

City of Glendale, Arizona Comprehensive Annual Financial Report



For the Fiscal Year
Ended June 30, 2006



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City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

For the Fiscal Year Ended June 30, 2006

**Mayor
Elaine M. Scruggs**

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
Administrative Services

Kenneth A. Reedy
Deputy City Manager - Public Works

Gloria Santiago-Espino
Deputy City Manager
Community Information & Services

Horatio Skeete
Deputy City Manager
Community Development

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



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**City of Glendale, Arizona
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006**

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October 3, 2006

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, 2006.

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, 2006, 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 57.9 square miles and serves a population of 243,881. 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 average labor force in the City as 137,663 for the period January through June 2006 and an average employment of 132,337 for the same period. Average employment for the same period last year is 131,504, 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 3.8 million. The state's population reached 6.24 million in 2006, representing a 8.71% 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 the country's top five-concert tours in 2005. Nearly 400,000 people attended ticketed events at the arena in 2005.

The Cardinals Stadium was built by the State's Tourism and Sports Authority, opened in August 2006. The stadium is home to the Arizona Cardinals, the Fiesta Bowl, 2007 BCS Championship Bowl and 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 opened in August 2006 and is expected to create about 400 new jobs and estimated to 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 and spa to be developed by John Q. Hammons Hotels, opening in fall 2006.

One of the first of its kind in Glendale, the Foothills Recreation & Aquatics Center opened in September 2006. The facility totals 69,800 square feet and consists of a gymnasium, elevated walking/running track, indoor racquetball courts, state of the art weight room and a 30 foot rock climbing wall. The aquatics section will both be used for recreation and competitive purposes. It contains a competitive lap pool, diving well, lazy river and zero depth leisure pool with play features.

The City completed a pedestrian friendly downtown campus adjacent to the Civic Center as part of additional meeting space for the Civic Center. The project included constructing additional classroom and display space for the Bead Museum. This cultural treasure is estimated to attract 30,000 visitors annually to downtown.

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. 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.

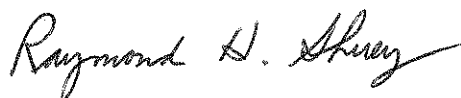
Awards and acknowledgements. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2005. This was the eighteenth consecutive year the City has received this prestigious award, and the twentieth 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 2005-06. This is the seventeenth 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, 2005

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.

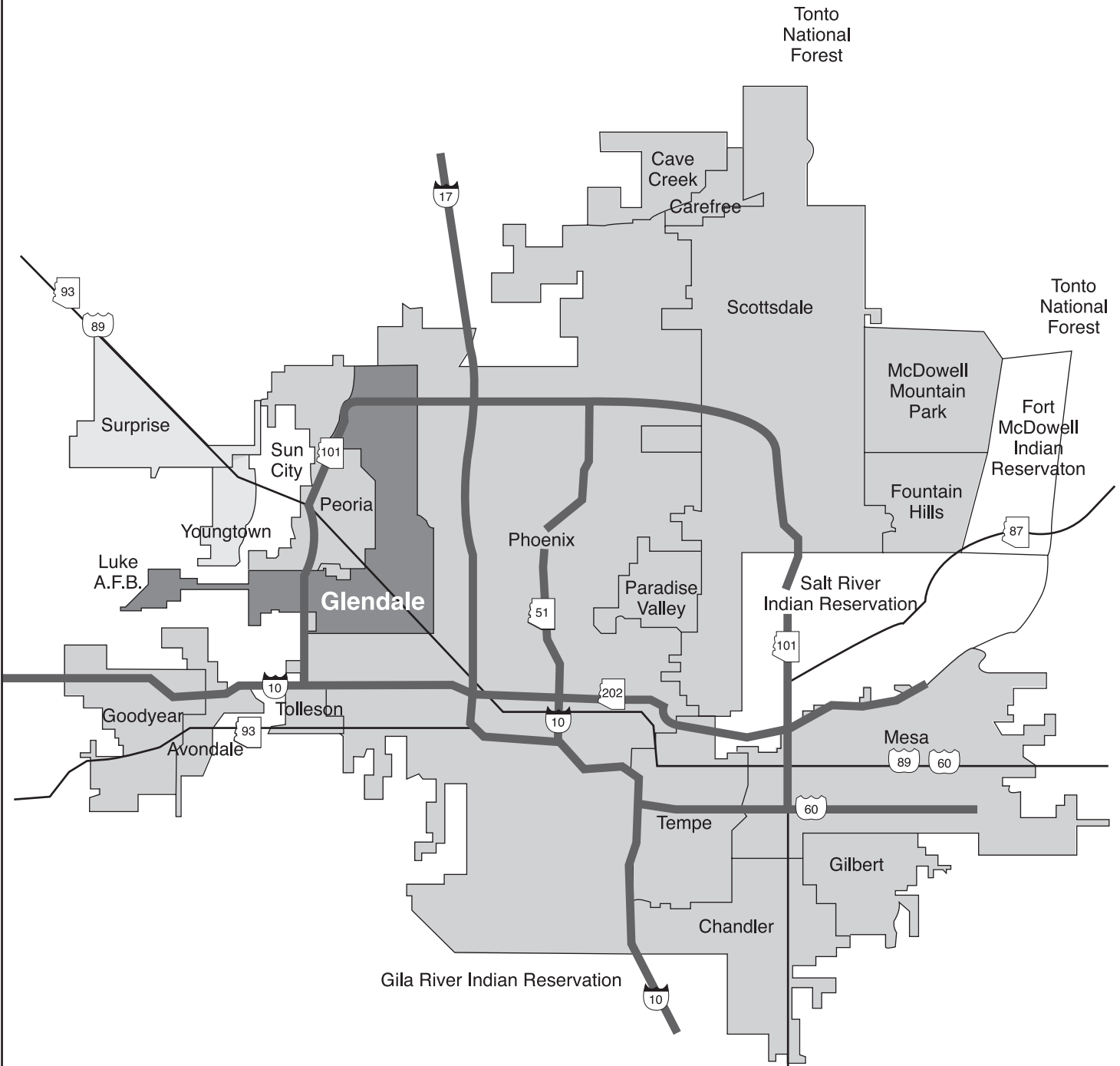


President

Executive Director



Glendale, Arizona and Neighboring Communities





Glendale 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



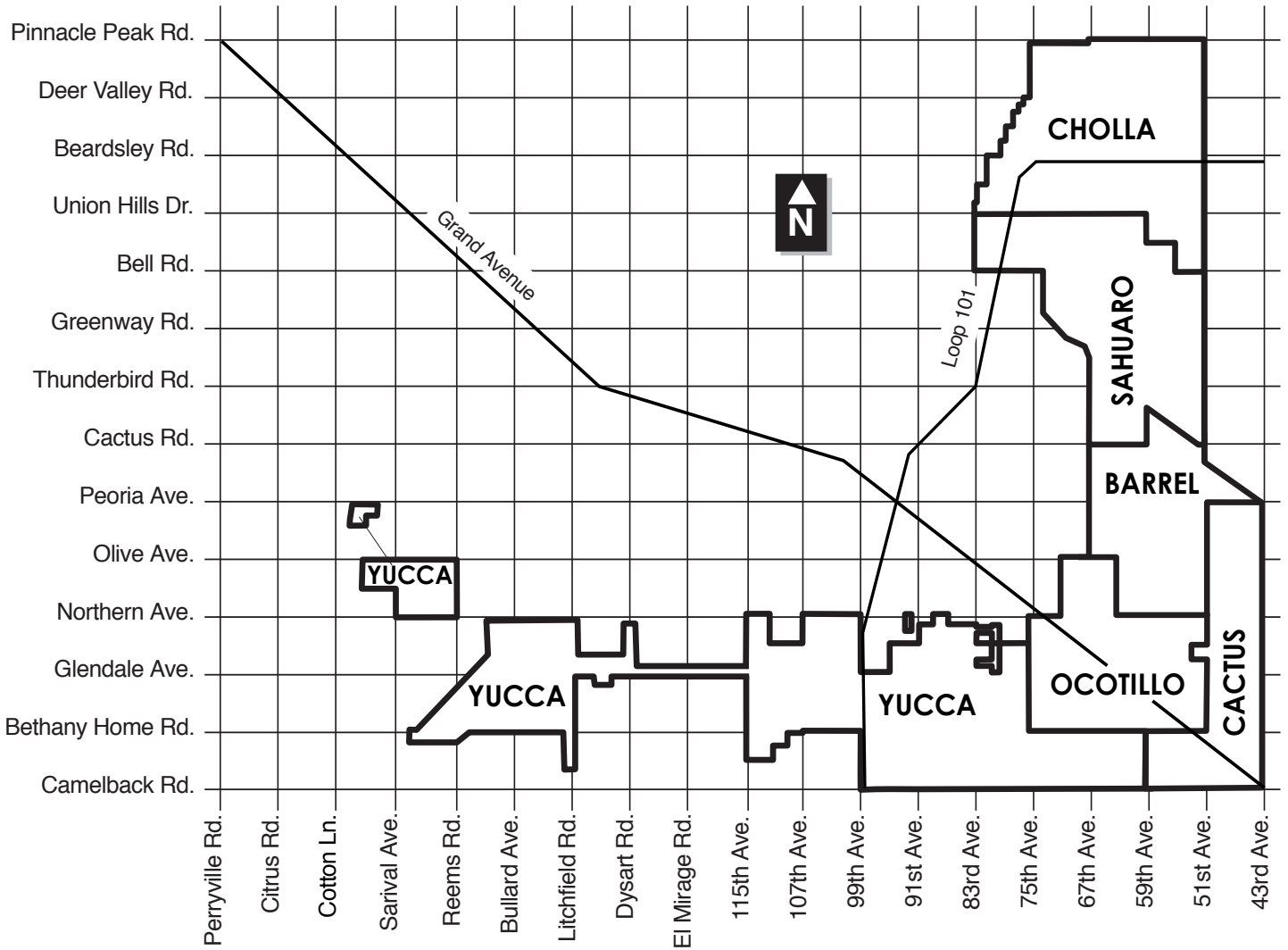
MANUEL D. MARTINEZ
Councilmember
Cholla District



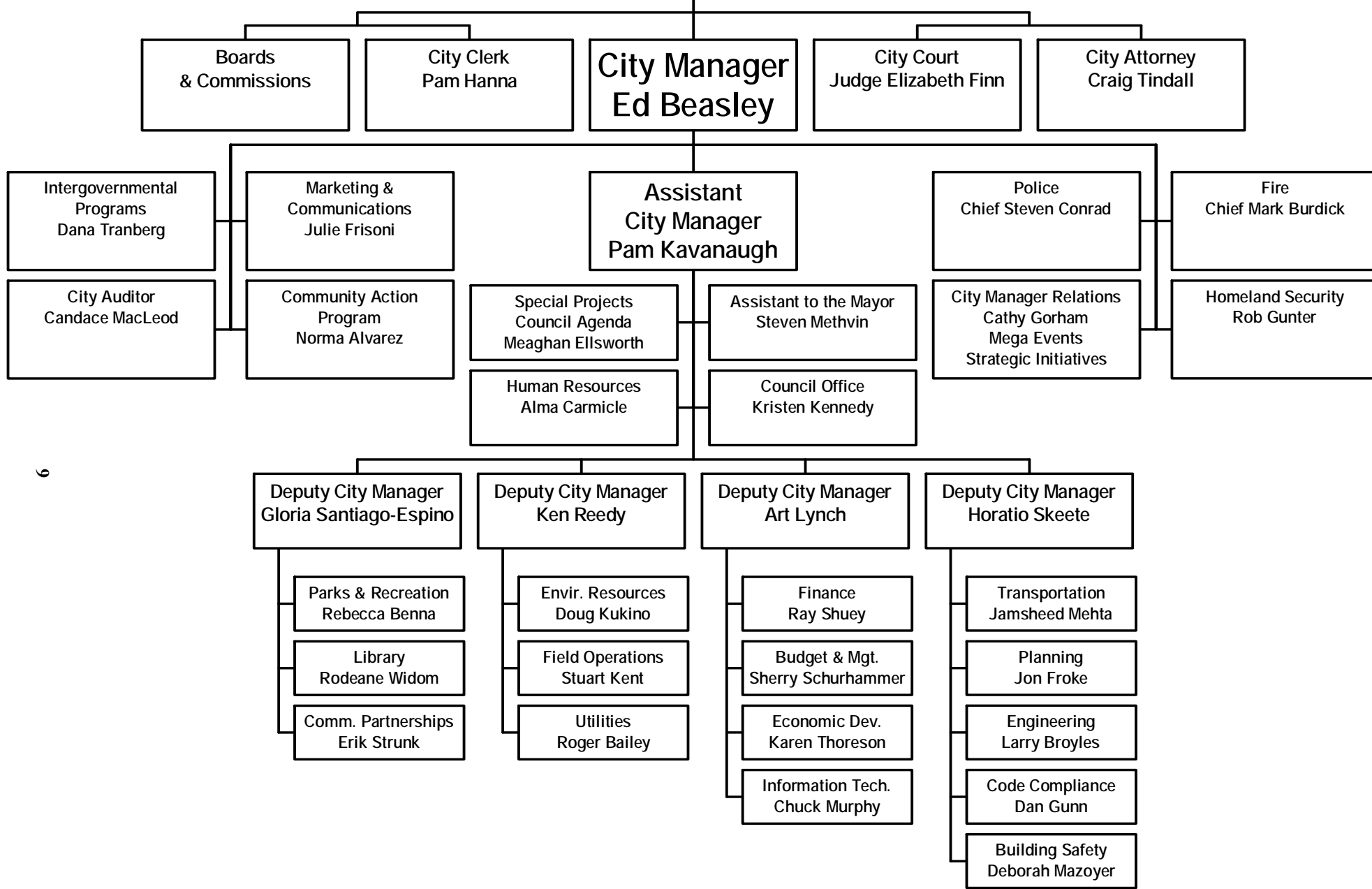
ED BEASLEY
City Manager



Glendale Council District Boundaries



Mayor & Council



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City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL SECTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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Gary Heinfeld, CPA, CGFM
Nancy A. Meech, CPA, CGFM
Jennifer L. Shields, CPA
Corey Arvizu, CPA

Scott W. Kies, CPA
Kimberly A. Robinson, CPA
Kera Badalamenti, CPA

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, 2006, 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 as listed above, and the aggregate remaining fund information of the City of Glendale, Arizona as of June 30, 2006, 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 3, 2006, on our consideration of City of Glendale, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 77 through 80 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information such as the introductory section, combining statements, other supplementary information and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section 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 3, 2006



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION & ANALYSIS

(Required Supplementary Information)

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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Management's Discussion and Analysis

As management of the City of Glendale (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2006. 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 2005-06 as follows.

- The City's total net assets increased \$46,348 or 4.69%. The governmental net assets increased by \$36,244 or 6.11% and the business-type net assets increased by \$10,104 or 2.56%.
- General revenues from governmental activities increased \$20,548 or 13.33%, and were 71.06% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions increased \$10,760 or 17.82%.
- The business-type activities revenue increased by \$3,414 or 3.64%.
- The total cost of all City programs increased by \$27,320 or 10.17%.
- A major governmental fund, the general fund, had \$146,468 in revenues, which is an increase of \$20,733 or 16.49% 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 \$137,590, which is an increase of \$19,876 or 16.89% from the prior year. The fund balance increased \$6,415 or 9.71%. This increase resulted from increased tax and special assessments revenue, and intergovernmental revenues.
- The City issued 1) \$80,000 in subordinate lien water and sewer bonds to fund the construction of various water and sewer improvements, 2) \$29,365 in general obligation bonds to fund the construction of public improvements, 3) \$9,065 in general obligation refunding bonds to advance refund outstanding general obligation bonds, 4) \$15,745 in street and highway user revenue bonds to fund the construction of certain street and highway public improvements. In addition, its municipal property corporation (MPC) issued the following: 1) \$33,250 in excise tax revenue bonds to fund the construction of a public training facility and constructing infrastructure improvements within the City, and 2) \$14,673 in excise tax revenue bonds to finance the development of infrastructure, a convention center, parking structure and media center.

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.

CITY OF GLENDALE, ARIZONA
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

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 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.

CITY OF GLENDALE, ARIZONA
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

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.

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 \$1,033,674 as of June 30, 2006.

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.

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CITY OF GLENDALE, ARIZONA
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2006
(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, 2006, and 2005
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 293,114	\$ 277,726	\$ 196,267	\$ 142,260	\$ 489,381	\$ 419,986
Capital assets	869,900	766,969	457,034	423,570	1,326,934	1,190,539
Total assets	1,163,014	1,044,695	653,301	565,830	1,816,315	1,610,525
Current liabilities	44,443	39,346	12,003	10,873	56,446	50,219
Long-term liabilities	489,474	412,496	236,721	160,484	726,195	572,980
Total liabilities	533,917	451,842	248,724	171,357	782,641	623,199
Net assets:						
Invested in capital assets, net of related debt	398,517	372,778	233,387	274,620	631,904	647,398
Restricted	155,163	179,434	12,437	11,249	167,781	190,683
Unrestricted	75,417	40,641	158,753	108,604	233,989	149,245
Total net assets	\$ 629,097	\$ 592,853	\$ 404,577	\$ 394,473	\$ 1,033,674	\$ 987,326

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.

Changes in net assets. The City's revenue from governmental activities for the fiscal year ended June 30, 2006, was \$245,168. The cost of programs and services for governmental activities were \$209,624.

The City's revenue from business-type activities for the fiscal year ended June 30, 2006, was \$97,084. The cost of programs and services were \$86,280.

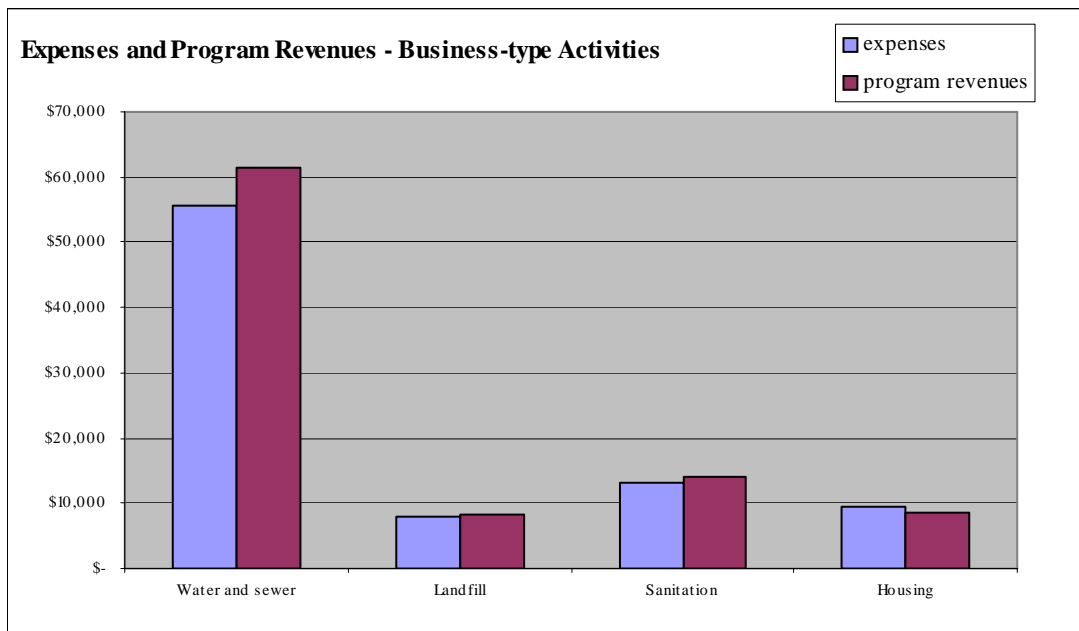
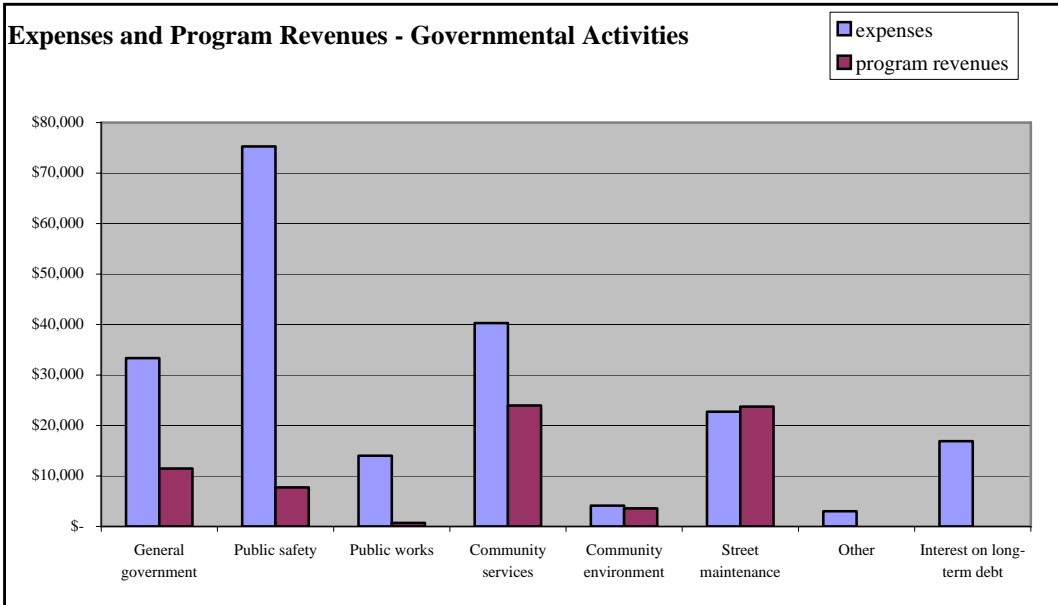
CITY OF GLENDALE, ARIZONA
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2006 and 2005.

	Changes in Net Assets (in thousands)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 32,769	\$ 27,652	\$ 79,251	\$ 77,422	\$ 112,020	\$ 105,074
Operating grants and contributions	31,973	26,535	8,020	8,027	39,993	34,562
Capital grants and contributions	6,406	6,201	5,403	5,954	11,809	12,155
Total program revenues	<u>71,148</u>	<u>60,388</u>	<u>92,674</u>	<u>91,403</u>	<u>163,822</u>	<u>151,791</u>
General revenues:						
Property taxes	21,386	19,422	-	-	21,386	19,422
Sales taxes	90,968	77,166	-	-	90,968	77,166
State shared sales tax	23,298	20,271	-	-	23,298	20,271
Urban revenue sharing (state shared income tax)	22,909	20,115	-	-	22,909	20,115
Auto in-lieu taxes	10,444	9,414	-	-	10,444	9,414
Investment earnings, unrestricted	4,395	2,654	3,466	2,065	7,861	4,719
Gain on disposal of capital assets	348	225	844	-	1,192	225
Miscellaneous	272	275	100	202	372	477
Total revenues	<u>245,168</u>	<u>209,930</u>	<u>97,084</u>	<u>93,670</u>	<u>342,252</u>	<u>303,600</u>
Expenses:						
General government	33,329	31,603	-	-	33,329	31,603
Public safety	75,277	64,277	-	-	75,277	64,277
Public works	13,995	14,309	-	-	13,995	14,309
Community services	40,275	37,394	-	-	40,275	37,394
Community environment	4,125	3,236	-	-	4,125	3,236
Street maintenance	22,720	21,355	-	-	22,720	21,355
Other	3,020	238	-	-	3,020	238
Interest on long-term debt	16,883	16,986	-	-	16,883	16,986
Water and sewer	-	-	55,607	50,190	55,607	50,190
Landfill	-	-	7,950	7,431	7,950	7,431
Sanitation	-	-	13,257	12,287	13,257	12,287
Housing	-	-	9,466	9,278	9,466	9,278
Total expenses	<u>209,624</u>	<u>189,398</u>	<u>86,280</u>	<u>79,186</u>	<u>295,904</u>	<u>268,584</u>
Excess before transfers	<u>35,544</u>	<u>20,532</u>	<u>10,804</u>	<u>14,484</u>	<u>46,348</u>	<u>35,016</u>
Transfers in (out)	<u>700</u>	<u>(164)</u>	<u>(700)</u>	<u>164</u>	<u>-</u>	<u>-</u>
Increase in net assets	<u>36,244</u>	<u>20,368</u>	<u>10,104</u>	<u>14,648</u>	<u>46,348</u>	<u>35,016</u>
Net assets, beginning	<u>592,853</u>	<u>572,485</u>	<u>394,473</u>	<u>379,825</u>	<u>987,326</u>	<u>952,310</u>
Net assets, ending	<u>\$ 629,097</u>	<u>\$ 592,853</u>	<u>\$ 404,577</u>	<u>\$ 394,473</u>	<u>\$ 1,033,674</u>	<u>\$ 987,326</u>

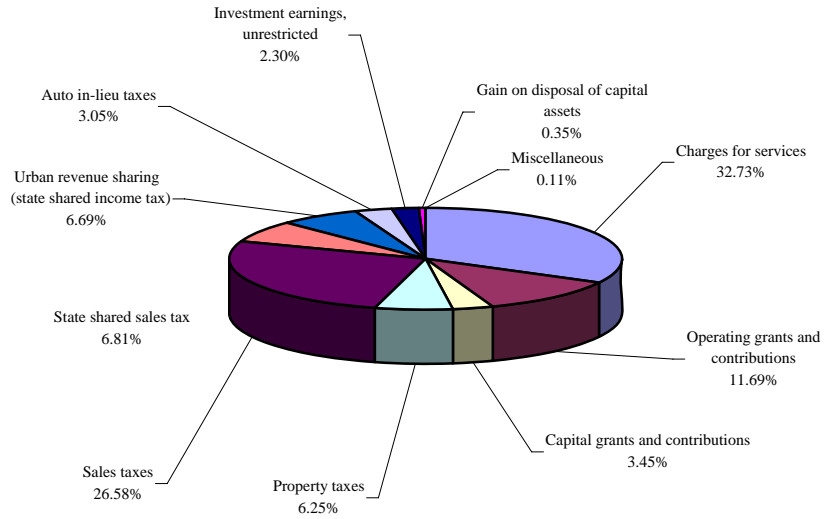
The size of the increase in net assets results primarily from sustained economic growth including developer investment in city facilities and infrastructure.

CITY OF GLENDALE, ARIZONA
 Management's Discussion and Analysis (MD&A)
 For the Fiscal Year Ended June 30, 2006
 (amounts expressed in thousands)

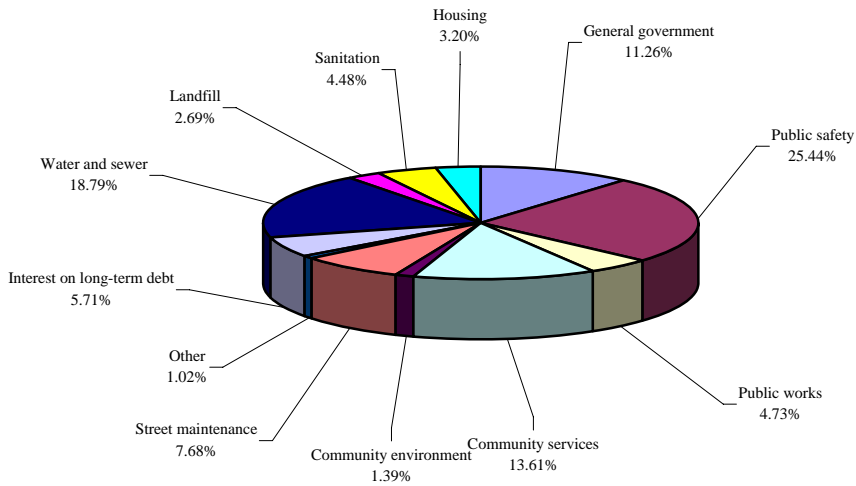


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 (amounts expressed in thousands)

Revenue Sources Fiscal Year 2005-06



Functional Expenses Fiscal Year 2005-06



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 For the Fiscal Year Ended June 30, 2006
 (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 \$210,053, an increase of \$8,369 or 4.15% in comparison with the prior year.
- *Unreserved undesignated fund balance*, which is available for spending at the City's discretion within a fund, was \$129,642, an increase of \$7,605 or 5.99% from the prior year.
- The City also had \$27,310 in unreserved, designated fund balance, which represents self-imposed limitations on the use of otherwise available expendable financial resources in governmental funds as discussed in Note XV.
- 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	\$ 10,287
Special revenue	26,273
Debt service	11,531
Capital projects	98
Permanent	<u>4,912</u>
Total	<u>\$ 53,065</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 \$62,166, while total fund balance reached \$72,453. 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 45.18% of total general fund expenditures, while total fund balance represents 52.66% of that same amount.

The transportation fund accounts for the City's public transit program. The fund saw a decrease in fund balance of \$8,752 for the fiscal year ended June 30, 2006. This decrease is due to increase in capital outlay.

The general obligation debt service fund accounts for the accumulation of resources for, and payment of, general obligation debt. The fund saw an increase in fund balance of \$1,594 for the fiscal year ended June 30, 2006, due to an increase in revenues collected.

The municipal property corporation construction fund accounts for the resources used to finance municipal projects. The fund saw an increase in fund balance of \$16,668 for the fiscal year ended June 30, 2006. This was due to bonds being issued.

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For the Fiscal Year Ended June 30, 2006
(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 \$9,955 for the fiscal year ended June 30, 2006. 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 \$11,293 or 2.81%. The enterprise funds' total net assets were 3.07% restricted and 39.37% 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 \$8,256 for the fiscal year ended June 30, 2006. This increase is due to 1) operating revenue greater than operating expenses, and 2) increased investment earnings.

The landfill fund accounts for operations of the City-owned landfill. The fund saw an increase of \$1,021 for the fiscal year ended June 30, 2006. This increase is due to operating revenues exceeding operating expenses.

The internal service fund accounts for risk management, workers' compensation, and employee benefits provided to other departments. The fund saw an increase of \$1,273 for the fiscal year ended June 30, 2006. This is due to increased operating revenue as a result of increased self-insurance premiums.

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 special regulatory licenses and 2) the completion of the Glendale stadium.
- General fund expenditures to appropriations final amended budget exceeded the original budget by \$2,215 primarily due to a \$5,038 increase in capital outlay for parks projects, of which \$2,823 was covered by contingency funds.
- General fund revenues exceeded the final amended budget by \$24,226 or 16.79%, primarily due to increase in state shared revenues and charges for services.
- General fund expenditures were less than the final amended budget by \$28,569 or 15.40%. This positive variance resulted from \$11,585 in leftover 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, 2006, for its governmental-type activities was \$869,900 and for the business-type activities was \$457,034. 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, 2006
(amounts expressed in thousands)

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

- Completion of Recreation & Aquatics Center, \$14,710;
- Completion of Fire Station No. 159, \$3,618;
- Completion of Desert Valley Park, \$727;
- Completion of West Area Water Reclamation Facility, \$43,944; and
- Purchase of land for Oasis Water Treatment Plant, \$3,779.

The following table is a summary of capital assets reflected in the June 30, 2006, as compared to last year's financial statements.

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

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2006	2005	2006	2005	2006	2005
Construction in progress	\$ 98,504	\$ 69,406	\$ 47,972	\$ 69,715	\$ 146,476	\$ 139,121
Land	63,372	49,762	11,609	9,477	74,981	59,239
Artwork	1,189	1,189	-	-	1,189	1,189
Buildings	145,570	130,333	8,890	9,137	154,460	139,470
Improvements other than buildings	71,401	70,927	19,773	9,850	91,174	80,777
Infrastructure-streets	371,535	355,182	-	-	371,535	355,182
Infrastructure-parks	51,687	25,237	-	-	51,687	25,237
Infrastructure-airport	8,156	7,401	-	-	8,156	7,401
Infrastructure-flood/storm drains	26,804	25,957	-	-	26,804	25,957
Water lines	-	-	69,298	65,194	69,298	65,194
Sewer lines	-	-	80,529	79,180	80,529	79,180
Water treatment plant	-	-	65,626	68,976	65,626	68,976
Sewer treatment plant	-	-	123,531	81,694	123,531	81,694
Meters and services	-	-	19,942	20,624	19,942	20,624
Fire hydrants	-	-	3,580	3,681	3,580	3,681
Machinery and equipment	17,063	19,499	458	537	17,521	20,036
Computer equipment	421	574	217	264	638	838
Software	241	294	-	-	241	294
Automotive equipment	13,957	11,208	5,609	5,241	19,566	16,449
Total	\$ 869,900	\$ 766,969	\$ 457,034	\$ 423,570	\$ 1,326,934	\$ 1,190,539

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 \$681,679 compared to \$535,306 last year, a 27.3% net increase. Of this amount, \$188,230 comprises debt backed by the full faith and credit of the City and \$39 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, 2006
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
General obligation	\$ 175,155	\$ 157,065	\$ 13,075	\$ 14,005	\$ 188,230	\$ 171,070
Special assessments	39	75	-	-	39	75
Highway user revenue bonds	35,940	22,455	-	-	35,940	22,455
Municipal property corporation revenue bonds	223,988	177,950	-	-	223,988	177,950
Capital lease obligation	12,875	13,704	2,613	2,676	15,488	16,380
Water and sewer revenue bonds/obligations	-	-	190,020	115,140	190,020	115,140
Notes payable	15,689	18,576	12,285	13,660	27,974	32,236
Total	\$ 463,686	\$ 389,825	\$ 217,993	\$ 145,481	\$ 681,679	\$ 535,306

The City's total long-term debt increased by \$146,373 from the prior year. A key factor in this increase was the issuance of general obligation, highway user revenue, subordinate lien water and sewer revenue obligations and municipal property corporation excise tax revenue bonds during the year.

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, 2006, was \$23,635 and \$140,730, 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 2006-07 budget is \$913,000 (up 25.07% from 2005-06), including a \$337,000 operating budget (an increase of 16.21% from 2006) and \$435,000 in capital outlay (up 33.23% from 2006). The fiscal year 2006-07 budget includes \$88,000 contingency appropriation to cover emergency expenses or revenue shortages.

- Fiscal year 2005-06 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 2006 was 4.0%, which is the same rate from a year ago. This compares favorably to the state's average unemployment rate of 4.6% and the national average rate of 4.6%.

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.

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City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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City of Glendale, Arizona
Statement of Net Assets
June 30, 2006
(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and investments	\$ 248,295	\$ 60,730	\$ 309,025
Receivables (net of allowance for uncollectibles)			
Property taxes	907	-	907
Accounts	12,184	9,433	21,617
Accrued interest	710	242	952
Intergovernmental receivable	9,294	119	9,413
Internal balances	880	(880)	-
Inventories and prepaid items	5,037	2,051	7,088
Restricted cash and investments	11,235	72,925	84,160
Capital assets:			
Non-depreciable	163,065	59,581	222,646
Depreciable (net)	706,835	397,453	1,104,288
Deferred receivable	4,572	-	4,572
Water storage right (net)	-	6,355	6,355
Equity in joint venture	-	45,292	45,292
Total assets	<u>1,163,014</u>	<u>653,301</u>	<u>1,816,315</u>
LIABILITIES			
Vouchers payable	25,324	5,990	31,314
Accounts payable	693	30	723
Retainage payable	1,340	-	1,340
Accrued interest payable	7,414	4,582	11,996
Intergovernmental payable	189	278	467
Deposits	1,170	891	2,061
Unearned revenue	8,313	232	8,545
Noncurrent liabilities:			
Due within one year	34,884	10,372	45,256
Due in more than one year	454,590	226,349	680,939
Total liabilities	<u>533,917</u>	<u>248,724</u>	<u>782,641</u>
NET ASSETS			
Invested in capital assets, net of related debt	398,517	233,387	631,904
Restricted for:			
Capital projects	72,113	-	72,113
Debt service	11,927	1,599	13,526
Transportation	51,021	-	51,021
Highway and streets	6,014	-	6,014
Vehicle replacement	6,146	-	6,146
Revenue bond retirement, replacement, and extension	-	10,017	10,017
Perpetual care - nonexpendable	4,988	-	4,988
Other purposes	2,954	821	3,775
Unrestricted	75,417	158,753	234,170
Total net assets	<u>\$ 629,097</u>	<u>\$ 404,577</u>	<u>\$ 1,033,674</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, 2006
(amounts expressed in thousands)

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 33,329	\$ 10,726	\$ 592	\$ 157
Public safety	75,277	1,375	6,344	-
Public works	13,995	516	170	-
Community services	40,275	20,121	2,807	1,030
Community environment	4,125	31	3,538	-
Street maintenance	22,720	-	18,522	5,219
Other	3,020	-	-	-
Interest on long-term debt	16,883	-	-	-
Total governmental activities	<u>209,624</u>	<u>32,769</u>	<u>31,973</u>	<u>6,406</u>
Business-type activities:				
Water and sewer	55,607	56,153	-	5,292
Landfill	7,950	8,362	-	-
Sanitation	13,257	14,167	-	-
Housing	9,466	569	8,020	111
Total business-type activities	<u>86,280</u>	<u>79,251</u>	<u>8,020</u>	<u>5,403</u>
Total primary government	<u>\$ 295,904</u>	<u>\$ 112,020</u>	<u>\$ 39,993</u>	<u>\$ 11,809</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

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
\$ (21,854)	\$ -	\$ (21,854)
(67,558)	-	(67,558)
(13,309)	-	(13,309)
(16,317)	-	(16,317)
(556)	-	(556)
1,021	-	1,021
(3,020)	-	(3,020)
(16,883)	-	(16,883)
<u>(138,476)</u>	<u>-</u>	<u>(138,476)</u>
-	5,838	5,838
-	412	412
-	910	910
-	(766)	(766)
-	<u>6,394</u>	<u>6,394</u>
<u>(138,476)</u>	<u>6,394</u>	<u>(132,082)</u>
3,643	-	3,643
17,743	-	17,743
90,968	-	90,968
23,298	-	23,298
22,909	-	22,909
10,444	-	10,444
4,395	3,466	7,861
348	844	1,192
272	100	372
700	(700)	-
<u>174,720</u>	<u>3,710</u>	<u>178,430</u>
36,244	10,104	46,348
592,853	394,473	987,326
<u>\$ 629,097</u>	<u>\$ 404,577</u>	<u>\$ 1,033,674</u>

City of Glendale, Arizona

Balance Sheet

Governmental Funds

June 30, 2006

(amounts expressed in thousands)

	Major Funds					Other Non-major Governmental Funds	Total Governmental Funds
	General	Transportation	General Obligation Debt Service	Municipal Property Corp Construction	Parks Bond Construction		
ASSETS							
Equity in pooled cash and investments	\$ 69,940	\$ 24,848	\$ 24,173	\$ 23,863	\$ 16,449	\$ 73,467	\$ 232,740
Receivables, net of allowance for doubtful accounts:							
Property taxes	156	-	751	-	-	-	907
Accounts	8,235	2,145	-	-	-	1,788	12,168
Accrued interest	610	-	-	-	35	65	710
Due from other Funds	1,861	-	-	-	-	-	1,861
Intergovernmental receivable	2,972	202	-	-	-	6,120	9,294
Inventories and prepaid items	180	-	-	-	-	234	414
Restricted cash and investments	117	-	-	-	-	10,968	11,085
Deferred receivables	484	-	-	-	-	4,088	4,572
Total assets	<u>\$ 84,555</u>	<u>\$ 27,195</u>	<u>\$ 24,924</u>	<u>\$ 23,863</u>	<u>\$ 16,484</u>	<u>\$ 96,730</u>	<u>\$ 273,751</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Vouchers payable	\$ 6,887	\$ 2,969	\$ -	\$ 6,018	\$ 1,469	\$ 6,787	\$ 24,130
Accounts payable	693	-	-	-	-	-	693
Retainage payable	31	67	-	1,177	59	6	1,340
Compensated absences - current	890	21	-	-	-	84	995
Intergovernmental payable	185	-	-	-	-	4	189
Due to other funds	-	-	-	-	-	1,833	1,833
Deposits	1,104	-	-	-	-	66	1,170
Matured interest payable	-	-	2,852	-	-	4,562	7,414
Deferred revenue	2,312	64	524	-	-	6,453	9,353
Matured bonds payable	-	-	11,921	-	-	4,660	16,581
Total liabilities	<u>12,102</u>	<u>3,121</u>	<u>15,297</u>	<u>7,195</u>	<u>1,528</u>	<u>24,455</u>	<u>63,698</u>
Fund Balances:							
Reserved (Note XV)	10,287	-	9,627	-	-	33,187	53,101
Unreserved:							
Designated (Note XV):							
General fund	3,404	-	-	-	-	-	3,404
Special revenue funds	-	212	-	-	-	468	680
Capital project funds	-	-	-	-	-	23,226	23,226
Undesignated, reported in:							
General fund	58,762	-	-	-	-	-	58,762
Special revenue funds	-	23,862	-	-	-	6,138	30,000
Capital projects funds	-	-	-	16,668	14,956	9,256	40,880
Total fund balances	<u>72,453</u>	<u>24,074</u>	<u>9,627</u>	<u>16,668</u>	<u>14,956</u>	<u>72,275</u>	<u>210,053</u>
Total liabilities and fund balances	<u>\$ 84,555</u>	<u>\$ 27,195</u>	<u>\$ 24,924</u>	<u>\$ 23,863</u>	<u>\$ 16,484</u>	<u>\$ 96,730</u>	<u>\$ 273,751</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, 2006
(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	\$	210,053
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$	1,141,024
Less accumulated depreciation		<u>(271,124)</u>
		869,900
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		5,403
Internal service funds are used by management to charge the costs of workers' compensation, risk management, and employee benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		7,106
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	(418,541)	
Notes payable	(15,689)	
Capital lease obligations	(12,875)	
Compensated absences	(11,758)	
Bond premium	<u>(5,542)</u>	
		(464,405)
Deferred revenue that is measurable but not yet available for governmental fund activities is recognized as revenue for governmental-wide activities.		1,040
Net assets of governmental activities	<u>\$</u>	<u>629,097</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, 2006
(amounts expressed in thousands)

	Major Funds					Other Non-Major Governmental Funds	Total Governmental Funds
	General	Transportation	General Obligation Debt Service	Municipal Property Corp Construction	Parks Bond Construction		
REVENUES							
Taxes and special assessments	\$ 65,463	\$ 23,215	\$ 17,902	\$ -	\$ -	\$ 5,996	\$ 112,576
Licenses and permits	10,267	-	-	-	-	5,772	16,039
Intergovernmental	57,508	1,953	-	-	-	27,533	86,994
Charges for services	3,594	188	-	-	-	5,056	8,838
Fines and forfeitures	3,564	-	-	-	-	-	3,564
Investment income	3,968	1,045	33	-	621	2,158	7,825
Miscellaneous	2,104	327	-	-	21	1,684	4,136
Total revenues	<u>146,468</u>	<u>26,728</u>	<u>17,935</u>	<u>-</u>	<u>642</u>	<u>48,199</u>	<u>239,972</u>
EXPENDITURES							
Current:							
General government	19,859	-	-	419	56	1,534	21,868
Public safety	64,721	-	-	-	-	8,024	72,745
Public works	12,195	-	-	-	-	57	12,252
Community services	23,741	8,863	-	-	-	3,000	35,604
Community environment	346	-	-	-	-	3,632	3,978
Street maintenance	-	-	-	-	-	11,609	11,609
Miscellaneous	2,647	-	109	-	-	162	2,918
Debt service:							
Principal	3,131	-	10,394	-	-	6,803	20,328
Interest	1,208	-	5,936	-	-	10,078	17,222
Capital outlay	9,742	26,532	-	30,819	18,372	45,778	131,243
Total expenditures	<u>137,590</u>	<u>35,395</u>	<u>16,439</u>	<u>31,238</u>	<u>18,428</u>	<u>90,677</u>	<u>329,767</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,878</u>	<u>(8,667)</u>	<u>1,496</u>	<u>(31,238)</u>	<u>(17,786)</u>	<u>(42,478)</u>	<u>(89,795)</u>
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	-	-	-	46,387	7,761	38,885	93,033
Refunding bonds issued	-	-	9,065	-	-	-	9,065
Premium on long-term debt issued	-	-	615	519	122	526	1,782
Proceeds from equipment disposal	2,159	-	-	1,000	-	7	3,166
Payment to refunded bonds escrow agent	-	-	(9,582)	-	-	-	(9,582)
Other uses:							
Transfers in	2,036	900	-	-	-	17,078	20,014
Transfers out	(6,658)	(985)	-	-	(52)	(11,619)	(19,314)
Total other financing sources and uses	<u>(2,463)</u>	<u>(85)</u>	<u>98</u>	<u>47,906</u>	<u>7,831</u>	<u>44,877</u>	<u>98,164</u>
Net change in fund balances	<u>6,415</u>	<u>(8,752)</u>	<u>1,594</u>	<u>16,668</u>	<u>(9,955)</u>	<u>2,399</u>	<u>8,369</u>
Fund balances, July 1	66,038	32,826	8,033	-	24,911	69,876	201,684
Fund balances, June 30	<u>\$ 72,453</u>	<u>\$ 24,074</u>	<u>\$ 9,627</u>	<u>\$ 16,668</u>	<u>\$ 14,956</u>	<u>\$ 72,275</u>	<u>\$ 210,053</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, 2006
(amounts expressed in thousands)

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

Net change in fund balances - total governmental funds	\$	8,369
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount by which capital outlays of \$131,243 exceeded depreciation of \$31,686 for the current period.</p>		
		99,557
<p>The net effect of various transactions involving capital is to increase net assets.</p>		
Capital contributions	\$	5,203
Disposals		(3,523)
Gain on sales		348
		<u>2,028</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
		497
<p>The net effect of long-term debt issuance and the related transactions is to increase net assets.</p>		
Bond premium		(1,782)
Bonds issuance costs		835
Payment to refunded bonds escrow agent		9,582
Principal paid		20,328
Long-term debt issued		(93,033)
Refunding bonds issued		(9,065)
		<u>(73,135)</u>
<p>Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		(1,906)
<p>Internal service funds are used by management to charge the costs of workers' compensation, risk management, and employee benefits individual funds.</p>		
		693
<p>The net revenue of certain activities as unearned revenue is reported in governmental activities.</p>		
		4
<p>Expenses on the statement of activities differ from governmental funds because of the portion not accrued on the governmental funds.</p>		
		137
Change in net assets of governmental activities	<u>\$</u>	<u>36,244</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, 2006
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds		Other Proprietary Funds	Total	
	Water and Sewer	Landfill			
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 38,184	\$ 18,476	\$ 4,070	\$ 60,730	\$ 15,555
Receivables:					
Accounts	6,968	971	1,710	9,649	-
Allowance for uncollectibles	(187)	(4)	(26)	(217)	-
Accrued interest	242	-	-	242	-
Intergovernment receivable	2	-	117	119	-
Inventories and prepaid items	2,046	-	5	2,051	88
Total current assets	<u>47,255</u>	<u>19,443</u>	<u>5,876</u>	<u>72,574</u>	<u>15,643</u>
Noncurrent assets:					
Restricted cash and investments	72,904	-	21	72,925	150
Capital assets:					
Capital assets	560,477	20,423	20,716	601,616	-
Accumulated depreciation	(126,030)	(7,002)	(11,550)	(144,582)	-
Capital assets, net	<u>434,447</u>	<u>13,421</u>	<u>9,166</u>	<u>457,034</u>	<u>-</u>
Water storage rights, net	6,355	-	-	6,355	-
Equity in joint venture	45,292	-	-	45,292	-
Total noncurrent assets	<u>558,998</u>	<u>13,421</u>	<u>9,187</u>	<u>581,606</u>	<u>150</u>
Total assets	<u>606,253</u>	<u>32,864</u>	<u>15,063</u>	<u>654,180</u>	<u>15,793</u>
LIABILITIES					
Current liabilities:					
Vouchers payable	5,590	265	135	5,990	1,194
Accounts payable	-	-	30	30	-
Compensated absences	869	158	267	1,294	-
Due to other funds	-	-	28	28	-
Intergovernment payable	166	-	112	278	-
Deposits	637	140	109	886	-
Unearned rent	-	-	5	5	-
Estimated claims payable	-	-	-	-	4,931
Current portion of long-term debt:					
General obligation bonds	780	179	-	959	-
Unamortized premium on debt issuance	341	-	-	341	-
Revenue bonds/obligations payable	5,390	-	-	5,390	-
Capital lease obligations	25	176	764	965	-
Other long-term debt	1,423	-	-	1,423	-
Interest payable	4,541	19	22	4,582	-
Total current liabilities	<u>19,762</u>	<u>937</u>	<u>1,472</u>	<u>22,171</u>	<u>6,125</u>
Noncurrent liabilities:					
Deferred revenue	-	232	-	232	-
Compensated absences	298	61	259	618	-
General obligation bonds	11,595	521	-	12,116	-
Unamortized premium on debt issuance	5,926	-	-	5,926	-
Revenue bonds/obligations payable	184,630	-	-	184,630	-
Other long-term debt	140	-	21	161	-
Note payable	10,862	-	-	10,862	-
Capital lease obligations	-	-	1,648	1,648	-
Claims payable	-	-	-	-	2,562
Estimated closure and post-closure costs	-	10,388	-	10,388	-
Total noncurrent liabilities	<u>213,451</u>	<u>11,202</u>	<u>1,928</u>	<u>226,581</u>	<u>2,562</u>
Total liabilities	<u>233,213</u>	<u>12,139</u>	<u>3,400</u>	<u>248,752</u>	<u>8,687</u>
NET ASSETS					
Invested in capital assets, net of related debt	214,086	12,546	6,755	233,387	-
Restricted for:					
Debt service	1,599	-	-	1,599	-
Revenue bond retirement, replacement and extension	10,017	-	-	10,017	-
Other purposes	226	-	595	821	-
Unrestricted	147,112	8,179	4,313	159,604	7,106
Total net assets	<u>\$ 373,040</u>	<u>\$ 20,725</u>	<u>\$ 11,663</u>	<u>405,428</u>	<u>\$ 7,106</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(851)	
Net assets of business-type activities				<u>\$ 404,577</u>	

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

City of Glendale, Arizona
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Major Funds		Other Proprietary Funds	Total	
	Water and Sewer	Landfill			
Operating revenues:					
Intergovernmental	\$ 21	\$ -	\$ 8,019	\$ 8,040	\$ -
Metered water sales	28,412	-	-	28,412	-
Sewer service charges	18,585	-	-	18,585	-
Container service	-	-	4,541	4,541	-
Curb service	-	-	9,567	9,567	-
Landfill user fees	-	5,134	-	5,134	-
Self-insurance premium	-	-	-	-	21,048
Recycling sales	-	2,925	-	2,925	-
Other fees	1,593	149	577	2,319	-
Total operating revenues	<u>48,611</u>	<u>8,208</u>	<u>22,704</u>	<u>79,523</u>	<u>21,048</u>
Operating expenses:					
Water	15,566	-	-	15,566	-
Sewer	9,940	-	-	9,940	-
Landfill	-	6,272	-	6,272	-
Housing	-	-	9,101	9,101	-
Closure/post-closure care adjustment	-	536	-	536	-
Sanitation	-	-	12,319	12,319	-
Administrative and general	10,410	-	-	10,410	-
Insurance claims	-	-	-	-	20,272
Amortization and depreciation	11,106	1,126	1,251	13,483	-
Total operating expenses	<u>47,022</u>	<u>7,934</u>	<u>22,671</u>	<u>77,627</u>	<u>20,272</u>
Operating income (loss)	<u>1,589</u>	<u>274</u>	<u>33</u>	<u>1,896</u>	<u>776</u>
Nonoperating revenues (expenses):					
Impact fees	7,661	154	51	7,866	-
Investment income	3,154	642	88	3,884	497
Interest expense	(6,918)	(55)	(60)	(7,033)	-
Net loss from joint venture	(1,642)	-	-	(1,642)	-
Amortization of bond issuance cost	(60)	-	-	(60)	-
Gain on disposal of assets	810	6	28	844	-
Intergovernmental - capital grants	-	-	111	111	-
Total nonoperating revenue (expenses)	<u>3,005</u>	<u>747</u>	<u>218</u>	<u>3,970</u>	<u>497</u>
Income before contributions and transfers	4,594	1,021	251	5,866	1,273
Capital contributions	4,854	-	-	4,854	-
Transfers in	-	-	492	492	-
Transfers out	(1,192)	-	-	(1,192)	-
Change in net assets	<u>8,256</u>	<u>1,021</u>	<u>743</u>	<u>10,020</u>	<u>1,273</u>
Total net assets - beginning	364,784	19,704	10,920		5,833
Total net assets - ending	<u>\$ 373,040</u>	<u>\$ 20,725</u>	<u>\$ 11,663</u>		<u>\$ 7,106</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				84	
Change in net assets of business-type activities				<u>\$ 10,104</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, 2006
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds		Other Proprietary Funds	Total	
	Water and Sewer	Landfill			
Cash flows from operating activities:					
Cash received from customers	\$ 48,595	\$ 8,426	\$ 14,653	\$ 71,674	\$ 20,983
Cash received from federal government	-	-	8,231	8,231	-
Cash paid to suppliers:					
Internal city departments	(5,834)	(1,426)	(7,413)	(14,673)	-
External vendors	(17,833)	(2,908)	(8,812)	(29,553)	-
Cash paid for insurance and in settlement of claims	-	-	-	-	(20,395)
Cash paid to employees for services	(12,859)	(2,031)	(5,241)	(20,131)	-
Net cash provided by operating activities:	<u>12,069</u>	<u>2,061</u>	<u>1,418</u>	<u>15,548</u>	<u>588</u>
Cash flows from noncapital financing activities:					
Proceeds from sale of investments	-	-	8	8	-
Transfers in	-	-	492	492	-
Transfers out	(1,192)	-	-	(1,192)	-
Net cash provided by (used) noncapital financing activities	<u>(1,192)</u>	<u>-</u>	<u>500</u>	<u>(692)</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets	810	-	-	810	-
Proceeds from bonds sold	83,044	-	-	83,044	-
Principal payments on obligations	(7,140)	(809)	599	(7,350)	-
Acquisition of capital assets and rights	(44,884)	(86)	(1,527)	(46,497)	-
Impact fees	7,661	154	51	7,866	-
Interest payments on obligations	(6,115)	(66)	(52)	(6,233)	-
Capital grant proceeds	-	-	111	111	-
Net cash provided (used) by capital and related financing activities:	<u>33,376</u>	<u>(807)</u>	<u>(818)</u>	<u>31,751</u>	<u>-</u>
Cash flows from investing activities:					
Interest received from investments	2,999	642	88	3,729	496
Net cash provided by investing activities:	<u>2,999</u>	<u>642</u>	<u>88</u>	<u>3,729</u>	<u>496</u>
Net increase (decrease) in cash and cash equivalents during fiscal year	47,252	1,896	1,188	50,336	1,084
Cash and cash equivalents, July 1	63,836	16,580	2,903	83,319	14,621
Cash and cash equivalents, June 30	<u>\$ 111,088</u>	<u>\$ 18,476</u>	<u>\$ 4,091</u>	<u>\$ 133,655</u>	<u>\$ 15,705</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	Total	
	Water and Sewer	Landfill			
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 1,589	\$ 274	\$ 33	\$ 1,896	\$ 776
Adjustments to reconcile operating income to net cash provided by operations:					
Amortization and Depreciation	11,106	1,126	1,251	13,483	-
Changes in assets and liabilities					
Accounts receivable	(18)	(40)	(35)	(93)	-
Intergovernmental receivable	-	-	183	183	-
Inventories and prepaid items	(714)	-	-	(714)	159
Vouchers payable	(36)	(115)	(110)	(261)	(108)
Accrued expenses	(119)	-	-	(119)	-
Intergovernmental payable	-	-	23	23	-
Due to other funds	-	-	(15)	(15)	-
Deposits	121	24	1	146	-
Unearned rent	-	-	3	3	-
Deferred revenue	-	232	-	232	(49)
Compensated absences	140	22	84	246	-
Claims payable	-	-	-	-	(190)
Proceeds from disposal of assets	-	2	-	2	-
Estimated closure and post-closure costs	-	536	-	536	-
Net cash provided by operating activities	<u>\$ 12,069</u>	<u>\$ 2,061</u>	<u>\$ 1,418</u>	<u>\$ 15,548</u>	<u>\$ 588</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	\$ 38,184	\$ 18,476	\$ 4,070	\$ 60,730	\$ 15,555
Restricted cash and investments	72,904	-	21	72,925	150
Total cash and cash equivalents	<u>\$ 111,088</u>	<u>\$ 18,476</u>	<u>\$ 4,091</u>	<u>\$ 133,655</u>	<u>\$ 15,705</u>
Noncash investing, capital, and financing activities:					
Contributions of capital assets	\$ 4,854	\$ -	\$ -	\$ 4,854	\$ -
Loss on joint venture	(1,642)	-	-	(1,642)	-

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(amounts expressed in thousands)

Notes to the Financial Statements

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

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CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(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 a Mayor elected at large, and six district council members. The City operates under a Council-Manager government. As required by GAAP, these financial statements present the government and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of a government's operations, so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in combined financial statements to emphasize that it is legally separate from the government. The City has no 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:

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(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 (MPC) construction fund* accounts for construction of municipal projects such as a public training facility, parking garage, media center, convention center and infrastructure financed by MPC issued excise tax revenue bonds.

The *parks bond 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

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rather than upon the determination of net income. The following governmental funds are presented in the accompanying financial statements.

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

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

Debt service funds: Debt service funds are used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest, and related costs, except the debt service accounted for in the enterprise funds. Debt service funds also include the debt payable from special assessments, Highway User Gas Tax Revenues and Unrestricted Excise Tax Revenues as well as debt funded by property taxes levied by the City on property located within the City.

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

Permanent funds: Permanent funds are used to account for financial resources to be used by the 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

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current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the related debt service fund for payments to be made shortly after fiscal year-end.

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

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

F. Interfund transactions

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

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

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

G. Statement of cash flows

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

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H. Inventories and prepaid items

Inventories of the governmental and enterprise funds consist primarily of expendable supplies held for consumption. These inventories are maintained on a perpetual system verified through cyclical physical counts and are valued using a weighted average cost. Generally, expenditures are recorded at the time inventories are used (i.e., the Consumption Method) for both GAAP reporting and budgetary purposes. However, the City postage inventory is recorded as an expenditure at time of purchase (i.e., the Purchase Method) for budgetary purposes. At June 30, 2006, the postage portion of the general fund supplies inventory was \$39. 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 the 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 \$7,033. In addition, \$495 was included as part of the cost of capital assets under construction in connection with water and sewer projects.

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Property, plant, and equipment are 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, 2006, is \$2,255. 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, 2006, 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.

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Property Tax Calendar

Lien date	January 1, 2005
Levy (assessment) date (third Monday in August)	August 15, 2005
Due dates:	
First half of assessment	October 1, 2005
Second half of assessment	March 1, 2006
Penalties and interest added (collection dates):	
First half of assessment	November 1, 2005
Second half of assessment	May 2, 2006

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, 2006, 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 eight 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 fund is equal to: 1) vacation and compensatory time taken and paid during the thirty days following the year ended June 30, 2006, and 2) sick leave, taken and paid for illness during that period, paid to terminating employees or paid under the optional annual declaration. Long-term liabilities of governmental funds are not shown on the fund financial statements. For the government-wide financial statements, as well as the proprietary fund financial statements, all of the outstanding vacation, compensatory time, and sick leave are recorded as a liability.

O. Deferred revenue

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

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

Revenues related to Court fines are recorded as deferred 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 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

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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.

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

S. Investments

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

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

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

The City's investment in LGIP represents shares of the pool's portfolio. The fair value of each share in the LGIP is one dollar. These shares are not identified with specific investments and are not subject to custodial credit risk. Neither the County nor LGIP are 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 2005-06 was \$5,264.

II. Compliance - Excess of expenditures over appropriations

For the year ended June 30, 2006, expenditures exceeded appropriations in the housing fund and municipal property corporation construction fund (the legal level of budgetary control) by \$89 and \$3,053, respectively. These over-expenditures were funded by available fund balance in the housing fund in addition to operating transfers. The over-expenditures in the municipal property corporation construction fund were funded through the issuance of bonds.

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 was \$78,734 and the bank balances were \$86,841. The difference of \$8,107 represents deposits in transit, outstanding checks and other reconciling items. Of

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the bank balance, \$300 was insured by the Federal Depository Insurance Corporation (FDIC). The remaining bank balances were covered by \$111,255 of collateral held by the City's agent in the City's name.

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.

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, 2006, the City had the following investments:

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>		
	<u>0 - 1</u>	<u>1 - 2</u>	<u>Fair Value</u>
Commercial paper	\$ 77,156	\$ -	\$ 77,156
U.S. Agencies	99,873	7,819	107,692
U.S. Treasuries	12,920	-	12,920
Total investments	<u>189,949</u>	<u>7,819</u>	<u>197,768</u>
State LGIP total	<u>78,476</u>	<u>-</u>	<u>78,476</u>
Grand total investments	<u>\$ 268,425</u>	<u>\$ 7,819</u>	<u>276,244</u>
Cash deposits			78,734
Other restricted cash			38,207
Total deposits and investments			<u>\$ 393,185</u>

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

Credit risk: As of June 30, 2006, the City's investments were rated by Moody's Investor Service and Standard & Poor's as follows:

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>S&P Rating</u>	<u>% of Investments</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasuries	(N/A)	(N/A)	6.53%	0.43
U.S. Agencies	Aaa	AAA	54.45%	0.31
Commercial paper	P1	A-1+	39.02%	0.10

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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	\$ 16,143
FNMA	U.S. Agencies	39,634
FHLMC	U.S. Agencies	47,977
UBS Finance	Commercial Paper	10,963
GE Capital	Commercial Paper	10,449
CIESCO LP	Commercial Paper	9,960

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.

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June 30, 2006

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IV. Capital assets

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2006, is as follows:

	Balances June 30, 2005	Additions	Transfers	Disposals	Balances June 30, 2006
Governmental activities					
Non-depreciable assets:					
Construction in progress	\$ 69,406	\$ 111,254	\$ (82,156)	\$ -	\$ 98,504
Land	49,762	13,250	1,874	(1,514)	63,372
Artwork	1,189	-	-	-	1,189
Total non-depreciable assets	<u>120,357</u>	<u>124,504</u>	<u>(80,282)</u>	<u>(1,514)</u>	<u>163,065</u>
Depreciable assets:					
Buildings	163,804	-	19,845	-	183,649
Improvements other than buildings	118,732	145	6,646	-	125,523
Infrastructure - streets	469,968	4,940	23,556	(227)	498,237
Infrastructure - parks	35,259	-	27,862	-	63,121
Infrastructure - flood/storm drains	29,056	119	1,121	-	30,296
Infrastructure - airport	12,102	-	1,154	-	13,256
Machinery and equipment	28,772	859	-	(45)	29,586
Computer equipment	1,591	49	-	(62)	1,578
Software	635	53	-	-	688
Automotive equipment	28,551	5,777	-	(2,303)	32,025
Total depreciable assets at historical cost	<u>888,470</u>	<u>11,942</u>	<u>80,184</u>	<u>(2,637)</u>	<u>977,959</u>
Less accumulated depreciation for:					
Buildings	(33,471)	(4,608)	-	-	(38,079)
Improvements other than buildings	(47,805)	(6,317)	-	-	(54,122)
Infrastructure - streets	(114,786)	(12,061)	98	47	(126,702)
Infrastructure - parks	(10,022)	(1,412)	-	-	(11,434)
Infrastructure - flood/storm drains	(3,099)	(393)	-	-	(3,492)
Infrastructure - airport	(4,701)	(399)	-	-	(5,100)
Machinery and equipment	(9,273)	(3,296)	-	46	(12,523)
Computer equipment	(1,017)	(203)	-	63	(1,157)
Software	(341)	(106)	-	-	(447)
Automotive equipment	(17,343)	(2,891)	-	2,166	(18,068)
Total accumulated depreciation	<u>(241,858)</u>	<u>(31,686)</u>	<u>98</u>	<u>2,322</u>	<u>(271,124)</u>
Total depreciable assets, net	<u>646,612</u>	<u>(19,744)</u>	<u>80,282</u>	<u>(315)</u>	<u>706,835</u>
Governmental activities capital assets, net	<u>\$ 766,969</u>	<u>\$ 104,760</u>	<u>\$ -</u>	<u>\$ (1,829)</u>	<u>\$ 869,900</u>

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	Balances June 30, 2005	Additions	Transfers	Disposals	Balances June 30, 2006
Business-type activities:					
Non-depreciable assets:					
Construction in progress - water and sewer	\$ 69,189	\$ 38,717	\$ -	\$ (60,307)	\$ 47,599
Construction in progress - landfill	-	53	-	(53)	-
Construction in progress - housing authority	526	100	-	(253)	373
Land	9,477	5,718	-	(3,586)	11,609
Total non-depreciable assets	<u>79,192</u>	<u>44,588</u>	<u>-</u>	<u>(64,199)</u>	<u>59,581</u>
Depreciable assets:					
Buildings	13,791	243	-	-	14,034
Improvements other than buildings	13,628	10,669	-	-	24,297
Water lines	88,214	5,718	-	-	93,932
Sewer lines	111,977	3,759	-	-	115,736
Water treatment plant	105,776	-	-	-	105,776
Sewer treatment plant	90,674	43,944	-	-	134,618
Meters and services	27,544	65	-	-	27,609
Fire hydrants	5,187	-	-	-	5,187
Machinery and equipment	3,550	169	-	(210)	3,509
Computer equipment	1,213	-	-	-	1,213
Automotive equipment	14,668	1,932	-	(476)	16,124
Total depreciable assets at historical cost	<u>476,222</u>	<u>66,499</u>	<u>-</u>	<u>(686)</u>	<u>542,035</u>
Less accumulated depreciation for:					
Buildings	(4,654)	(490)	-	-	(5,144)
Improvements other than buildings	(3,778)	(746)	-	-	(4,524)
Water lines	(23,020)	(1,614)	-	-	(24,634)
Sewer lines	(32,797)	(2,410)	-	-	(35,207)
Water treatment plant	(36,800)	(3,350)	-	-	(40,150)
Sewer treatment plant	(8,980)	(2,107)	-	-	(11,087)
Meters and services	(6,920)	(747)	-	-	(7,667)
Fire hydrants	(1,506)	(101)	-	-	(1,607)
Machinery and equipment	(3,013)	(247)	-	209	(3,051)
Computer equipment	(949)	(47)	-	-	(996)
Automotive equipment	(9,427)	(1,557)	-	469	(10,515)
Total accumulated depreciation	<u>(131,844)</u>	<u>(13,416)</u>	<u>-</u>	<u>678</u>	<u>(144,582)</u>
Total depreciable assets, net	<u>344,378</u>	<u>53,083</u>	<u>-</u>	<u>(8)</u>	<u>397,453</u>
Business-type activities capital assets, net	<u>\$ 423,570</u>	<u>\$ 97,671</u>	<u>\$ -</u>	<u>\$ (64,207)</u>	<u>\$ 457,034</u>

CITY OF GLENDALE, ARIZONA

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Depreciation was charged to functions/programs as follows:

Governmental activities:	
General	\$ 11,473
Public safety	3,086
Public works	1,298
Street maintenance	11,139
Community services	4,544
Community environment	<u>146</u>
Total depreciation expense	<u>\$ 31,686</u>
Business-type activities:	
Water and sewer	\$ 11,039
Landfill	1,126
Sanitation	877
Housing	<u>374</u>
Total depreciation expense	<u>\$ 13,416</u>

V. Construction and other significant commitments

The City has active construction projects as of June 30, 2006. 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	\$ 18,020	\$ 228
Community services	6,005	2,682
Public safety	19,919	6,385
Public works	36,217	21,138
Street maintenance	18,343	2,183
Water and sewer facilities	<u>47,599</u>	<u>21,796</u>
Total government activities	<u>\$ 146,103</u>	<u>\$ 54,412</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 \$309, 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; loss and destruction of assets; errors and omissions; and natural disaster. The City's risk management fund purchases commercial

CITY OF GLENDALE, ARIZONA

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insurance for liability, property, aviation, errors and omissions, boiler and machinery, 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 \$1,000 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 a budget model taking into consideration prior loss experience, staffing and operating budget.

Premium payments to insurance carriers are made directly from the risk management fund. There have been no settlements paid in excess of insurance in any of the past three years nor has insurance coverage been significantly reduced in recent years.

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 a budget model taking into consideration prior loss experience, staffing level, and the National Council on Compensation insurance workers' compensation manual rates.

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 medical, vision, dental, and life insurance plans are determined prior to each renewal period by estimating the costs of claims and administration of the plan based on a variety of factors including: the demographics of the group, previous claims history, plan design changes and any new mandated benefits. These insurance benefits are provided through minimum premium and self-insured insurance plans. The City is responsible for the first \$150 in medical claims per individual plan year. Any claims exceeding \$150 are paid by the reinsurance plan.

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

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Salvage and subrogation are immaterial to both risk management and employee benefits self-insurance programs and are not incorporated into the liability. The self-insurance programs do not include a provision for unallocated claim adjustment expenses except for the workers' compensation fund, which provides for unallocated claims adjustment expenses and Industrial Commission taxes and fees.

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 \$7,493 as of June 30, 2006. Changes in the balances of claims liabilities during the past two years are as follows:

	Risk Management		Workers' Compensation		Employee Benefits	
	2006	2005	2006	2005	2006	2005
Unpaid claims, beginning of fiscal year	\$ 2,960	\$ 2,568	\$ 2,247	\$ 2,194	\$ 2,475	\$ 2,079
Current year claims and changes in estimate	2,833	2,363	388	1,486	15,603	13,319
Claims payments	(1,956)	(1,971)	(673)	(1,433)	(16,384)	(12,923)
Balance at fiscal year end	<u>\$ 3,837</u>	<u>\$ 2,960</u>	<u>\$ 1,962</u>	<u>\$ 2,247</u>	<u>\$ 1,694</u>	<u>\$ 2,475</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 at June 30, 2006, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2007	\$ 1,921	\$ 1,049
2008	2,395	583
2009	2,304	508
2010	2,170	368
2011	2,805	304
2012-2016	<u>5,160</u>	<u>-</u>
Total minimum lease payments	16,755	2,812
Less: Amount representing interest	(3,880)	(199)
Present value of net minimum lease payments	<u>\$ 12,875</u>	<u>\$ 2,613</u>

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The assets acquired through capital leases are as follows:

Class of Property	Governmental Activities	Business-type Activities
Equipment	\$ 472	\$ 250
Automotive equipment	2,975	6,790
Building	197	150
Other	4,044	2,389
	7,688	9,579
Less: Accumulated depreciation	(3,419)	(3,759)
Total	\$ 4,269	\$ 5,820

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 2005-06 were \$428.

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 2008 and beyond. The carrying value of leased assets is \$191,624 (cost of \$213,115 less accumulated depreciation of \$21,491). 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
2007	\$ 1,077
2008	459
2009	284
2010	208
2011	136
Beyond 2012	445
Total	\$ 2,609

VIII. Short-term debt

The City did not issue short-term debt for the year ended June 30, 2006.

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

CITY OF GLENDALE, ARIZONA

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and are repaid through the City's levying of property taxes. Retirement of the general obligation bonds in the business-type activities are intended to be paid back by the revenues of the business-type activities.

B. Revenue bonds

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

Water and Sewer Revenue Bonds are issued, pursuant to voter authorization, for the construction, acquisition, and equipping of water and sewer facilities and related systems and infrastructure. 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 (MPC) bonds

In 1982, 2002, 2003 and 2006 the MPC, a non-profit corporation, issued bonds to finance the construction of a new municipal office complex, hockey arena, public safety training center, parking garage, media center, convention center and city infrastructure, respectively. On October 19, 1982, July 31, 2002, May 1, 2003, and June 1, 2006, the City entered into a lease purchase agreement with MPC, whereby the City is purchasing the constructed municipal office complex, hockey arena, public safety training center, parking garage, media center, convention center and city infrastructure, 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.

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, 2006, special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, are adequate to meet the scheduled maturities of the bonds payable and related interest. Improvement bonds are collateralized by properties within the districts. In the event of default by the property owner, the City may auction the property to satisfy debt service requirements subject to federal bankruptcy laws. The City is contingently liable on special assessment bonds to the extent that proceeds from auction sales are insufficient to retire outstanding bonds.

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Notes to the Financial Statements
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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, 2006.

	June 30, 2005	Additions	Reductions	June 30, 2006	Amounts Due Within One Year
General obligation (G.O.) bonds	\$ 157,065	\$ 38,430	\$ (20,340)	\$ 175,155	\$ 11,921
Special assessment debt					
with governmental commitment	75	-	(36)	39	39
Revenue bonds:					
Street and highway	22,455	15,745	(2,260)	35,940	1,875
Municipal property corporation	177,950	47,923	(1,885)	223,988	2,785
Total bonds payable	<u>357,545</u>	<u>102,098</u>	<u>(24,521)</u>	<u>435,122</u>	<u>16,620</u>
Notes payable:					
Notes payable	18,576	-	(2,887)	15,689	2,711
Total debt service	<u>18,576</u>	<u>-</u>	<u>(2,887)</u>	<u>15,689</u>	<u>2,711</u>
Other long-term obligations:					
Capital lease obligations	13,704	-	(829)	12,875	1,051
Compensated absences	10,623	2,136	(6)	12,753	9,196
Claims and judgments	7,682	18,824	(19,013)	7,493	4,931
Unamortized premium on debt issuance	4,366	1,782	(606)	5,542	375
Total other long-term obligations	<u>36,375</u>	<u>22,742</u>	<u>(20,454)</u>	<u>38,663</u>	<u>15,553</u>
Total	<u>\$ 412,496</u>	<u>\$ 124,840</u>	<u>\$ (47,862)</u>	<u>\$ 489,474</u>	<u>\$ 34,884</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 \$39 is due six months after fiscal year-end.

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(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, 2006.

	June 30, 2005	Additions	Reductions	June 30, 2006	Amounts Due Within One Year
Water and sewer G.O. bonds	\$ 13,135	\$ -	\$ (760)	\$ 12,375	\$ 780
Landfill G.O. bonds	870	-	(170)	700	179
Water and sewer revenue/obligation bonds	115,140	80,000	(5,120)	190,020	5,390
Total bonds payable	<u>129,145</u>	<u>80,000</u>	<u>(6,050)</u>	<u>203,095</u>	<u>6,349</u>
Notes payable	13,660	-	(1,375)	12,285	1,423
Total notes payable	<u>13,660</u>	<u>-</u>	<u>(1,375)</u>	<u>12,285</u>	<u>1,423</u>
Capital lease obligations	2,676	1,370	(1,433)	2,613	965
Estimated closure and post-closure costs	9,852	536	-	10,388	-
Unamortized premium on debt issuance	3,469	3,044	(246)	6,267	341
Compensated absences	1,669	275	(32)	1,912	1,294
Housing noncurrent liabilities	13	8	-	21	-
Arbitrage rebate payable	-	140	-	140	-
Total other long-term obligations	<u>17,679</u>	<u>5,373</u>	<u>(1,711)</u>	<u>21,341</u>	<u>2,600</u>
Total	<u>\$ 160,484</u>	<u>\$ 85,373</u>	<u>\$ (9,136)</u>	<u>\$ 236,721</u>	<u>\$ 10,372</u>

F. Advance refunded bonds

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

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the refunded debt from this issue will not be actually retired until the call dates have come due or until maturity if they are not callable issues. The City issued advance refunding bonds for the fiscal year ending June 30, 2006.

<u>Issue Refunded</u>	<u>Date Refunded</u>	<u>Remaining Balance</u>
General Obligation Bonds Series 2000	April 11, 2006	\$9,255

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(amounts expressed in thousands)

G. Bonds payable

Bonds payable at June 30, 2006, are comprised of the following:

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

General Obligation Bonds:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issued Fiscal Year Ending June 30</u>	<u>Year Series Matures</u>	<u>Amount of Original Issue</u>	<u>Bonds Outstanding June 30, 2006</u>
<u>G.O. bonds payable from secondary assessed property taxes</u>					
Refunding	5.05-5.55	1993	2007	\$ 36,125	\$ 1,775
Various	4.15-4.60	1998	2008	12,000	4,200
Various	5.00-5.40	2000	2015	20,215	6,355
Various	2.50-5.00	2002	2022	40,235	33,125
Various	1.50-5.00	2003	2022	52,525	45,040
Various	3.00-5.00	2004	2019	36,645	34,270
Various	3.50-4.00	2005	2015	11,960	11,960
Refunding	5.00-5.00	2006	2015	9,065	9,065
Various	4.00-5.00	2006	2021	29,365	29,365
Total					<u>175,155</u>
<u>Revenue bonds payable from highway user revenue funds</u>					
Streets	5.00-5.37	2000	2010	8,750	7,500
Streets	2.50-4.00	2004	2014	14,655	12,695
Streets	4.00-5.00	2006	2016	15,745	15,745
Total					<u>35,940</u>
<u>Municipal property corporation payable from general fund lease payments</u>					
Refunding	4.25-4.90	2000	2009	12,615	6,400
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	10,380
MPC excise tax 2006A	4.00-5.00	2006	2026	33,250	33,250
MPC excise tax 2006B	8.00-8.00	2006	2021	14,673	14,673
Total					<u>223,988</u>
<u>Special assessment bonds payable due from assessments on property owners</u>					
District 73	5.35	1997	2007	299	39
Total					<u>39</u>
Total bonds payable recorded in governmental activities					435,122
Less current portion					<u>(16,620)</u>
Long-term portion of bonds payable recorded in governmental activities					<u>\$ 418,502</u>

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(amounts expressed in thousands)

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issued Fiscal Year Ending June 30</u>	<u>Year Series Matures</u>	<u>Amount of Original Issue</u>	<u>Bonds Outstanding June 30, 2006</u>
<u>G.O. bonds payable from landfill fund</u>					
Landfill	5.00-5.40	2000	2015	\$ 1,460	\$ 700
Total					<u>700</u>
<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	12,370
Total					<u>12,375</u>
<u>Revenue bonds/obligations payable from water and sewer fund</u>					
Various	4.75-5.75	2000	2010	53,000	30,020
Various	4.00-5.00	2004	2023	80,000	80,000
Various	4.00-5.25	2006	2026	80,000	80,000
Total					<u>190,020</u>
Total bonds payable recorded in business-type activities					203,095
Less current portion					(6,349)
Long-term portion of bonds payable recorded in business-type activities					<u>\$ 196,746</u>

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

The City's unused bonded debt borrowing capacity as of June 30, 2006, is as follows:

	<u>6%</u>	<u>20%</u>
Capacity to incur bonded debt	\$ 76,174	\$ 253,914
Less: Bonded debt applicable to limit	(52,539)	(113,184)
Unused bonded debt capacity	<u>\$ 23,635</u>	<u>\$ 140,730</u>

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

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(amounts expressed in thousands)

H. Bonds authorized, issued and unissued

Bonds authorized but not fully issued as of July 1, 2006, are shown below:

<u>G.O. Bonds</u>	<u>Authorized Amount</u>	<u>Issued through June 30, 2006</u>	<u>Authorized but Unissued</u>
<u>Voter authorized October 20, 1981</u>			
Operations center	\$ 6,750	\$ 550	\$ 6,200
<u>Voter authorized March 10, 1987</u>			
Library	9,698	8,000	1,698
<u>Voter authorized November 2, 1999</u>			
Cultural facility ⁽¹⁾	18,215	4,494	13,721
Economic development	50,500	16,088	34,412
Flood control	38,860	22,909	15,951
Governmental facilities ⁽¹⁾	40,910	12,055	28,855
Landfill development ⁽¹⁾	17,000	1,460	15,540
Library	15,398	-	15,398
Open spaces	53,700	3,175	50,525
Parks and recreation	57,188	49,741	7,447
Public safety	64,801	22,491	42,310
Streets and parking ⁽¹⁾	38,050	29,780	8,270
Transit ⁽¹⁾	6,935	185	6,750
Total G.O. bonds	<u>\$ 418,005</u>	<u>\$ 170,928</u>	<u>\$ 247,077</u>
 <u>Revenue bonds</u>			
<u>Voter authorized March 10, 1987</u>			
Water and sewer	\$ 56,000	\$ 49,657	\$ 6,343
<u>Voter authorized November 2, 1999</u>			
Water and sewer ⁽¹⁾	10,000	-	10,000
Total revenue bonds	<u>66,000</u>	<u>49,657</u>	<u>16,343</u>
Total bonds	<u>\$ 484,005</u>	<u>\$ 220,585</u>	<u>\$ 263,420</u>

(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

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June 30, 2006

(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. \$ 198

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. 638

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. 11,278

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. 2,160

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 15,689

Less current portion (2,711)

Long-term portion of notes payable recorded in governmental activities \$ 12,978

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. \$ 822

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. 11,463

Total notes payable recorded in business-type activities 12,285

Less current portion (1,423)

Long-term portion of notes payable recorded in business-type activities \$ 10,862

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(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	
2007	\$ 4,721	\$ 216	\$ 13,058	\$ 40	\$ 19,025	\$ 3,788	\$ 1,267	\$ 1,129	\$ 14,712	\$ 57,956
2008	4,705	216	24,430	-	18,292	3,435	1,263	1,129	14,733	68,203
2009	4,696	139	25,502	-	16,823	3,224	1,264	1,129	14,728	67,505
2010	4,699	-	23,991	-	16,953	3,112	1,256	1,129	14,726	65,866
2011	4,690	-	24,528	-	16,910	2,563	1,251	1,129	13,739	64,810
2012	4,696	-	24,642	-	16,921	2,563	1,251	1,129	13,736	64,938
2013	4,699	-	24,672	-	16,941	2,563	1,259	1,129	13,743	65,006
2014	4,686	-	24,734	-	16,955	199	1,260	1,129	13,730	62,693
2015	1,953	-	22,833	-	16,912	199	1,249	1,129	13,735	58,010
2016	1,971	-	22,893	-	13,364	199	1,236	1,129	13,737	54,529
2017	-	-	25,266	-	13,280	-	1,226	1,129	13,735	54,636
2018	-	-	25,318	-	13,229	-	1,214	1,129	13,734	54,624
2019	-	-	25,371	-	8,802	-	-	1,129	13,734	49,036
2020	-	-	25,423	-	5,482	-	-	1,129	13,737	45,771
2021	-	-	25,486	-	5,496	-	-	1,129	13,738	45,849
2022	-	-	25,530	-	2,761	-	-	1,128	13,734	43,153
2023	-	-	15,255	-	-	-	-	-	14,866	30,121
2024	-	-	15,904	-	-	-	-	-	14,863	30,767
2025	-	-	15,958	-	-	-	-	-	14,864	30,822
2026	-	-	16,014	-	-	-	-	-	14,867	30,881
2027	-	-	13,420	-	-	-	-	-	7,696	21,116
2028	-	-	13,478	-	-	-	-	-	7,696	21,174
2029	-	-	12,674	-	-	-	-	-	-	12,674
2030	-	-	13,612	-	-	-	-	-	-	13,612
2031	-	-	13,671	-	-	-	-	-	-	13,671
2032	-	-	13,732	-	-	-	-	-	-	13,732
2033	-	-	6,532	-	-	-	-	-	-	6,532
2034	-	-	8,563	-	-	-	-	-	-	8,563
Total	41,516	571	542,490	40	218,146	21,845	14,996	18,063	298,583	1,156,250
Less interest	7,451	50	248,960	1	54,912	6,156	3,401	7,201	113,953	442,085
Less future draws	-	-	72,327	-	-	-	-	-	-	72,327
Principal	\$ 34,065	\$ 521	\$ 221,203	\$ 39	\$ 163,234	\$ 15,689	\$ 11,595	\$ 10,862	\$ 184,630	\$ 641,838

The following table discloses the debt service requirements as of June 30, 2006, segregating principal and interest, for the next five years and in five-year increments thereafter. Note: the principal column includes the future draws.

Fiscal Year	Principal	Interest	Total
2007	\$ 27,628	\$ 30,328	\$ 57,956
2008	31,605	36,598	68,203
2009	33,151	34,354	67,505
2010	33,014	32,852	65,866
2011	33,483	31,327	64,810
2012-2016	175,235	129,941	305,176
2017-2021	164,328	85,588	249,916
2022-2026	123,436	42,308	165,744
2027-2031	65,670	16,577	82,247
2032-2034	26,615	2,212	28,827
Total	\$ 714,165	\$ 442,085	\$ 1,156,250

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(amounts expressed in thousands)

K. New bonds

On February 13, 2006, the City issued \$80,000 in subordinate lien water and sewer revenue obligation bonds to fund the construction of various water and sewer improvements in the City. The bonds mature on various dates starting 2011 through 2026 with various interest rates of 4.00% to 5.25%. The bonds are not general obligations of the City, but are limited obligations of the City and are payable as to both principal and interest solely from and secured by a subordinate pledge of net revenues of the system.

On April 11, 2006, the City issued \$29,365 in general obligation bonds to finance the costs of acquisition, improvement and equipment of various projects relating to public safety, parks, flood control, and streets. The bonds mature on various dates starting 2007 through 2021 with various interest rates of 4.00% to 5.00%. The bonds are direct and general obligations of the City and are payable as to both principal and interest from ad valorem taxes against all taxable property within the City subject to taxation.

On April 11, 2006, the City issued \$9,065 in general obligation refunding bonds to be used to advance refund the 2011-2015 maturities of the City's General Obligation Bonds Series June 1, 2000, in the amount of \$9,255. This transaction resulted in an economic gain of \$323 and a \$419 reduction in future debt service payments. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$328. The bonds mature on various dates starting 2011 through 2015 with an interest rate of 5.00%. The bonds are direct and general obligations of the City and are payable as to both principal and interest from ad valorem taxes levied against all taxable property within the City subject to taxation.

On April 22, 2006, the city issued \$15,745 in street and highway user revenue bonds to fund street and highway improvements within the City. The bonds mature on various dates starting 2007 through 2016 with various interest rates of 4.00% to 5.00%. The bonds are not general obligations of the City, but are limited obligations of the City and are payable as to both principal and interest solely from revenues received by the City from highway user taxes collected by the State.

On May 31, 2006, the City issued \$33,250 of Municipal Property Corporation (MPC) Excise Tax Revenue Bonds Series 2006A Tax Exempt to finance the cost of developing, constructing and equipping a public safety training facility, constructing infrastructure improvements within the City and to pay the cost of issuing the 2006A Bonds. The bonds mature on various dates starting 2008 through 2026 with various interest rates of 4.00% to 5.00%. The principal and interest on the bonds are not a general obligation of the Corporation and City, but a limited obligation of the Corporation and City payable solely from and are secured by a pledge of the City's unrestricted excise taxes.

On June 16, 2006, the City entered into a bridge financing agreement whereby the maximum amount of Municipal Property Corporation (MPC) Subordinate Excise Tax Revenue Bonds Series 2006B to be issued by February 1, 2007, is \$87,000. As of June 30, 2006, \$14,673 bonds had been issued to finance the construction of a parking garage, media center, convention center, and infrastructure improvements. The bonds mature on various dates starting 2007 through 2021 with a maximum interest rate not to exceed 8.00%. The principal and interest on the bonds are not a general obligation of the Corporation and City, but a limited obligation of the Corporation and City payable solely from and are secured by a pledge of the City's unrestricted excise taxes.

X. Landfill obligations

The City operates a municipal sanitary landfill under an Aquifer Protection Permit and Solid Waste Facility Plan approval issued by the Arizona Department of Environmental Quality requiring future closure work and post-closure monitoring. The permit meets federal and state regulations. These laws and regulations require

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(amounts expressed in thousands)

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, 2006, calculated below, represents the cumulative amount reported to date based on the use of estimated capacity of the landfill.

	<u>North Cell</u>	<u>South Cell</u>
Capacity (cubic yards)	32,100	22,594
Capacity used to date	-	16,790
Percentage of capacity used	0%	74%
Total closure and post-closure costs in present dollars:		
as of June 30, 2006	\$ 14,928	\$ 13,979
as of June 30, 2005	14,559	13,633
Closure and post-closure care costs:		
Amount remaining to be recognized		
as of June 30, 2006	\$ 14,928	\$ 3,591
Liability recognized as of June 30, 2006	\$ -	\$ 10,388

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2005-06. The estimated costs are subject to changes due to inflation, deflation, new technology, and applicable laws and regulations. Assets are not restricted to fund the obligations. The estimated remaining life of the landfill is approximately 39 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, 2006

(amounts expressed in thousands)

XI. Interfund transactions

A. Interfund receivables

Interfund balances at June 30, 2006, consisted of the following:

	<u>Due To</u>	<u>Due From</u>
Major governmental funds:		
General	\$ 1,861	\$ -
Non-major governmental funds:		
Community development block grant fund	-	417
Other special revenue fund	-	1,312
Other capital projects	-	104
Non-major enterprise funds:		
Housing fund	-	28
Total	<u>\$ 1,861</u>	<u>\$ 1,861</u>

The interfund balances at June 30, 2006, 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, 2006, are expected to be repaid within one year.

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CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(amounts expressed in thousands)

B. Interfund transfers

Interfund transfers for the year ended June 30, 2006, consisted of the following:

Transfers to general fund from:

Transportation special revenue fund	\$ 234
Parks bond construction	52
Non-major governmental funds	
Highway users gas tax special revenue fund	47
Development impact fees	26
Streets construction capital project fund	10
Fire and police bond construction fund	276
Other construction capital project fund	199
Water and sewer enterprise fund	1,192
Total transfers to general fund	<u>2,036</u>

Transfers to transportation special revenue fund from:

General fund	<u>900</u>
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Transfers to non-major governmental funds from:

General fund	3,503
Transportation special revenue fund	750
Total transfers to non-major governmental fund	<u>4,253</u>

Transfers to non-major debt service funds from:

General fund	1,762
Non-major governmental funds	
Highway users gas tax special revenue fund	2,728
Special revenue fund arena	3,567
Capital projects	4,768
Total transfers to non-major debt service fund	<u>12,825</u>

Transfers to non-major enterprise funds from:

General fund	<u>492</u>
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Grand total all transfers \$ 20,506

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 2006 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, 2006

(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, 2006, the City intended to honor \$55,549 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, 2006, the City recognized a loss of \$1,642. 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, 2006, (unaudited) is as follows:

Assets

Current assets	\$ 77,406
Capital assets, net of accumulated depreciation	596,544
Total assets	<u>673,950</u>

Liabilities69,808**Net assets**\$ 604,142

Total revenues	\$ 60,554
Total expenses	(62,724)
Decrease in net assets	<u>\$ (2,170)</u>

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(amounts expressed in thousands)

Calculation of the City's equity:

City's share of SROG equity	\$ 36,750
(Total equity of \$604,142	
plus unrealized loss of \$1,977 less assets not	
owned by the City of \$178,301 multiplied by 8.59%)	
Net capitalized interest on the City's records	813
City contributions not yet received by SROG	7,729
Total City equity	<u>\$ 45,292</u>

Change in the City's equity:

Capital contributed to the joint venture	\$ 4,525
Net loss on joint venture	(1,642)
Net increase in equity	<u>\$ 2,883</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. 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). \$ 180

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. 2,635

Reserved for cable equipment (PEG)

Amount to be used only for expenditure by City's cable television station as required by agreement with cable system providers. 5

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(amounts expressed in thousands)

Reserved for "From the Heart" program

Certain donations made to the City are required by ordinance to benefit Glendale residents through providing grants to non-profit social service organizations. \$ 55

Reserved for court security

Security surcharges collected by the City Court are required by ordinance to be spent solely on court security. 120

Reserved for court computer upgrade

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). 105

Reserved for court time payment

Court time payment fees are used by the City Court to improve, maintain and enhance the ability to collect and manage monies assessed or received by the court, to improve court automation and to improve case processing or the administration of justice. 122

Reserved for garden for visually impaired

A donation was made to the City for the purpose of establishing a tactile garden for the visually impaired. 211

Reserved for acquisition of artwork

Acquisition of artwork by the City's Arts Commission is provided through a surcharge on eligible capital projects as directed by the City Council. 2,439

Reserved for vehicle/equipment replacement

For future scheduled replacement of existing equipment and vehicles. 4,415

Total reserved for general fund type \$ 10,287

Designated for computer replacement

For future schedule replacement of existing personal computers. \$ 3,035

Designation for library activities

A minor portion of future operating expenditures of the library has been authorized through the City budget to be paid from net revenues collected through library activities. 177

Designated for cable television station

Amount to be used only for expenditure by the City's cable television station from net revenues collected by Cable from special activities. 68

Designated for local improvement districts administration

Portion of City special assessment bond proceeds identified exclusively for future costs of administering and accounting for existing improvement districts. 106

Designated for telephone

For payment of future telephone charges and maintenance 18

Total designated for general fund type \$ 3,404

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(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). \$ 117

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 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	1,851
Citywide recreation facilities	1,095
Citywide open space & trails	372
District No. 1	551
District No. 2	880
District No. 3	457
Library:	
Buildings	2,586
Books	307
Library	2,715
Fire protection facilities	529
Police facilities	2,185
Transportation	8,252
General government	<u>1,957</u>
Total reserved for development impact fees	<u>23,737</u>

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	1,073
Federal	<u>175</u>
Total reserved for drug enforcement	<u>1,248</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	758
Fire	<u>366</u>
Total reserved for police and fire activities	<u>1,124</u>

Total reserved for special revenue fund type \$ 26,273

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(amounts expressed in thousands)

TRANSPORTATION FUND

Designated for local transportation assistance

For specific transit-related buildings and equipment \$ 212

NON-MAJOR GOVERNMENTAL FUNDS

Designated for home program

For community development block grant home program activities. 87

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. 381

Total designated for special revenue fund type \$ 680

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 \$ 9,627

Municipal property corporation 1,700

Non-major governmental funds 204

Total reserved for debt service fund type \$ 11,531

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. \$ 7,786

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. 12,120

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. 101

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. 396

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(amounts expressed in thousands)

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.

\$ 564

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.

1,219

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.

951

Designated for arena projects

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

89

Total designated for capital projects fund type

\$ 23,226

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.

\$ 241

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, 2006, only the loans with the State Revolving Fund (authorized by revenue bond election in 1961) were not covered by a surety bond.

1,358

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.

10,017

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.

226

Total water and sewer

11,842

NON-MAJOR PROPRIETARY FUNDS

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

595

Total restricted for enterprise fund type

\$ 12,437

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(amounts expressed in thousands)

Permanent Fund Type

NON-MAJOR GOVERNMENTAL FUNDS

Reserved for cemetery perpetual care

Funds are reserved by ordinance for future cemetery maintenance and operational expenses.

\$ 4,912

Total reserved for permanent fund type

\$ 4,912

XVI. Employee retirement systems and pension plans

A. Plan descriptions

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

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

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

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

B. Financial reports

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

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

PSPRS or EORP
3010 East Camelback Road #200
Phoenix, Arizona 85016

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

(602) 255-5575

C. Funding policy

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

Cost Sharing Plans. For the year ended June 30, 2006, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 7.4% (6.9% 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, 2006, 2005 and 2004 were \$9,310, \$7,094 and \$6,860, respectively, which were equal to the required contributions for the year.

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(amounts expressed in thousands)

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 20.54% 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, 2006, 2005 and 2004 were \$39, \$29 and \$29, respectively, which were equal to the required contributions for the year.

Agent Plans. For the year ended June 30, 2006, 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 9.92% and 13.86% for Fire and Police, respectively.

Annual Pension Cost (APC). The City's pension cost for Police and Fire for the year ended June 30, 2006, the date of the most recent available actuarial valuation, and related information follow.

	Fire	Police
Contribution rates:		
City	9.92%	13.86%
Plan members	7.65%	7.65%
Annual pension cost	\$842	\$2,991
Actuarial cost method	Projected unit credit	Projected unit credit
Actuarial assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	5.50% - 8.50%	5.50% - 8.50%
Includes inflation at	5.00%	5.00%
Amortization method	Level % open	Level % open
Remaining amortization period	30 years for unfunded actuarial accrued liability, 20 years for excess	30 years for unfunded actuarial accrued liability, 20 years for excess
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, 2006, follows.

Contributions required and contributions made

Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation
Police			
2006	\$ 2,991	100.0 %	\$ -
2005	\$ 2,172	100.0 %	\$ -
2004	\$ 1,906	100.0 %	\$ -
Fire			
2006	\$ 842	100.0 %	\$ -
2005	\$ 895	100.0 %	\$ -
2004	\$ 622	100.0 %	\$ -

Includes insurance premium tax, where applicable.

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(amounts expressed in thousands)

E. Required supplementary information

Analysis of funding progress for the agent plan as of the most recent available actuarial valuation, June 30, 2006, follows.

Valuation Date June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
Police						
2006	\$ 77,968	\$ 110,181	\$ 32,213	70.8%	\$ 22,052	146.1%
2005	\$ 74,645	\$ 96,763	\$ 22,117	77.1%	\$ 19,240	115.0%
2004	\$ 72,743	\$ 86,792	\$ 14,050	83.8%	\$ 17,343	81.0%

Valuation Date June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
Fire						
2006	\$ 60,772	\$ 74,401	\$ 13,629	81.7%	\$ 13,518	100.8%
2005	\$ 58,641	\$ 63,202	\$ 4,561	92.8%	\$ 11,376	40.1%
2004	\$ 56,727	\$ 54,893	\$ (1,834)	103.3%	\$ 9,849	- %

XVII. 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.

XVIII. 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.

CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2006

(amounts expressed in thousands)

XIX. Subsequent events

On September 15, 2006, the City made a total payment of \$7,000 on the Northern Crossing Land Purchase note dated November 15, 2002. This amount included a prepayment of \$5,369 in principal without penalty. The payment was programmed in the 2006-07 adopted budget out of the general fund.

The City has issued an additional \$3,402 on July 26, 2006, in Municipal Property Corporation (MPC) Subordinate Excise Tax Revenue Bond Series 2006B under the bridge financing agreement.

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City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

REQUIRED SUPPLEMENTARY INFORMATION

(other than MD&A)

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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City of Glendale, Arizona
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

1 of 2

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balance, July 1, 2005	\$ 59,617	\$ 59,617	\$ 68,302	\$ 8,685
RESOURCES (INFLOWS):				
Taxes	59,378	59,378	65,463	6,085
Licenses and permits	12,881	12,881	10,267	(2,614)
Intergovernmental	47,010	47,010	57,508	10,498
Charges for services	13,458	13,458	23,738	10,280
Fines and forfeitures	545	545	3,564	3,019
Investment income (loss)	1,168	1,168	3,752	2,584
Proceeds from disposal of assets	-	-	2,154	2,154
Miscellaneous	9,884	9,883	2,103	(7,780)
Total revenues	144,324	144,323	168,549	24,226
Add: Transfers in	8,242	8,242	8,792	550
Less: Transfers out	(12,684)	(12,706)	(13,461)	(755)
Amounts available for appropriation	199,499	199,476	232,182	32,706
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government	31,618	31,289	27,405	3,884
Public safety	64,029	64,965	64,257	708
Public works	24,711	25,535	24,198	1,337
Community services	29,823	28,575	24,099	4,476
Community environment	657	554	346	208
Contingencies	17,544	11,585	-	11,585
Miscellaneous	500	3,556	2,649	907
Debt service:				
Principal	3,130	3,130	3,131	(1)
Interest	1,729	1,729	1,208	521
Capital outlay	9,579	14,617	9,673	4,944
Total charges to appropriations	183,320	185,535	156,966	28,569
Budgetary fund balance, June 30, 2006	\$ 16,179	\$ 13,941	\$ 75,216	\$ 61,275

(Continued)

City of Glendale, Arizona
Budgetary Comparison Schedule (continued)
General Fund
For the Fiscal Year Ended June 30, 2006
(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.	\$ 232,182
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(68,302)
Market adjustment on restricted investments not available for appropriation.	217
Internal charges for services provided.	(20,144)
Proceeds from disposal of assets.	(2,154)
Less: Transfers in.	(8,792)
Add: Transfers out.	13,461
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 146,468</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 156,966
Capital outlay funded by capital lease.	68
Salaries payable.	718
Change in prepaid assets or inventory.	(18)
Internal charges for services provided.	(20,144)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 137,590</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Transportation Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 31,083	\$ 31,083	\$ 32,885	\$ 1,802
RESOURCES (INFLOWS):				
Taxes	20,534	20,534	23,215	2,681
Intergovernmental	22,991	22,991	1,953	(21,038)
Charges for services	200	200	188	(12)
Investments	447	447	1,045	598
Miscellaneous Revenues	-	-	327	327
Total revenues	44,172	44,172	26,728	(17,444)
Add: Transfers in	900	900	900	-
Less: Transfers out	(750)	(701)	(985)	(284)
Amounts available for appropriation	75,405	75,454	59,528	(15,926)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Community services	13,108	9,815	8,841	974
Capital outlay	61,473	61,554	26,532	35,022
Total charges to appropriations	74,581	71,369	35,373	35,996
Budgetary fund balance, June 30, 2006	\$ 824	\$ 4,085	\$ 24,155	\$ 20,070

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.	\$ 59,528
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(32,885)
Less: Transfers in.	(900)
Add: Transfers out.	985
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 26,728

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 35,373
Change in compensated absences liability.	6
Salaries payable.	16
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 35,395

CITY OF GLENDALE, ARIZONA

Notes to Required Supplementary Information

June 30, 2006

(amounts expressed in thousands)

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 30th ending actual budget basis fund balances rather than the June 30th ending budgeted fund balances. These two amounts will differ because of differences in actual results for the year versus planned results and by unused contingency appropriations.
3. Prior to July 1, after receiving comments in a public hearing, a tentative budget is adopted by the City Council, which fixes an upper-dollar limit for all funds combined, beyond which the City may not increase appropriations. After two weeks of legal advertising, the City Council legally adopts a final budget ordinance, which fixes appropriations for each fund, except for the nonexpendable trust fund.
4. Budget basis expenditures may not exceed appropriations for each fund, except in conjunction with the transfer of contingency funds. Contingency funds are appropriated for several funds as identified in the budget basis schedules and may only be transferred with City Council approval. The City Council may reallocate appropriations through amendment, but may not increase total appropriations above the total budget, which was legally adopted for the fiscal year.
5. The Director of Management and Budget is generally authorized to transfer budgeted amounts within departments' approved capital or operating budgets, and the City Manager is authorized to transfer appropriations between departments. Any new capital improvement projects or any nonbudgeted projects require City Council approval.
6. Formal budgetary integration is employed as a management control device during the year for all funds.

III. Contingency appropriation

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

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



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

COMBINING STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Community Development Block Grants Fund

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

Highway Users Gas Tax Fund

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

Development Impact Fees Fund

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

Other Special Revenue Fund

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

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

Debt Service Funds

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

Highway Users Debt Service Fund

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

Municipal Property Corporation Debt Service

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.

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.

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.

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City of Glendale, Arizona
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2006
(amounts expressed in thousands)

	Special Revenue Funds			
	Community Development Block Grants	Highway Users Gas Tax	Development Impact Fees	Other Special Revenue Fund
ASSETS				
Equity in pooled cash and investments	\$ -	\$ 3,681	\$ 24,686	\$ 1,185
Receivables, net of allowance for doubtful accounts:				
Accounts	19	-	-	1,621
Accrued interest	-	-	-	9
Intergovernmental receivable	964	1,489	-	3,476
Inventories and prepaid items	1	117	-	18
Restricted cash and investments	-	-	-	2,448
Deferred receivables	3,365	-	-	717
Total assets	<u>\$ 4,349</u>	<u>\$ 5,287</u>	<u>\$ 24,686</u>	<u>\$ 9,474</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Vouchers payable	\$ 473	\$ 470	\$ 949	\$ 1,052
Retainage payable	-	-	-	-
Compensated absences - current	5	43	-	36
Intergovernmental payable	-	-	-	4
Due to other funds	417	-	-	1,312
Deposits	-	55	-	11
Matured interest payable	-	-	-	-
Deferred revenue	3,365	-	-	2,725
Matured bonds payable	-	-	-	-
Total liabilities	<u>4,260</u>	<u>568</u>	<u>949</u>	<u>5,140</u>
Fund balances:				
Reserved	-	164	23,737	2,372
Unreserved:				
Designated	87	-	-	381
Undesignated	2	4,555	-	1,581
Total fund balances	<u>89</u>	<u>4,719</u>	<u>23,737</u>	<u>4,334</u>
Total liabilities and fund balances	<u>\$ 4,349</u>	<u>\$ 5,287</u>	<u>\$ 24,686</u>	<u>\$ 9,474</u>

Debt Service Funds			Capital Project Funds			Permanent Fund	Total Non-major Governmental Funds
Highway Users	Municipal Property Corporation	Special Assessment Debt Service	Streets Construction	Fire and Police Construction	Other Construction	Cemetery Perpetual Care	
\$ 2,366	\$ 104	\$ 141	\$ 20,892	\$ 4,820	\$ 10,680	\$ 4,912	\$ 73,467
-	-	-	-	-	72	76	1,788
-	-	-	38	-	18	-	65
-	-	-	-	-	191	-	6,120
-	-	-	-	-	98	-	234
4	8,516	-	-	-	-	-	10,968
-	-	6	-	-	-	-	4,088
<u>\$ 2,370</u>	<u>\$ 8,620</u>	<u>\$ 147</u>	<u>\$ 20,930</u>	<u>\$ 4,820</u>	<u>\$ 11,059</u>	<u>\$ 4,988</u>	<u>\$ 96,730</u>
\$ 5	\$ -	\$ -	\$ 895	\$ 2,692	\$ 251	\$ -	\$ 6,787
-	-	-	-	-	6	-	6
-	-	-	-	-	-	-	84
-	-	-	-	-	-	-	4
-	-	-	-	-	104	-	1,833
-	-	-	-	-	-	-	66
426	4,135	1	-	-	-	-	4,562
-	-	6	129	-	152	76	6,453
1,875	2,785	-	-	-	-	-	4,660
<u>2,306</u>	<u>6,920</u>	<u>7</u>	<u>1,024</u>	<u>2,692</u>	<u>513</u>	<u>76</u>	<u>24,455</u>
64	1,700	140	-	-	98	4,912	33,187
-	-	-	19,906	-	3,320	-	23,694
-	-	-	-	2,128	7,128	-	15,394
<u>64</u>	<u>1,700</u>	<u>140</u>	<u>19,906</u>	<u>2,128</u>	<u>10,546</u>	<u>4,912</u>	<u>72,275</u>
<u>\$ 2,370</u>	<u>\$ 8,620</u>	<u>\$ 147</u>	<u>\$ 20,930</u>	<u>\$ 4,820</u>	<u>\$ 11,059</u>	<u>\$ 4,988</u>	<u>\$ 96,730</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, 2006
(amounts expressed in thousands)

	Special Revenue Funds			
	Community Development Block Grants	Highway Users Gas Tax	Development Impact Fees	Other Special Revenue Fund
REVENUES				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ 5,823
Licenses and permits	-	-	5,771	-
Intergovernmental	2,777	16,888	-	7,677
Charges for services	-	-	-	5,056
Investments	-	-	877	61
Miscellaneous	357	-	-	917
Total revenues	<u>3,134</u>	<u>16,888</u>	<u>6,648</u>	<u>19,534</u>
EXPENDITURES				
Current:				
General government	-	-	37	887
Public safety	-	-	-	7,980
Public works	-	-	-	57
Community services	-	-	28	2,917
Community environment	3,109	-	-	523
Street maintenance	-	11,534	5	70
Miscellaneous	-	-	-	144
Debt service:				
Principal	-	29	2,067	11
Interest	-	7	345	-
Capital outlay	1	2,463	2,848	3,025
Total expenditures	<u>3,110</u>	<u>14,033</u>	<u>5,330</u>	<u>15,614</u>
Excess (deficiency) of revenues over expenditures	<u>24</u>	<u>2,855</u>	<u>1,318</u>	<u>3,920</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Premium on long-term debt issued	-	-	-	-
Proceeds from equipment disposal	-	7	-	-
Transfers in	-	2,544	-	1,709
Transfers out	-	(2,775)	(26)	(3,566)
Total other financing sources and uses	<u>-</u>	<u>(224)</u>	<u>(26)</u>	<u>(1,857)</u>
Excess (deficiency) of revenues and other sources over Net change in fund balances	24	2,631	1,292	2,063
Fund balances, July 1	65	2,088	22,445	2,271
Fund balances, June 30	<u>\$ 89</u>	<u>\$ 4,719</u>	<u>\$ 23,737</u>	<u>\$ 4,334</u>

Debt Service Funds			Capital Projects Funds			Permanent Fund	Total Non-major Governmental Funds
Highway Users	Municipal Property Corporation	Special Assessment Debt Service	Streets Construction	Fire and Police Construction	Other Construction	Cemetery Perpetual Care	
\$ -	\$ -	\$ 29	\$ -	\$ -	\$ 144	\$ -	\$ 5,996
-	-	-	-	-	1	-	5,772
-	-	-	-	-	191	-	27,533
-	-	-	-	-	-	-	5,056
4	84	-	428	120	414	170	2,158
-	-	-	241	-	169	-	1,684
<u>4</u>	<u>84</u>	<u>29</u>	<u>669</u>	<u>120</u>	<u>919</u>	<u>170</u>	<u>48,199</u>
-	-	-	155	406	49	-	1,534
-	-	-	-	44	-	-	8,024
-	-	-	-	-	-	-	57
-	-	-	-	-	55	-	3,000
-	-	-	-	-	-	-	3,632
-	-	-	-	-	-	-	11,609
2	16	-	-	-	-	-	162
1,875	2,785	36	-	-	-	-	6,803
852	8,871	3	-	-	-	-	10,078
-	-	-	12,433	16,197	8,811	-	45,778
<u>2,729</u>	<u>11,672</u>	<u>39</u>	<u>12,588</u>	<u>16,647</u>	<u>8,915</u>	<u>-</u>	<u>90,677</u>
<u>(2,725)</u>	<u>(11,588)</u>	<u>(10)</u>	<u>(11,919)</u>	<u>(16,527)</u>	<u>(7,996)</u>	<u>170</u>	<u>(42,478)</u>
-	1,536	-	16,873	12,589	7,887	-	38,885
-	-	-	205	197	124	-	526
-	-	-	-	-	-	-	7
2,728	10,097	-	-	-	-	-	17,078
-	-	-	(10)	(276)	(4,966)	-	(11,619)
<u>2,728</u>	<u>11,633</u>	<u>-</u>	<u>17,068</u>	<u>12,510</u>	<u>3,045</u>	<u>-</u>	<u>44,877</u>
3	45	(10)	5,149	(4,017)	(4,951)	170	2,399
61	1,655	150	14,757	6,145	15,497	4,742	69,876
<u>\$ 64</u>	<u>\$ 1,700</u>	<u>\$ 140</u>	<u>\$ 19,906</u>	<u>\$ 2,128</u>	<u>\$ 10,546</u>	<u>\$ 4,912</u>	<u>\$ 72,275</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
General Obligation Debt Service Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 7,363	\$ 7,363	\$ 8,033	\$ 670
RESOURCES (INFLOWS):				
Investments	-	-	33	33
Taxes	17,947	17,947	17,902	(45)
Total inflows	17,947	17,947	17,935	(12)
Amounts available for appropriation	25,310	25,310	25,968	658
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Miscellaneous	337	337	11	326
Debt service:				
Principal	10,394	11,777	10,394	1,383
Interest	5,905	5,905	5,936	(31)
Total charges to appropriations	16,636	18,019	16,341	1,678
Budgetary fund balance, June 30, 2006	\$ 8,674	\$ 7,291	\$ 9,627	\$ 2,336

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.	\$ 25,968
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(8,033)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 17,935

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 16,341
Issuance lost due to a refunding bond issue.	98
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 16,439

City of Glendale, Arizona
Budgetary Comparison Schedule
Municipal Property Corporation Construction Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balance, July 1, 2005	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS):				
Long-term debt issued	-	28,185	46,387	18,202
Proceeds from equipment disposal	-	-	1,000	1,000
Premium on long-term debt	-	-	519	519
Total revenues	-	28,185	47,906	19,721
Amounts available for appropriation	-	28,185	47,906	19,721
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General administrative	-	-	419	(419)
Capital Outlay	-	28,185	30,819	(2,634)
Total charges to appropriations	-	28,185	31,238	(3,053)
Budgetary fund balance, June 30, 2005	\$ -	\$ -	\$ 16,668	\$ 16,668

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.	\$ 47,906
Differences - budget to GAAP:	
Less: Proceeds from equipment disposal.	(1,000)
Long-term debt issued.	(46,387)
Premium for long-term debt.	(519)
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.	\$ 31,238
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 31,238

City of Glendale, Arizona
Budgetary Comparison Schedule
Parks Bond Construction Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 28,852	\$ 28,852	\$ 24,911	\$ (3,941)
RESOURCES (INFLOWS):				
Investments	477	477	573	96
Miscellaneous	-	-	21	21
Long-term debt issued	6,000	6,000	7,761	1,761
Premium on long-term debt issued	-	-	122	122
Total revenues	<u>6,477</u>	<u>6,477</u>	<u>8,477</u>	<u>2,000</u>
Less: Transfers out	<u>(42)</u>	<u>(45)</u>	<u>(52)</u>	<u>(7)</u>
Amounts available for appropriation	<u>35,287</u>	<u>35,284</u>	<u>33,336</u>	<u>(1,948)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General administration	3,470	-	56	(56)
Capital outlay	<u>31,817</u>	<u>27,673</u>	<u>18,372</u>	<u>9,301</u>
Total charges to appropriations	<u>35,287</u>	<u>27,673</u>	<u>18,428</u>	<u>9,245</u>
Budgetary fund balance, June 30, 2006	<u>\$ -</u>	<u>\$ 7,611</u>	<u>\$ 14,908</u>	<u>\$ 7,297</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.	\$ 33,336
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(24,911)
Long-term debt issued.	(7,761)
Premium on long-term debt issued.	(122)
Market adjustment on restricted investments not available for appropriation.	48
Add: Transfers out.	<u>52</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 642</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 18,428
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 18,428</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Community Development Block Grants Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 325	\$ 325	\$ 71	\$ (254)
RESOURCES (INFLOWS):				
Intergovernmental	5,508	5,508	2,774	(2,734)
Miscellaneous	-	-	357	357
Total revenues	<u>5,508</u>	<u>5,508</u>	<u>3,131</u>	<u>(2,377)</u>
Amounts available for appropriation	<u>5,833</u>	<u>5,833</u>	<u>3,202</u>	<u>(2,631)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Community environment	5,755	5,755	3,108	2,647
Capital outlay	78	40	1	39
Total charges to appropriations	<u>5,833</u>	<u>5,795</u>	<u>3,109</u>	<u>2,686</u>
Budgetary fund balance, June 30, 2006	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 93</u>	<u>\$ 55</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	\$ 3,202
Change in intergovernmental revenue due to receivable for reimbursement of payroll accrual.	3
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>(71)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 3,134</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 3,109
Salaries payable.	<u>1</u>
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 3,110</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Highway Users Gas Tax Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 565	\$ 565	\$ 2,190	\$ 1,625
RESOURCES (INFLOWS):				
Intergovernmental	15,173	15,297	16,888	1,591
Total revenues	15,173	15,297	16,888	1,591
Add: Transfers in	1,794	1,794	2,544	750
Less: Transfers out	(2,728)	(2,728)	(2,728)	-
Amounts available for appropriation	14,804	14,928	18,894	3,966
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Street maintenance	12,138	12,407	11,519	888
Capital outlay	2,630	2,485	2,455	30
Debt service:				
Principal	29	29	29	-
Interest	7	7	7	-
Total charges to appropriations	14,804	14,928	14,010	918
Budgetary fund balance, June 30, 2006	\$ -	\$ -	\$ 4,884	\$ 4,884

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	\$ 18,894
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(2,190)
Less: Transfers in.	(2,544)
Add: Transfers out.	2,728
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 16,888

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 14,010
Capital outlay.	7
Salaries payable.	16
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 14,033

City of Glendale, Arizona
Budgetary Comparison Schedule
Development Impact Fees Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 24,408	\$ 24,408	\$ 22,446	\$ (1,962)
RESOURCES (INFLOWS):				
Licenses and permits	8,245	8,245	5,771	(2,474)
Intergovernmental	109	109	-	(109)
Investments	449	449	877	428
Total revenues	8,803	8,803	6,648	(2,155)
Less: Transfers out	(7)	(7)	(26)	(19)
Amounts available for appropriation	33,204	33,204	29,068	(4,136)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General administration	3,261	243	37	206
Public safety	3,510	2,704	-	2,704
Street Maintenance	-	-	5	(5)
Community services	12,266	4,621	28	4,593
Capital outlay	11,755	12,334	2,848	9,486
Principal retirement	2,067	2,067	2,067	-
Interest expense	345	345	345	-
Total charges to appropriations	33,204	22,314	5,330	16,984
Budgetary fund balance, June 30, 2006	\$ -	\$ 10,890	\$ 23,738	\$ 12,848

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.	\$ 29,068
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(22,446)
Add: Transfers out.	26
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 6,648

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 5,330
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 5,330

City of Glendale, Arizona
Budgetary Comparison Schedule
Other Special Revenue Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 2,902	\$ 2,902	\$ 2,361	\$ (541)
RESOURCES (INFLOWS):				
Taxes	6,156	6,156	5,823	(333)
Intergovernmental	10,277	10,277	7,677	(2,600)
Charges for services	2,829	2,829	5,056	2,227
Investments	35	35	61	26
Miscellaneous	3,185	3,185	917	(2,268)
Total revenues	22,482	22,482	19,534	(2,948)
Add: Transfers in	1,264	1,264	1,710	446
Less: Transfers out	(5,435)	(5,435)	(3,567)	1,868
Amounts available for appropriation	21,213	21,213	20,038	(1,175)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government	756	821	881	(60)
Public safety	9,093	10,649	7,943	2,706
Public works	1,072	340	56	284
Community services	3,927	4,062	2,915	1,147
Community environment	533	565	522	43
Street maintenance	-	-	70	(70)
Miscellaneous	-	218	144	74
Contingencies	500	500	-	500
Capital outlay	4,235	3,519	3,025	494
Debt service:				
Principal	11	11	11	-
Total charges to appropriations	20,127	20,685	15,567	5,118
Budgetary fund balance, June 30, 2006	\$ 1,086	\$ 528	\$ 4,471	\$ 3,943

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.	\$ 20,038
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(2,361)
Less: Transfers in.	(1,710)
Add: Transfers out.	3,567
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 19,534

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 15,567
Salaries payable.	47
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 15,614

City of Glendale, Arizona
Budgetary Comparison Schedule
Highway User Debt Service Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 60	\$ 60	\$ 61	\$ 1
RESOURCES (INFLOWS):				
Investments	-	-	4	4
Total revenues	-	-	4	4
Transfers in	2,728	2,728	2,728	-
Amounts available for appropriation	2,788	2,788	2,793	5
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Miscellaneous	1	2	2	-
Debt service:				
Principal	1,875	1,875	1,875	-
Interest	852	852	852	-
Total charges to appropriations	2,728	2,729	2,729	-
Budgetary fund balance, June 30, 2006	\$ 60	\$ 59	\$ 64	\$ 5

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.	\$ 2,793
Less: Transfers in.	(2,728)
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(61)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 4

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 2,729
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 2,729

City of Glendale, Arizona
Budgetary Comparison Schedule
Municipal Property Corporation Debt Service Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 5,422	\$ 5,422	\$ 1,655	\$ (3,767)
RESOURCES (INFLOWS):				
Investments	17	17	84	67
Total revenues	17	17	84	67
Add: Transfers in	7,201	7,201	10,097	2,896
Amounts available for appropriation	12,640	12,640	11,836	(804)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Miscellaneous	23	23	16	7
Debt service:				
Principal	2,785	2,785	2,785	-
Interest	8,871	8,871	8,871	-
Total charges to appropriations	11,679	11,679	11,672	7
Budgetary fund balance, June 30, 2006	\$ 961	\$ 961	\$ 164	\$ (797)

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.	\$ 11,836
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(1,655)
Less: Transfers in.	(10,097)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 84

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 11,672
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 11,672

City of Glendale, Arizona
Budgetary Comparison Schedule
Special Assessment Debt Service Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 160	\$ 160	\$ 150	\$ (10)
RESOURCES (INFLOWS):				
Special assessments	15	15	29	14
Total revenues	15	15	29	14
Amounts available for appropriation	175	175	179	4
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Miscellaneous	-	1	-	1
Debt service:				
Principal	36	36	36	-
Interest	3	3	3	-
Total charges to appropriations	39	40	39	1
Budgetary fund balance, June 30, 2006	\$ 136	\$ 135	\$ 140	\$ 5

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.	\$ 179
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(150)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 29

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 39
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 39

City of Glendale, Arizona
Budgetary Comparison Schedule
Streets Construction Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 15,364	\$ 15,364	\$ 14,757	\$ (607)
RESOURCES (INFLOWS):				
Intergovernmental	1,196	1,196	-	(1,196)
Investments	255	255	399	144
Miscellaneous	-	-	241	241
Long-term debt issued	13,928	13,928	16,873	2,945
Premium on long-term debt issued	-	-	205	205
Total revenues	<u>15,379</u>	<u>15,379</u>	<u>17,718</u>	<u>2,339</u>
Less: Transfers out	<u>(123)</u>	<u>(138)</u>	<u>(10)</u>	<u>128</u>
Amounts available for appropriation	<u>30,620</u>	<u>30,605</u>	<u>32,465</u>	<u>1,860</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General administration	-	-	155	(155)
Contingencies	1,049	1,049	-	1,049
Community services	2,579	-	-	-
Street maintenance	153	153	-	153
Capital outlay	<u>26,839</u>	<u>26,041</u>	<u>12,433</u>	<u>13,608</u>
Total charges to appropriations	<u>30,620</u>	<u>27,243</u>	<u>12,588</u>	<u>14,655</u>
Budgetary fund balance, June 30, 2006	<u>\$ -</u>	<u>\$ 3,362</u>	<u>\$ 19,877</u>	<u>\$ 16,515</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.	\$ 32,465
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.	(14,757)
Market adjustment on restricted investments not available for appropriation	29
Long-term debt issued.	(16,873)
Premium on long-term debt issued.	(205)
Add: Transfers out.	10
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 669</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 12,588
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 12,588</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Fire and Police Construction Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 8,095	\$ 8,095	\$ 6,145	\$ (1,950)
RESOURCES (INFLOWS):				
Investments	23	23	98	75
Long-term debt issued	12,250	12,250	12,589	339
Premium on long-term debt issued	-	-	197	197
Miscellaneous	12,000	12,000	-	(12,000)
Total revenues	24,273	24,273	12,884	(11,389)
Less: Transfers out	(168)	(168)	(276)	(108)
Amounts available for appropriation	32,200	32,200	18,753	(13,447)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General administration	-	-	406	(406)
Public safety	2,789	2,818	44	2,774
Capital outlay	29,411	24,138	16,197	7,941
Total charges to appropriations	32,200	26,956	16,647	10,309
Budgetary fund balance, June 30, 2006	\$ -	\$ 5,244	\$ 2,106	\$ (3,138)

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	\$ 18,753
Differences - budget to GAAP:	
Long-term debt issued.	(12,589)
Premium on long-term debt issued.	(197)
Market adjustment on restricted investments not available for appropriation.	22
Add: Transfers out.	276
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(6,145)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 120

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 16,647
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 16,647

City of Glendale, Arizona
Budgetary Comparison Schedule
Other Construction Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 11,640	\$ 11,640	\$ 15,399	\$ 3,759
RESOURCES (INFLOWS):				
Licenses and permits	-	-	1	1
Intergovernmental	12,591	12,591	191	(12,400)
Taxes	-	-	144	144
Investments	102	102	384	282
Miscellaneous	-	-	169	169
Long-term debt issued	6,960	6,960	7,887	927
Premium on long-term debt issued	-	-	124	124
Total revenues	19,653	19,653	8,900	(10,753)
Less: Transfers out	(81)	(90)	(4,966)	(4,876)
Amounts available for appropriation	31,212	31,203	19,333	(11,870)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government	873	873	49	824
Community services	1,524	1,379	55	1,324
Capital outlay	28,815	27,030	8,811	18,219
Total charges to appropriations	31,212	29,282	8,915	20,367
Budgetary fund balance, June 30, 2006	\$ -	\$ 1,921	\$ 10,418	\$ 8,497

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.	\$ 19,333
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.	(15,399)
Market adjustment on restricted investments not available for appropriation.	30
Long-term debt issued.	(7,887)
Premium on long-term debt issued.	(124)
Add: Transfers out.	4,966
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 919

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 8,915
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 8,915

City of Glendale, Arizona
Budgetary Comparison Schedule
Cemetery Perpetual Care Permanent Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 4,692	\$ 4,692	\$ 4,742	\$ 50
RESOURCES (INFLOWS):				
Investments	48	48	170	122
Total revenues	48	48	170	122
Amounts available for appropriation	4,740	4,740	4,912	172
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Public Works	4,740	3,269	-	3,269
Total charges to appropriations	4,740	3,269	-	3,269
Budgetary fund balance, June 30, 2006	\$ -	\$ 1,471	\$ 4,912	\$ 3,441

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.	\$ 4,912
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(4,742)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 170

City of Glendale, Arizona
Combining Statement of Net Assets
Non-Major Proprietary Funds - Business-type Activities
June 30, 2006
(amounts expressed in thousands)

	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 3,218	\$ 852	\$ 4,070
Receivables:			
Accounts	1,709	1	1,710
Allowance for uncollectibles	(26)	-	(26)
Intergovernmental receivable	-	117	117
Inventories and prepaid items	-	5	5
Total current assets	<u>4,901</u>	<u>975</u>	<u>5,876</u>
Noncurrent assets:			
Restricted cash and investments	-	21	21
Capital assets:			
Capital assets	9,530	11,186	20,716
Accumulated depreciation	(5,861)	(5,689)	(11,550)
Capital assets, net	<u>3,669</u>	<u>5,497</u>	<u>9,166</u>
Total noncurrent assets	<u>3,669</u>	<u>5,518</u>	<u>9,187</u>
Total assets	<u>8,570</u>	<u>6,493</u>	<u>15,063</u>
LIABILITIES			
Current liabilities:			
Vouchers payable	135	-	135
Accounts payable	-	30	30
Compensated absences	249	18	267
Due to other funds	-	28	28
Intergovernmental payable	15	97	112
Deposits	72	37	109
Unearned rent	-	5	5
Current portion of long-term debt:			
Capital lease payable	764	-	764
Interest payable	22	-	22
Total current liabilities	<u>1,257</u>	<u>215</u>	<u>1,472</u>
Noncurrent liabilities:			
Compensated absences	94	165	259
Other long-term debt	-	21	21
Capital lease obligations	1,648	-	1,648
Total noncurrent liabilities	<u>1,742</u>	<u>186</u>	<u>1,928</u>
Total liabilities	<u>2,999</u>	<u>401</u>	<u>3,400</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,258	5,497	6,755
Restricted for:			
Other purposes	-	595	595
Unrestricted	4,313	-	4,313
Total net assets	<u>\$ 5,571</u>	<u>\$ 6,092</u>	<u>\$ 11,663</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, 2006

(amounts expressed in thousands)

	Business-type Activities		
	Enterprise Funds		
	Sanitation	Housing	Total
Operating revenues:			
Intergovernmental	\$ -	\$ 8,019	\$ 8,019
Container service	4,541	-	4,541
Curb service	9,567	-	9,567
Other fees	8	569	577
Total operating revenues	<u>14,116</u>	<u>8,588</u>	<u>22,704</u>
Operating expenses:			
Housing	-	9,101	9,101
Sanitation	12,319	-	12,319
Depreciation	877	374	1,251
Total operating expenses	<u>13,196</u>	<u>9,475</u>	<u>22,671</u>
Operating income (loss)	<u>920</u>	<u>(887)</u>	<u>33</u>
Nonoperating revenues (expenses):			
Impact fees	51	-	51
Investments	88	-	88
Interest expense	(60)	-	(60)
Gain on disposal of assets	28	-	28
Intergovernmental - capital grants	-	111	111
Total nonoperating revenue (expenses)	<u>107</u>	<u>111</u>	<u>218</u>
Income before contributions and transfers	1,027	(776)	251
Transfers in	<u>-</u>	<u>492</u>	<u>492</u>
Change in net assets	<u>1,027</u>	<u>(284)</u>	<u>743</u>
Total net assets - beginning	4,544	6,376	10,920
Total net assets - ending	<u>\$ 5,571</u>	<u>\$ 6,092</u>	<u>\$ 11,663</u>

City of Glendale, Arizona
Combining Statement of Cash Flows
Non-Major Proprietary Funds - Business-type Activities
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 14,081	\$ 572	\$ 14,653
Cash received from federal government	-	8,231	8,231
Cash paid to suppliers:			
Internal city departments	(7,413)	-	(7,413)
External vendors	(1,159)	(7,653)	(8,812)
Cash paid to employees for services	(3,819)	(1,422)	(5,241)
Net cash provided by (used in) operating activities	<u>1,690</u>	<u>(272)</u>	<u>1,418</u>
Cash flows from noncapital financing activities:			
Proceeds from sale of investments	-	8	8
Transfers in	-	492	492
Net cash provided by noncapital financing activities	<u>-</u>	<u>500</u>	<u>500</u>
Cash flows from capital and related financing activities:			
Principal payments on obligations	599	-	599
Acquisition of capital assets and rights	(1,384)	(143)	(1,527)
Impact fees	51	-	51
Interest payments on obligations	(52)	-	(52)
Capital grant proceeds	-	111	111
Net cash used for capital and related financing activities	<u>(786)</u>	<u>(32)</u>	<u>(818)</u>
Cash flows from investing activities:			
Interest received from investments	88	-	88
Net cash provided by investing activities	<u>88</u>	<u>-</u>	<u>88</u>
Net increase (decrease) in cash and cash equivalents during fiscal year	992	196	1,188
Cash and cash equivalents, July 1	2,226	677	2,903
Cash and cash equivalents, June 30	<u>\$ 3,218</u>	<u>\$ 873</u>	<u>\$ 4,091</u>

	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided by (used by) operating activities:			
Operating income (loss)	\$ 920	\$ (887)	\$ 33
Adjustments to reconcile operating income to net cash provided by operations:			
Depreciation	877	374	1,251
Changes in assets and liabilities:			
Accounts receivable	(34)	(1)	(35)
Intergovernmental receivable	-	183	183
Vouchers payable	(106)	(4)	(110)
Accrued expenses	(4)	-	(4)
Intergovernmental payable	-	27	27
Deposits	-	1	1
Unearned rent	-	3	3
Due to other funds	-	(15)	(15)
Compensated absences	37	47	84
Net cash provided by (used in) operating activities	<u>\$ 1,690</u>	<u>\$ (272)</u>	<u>\$ 1,418</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	\$ 3,218	\$ 852	\$ 4,070
Restricted cash and investments	-	21	21
Total cash and cash equivalents	<u>\$ 3,218</u>	<u>\$ 873</u>	<u>\$ 4,091</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Water and Sewer Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 57,268	\$ 57,268	\$ 51,250	\$ (6,018)
RESOURCES (INFLOWS):				
Intergovernmental	90	90	21	(69)
Charges for services:				
Metered water sales	31,021	31,021	28,447	(2,574)
Sewer service charges	21,169	21,169	18,585	(2,584)
Impact fees	7,725	7,725	7,661	(64)
Other fees	-	-	1,110	1,110
Investments	981	981	2,615	1,634
Miscellaneous	231	231	3,580	3,349
Proceeds from bonds sold	59,600	59,600	83,044	23,444
Proceeds from equipment disposal	-	-	4,393	4,393
Total revenues	<u>120,817</u>	<u>120,817</u>	<u>149,456</u>	<u>28,639</u>
Less: Transfers out	(242)	(242)	(1,192)	(950)
Amounts available for appropriation	<u>177,843</u>	<u>177,843</u>	<u>199,514</u>	<u>21,671</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General administration	10,356	10,563	10,613	(50)
Water	15,650	15,733	15,230	503
Sewer	12,557	12,244	9,903	2,341
Bond issuance cost	-	-	734	(734)
Contingencies	2,000	2,000	-	2,000
Capital outlay	121,896	117,025	49,171	67,854
Debt service:				
Principal	7,617	8,728	7,617	1,111
Interest	6,636	6,636	7,639	(1,003)
Total charges to appropriations	<u>176,712</u>	<u>172,929</u>	<u>100,907</u>	<u>72,022</u>
Budgetary fund balance, June 30, 2006	<u>\$ 1,131</u>	<u>\$ 4,914</u>	<u>\$ 98,607</u>	<u>\$ 93,693</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.	\$ 199,514
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.	(51,250)
Interest earned on restricted assets not available for appropriation.	32
Market adjustment on restricted investments not available for appropriation.	507
Revenues offset directly by bad debt expense on budgetary basis.	180
Capital outlay contributed.	(3,101)
Bond proceeds.	(83,044)
Proceeds from equipment disposals.	(4,394)
Internal staff and administrative charges reported as revenue only on budgetary basis.	(210)
Add: Transfers out.	1,192
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 59,426</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 100,907
Differences - budget to GAAP:	
Bad debt expense.	180
Amortization of capitalized bond issuance expense.	60
Capital outlay expenditure.	(49,171)
Change in compensated absences liability.	140
Change in prepaid assets or inventory.	(2)
Amortization and depreciation expense.	11,106
Bond issuance costs.	(734)
Principal payments on long-term obligations.	(7,617)
Interest expense.	(721)
Internal staff and administrative charges reported as revenue only on budgetary basis.	(210)
Change in accrued payroll.	62
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>\$ 54,000</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Landfill Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 17,967	\$ 17,967	\$ 16,930	\$ (1,037)
RESOURCES (INFLOWS):				
Charges for services:				
Landfill user fees	4,820	4,820	5,505	685
Recycling fees	2,113	2,113	2,692	579
Other fees	500	500	149	(351)
Proceeds from equipment disposal	-	-	7	7
Investments	400	400	642	242
Impact fees	171	171	154	(17)
Total revenues	<u>8,004</u>	<u>8,004</u>	<u>9,149</u>	<u>1,145</u>
Amounts available for appropriation	<u>25,971</u>	<u>25,971</u>	<u>26,079</u>	<u>108</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Contingencies	2,000	2,000	-	2,000
Landfill	6,592	6,592	6,380	212
Capital outlay	176	176	91	85
Debt service:				
Principal	851	851	817	34
Interest	63	63	62	1
Total charges to appropriations	<u>9,682</u>	<u>9,682</u>	<u>7,350</u>	<u>2,332</u>
Budgetary fund balance, June 30, 2006	<u>\$ 16,289</u>	<u>\$ 16,289</u>	<u>\$ 18,729</u>	<u>\$ 2,440</u>

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 26,079
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(16,930)
Internal staff and administrative charges reported as revenue only on budgetary basis.	(370)
Revenues offset directly by bad debt expense on budgetary basis.	232
Proceeds from disposal of capital assets.	(7)
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets, excluding gain on disposal of assets.	<u>\$ 9,004</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 7,350
Bad debt expense.	232
Capital outlay expenditures.	(91)
Change in compensated absences liability.	22
Change in estimated landfill post-closure liability.	536
Depreciation expense.	1,126
Principal payments on long-term obligations.	(817)
Interest expense.	(6)
Accrued payroll.	7
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>\$ 7,989</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Sanitation Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 3,457	\$ 3,457	\$ 3,861	\$ 404
RESOURCES (INFLOWS):				
Charges for services:				
Container service	4,548	4,548	4,541	(7)
Curb service	9,638	9,638	9,532	(106)
Impact fees	70	70	51	(19)
Recycle sales	-	-	8	8
Investments	20	20	88	68
Proceeds from equipment disposal	-	-	23	23
Proceeds from lease	-	-	1,370	1,370
Total revenues	<u>14,276</u>	<u>14,276</u>	<u>15,613</u>	<u>1,337</u>
Amounts available for appropriation	<u>17,733</u>	<u>17,733</u>	<u>19,474</u>	<u>1,741</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Sanitation	12,896	12,873	12,234	639
Capital outlay	1,818	1,841	1,407	434
Debt service:				
Principal	739	739	771	(32)
Interest	51	51	52	(1)
Total charges to appropriations	<u>15,504</u>	<u>15,504</u>	<u>14,464</u>	<u>1,040</u>
Budgetary fund balance, June 30, 2006	<u>\$ 2,229</u>	<u>\$ 2,229</u>	<u>\$ 5,010</u>	<u>\$ 2,781</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.	\$ 19,474
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.	(3,861)
Internal staff and administrative charges reported as revenue only on budgetary basis.	(40)
Revenues offset directly by bad debt expense on budgetary basis.	75
Proceeds from disposal of capital assets.	(23)
Gain on disposal of assets.	28
Capital lease proceeds.	(1,370)
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>\$ 14,283</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 14,464
Bad debt expense.	75
Capital outlay.	(1,407)
Change in compensated absences liability.	37
Depreciation expense.	877
Interest expense.	8
Principal payments on long-term obligations.	(771)
Accrued payroll.	13
Internal staff and administrative charges reported as revenue only on budgetary basis.	(40)
Total expenses as reported in the combining statement of revenues, expenses, and changes in fund net assets - non-major proprietary funds.	<u>\$ 13,256</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Housing Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 437	\$ 437	\$ 832	\$ 395
RESOURCES (INFLOWS):				
Intergovernmental	8,423	8,423	8,130	(293)
Miscellaneous	-	-	569	569
Total revenues	8,423	8,423	8,699	276
Add: Transfers in	430	430	492	62
Amounts available for appropriation	9,290	9,290	10,023	733
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing	8,308	8,308	9,055	(747)
Capital outlay	952	952	294	658
Total charges to appropriations	9,260	9,260	9,349	(89)
Budgetary fund balance, June 30, 2006	\$ 30	\$ 30	\$ 674	\$ 644

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.	\$ 10,023
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(832)
Less: Transfers in.	(492)
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets - non-major proprietary funds.	\$ 8,699

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 9,349
Change in compensated absences liability.	47
Accrued payroll.	
Depreciation expense.	374
Capital outlay.	(295)
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets - non-major proprietary funds.	\$ 9,475

City of Glendale, Arizona
Combining Statement of Net Assets
Internal Service Funds
June 30, 2006
(amounts expressed in thousands)

	<u>Risk Management</u>	<u>Workers' Compensation</u>	<u>Employee Benefits</u>	<u>Total</u>
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 3,413	\$ 4,799	\$ 7,343	\$ 15,555
Inventories and prepaid items	71	-	17	88
Total current assets	<u>3,484</u>	<u>4,799</u>	<u>7,360</u>	<u>15,643</u>
Noncurrent assets:				
Restricted cash and investments	-	150	-	150
Total assets	<u>3,484</u>	<u>4,949</u>	<u>7,360</u>	<u>15,793</u>
LIABILITIES				
Current liabilities:				
Vouchers payable	3	30	1,161	1,194
Estimated claims payable	2,194	1,043	1,694	4,931
Total current liabilities	<u>2,197</u>	<u>1,073</u>	<u>2,855</u>	<u>6,125</u>
Noncurrent liabilities:				
Estimated claims payable	1,643	919	-	2,562
Total noncurrent liabilities	<u>1,643</u>	<u>919</u>	<u>-</u>	<u>2,562</u>
Total liabilities	<u>3,840</u>	<u>1,992</u>	<u>2,855</u>	<u>8,687</u>
NET ASSETS				
Unrestricted	<u>(356)</u>	<u>2,957</u>	<u>4,505</u>	<u>7,106</u>
Total net assets	<u>\$ (356)</u>	<u>\$ 2,957</u>	<u>\$ 4,505</u>	<u>\$ 7,106</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, 2006

(amounts expressed in thousands)

	<u>Risk Management</u>	<u>Workers' Compensation</u>	<u>Employee Benefits</u>	<u>Total</u>
Operating revenues:				
Self-insurance premiums	\$ 2,556	\$ 1,137	\$ 17,355	\$ 21,048
Operating expenses:				
Insurance claims and premiums	<u>3,185</u>	<u>625</u>	<u>16,462</u>	<u>20,272</u>
Operating income (loss)	(629)	512	893	776
Nonoperating revenues:				
Investments	<u>96</u>	<u>153</u>	<u>248</u>	<u>497</u>
Income (loss) before transfers	(533)	665	1,141	1,273
Change in net assets	(533)	665	1,141	1,273
Net assets - beginning	<u>177</u>	<u>2,292</u>	<u>3,364</u>	<u>5,833</u>
Net assets - ending	<u>\$ (356)</u>	<u>\$ 2,957</u>	<u>\$ 4,505</u>	<u>\$ 7,106</u>

City of Glendale, Arizona
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Risk Management</u>	<u>Workers' Compensation</u>	<u>Employee Benefits</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers	\$ 2,556	\$ 1,138	\$ 17,289	\$ 20,983
Cash paid for insurance and in settlement of claims	<u>(2,636)</u>	<u>(918)</u>	<u>(16,841)</u>	<u>(20,395)</u>
Net cash provided by (used for) operating activities	(80)	220	448	588
Cash flows from investing activities:				
Interest received	<u>96</u>	<u>152</u>	<u>248</u>	<u>496</u>
Net increase (decrease) in cash during fiscal year	16	372	696	1,084
Cash and cash equivalents, July 1	3,397	4,577	6,647	14,621
Cash and cash equivalents, June 30	<u>\$ 3,413</u>	<u>\$ 4,949</u>	<u>\$ 7,343</u>	<u>\$ 15,705</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (629)	\$ 512	\$ 893	\$ 776
Adjustments to reconcile operating income to net cash provided by operations:				
Change in inventories and prepaid items	175	-	(16)	159
Change in vouchers payable	(503)	(8)	403	(108)
Change in claims payable	877	(285)	(782)	(190)
Change in deferred revenue	<u>-</u>	<u>-</u>	<u>(49)</u>	<u>(49)</u>
Net cash provided by (used for) operating activities	<u>\$ (80)</u>	<u>\$ 219</u>	<u>\$ 449</u>	<u>\$ 588</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	\$ 3,413	\$ 4,799	\$ 7,343	\$ 15,555
Restricted cash and investments	<u>-</u>	<u>150</u>	<u>-</u>	<u>150</u>
Total cash and cash equivalents	<u>\$ 3,413</u>	<u>\$ 4,949</u>	<u>\$ 7,343</u>	<u>\$ 15,705</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Risk Management Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 3,843	\$ 3,843	\$ 2,891	\$ (952)
RESOURCES (INFLOWS):				
Self-insurance premiums	2,556	2,556	2,556	-
Investments	20	20	96	76
Total revenues	<u>2,576</u>	<u>2,576</u>	<u>2,652</u>	<u>76</u>
Transfers in	-	-	-	-
Amounts available for appropriation	<u>6,419</u>	<u>6,419</u>	<u>5,543</u>	<u>(876)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Insurance and claims	5,750	5,750	2,133	3,617
Total charges to appropriations	<u>5,750</u>	<u>5,750</u>	<u>2,133</u>	<u>3,617</u>
Budgetary fund balance, June 30, 2006	<u>\$ 669</u>	<u>\$ 669</u>	<u>\$ 3,410</u>	<u>\$ 2,741</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.	\$ 5,543
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>(2,891)</u>
Total revenues as reported on the combining statement of revenues, expenses, and changes in fund net assets.	<u>\$ 2,652</u>

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 2,133
Change in estimated claims payable.	<u>1,052</u>
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 3,185</u>

City of Glendale, Arizona
Budgetary Comparison Schedule
Workers' Compensation Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 4,573	\$ 4,573	\$ 4,508	\$ (65)
RESOURCES (INFLOWS):				
Self-insurance premiums	1,137	1,137	1,137	-
Investments	118	118	153	35
Total revenues	1,255	1,255	1,290	35
Amounts available for appropriation	5,828	5,828	5,798	(30)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Insurance and claims	1,407	1,407	910	497
Total charges to appropriations	1,407	1,407	910	497
Budgetary fund balance, June 30, 2006	\$ 4,421	\$ 4,421	\$ 4,888	\$ 467

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.	\$ 5,798
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(4,508)
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets.	\$ 1,290

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 910
Change in estimated claims payable.	(285)
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets.	\$ 625

City of Glendale, Arizona
Budgetary Comparison Schedule
Employee Benefits Fund
For the Fiscal Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2005	\$ 6,212	\$ 6,212	\$ 5,888	\$ (324)
RESOURCES (INFLOWS):				
Self-insurance premiums	18,520	18,520	17,305	(1,215)
Investments	75	75	249	174
Total revenues	18,595	18,595	17,554	(1,041)
Amounts available for appropriation	24,807	24,807	23,442	(1,365)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Insurance and claims	13,692	18,792	17,244	1,548
Total charges to appropriations	13,692	18,792	17,244	1,548
Budgetary fund balance, June 30, 2006	\$ 11,115	\$ 6,015	\$ 6,198	\$ 183

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	\$ 23,442
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(5,888)
Miscellaneous.	49
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets.	\$ 17,603

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 17,244
Change in estimated claims payable liability.	(782)
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets.	\$ 16,462



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OTHER SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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City of Glendale, Arizona
Federal Financial Data Schedule (PHA: AZ003)
For the Fiscal Year Ended June 30, 2006
(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	Resident Opportunity & Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Disaster Voucher Program	Other Federal Program	Total
ASSETS:								
Current assets:								
Cash:								
111	Cash - unrestricted	\$ 562,383	\$ -	\$ 253,226	\$ -	\$ -	\$ -	\$ 815,609
114	Cash - tenant security deposits	36,512	-	-	-	-	-	36,512
100	Total cash	598,895	-	253,226	-	-	-	852,121
Accounts receivables:								
121	Accounts receivable - PHA projects	-	-	47,795	-	-	-	47,795
122	Accounts receivable - HUD other projects	31,829	2,083	-	6,590	19,827	8,676	69,005
126	Accounts receivable - tenants - dwelling rents	1,298	-	-	-	-	-	1,298
126.1	Allowance for doubtful accounts - dwelling rents	-	-	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	33,127	2,083	47,795	6,590	19,827	8,676	118,098
Current investments								
132	Investments - restricted	-	-	20,627	-	-	-	20,627
143	Inventories	4,852	-	-	-	-	-	4,852
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-
144	Interprogram - due from	11,970	-	26,740	-	-	18,960	57,670
150	Total current assets	648,844	2,083	348,388	6,590	19,827	27,636	1,053,368
Non-current assets								
Fixed assets:								
161	Land	135,533	-	-	-	-	-	135,533
162	Buildings	7,870,078	-	149,998	-	-	-	8,020,076
163	Furniture, equipment & machinery - dwellings	376,344	-	-	26,643	-	-	402,987
164	Furniture, equipment & machinery - administration	143,655	-	127,767	12,232	-	-	283,654
165	Leasehold improvements	1,970,656	-	-	-	-	-	1,970,656
166	Accumulated depreciation	(5,521,297)	-	(151,905)	(16,110)	-	-	(5,689,312)
167	Construction in progress	-	-	-	373,095	-	-	373,095
160	Total fixed assets, net of accumulated depreciation	4,974,969	-	125,860	395,860	-	-	5,496,689
180	Total non-current assets	4,974,969	-	125,860	395,860	-	-	5,496,689
190	Total assets	\$ 5,623,813	\$ 2,083	\$ 474,248	\$ 402,450	\$ 19,827	\$ 27,636	\$ 6,550,057

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(continued)

City of Glendale, Arizona
Federal Financial Data Schedule (PHA: AZ003)
For the Fiscal Year Ended June 30, 2006
(rounded to nearest dollar)

(continued)

118

Line Item No.	Account Description	Low Rent Public Housing	Resident Opportunity & Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Disaster Voucher Program	Other Federal Program	Total
LIABILITIES AND EQUITY/NET ASSETS:								
LIABILITIES:								
Current liabilities								
312	Accounts payable <= 90 days	\$ 42,717	\$ -	\$ 15,375	\$ -	\$ -	\$ -	\$ 58,092
322	Accrued compensated absences - current portion	8,779	-	9,510	-	-	-	18,289
332	Accounts payable - PHA projects	-	-	6,972	-	-	-	6,972
333	Accounts payable - other government	89,871	-	-	-	-	-	89,871
341	Tenant security deposits	36,512	-	-	-	-	-	36,512
342	Deferred revenues	5,102	-	-	-	-	-	5,102
347	Interprogram - due to	778	2,083	3,297	6,590	18,182	26,740	57,670
310	Total current liabilities	183,759	2,083	35,154	6,590	18,182	26,740	272,508
Noncurrent liabilities								
353	Noncurrent liabilities- other	-	-	20,627	-	-	-	20,627
354	Accrued compensated absences - noncurrent	79,008	-	85,592	-	-	-	164,600
350	Total noncurrent liabilities	79,008	-	106,219	-	-	-	185,227
300	Total liabilities	262,767	2,083	141,373	6,590	18,182	26,740	457,735
EQUITY/NET ASSETS:								
508	Total contributed capital	-	-	-	-	-	-	-
508.1	Invested in capital assets, net of related debt	4,974,969	-	125,860	395,860	-	-	5,496,689
511	Total reserved fund balance	-	-	-	-	-	-	-
511.1	Restricted net assets	-	-	-	-	-	-	-
512.1	Unrestricted net assets	386,077	-	207,015	-	1,645	896	595,633
513	Total equity/net assets	5,361,046	-	332,875	395,860	1,645	896	6,092,322
600	Total liabilities and equity/net assets	\$ 5,623,813	\$ 2,083	\$ 474,248	\$ 402,450	\$ 19,827	\$ 27,636	\$ 6,550,057

(continued)

Federal Financial Data Schedule (PHA: AZ003)

For the Fiscal Year Ended June 30, 2006

(rounded to nearest dollar)

(continued)

Line Item No.	Account Description	Low Rent Public Housing	Resident Opportunity & Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Disaster Voucher Program	Other Federal Program	Total
REVENUE:								
703	Net tenant rental revenue	\$ 316,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 316,687
704	Tenant revenue - other	9,786	-	-	-	-	-	9,786
705	Total tenant revenue	326,473	-	-	-	-	-	326,473
706	HUD PHA operating grants	372,917	73,888	7,582,296	37,891	39,032	27,510	8,133,534
706.1	Capital grants	-	-	-	110,760	-	-	110,760
715	Other revenue	39,087	-	203,465	-	-	-	242,552
720	Investment income - restricted	-	-	-	-	-	-	-
700	Total revenue	738,477	73,888	7,785,761	148,651	39,032	27,510	8,813,319
EXPENDITURES:								
911	Administrative salaries	439,005	-	492,840	-	-	-	931,845
914	Compensated absences	22,337	-	24,198	-	-	-	46,535
915	Employee benefit contributions - administrative	112,258	-	137,971	-	-	-	250,229
916	Other operating - administrative	91,333	-	69,644	10,009	100	200	171,286
924	Tenant services - other	2,310	73,888	-	-	-	-	76,198
931	Water	48,000	-	-	-	-	-	48,000
932	Electricity	15,258	-	-	-	-	-	15,258
933	Gas	1,087	-	-	-	-	-	1,087
938	Other utilities expense	22,491	-	-	-	-	-	22,491
941	Ordinary maintenance and operations - labor	213,873	-	-	-	-	-	213,873
942	Ordinary maintenance and operations - materials & other	69,646	-	17,290	6,186	-	-	93,122
943	Ordinary maintenance and operations - contract costs	110,755	-	-	-	-	-	110,755
945	Employee benefit contributions - ordinary maintenance	53,442	-	-	-	-	-	53,442
961	Insurance premiums	22,815	-	4,946	-	-	-	27,761
962	Other general expenses	888	-	41,263	-	-	-	42,151
963	Payments in lieu of taxes	22,594	-	-	-	-	-	22,594
964	Bad debt - tenant rents	64	-	-	-	-	-	64
969	Total operating expenditures	1,248,156	73,888	788,152	16,195	100	200	2,126,691
970	Excess operating revenue over expenditures	(509,679)	-	6,997,609	132,456	38,932	27,310	6,686,628
971	Extraordinary maintenance	15,176	-	-	-	-	-	15,176
973	Housing assistance payments	-	-	6,895,655	-	37,287	26,414	6,959,356
974	Depreciation expense	357,453	-	9,468	6,866	-	-	373,787
900	Total expenditures	1,620,785	73,888	7,693,275	23,061	37,387	26,614	9,475,010
OTHER FINANCING SOURCES (USES)								
1001	Operating transfers in	21,696	-	-	-	-	-	21,696
1002	Operating transfers out	-	-	-	(21,696)	-	-	(21,696)
1003	Operating transfers from/to primary government	492,000	-	-	-	-	-	492,000
1010	Total other financing sources (uses)	513,696	-	-	(21,696)	-	-	492,000
1000	Excess (deficiency) of total revenues over (under) total expenditures	\$ (368,612)	\$ -	\$ 92,486	\$ 103,894	\$ 1,645	\$ 896	\$ (169,691)

(continued)

Federal Financial Data Schedule (PHA: AZ003)

For the Fiscal Year Ended June 30, 2006

(rounded to nearest dollar)

(continued)

Line Item No.	Account Description	Low Rent Public Housing	Resident Opportunity & Supportive Services	Housing Choice Vouchers	Public Housing Capital Fund Program	Disaster Voucher Program	Other Federal Program	Total
MEMO ACCOUNT INFORMATION								
1102	Debt principal payments - enterprise funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1103	Beginning equity	5,465,741	-	354,405	555,883	-	-	6,376,029
1104	Total prior period adjustments, equity transfers and correction of errors	263,917	-	(114,016)	(263,917)	-	-	(114,016)
1113	Maximum annual contributions commitment (per ACC)	-	-	7,582,296	-	-	-	7,582,296
1114	Prorata maximum annual contributions applicable to a period of less than twelve months	-	-	-	-	-	-	-
1115	Contingency reserve, ACC program reserve	-	-	-	-	-	-	-
1116	Total annual contributions available	-	-	7,582,296	-	-	-	7,582,296
1120	Unit months available	1,858	-	11,917	-	45	31	13,851
1121	Number of unit months leased	1,834	-	11,917	-	45	31	13,827



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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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>
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	122-129
Revenue Capacity These schedules contain information to help the reader assess the city's local revenue source, the property tax.	130-133
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	134-141
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	142-143
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	144-148

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 Five Fiscal Years
 (amounts expressed in thousands)

Schedule 1

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002*</u>
Government activities					
Invested in capital assets, net of related debt	\$ 398,517	\$ 372,778	\$ 353,135	\$ 259,802	\$ 31,260
Restricted	155,163	179,434	169,434	127,393	91,203
Unrestricted	<u>75,417</u>	<u>40,641</u>	<u>49,916</u>	<u>132,801</u>	<u>9,232</u>
Total governmental activities net assets	<u>629,097</u>	<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	233,387	274,620	228,252	275,204	269,007
Restricted	12,437	11,249	10,479	10,235	20,092
Unrestricted	<u>158,753</u>	<u>108,604</u>	<u>141,094</u>	<u>82,564</u>	<u>64,312</u>
Total business-type activities net assets	<u>404,577</u>	<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	631,904	647,398	581,387	535,006	300,267
Restricted	167,600	190,683	179,913	137,628	111,295
Unrestricted	<u>234,170</u>	<u>149,245</u>	<u>191,010</u>	<u>215,365</u>	<u>73,544</u>
Total primary government net assets	<u>\$ 1,033,674</u>	<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.

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

	2006	2005	2004	2003	2002*
Expenses					
Governmental activities:					
General government	\$ 33,329	\$ 31,603	\$ 24,003	\$ 20,209	\$ 22,490
Public safety	75,277	64,277	56,176	52,625	53,779
Public works	13,995	14,309	13,883	11,411	12,766
Community services	40,275	37,394	33,914	32,210	30,919
Community environment	4,125	3,236	3,446	3,433	3,414
Street maintenance	22,720	21,355	20,425	20,308	12,534
Other	3,020	238	142	148	19
Interest on long-term debt	16,883	16,986	15,838	7,223	5,864
Total governmental activities expenses	<u>209,624</u>	<u>189,398</u>	<u>167,827</u>	<u>147,567</u>	<u>141,785</u>
Business-type activities:					
Water and sewer	55,607	50,190	45,628	43,442	39,909
Landfill	7,950	7,431	7,164	7,784	1,189
Sanitation	13,257	12,287	12,294	12,353	10,180
Housing	9,466	9,278	8,858	8,033	7,513
Total business-type activities expenses	<u>86,280</u>	<u>79,186</u>	<u>73,944</u>	<u>71,612</u>	<u>58,791</u>
Total primary government expenses	<u>\$ 295,904</u>	<u>\$ 268,584</u>	<u>\$ 241,771</u>	<u>\$ 219,179</u>	<u>\$ 200,576</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 10,726	\$ 9,075	\$ 9,092	\$ 10,029	\$ 4,464
Public safety	1,375	1,200	1,043	1,897	325
Public works	516	506	148	526	479
Community services	20,121	16,871	16,942	13,439	4,409
Community environment	31	-	3	-	-
Street maintenance	-	-	-	7	25
Operating grants and contributions	31,973	26,535	24,503	22,522	22,640
Capital grants and contributions	6,406	1,407	3,429	4,294	2,589
Total governmental activities program revenues	<u>71,148</u>	<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	56,153	54,295	52,456	52,088	46,068
Landfill	8,362	8,961	9,593	8,644	9,610
Sanitation	14,167	13,624	12,817	11,918	11,808
Housing	569	542	512	494	422
Operating grants and contributions	8,020	8,027	7,643	7,091	6,592
Capital grants and contributions	5,403	242	168	520	673
Total business-type activities program revenues	<u>92,674</u>	<u>85,691</u>	<u>83,189</u>	<u>80,755</u>	<u>75,173</u>
Total primary government program revenues	<u>163,822</u>	<u>141,285</u>	<u>138,349</u>	<u>133,469</u>	<u>110,104</u>
Net (expense)/revenue					
Governmental activities	(138,476)	(133,804)	(112,667)	(94,853)	(106,854)
Business-type activities	6,394	6,505	9,245	9,143	16,382
Total primary government net expense	<u>\$ (132,082)</u>	<u>\$ (127,299)</u>	<u>\$ (103,422)</u>	<u>\$ (85,710)</u>	<u>\$ (90,472)</u>

Schedule 2

	2006	2005	2004	2003	2002*
General revenues and other changes in net assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 21,386	\$ 19,422	\$ 18,321	\$ 16,739	\$ 16,459
Sales taxes	90,968	77,166	74,763	63,832	52,580
Unrestricted state shared sales tax	23,298	20,271	18,409	17,113	16,862
Unrestricted urban revenue sharing (state shared income tax)	22,909	20,115	19,731	23,288	22,822
Auto in-lieu taxes	10,444	9,414	8,978	8,619	7,219
Franchise fees	-	-	-	-	3,260
License fees	-	-	-	-	634
Impact fees	-	-	-	-	4,995
Investment earnings, unrestricted	4,395	2,654	315	(1,602)	1,397
Gain (loss) on disposal of capital assets	348	225	9	445	(345)
Miscellaneous	272	275	349	299	289
Capital contributions	-	4,794	24,614	27,042	6,205
Transfers	700	(164)	(333)	(67)	(228)
Total governmental activities	174,720	154,172	165,156	155,708	132,149
Business-type activities:					
Impact fees	-	-	-	-	3,751
Investment earnings, unrestricted	3,466	2,065	1,115	(123)	1,215
Gain (loss) on disposal of capital assets	844	-	-	(725)	(168)
Loss on joint venture	-	-	(1,285)	(1,011)	(1,054)
Miscellaneous	100	202	-	-	-
Capital contributions	-	5,712	2,414	7,241	4,591
Transfers	(700)	164	333	67	228
Total business-type activities	3,710	8,143	2,577	5,449	8,563
Total primary government	\$ 178,430	\$ 162,315	\$ 167,733	\$ 161,157	\$ 140,712
Changes in net assets					
Governmental activities	\$ 36,244	\$ 20,368	\$ 52,489	\$ 60,855	\$ 25,295
Business-type activities	10,104	14,648	11,822	14,592	24,945
Total primary government	\$ 46,348	\$ 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
Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Schedule 3

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
General fund										
Reserved	\$ 10,287	\$ 9,377	\$ 9,582	\$ 17,315	\$ 17,998	\$ 13,232	\$ 13,147	\$ 5,373	\$ 4,247	\$ 2,899
Unreserved	<u>62,166</u>	<u>56,661</u>	<u>51,080</u>	<u>31,727</u>	<u>7,119</u>	<u>24,716</u>	<u>35,460</u>	<u>33,043</u>	<u>32,183</u>	<u>31,121</u>
Total general fund	<u>\$ 72,453</u>	<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>
All other governmental funds										
Reserved	\$ 42,910	\$ 39,014	\$ 41,188	\$ 33,527	\$ 28,460	\$ 19,473	\$ 16,147	\$ 13,812	\$ 12,947	\$ 7,166
Unreserved, report in:										
Special revenue funds	30,584	34,867	29,807	23,553	8,596	2,585	2,410	2,375	1,724	1,688
Debt service fund	-	-	-	-	-	-	-	-	-	-
Capital projects funds	<u>64,106</u>	<u>61,765</u>	<u>71,569</u>	<u>126,252</u>	<u>37,932</u>	<u>28,369</u>	<u>33,717</u>	<u>11,782</u>	<u>21,861</u>	<u>16,133</u>
Total all other governmental funds	<u>\$ 137,600</u>	<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>

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City of Glendale, Arizona
Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Schedule 4

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Revenues										
Taxes and special assessments	\$ 112,576	\$ 96,812	\$ 93,655	\$ 82,458	\$ 70,526	\$ 60,911	\$ 57,681	\$ 54,355	\$ 51,253	\$ 47,892
Licenses and permits	16,039	15,497	16,667	16,771	10,663	9,897	8,280	7,902	9,197	6,691
Intergovernmental	86,994	75,691	73,166	73,836	68,479	72,216	70,269	66,609	61,845	55,558
Local revenues	-	-	-	-	-	6,417	11,020	10,904	12,355	23,130
Charges for services	8,838	5,681	4,824	3,313	2,516	5,347	4,862	4,737	4,735	3,813
Fines and forfeitures	3,564	3,247	3,169	3,246	2,859	2,381	2,413	2,951	2,646	2,701
Investment income (loss)	7,825	4,762	1,511	(805)	2,572	8,303	4,533	5,017	5,185	4,556
Miscellaneous	4,136	3,335	2,774	2,834	2,729	3,687	1,905	1,770	1,971	2,943
Total revenues	239,972	205,025	195,766	181,653	160,344	169,159	160,963	154,245	149,187	147,284
Expenditures										
General government	21,868	20,892	17,274	20,321	20,064	21,583	17,122	15,340	14,666	13,287
Public safety	72,745	61,366	53,805	49,571	49,126	43,741	41,155	37,912	36,847	34,318
Public works	12,252	12,081	12,816	10,118	11,364	12,688	11,884	10,457	9,797	9,114
Community services	35,604	32,627	30,006	28,391	27,502	22,832	21,332	18,514	16,697	15,521
Community environment	3,978	3,082	3,311	3,282	3,223	2,379	2,052	2,508	2,991	1,883
Street maintenance	11,609	10,534	9,811	9,994	11,493	10,320	9,541	9,516	9,109	8,600
Community housing	-	-	-	-	-	6,201	5,645	5,312	5,064	4,887
Miscellaneous	2,918	55	555	80	71	475	458	21	88	150
Contingencies	-	-	-	-	-	-	-	-	40	316
Capital outlay	131,243	47,283	120,833	142,213	38,636	37,029	42,178	42,363	37,130	41,520
Debt service:										
Principal	20,328	18,899	18,090	21,680	20,574	16,501	27,574	14,359	12,897	11,426
Interest	17,222	17,231	15,998	8,155	5,925	6,605	5,422	6,180	6,308	6,905
Total expenditures	329,767	224,050	282,499	293,805	187,978	180,354	184,363	162,482	151,634	147,927
Excess of revenues over (under) expenditures	(89,795)	(19,025)	(86,733)	(112,152)	(27,634)	(11,195)	(23,400)	(8,237)	(2,447)	(643)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Other financing sources (uses)										
Discount on long-term debt	-	-	(82)	-	-	-	-	-	-	-
Proceeds from loans	-	-	-	-	200	-	5,279	-	1,858	3,316
Long-term debt issued	93,033	16,075	69,522	215,920	40,563	-	41,997	-	12,073	301
Refunding bonds issued	9,065	-	-	-	-	-	-	-	-	-
Premium on long-term debt issued	1,782	230	1,114	14,500	-	-	-	-	-	-
Proceeds from equipment disposal	3,166	1,342	8,198	2,802	82	-	-	-	-	-
Capital lease proceeds	-	-	428	11,266	-	-	9,139	-	1,290	-
Payment to refunded bonds escrow agent	(9,582)	-	(21,262)	-	(4,533)	-	-	-	-	-
Transfers in	20,014	15,800	32,943	12,851	15,936	15,015	15,814	18,218	18,476	15,703
Transfers out	(19,314)	(15,964)	(33,276)	(12,918)	(16,165)	(16,325)	(14,333)	(16,559)	(17,295)	(14,257)
Total other financing sources (uses)	<u>98,164</u>	<u>17,483</u>	<u>57,585</u>	<u>244,421</u>	<u>36,083</u>	<u>(1,310)</u>	<u>57,896</u>	<u>1,659</u>	<u>16,402</u>	<u>5,063</u>
Net change in fund balances	<u>\$ 8,369</u>	<u>\$ (1,542)</u>	<u>\$ (29,148)</u>	<u>\$ 132,269</u>	<u>\$ 8,449</u>	<u>\$ (12,505)</u>	<u>\$ 34,496</u>	<u>\$ (6,578)</u>	<u>\$ 13,955</u>	<u>\$ 4,420</u>
Debt service as a percentage of noncapital expenditures	18.91%	20.44%	21.09%	19.68%	17.74%	16.12%	23.21%	17.10%	16.77%	17.23%

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

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Fiscal Year	Real Estate	Improvements	Secured Personal	Unsecured Personal	Utilities Rails and Wires	Less: Tax Exempt Property	Net Assessed Value ⁽¹⁾	Total Direct Tax Rate	Estimated Actual Value ⁽²⁾	Assessed Value as a Percentage Of Actual Value ⁽³⁾
1996-97	\$ 191,755	\$ 401,560	\$ 2,564	\$ 23,711	\$ 46,017	\$ 65,362	\$ 600,245	\$ 1.88	\$ 5,022,245	13.253 %
1997-98	206,083	475,031	2,688	29,718	46,299	62,626	697,193	1.83	5,824,504	13.045
1998-99	215,309	485,708	2,974	29,627	44,837	61,065	717,390	1.78	5,931,081	13.125
1999-00	223,785	548,672	2,748	30,259	45,209	62,981	787,692	1.73	6,526,885	13.033
2000-01	233,712	619,842	2,609	39,388	46,580	65,228	876,903	1.72	7,288,261	12.927
2001-02	253,580	686,608	2,609	43,470	51,547	83,695	954,119	1.72	8,010,100	12.956
2002-03	258,224	733,234	2,383	39,629	54,189	98,565	989,094	1.72	8,331,442	13.055
2003-04	298,152	820,414	2,113	35,832	58,517	135,011	1,080,017	1.72	9,391,120	12.938
2004-05	342,689	893,850	1,661	43,584	56,582	193,816	1,144,550	1.72	10,065,003	13.297
2005-06	368,181	989,418	1,450	45,025	58,101	192,607	1,269,568	1.72	11,296,734	12.943

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.
 - (2) Assessed values are established each year by the County. The tax rate is \$100 per assessed value (reference note I. M, page 42).
 - (3) The assessed value as a percentage of actual value does not include tax exempt property.

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

Schedule 6

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
1996-97	\$ 0.54	\$ 1.34	\$ 1.88	\$ 16.44	\$ 14.03	\$ 15.47
1997-98	0.49	1.34	1.83	16.62	14.75	15.01
1998-99	0.44	1.34	1.78	17.15	15.20	15.03
1999-00	0.39	1.34	1.73	16.72	14.86	14.33
2000-01	0.38	1.34	1.72	15.81	14.55	13.12
2001-02	0.36	1.36	1.72	15.36	13.73	13.12
2002-03	0.35	1.37	1.72	15.51	13.69	12.59
2003-04	0.34	1.38	1.72	14.79	13.59	12.06
2004-05	0.33	1.39	1.72	14.88	13.22	11.78
2005-06	0.31	1.41	1.72	20.96	18.45	16.98

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Source: Maricopa County 2005 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, 2006
 (amounts expressed in thousands)

Schedule 7

132

Taxpayer	Tax Year 2006			Tax Year 1997		
	Rank	Assessed Valuation	Percentage of Total City Taxable Assessed Value	Rank	Assessed Valuation	Percentage of Total City Taxable Assessed Value
Arizona Public Service Company	1	\$ 15,546	1.22 %	2	\$ 12,001	2.00 %
Qwest Corporation (US West)	2	15,022	1.18	1	12,450	2.07
Wal-Mart Stores, Inc.	3	10,526	0.83			
New River Associates	4	8,925	0.70	3	7,230	1.20
Southwest Gas Corporation	5	6,217	0.49	4	3,940	0.66
Toys DC South LLC	6	5,779	0.46			
VHS of Arrowhead, Inc.	7	4,250	0.33			
51 Bells Limited Partnership	8	4,000	0.32			
Burlington/Santa Fe Railroad	9	3,690	0.29			
5353 Bell Road LLC	10	3,668	0.29			
Price Reit				5	3,475	0.58
Sanderson Ford				6	3,207	0.53
Atchison Topeka & Santa Fe				7	2,784	0.46
Meridian Trust Co.				8	2,475	0.41
Parcel 18 Associates				9	2,266	0.38
Shea Homes				10	2,265	0.38
Total principal taxpayers		\$ 77,623	6.11 %		\$ 52,093	8.67 %

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 ⁽¹⁾ Tax Levy	Collected within the Fiscal Year of Levy		Collections ⁽²⁾ in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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	547	18,446	99.88
2004-05	19,534	19,011	97.32	426	19,437	99.50
2005-06	21,566	20,980	97.28	-	20,980	97.28

Source: Maricopa County Treasurer's Office

(1) Total levy includes only secured property.

(2) Includes collections and resolutions.

Ratio of Outstanding Debt by Type⁽¹⁾

Last Ten Fiscal Years

(amounts expressed in thousands)

Government Activities

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Fiscal Year	Government Activities					
	General Obligation Bonds	Special Assignment Bonds	Street and Highway Revenue Bonds	Municipal Property Corporation	Capital Leases	Notes Payable
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
2005-06	175,155	39	35,940	223,988	12,875	15,689

Fiscal Year	Business Activities						Total Primary Government	Per Capita ⁽²⁾
	Water Sewer G.O. Bonds	Landfill G.O. Bonds	Water Sewer Revenue Bonds	Notes Payable	Capital Leases			
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	
2005-06	12,375	700	190,020	12,285	2,613	681,679	2,806	

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.

City of Glendale, Arizona
Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Schedule 10

<u>Fiscal Year</u>	<u>General Obligation Bonds⁽¹⁾</u>	<u>Less: Amounts Available in Debt Service Funds⁽²⁾</u>	<u>Total</u>	<u>Percentage of Net Assessed Value of Property</u>	<u>Per Capita</u>
1996-97	\$ 58,800	\$ 9,998	\$ 48,802	8.13 %	\$ 254.18
1997-98	62,575	10,892	51,683	7.41	262.35
1998-99	53,025	11,611	41,414	5.77	200.07
1999-00	64,690	12,416	52,274	6.63	245.42
2000-01	54,415	13,241	41,174	4.69	183.81
2001-02	90,135	16,281	73,854	7.74	323.92
2002-03	146,135	17,768	128,367	12.98	555.70
2003-04	170,545	18,526	152,019	14.08	652.44
2004-05	171,070	19,472	151,598	13.25	642.36
2005-06	188,230	22,507	165,723	13.05	679.19

Note: Principal and interest expenditures for 1999-00 include a current refunding transaction.
 (1) These figures include general obligation water & sewer and general obligation landfill bonds.
 (2) These figures include the current general obligation bond liability plus the general obligation service fund balance at June 30.

City of Glendale, Arizona
Net Direct and Overlapping Governmental Activities Debt
 June 30, 2006
 (amounts expressed in thousands)

Schedule 11

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Glendale	Amount Applicable to Glendale
Peoria Unified School District No. 11	\$ 234,117	25.9252 %	\$ 60,695
Glendale Elementary School District No. 40	34,665	98.7836	34,243
Deer Valley Unified School District No. 97	183,660	22.2171	40,804
Alhambra Elementary School District No. 68	33,645	18.3172	6,163
Glendale Union High School District No. 205	123,965	21.6233	26,805
Maricopa County	-	3.8243	-
Maricopa County Community College District	369,320	3.8243	14,124
Phoenix Union High School District No. 210	240,230	1.4602	3,508
Pendergast Elementary School District No. 92	17,350	11.5981	2,012
Tolleson Union High School District No. 214	61,790	4.0610	2,509
Washington Elementary School District No. 6	120,200	2.7781	3,339
Dysart Unified School District No. 89	74,005	0.0420	31
Agua Fria Union High School District No. 216	55,690	0.0375	21
Litchfield Elementary School District No. 79	<u>14,350</u>	0.0577	<u>8</u>
Total Overlapping Debt	1,562,987		194,262
City of Glendale Debt ⁽¹⁾	<u>153,608</u>		<u>153,608</u>
Total	<u><u>\$1,716,595</u></u>		<u><u>\$ 347,870</u></u>

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

(1) Does not include landfill nor water and sewer general obligation debt.

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 2006

6% Type Bonds

Assessed value	\$ 1,269,568
Debt limit (6% of assessed value)	76,174
Debt applicable to limit: General obligation bonds	72,180
Less: Amount set aside for repayment of general obligation debt	(19,641)
Total net debt applicable to limit	<u>52,539</u>
Legal debt margin	<u>\$ 23,635</u>

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 36,015	\$ 41,832	\$ 47,262	\$ 47,262	\$ 52,614	\$ 57,247	\$ 59,346	\$ 64,801	\$ 68,673	\$ 76,174
Total net debt applicable to limit	<u>14,197</u>	<u>21,929</u>	<u>19,190</u>	<u>26,107</u>	<u>21,602</u>	<u>30,167</u>	<u>47,813</u>	<u>49,399</u>	<u>51,682</u>	<u>52,539</u>
Legal debt margin	<u>\$ 21,818</u>	<u>\$ 19,903</u>	<u>\$ 28,072</u>	<u>\$ 21,155</u>	<u>\$ 31,012</u>	<u>\$ 27,080</u>	<u>\$ 11,533</u>	<u>\$ 15,402</u>	<u>\$ 16,991</u>	<u>\$ 23,635</u>
Total net debt applicable to the limit as a percentage of debt limit	39.42%	52.42%	40.60%	55.24%	41.06%	52.70%	80.57%	76.23%	75.26%	68.97%

20% Type Bonds

Assessed value	\$ 1,269,568
Debt limit (20% of assessed value)	253,914
Debt applicable to limit: General obligation bonds	116,050
Less: Amount set aside for repayment of general obligation debt	(2,866)
Total net debt applicable to limit	<u>113,184</u>
Legal debt margin	<u>\$ 140,730</u>

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 120,049	\$ 139,439	\$ 157,538	\$ 157,538	\$ 175,381	\$ 190,824	\$ 197,818	\$ 216,003	\$ 228,910	\$ 253,914
Total net debt applicable to limit	<u>42,965</u>	<u>37,979</u>	<u>31,774</u>	<u>36,307</u>	<u>29,847</u>	<u>43,972</u>	<u>80,844</u>	<u>101,153</u>	<u>99,340</u>	<u>113,184</u>
Legal debt margin	<u>\$ 77,084</u>	<u>\$ 101,460</u>	<u>\$ 125,764</u>	<u>\$ 121,231</u>	<u>\$ 145,534</u>	<u>\$ 146,852</u>	<u>\$ 116,974</u>	<u>\$ 114,850</u>	<u>\$ 129,570</u>	<u>\$ 140,730</u>
Total net debt applicable to the limit as a percentage of debt limit	35.79%	27.24%	20.17%	23.05%	17.02%	23.04%	40.87%	46.83%	43.40%	44.58%

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

Schedule 13

Fiscal Year	Water and Sewer Revenue Bonds					
	Utility Service Charges ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		Coverage
				Principal ⁽³⁾	Interest ⁽³⁾	
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
2005-06	59,426	35,916	23,510	6,813	7,143	1.68

Fiscal Year	Special Assessment Bonds				Municipal Property Corporation Bonds			
	Special Assessment Revenues	Debt Service		Coverage ⁽⁵⁾	Excise Tax Revenue	Debt Service		Coverage
		Principal ⁽⁴⁾	Interest			Principal	Interest	
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
2005-06	29	36	3	(0.26)	114,066	2,785	8,871	9.79

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, 05-06 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>City of Glendale Population</u>	<u>Maricopa County Population</u>	<u>Personal Income ⁽¹⁾ (thousands of dollars)</u>	<u>Per Capita ⁽¹⁾ Personal Income</u>	<u>Unemployment Rate</u>
1996-97	192	2,805	\$ 68,656,472	\$ 24,476	3.6 %
1997-98	197	2,909	75,639,499	26,002	2.6
1998-99	207	3,005	80,924,901	26,930	2.9
1999-00	213	3,096	89,771,608	28,993	2.3
2000-01	224	3,196	92,913,124	29,068	3.7
2001-02	228	3,295	95,618,598	29,020	5.0
2002-03	231	3,397	98,401,099	28,968	5.3
2003-04	233	3,524	101,264,571	28,734	4.4
2004-05	236	3,524	104,211,370	29,570	3.9
2005-06 ⁽²⁾	244	3,764	115,863,448	30,782	3.9

Source: Maricopa County Finance Department
 Arizona Department of Economic Security, Research Administration, Population Statistics Unit
 Maricopa County FY 2005-06 Annual Budget Report

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.
 (2) Estimates

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

Schedule 15

Employer	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Luke Air Force Base	8,400	1	8.12 %	7,114	1	6.93 %
Arrowhead Towne Center	2,500	2	2.42	1,500	3	1.46
Banner Thunderbird Health System	2,036	3	2.00	1,100	5	1.07
City of Glendale	2,021	4	2.00	1,150	4	1.12
Glendale Union High School District	1,862	5	1.81			
Glendale Elementary School District	1,684	6	1.63			
Deer Valley Unified School District	1,432	7	1.38			
Glendale Community College	1,220	8	1.21			
Schuck and Sons	1,150	9	1.11			
Gilbert Engineering	800	10	0.77			
Honeywell, Inc.				3,870	2	3.77
U.S. Postal Service				600	6	0.58
Arrowhead Community Hospital				320	7	0.31
American Graduate School of Int'l Management				300	8	0.29
Life Care Center of North Glendale				230	9	0.22
Wal-Mart				195	10	0.19
Total	23,105		22.45 %	16,379		15.94 %

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									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General government										
Management services	34.00	32.00	34.00	32.50	33.50	31.50	30.50	41.00	40.00	37.00
Finance	86.75	85.75	84.75	84.75	82.75	83.50	82.00	65.00	63.00	59.00
Planning	26.50	26.15	26.15	27.15	27.15	23.65	21.65	33.15	33.65	32.65
Building	55.75	57.75	44.75	40.75	32.50	29.50	28.50	27.50	26.50	25.50
Legal	67.00	67.00	61.00	58.00	50.00	47.00	47.00	39.00	39.00	36.00
Other	101.00	94.50	93.50	93.50	93.50	97.50	89.00	69.50	67.50	62.00
Police	506.50	507.50	473.50	455.50	455.50	421.50	397.00	380.00	365.00	353.00
Fire	237.50	216.00	196.00	195.00	190.00	167.50	167.50	163.50	162.50	156.00
Community service	84.25	82.75	75.25	75.25	73.75	67.00	61.00	50.00	50.00	51.00
Parks and recreation	89.75	86.75	80.40	79.40	78.40	73.40	63.90	60.65	60.00	59.75
Library	87.76	87.76	87.75	87.75	87.75	86.75	84.50	84.25	60.25	59.50
Public works	266.00	266.00	267.00	270.00	272.00	268.00	228.00	228.00	220.00	216.00
Engineering	46.00	45.00	44.00	44.00	43.00	42.00	41.00	41.00	40.00	38.00
Transportation	81.25	80.25	80.25	78.25	65.25	65.25	60.25	54.25	53.25	51.25
Utilities	146.00	140.00	132.00	132.00	132.00	125.00	124.00	127.00	119.00	115.00
Total	1,916.01	1,875.16	1,780.30	1,753.80	1,717.05	1,629.05	1,525.80	1,463.80	1,399.65	1,351.65

Source: City Budget Office

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

Schedule 17

Function/Program	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Police										
Calls for service	148,633	158,507	161,722	154,374	153,691	144,183	137,809	133,124	130,033	123,917
Bookings	8,640	8,138	8,057	7,980	8,781	7,744	773	10,062	7,882	8,410
Criminal offense reports	34,271	33,578	34,847	33,956	34,224	33,102	30,984	27,415	27,508	27,213
Fire										
EMS calls	22,284 ⁽¹⁾	18,977 ⁽⁴⁾	24,025	23,126	21,372	20,722	19,272	18,208	17,135	16,446
Fire calls	5,886 ⁽¹⁾	2,642 ⁽⁴⁾	3,335	3,379	3,379	3,110	2,958	2,755	2,695	2,823
Refuse collection ⁽³⁾										
Residential curb service (tons per year)	63,521	57,942	56,902	55,718	49,747	-	-	-	-	-
Commercial container service (tons per year)	49,517	44,441	44,681	48,583	45,798	-	-	-	-	-
Airport										
Departures/arrivals ⁽²⁾	143,798	108,887	118,140	88,449	118,703	110,631	112,570	133,220	115,056	130,263
General Government										
Building permits	7,888	7,079	6,330	6,299	5,428	7,090	7,925	8,561	8,942	8,393
Library										
Volumes in collection	596,266	620,130	601,440	600,477	606,676	544,467	562,532	342,042	311,870	334,156
Transit										
Dial-A-Ride passengers	89,055	87,831	86,132	81,768	76,622	66,527	69,081	70,032	67,626	68,727

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, January 1, 2006 through November 3, 2006.
- (2) Departures/arrivals are based on calendar year prior to 2005-2006. 2005 figures are through October 2005.
- (3) Sanitation figures were only available from 2000-2001 through present.
- (4) Amounts based on calendar year; January 1, 2005, through September 30, 2005.

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

Schedule 18

Function/Program	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Police										
Stations	3	3	3	3	3	3	3	3	3	3
Patrol vehicles	156	156	151	156	150	92	101	103	108	110
Fire stations	9	9	8	8	7	7	7	7	7	6
General government										
City square miles	57	57	57	57	56	55	55	55	54	54
Landfill										
Landfill capacity - south cell	22,594	22,594	22,594	22,594	22,594	16,351	16,351	16,351	16,351	13,771
Landfill capacity used - south cell	16,790	16,328	15,910	15,408	14,669	14,060	13,450	12,865	12,342	8,562
Other public works										
Streets (miles)	733	709	702	702	692	660	650	630	625	625
Parks and recreation										
Number of parks/retention basins	92	92	93	89	89	89	87	88	74	73
Acres of parks	2,058	2,052	1,998	1,984	1,984	1,984	1,844	1,845	1,682	1,682
Transit										
Dial-A-Ride minibuses	25	25	22	19	17	21	17	16	15	12

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 ⁽¹⁾			
	All Year		All Year		Summer Excess Rate	
	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City
0 - 3,000	-	-	\$ 1.55	\$ 2.02	\$ 2.73	\$ 3.55
4,000 - 15,000	\$ 1.55	\$ 2.02	1.55	2.02	2.73	3.55
16,000 - 30,000	1.95	2.54	1.55	2.02	2.73	3.55
over 31,000	2.73	3.55	1.55	2.02	2.73	3.55

SEWER SERVICE RATES

Type of Service	Inside City	Outside City
Single Family Dwelling Unit	\$ 25.09	\$ 45.32
Office Building	34.05	N/A
Apartment - Average 5 units	62.89	63.57
Apartment - Average 35 units	386.97	80.05
Retail/Wholesale	53.13	N/A

(1) Per 1,000 gallons

SOURCE: City of Glendale Finance Department

HISTORICAL AVERAGE NUMBER OF WATER ACCOUNTS ⁽¹⁾

Fiscal Year Ending June 30	Residential	Commercial ⁽²⁾	Total
1997	45,421	4,165	49,586
1998	47,363	4,343	51,706
1999	49,556	4,544	54,100
2000 ⁽³⁾	50,324	4,590	54,914
2001	51,169	4,649	55,818
2002	52,736	5,197	57,933
2003	53,654	5,431	59,085
2004	54,349	4,361	58,710
2005	55,139	4,491	59,630
2006	55,354	4,650	60,004

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

(2) Includes multi-family housing facilities.

(3) As of April 3, 2000.

SOURCE: City of Glendale Finance Department.

WATER DELIVERIES

Acre Feet

Calendar Year	Residential ⁽¹⁾	Commercial	Other	Total
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
2005	33,567	8,282	1,298	43,147

(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 Ending June 30	No. of Sewer Accounts Billed	Multi-City Plant ⁽²⁾ (MGD) Actual	Arrowhead (MGD) ⁽¹⁾	West ⁽¹⁾ (MGD)	Pyramid Peak (MGD)
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
2005	55,995	8.2	3.0	8.5	28.6

(1) Began operations in 2000.

(2) SROG - Sub Regional Operating Group

SOURCE: City of Glendale Finance and Utilities Departments.

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