementary School District No. 79	17,040	0.0509	9
Cartwright Elementary School District No. 83	-	0.0000	-
Total Overlapping Debt	1,541,166		186,839
City of Glendale Debt	137,947		137,947
Total	\$ 1,679,113		\$ 324,786

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

City of Glendale, Arizona  
**Legal Debt Margin Information**  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

**Schedule 12**

**Legal Debt Margin Calculation for Fiscal Year 2005**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
<b>6% Type Bonds</b>											
										Assessed value	\$ 1,144,550
										Debt limit (6% of assessed value)	68,673
										Debt applicable to limit: General obligation bonds	68,525
										Less: Amount set aside for repayment of general obligation debt	(16,843)
										Total net debt applicable to limit	51,682
										Legal debt margin	\$ 16,991
Debt limit	\$ 34,691	\$ 36,015	\$ 41,832	\$ 47,262	\$ 47,262	\$ 52,614	\$ 57,247	\$ 59,346	\$ 64,801	\$ 68,673	
Total net debt applicable to limit	18,418	14,197	21,929	19,190	26,107	21,602	30,167	47,813	49,399	51,682	
Legal debt margin	\$ 16,273	\$ 21,818	\$ 19,903	\$ 28,072	\$ 21,155	\$ 31,012	\$ 27,080	\$ 11,533	\$ 15,402	\$ 16,991	
Total net debt applicable to the limit as a percentage of debt limit	53.09%	39.42%	52.42%	40.60%	55.24%	41.06%	52.70%	80.57%	76.23%	75.26%	
<b>20% Type Bonds</b>											
										Assessed value	\$ 1,144,550
										Debt limit (20% of assessed value)	228,910
										Debt applicable to limit: General obligation bonds	102,545
										Less: Amount set aside for repayment of general obligation debt	(3,205)
										Total net debt applicable to limit	99,340
										Legal debt margin	\$ 129,570
Debt limit	\$ 115,636	\$ 120,049	\$ 139,439	\$ 157,538	\$ 157,538	\$ 175,381	\$ 190,824	\$ 197,818	\$ 216,003	\$ 228,910	
Total net debt applicable to limit	47,015	42,965	37,979	31,774	36,307	29,847	43,972	80,844	101,153	99,340	
Legal debt margin	\$ 68,621	\$ 77,084	\$ 101,460	\$ 125,764	\$ 121,231	\$ 145,534	\$ 146,852	\$ 116,974	\$ 114,850	\$ 129,570	
Total net debt applicable to the limit as a percentage of debt limit	40.66%	35.79%	27.24%	20.17%	23.05%	17.02%	23.04%	40.87%	46.83%	43.40%	

This page left blank intentionally.

City of Glendale, Arizona  
**Pledged-Revenue Coverage**  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

**Schedule 13**

Fiscal Year	Water and Sewer Revenue Bonds						Coverage
	Utility Service Charges <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service			
				Principal <sup>(3)</sup>	Interest <sup>(3)</sup>		
1995-96	\$ 42,265	\$ 18,231	\$ 24,034	\$ 4,905	\$ 1,574	3.71	
1996-97	46,204	20,273	25,931	5,350	1,383	3.85	
1997-98	50,249	21,004	29,245	5,635	1,153	4.31	
1998-99	49,843	22,429	27,414	4,521	923	5.04	
1999-00	49,243	24,071	25,172	3,426	753	6.02	
2000-01	52,482	28,334	24,148	7,558	3,387	2.21	
2001-02	50,549	27,620	22,929	8,463	3,022	2.00	
2002-03	51,922	30,537	21,385	9,116	2,745	1.80	
2003-04	53,209	31,445	21,764	7,102	4,760	1.83	
2004-05	56,144	32,100	24,044	6,495	6,168	1.90	

Fiscal Year	Special Assessment Bonds				Municipal Property Corporation Bonds				
	Special Assessment Revenues	Debt Service		Coverage <sup>(5)</sup>	Excise Tax Revenue	Debt Service		Coverage	
		Principal <sup>(4)</sup>	Interest			Principal	Interest		
1995-96	\$ 2,674	\$ 1,291	\$ 1,506	(0.04)	\$ 55,356	\$ 1,255	\$ 1,195	22.59	
1996-97	3,179	1,201	1,441	1.20	61,978	1,335	1,105	25.40	
1997-98	3,860	1,068	1,370	1.58	66,417	1,450	1,008	27.02	
1998-99	2,705	1,125	1,299	1.12	73,572	775	907	43.74	
1999-00	2,390	1,455	1,216	(0.11)	79,850	615	431	76.34	
2000-01	2,675	1,657	1,115	(0.03)	83,739	785	548	62.82	
2001-02	2,267	1,374	1,017	(0.05)	85,322	880	515	61.16	
2002-03	1,627	4,211	847	(0.68)	88,071	1,240	1,510	32.03	
2003-04	12,395	11,927	692	0.98	94,277	2,280	8,530	8.72	
2004-05	29	34	5	(0.26)	98,143	1,885	9,017	9.00	

Source: City of Glendale Finance Department

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.
- (4) The 03-04 principal payments include the refunding of Improvement District 57 and 59 bonds issued August 1992.
- (5) Special assessment principal and interest for 95-96 , 99-00, 00-01, 01-02, 02-03, 04-05 were covered by accumulated fund balance in the debt service fund.

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

**Schedule 14**

<u>Fiscal Year</u>	<u>Maricopa County Population</u>	<u>Personal Income <sup>(1)</sup> (thousands of dollars)</u>	<u>Per Capita <sup>(1)</sup> Personal Income</u>	<u>Unemployment Rate</u>
1995-96	2,703	\$ 62,663,789	\$ 23,182	3.3 %
1996-97	2,805	68,656,472	24,476	3.6
1997-98	2,909	75,639,499	26,002	2.6
1998-99	3,005	80,924,901	26,930	2.9
1999-00	3,096	89,771,608	28,993	2.3
2000-01	3,196	92,913,124	29,068	3.7
2001-02	3,295	95,618,598	29,020	5.0
2002-03	3,397	98,401,099	28,968	5.3
2003-04	3,524	101,264,571	28,734	4.4
2004-05	3,524	104,211,370	29,570	3.9

Source: Maricopa County Finance Department

Note: (1) Personal Income and Per Capita Income figures are for Maricopa County. City of Glendale is one of several Valley cities that comprise Maricopa County, including Phoenix, Mesa and Scottsdale.

City of Glendale, Arizona  
**Principal Employers**  
 Current Year and Nine Years Ago

**Schedule 15**

Employer	2005			1996		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Luke Air Force Base	7,907	1	7.64 %	7,165	1	7.56 %
Honeywell	2,762	2	2.67	2,910	2	3.07
Arrowhead Towne Center	2,500	3	2.42	1,500	3	1.58
Banner Thunderbird Health System	2,036	4	1.97	1,100	7	1.16
City of Glendale	2,021	5	1.95	1,302	4	1.37
Glendale Union High School District	1,862	6	1.80	1,200	5	1.27
Glendale Elementary School District	1,684	7	1.63	1,108	6	1.17
Deer Valley Unified School District	1,432	8	1.38			
Glendale Community College	1,220	9	1.18			
Schuck and Sons	1,150	10	1.11	400	10	0.42
U.S. Postal Service				450	8	0.47
Gilbert Engineering				418	9	0.44
<b>Total</b>	<b>24,574</b>		<b>23.75 %</b>	<b>17,553</b>		<b>18.51 %</b>

Source: City of Glendale

**Full-time Equivalent City Government Employees by Function/Program**

Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30									
	2005	2004	2003	2002*	2001	2000	1999	1998	1997	1996
General government										
Management services	32.00	34.00	32.50	33.50	31.50	30.50	41.00	40.00	37.00	35.50
Finance	85.75	84.75	84.75	82.75	83.50	82.00	65.00	63.00	59.00	55.00
Planning	26.15	26.15	27.15	27.15	23.65	21.65	33.15	33.65	32.65	30.65
Building	57.75	44.75	40.75	32.50	29.50	28.50	27.50	26.50	25.50	23.50
Legal	67.00	61.00	58.00	50.00	47.00	47.00	39.00	39.00	36.00	32.00
Other	94.50	93.50	93.50	93.50	97.50	89.00	69.50	67.50	62.00	58.25
Police	507.50	473.50	455.50	455.50	421.50	397.00	380.00	365.00	353.00	332.00
Fire	216.00	196.00	195.00	190.00	167.50	167.50	163.50	162.50	156.00	140.50
Community Service	82.75	75.25	75.25	73.75	67.00	61.00	50.00	50.00	51.00	52.00
Parks and recreation	86.75	80.40	79.40	78.40	73.40	63.90	60.65	60.00	59.75	59.75
Library	87.76	87.75	87.75	87.75	86.75	84.50	84.25	60.25	59.50	59.50
Public Works	266.00	267.00	270.00	272.00	268.00	228.00	228.00	220.00	216.00	215.75
Engineering	45.00	44.00	44.00	43.00	42.00	41.00	41.00	40.00	38.00	36.00
Transportation	80.25	80.25	78.25	65.25	65.25	60.25	54.25	53.25	51.25	49.25
Utilities	140.00	132.00	132.00	132.00	125.00	124.00	127.00	119.00	115.00	112.00
<b>Total</b>	<b>1875.16</b>	<b>1780.30</b>	<b>1753.80</b>	<b>1717.05</b>	<b>1629.05</b>	<b>1525.80</b>	<b>1463.80</b>	<b>1399.65</b>	<b>1351.65</b>	<b>1291.65</b>

Source: City Budget Office

\* First year of GASB 34 reporting requirements implemented by the City of Glendale.

City of Glendale, Arizona  
**Operating Indicators by Function/Program**  
 Last Ten Fiscal Years

**Schedule 17**

Function/Program	Fiscal Year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Police</b>										
Calls for service	158,507	161,722	154,374	153,691	144,183	137,809	133,124	130,033	123,917	108,913
Bookings	8,138	8,057	7,980	8,781	7,744	773	10,062	7,882	8,410	8,577
Criminal Offense Reports	33,578	34,847	33,956	34,224	33,102	30,984	27,415	27,508	27,213	28,581
<b>Fire</b>										
EMS Calls	18,977 <sup>(1)</sup>	24,025	23,126	21,372	20,722	19,272	18,208	17,135	16,446	16,309
Fire Calls	2,642 <sup>(1)</sup>	3,335	3,379	3,379	3,110	2,958	2,755	2,695	2,823	3,102
<b>Refuse collection <sup>(3)</sup></b>										
Residential Curb Service (tons per year)	57,942	56,902	55,718	49,747						
Commercial Container Service (tons per year)	44,441	44,681	48,583	45,798						
<b>Airport</b>										
Departures/arrivals <sup>(2)</sup>	108,887	118,140	88,449	118,703	110,631	112,570	133,220	115,056	130,263	119,866
<b>General Government</b>										
Building Permits	7,079	6,330	6,299	5,428	7,090	7,925	8,561	8,942	8,393	7,143
<b>Library</b>										
Volumes in collection	620,130	601,440	600,477	606,676	544,467	562,532	342,042	311,870	334,156	333,827
<b>Transit</b>										
Dial-A-Ride passengers	87,831	86,132	81,768	76,622	66,527	69,081	70,032	67,626	68,727	65,362

Source: Various city departments

Note: Water and sewer statistics are contained in Schedule 19 and 20

(1) Fire department figures are on a calendar year, 2004-2005 is through September 30, 2005.

(2) Departures/arrivals are based on calendar year. 2005 figures are through October 2005.

(3) Sanitation figures were only available from 2000-2001 through present.

City of Glendale, Arizona  
**Capital Asset Statistics by Function/Program**  
 Last Ten Fiscal Years

**Schedule 18**

Function/Program	Fiscal Year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Police</b>										
Stations	3	3	3	3	3	3	3	3	3	3
Patrol vehicles	156	151	156	150	92	101	103	108	110	69
<b>Fire stations</b>	9	8	8	7	7	7	7	7	6	6
<b>General government</b>										
City square miles	57	57	57	56	55	55	55	54	54	54
<b>Landfill</b>										
Landfill capacity - south cell	22,594	22,594	22,594	22,594	16,351	16,351	16,351	16,351	13,771	13,771
Landfill capacity used - south cell	16,328	15,910	15,408	14,669	14,060	13,450	12,865	12,342	8,562	8,223
<b>Other public works</b>										
Streets (miles)	709	702	702	692	660	650	630	625	625	620
<b>Parks and recreation</b>										
Number of parks/retention basins	92	93	89	89	89	87	88	74	73	68
Acres of parks	2,052	1,998	1,984	1,984	1,984	1,844	1,845	1,682	1,682	1,534
<b>Transit</b>										
Dial -A-Ride minibuses	25	22	19	17	21	17	16	15	12	9

Source: Various city departments

**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 <sup>(1)</sup>			
	All Year		All Year		Summer Excess Rate	
	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City
0 - 3,000	--	--	1.25	\$ 1.63	\$ 2.22	\$ 2.89
4,000 - 15,000	\$ 1.27	\$ 1.65	1.25	1.63	2.22	2.89
16,000 - 30,000	1.59	2.06	1.25	1.63	2.22	2.89
over 31,000	2.22	2.86	1.25	1.63	2.22	2.89

**SEWER SERVICE RATES**

Type of Service	Inside City	Outside City
Single Family Dwelling Unit	\$ 18.16	\$32.53
Office Building	28.06	N/A
Apartment - Average 5 units	53.00	57.48
Apartment - Average 35 units	302.13	82.65
Retail/Wholesale	42.30	N/A

(1) Per 1,000 gallons

SOURCE: City of Glendale Finance Department

**HISTORICAL AVERAGE NUMBER OF WATER ACCOUNTS <sup>(1)</sup>**

Fiscal Year Ending June 30	Residential	Commercial <sup>(2)</sup>	Total
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 <sup>(3)</sup>	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
2004	54,349	4,361	58,710
2005	55,139	4,491	59,630

(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 <sup>(1)</sup>	Commercial	Other	Total
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
2003	34,348	5,342	1,042	40,732
2004	34,427	8,382	1,211	44,020

(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) <sup>(1)</sup>	West <sup>(3)</sup> (MGD)	Peak (MGD) <sup>(2)</sup>
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	11.9	2.8	4.3	17.9
2003	55,239	10.8	3.0	7.0	16.2
2004	55,670	7.9	3.0	7.0	16.2

(1) Estimated.

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

(3) Began operations in 2000.

(4) As of July 29, 2004.

SOURCE: City of Glendale Finance and Utilities Departments.

This page left blank intentionally.

City of Glendale  
Finance Department  
5850 West Glendale Avenue, Suite 302  
Glendale, Arizona 85301  
(623) 930-2480