

# City of Glendale, Arizona Comprehensive Annual Financial Report

For the Fiscal Year  
Ended June 30, 2007



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City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

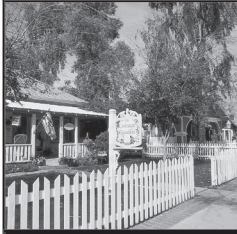
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# INTRODUCTORY SECTION

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FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

*For the Fiscal Year Ended June 30, 2007*

**Mayor  
Elaine M. Scruggs**

**Councilmembers**

Manuel D. Martinez  
Vice Mayor  
Cholla District

Joyce V. Clark - Yucca District  
Steven E. Frate - Sahuaro District  
David M. Goulet - Ocotillo District  
Yvonne Knaack - Barrel District  
H. Philip Lieberman - Cactus 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, 2007**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>I. INTRODUCTORY SECTION</b>	
Title Page .....	i
Table of Contents .....	iii
Letter of Transmittal .....	1
GFOA Certificate of Achievement.....	6
Glendale, Arizona and Neighboring Communities .....	7
Glendale City Officials .....	8
Glendale Council District Boundaries.....	9
Organization Chart.....	10
 <b>II. FINANCIAL SECTION</b>	
Independent Auditors' Report.....	11
<b>A. MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&amp;A).....</b>	<b>13</b>
<b>B. BASIC FINANCIAL STATEMENTS</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Assets .....	25
Statement of Activities.....	26
 <b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds.....	28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	29
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	31
Statement of Net Assets – Proprietary Funds.....	32
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	33
Statement of Cash Flows – Proprietary Funds .....	34
 <b>Notes to the Financial Statements</b> (including an Index of the Notes) .....	 <b>36</b>
 <b>C. REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule – General Fund .....	75
Budgetary Comparison Schedule – Transportation Fund.....	77
Notes to Required Supplementary Information.....	78

**City of Glendale, Arizona  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2007**

**TABLE OF CONTENTS**

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

**City of Glendale, Arizona  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2007**

**TABLE OF CONTENTS**

**III. STATISTICAL SECTION**

	<u>Schedule</u>	<u>Page</u>
Net Assets by Component .....	1	120
Changes in Net Assets .....	2	122
Fund Balances – Governmental Funds .....	3	124
Changes in Fund Balances – Governmental Funds .....	4	126
Assessed and Estimated Actual Value of Taxable Property .....	5	128
Direct and Overlapping Governments Property Tax Rates .....	6	129
Principal Property Taxpayers .....	7	130
Property Tax Levies and Collections .....	8	131
City Transaction Privilege Taxes (Sales Tax) by Category .....	9	132
Ratio of Outstanding Debt by Type .....	10	134
Ratios of Net General Bonded Debt Outstanding .....	11	136
Net Direct and Overlapping Governmental Activities Debt .....	12	137
Legal Debt Margin Information .....	13	138
Pledged-Revenue Coverage .....	14	140
Demographic and Economical Statistics .....	15	142
Principal Employers .....	16	143
Full-time Equivalent City Government Employees by Function/Program .....	17	144
Operating Indicators by Function/Program .....	18	145
Capital Asset Statistics by Function/Program .....	19	146
Miscellaneous Water and Sewer Rate Statistics .....	20	147
Miscellaneous Water and Sewer Statistics .....	21	148

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November 21, 2007

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, 2007.

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, 2007, 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 246,382. 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, sports and entertainment. The Arizona Department of Economic Security currently lists the average labor force in the City as 142,942 for the period January through June 2007 and an average employment of 138,533 for the same period. Average employment for the same period last year was 132,337, 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 maintain 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 3.9 million. The state's population reached 6.43 million in 2007, representing a 3.04% increase over the previous fiscal year.

**Long-term financial planning.** Glendale's Sports and Entertainment district has experienced unprecedented growth in this past year. This growth starts with Westgate City Center. In fall 2006, phase I was completed and opened more than 615,000 square feet of retail and office space. An additional 1.1 million square feet of residential and hotel space are currently under construction, namely the Marriott Renaissance Hotel and the Hampton Inn & Suites. These hotels are expected to be open for business for the 2008 Tostitos Fiesta Bowl and Super Bowl XLII.

Westgate City Center is also the location of Jobing.com Arena, formerly known as Glendale Arena. This arena continues to be one of the nation's top sports and concert venues. Jobing.com Arena is the permanent home of the National Hockey League's Phoenix Coyotes and National Lacrosse League's Western Division champions, Arizona Sting.

In May 2007, Westgate City Center and the City of Glendale became one of only eighteen cities nationwide to host the AVP Open Pro Beach Volleyball events.

Cabela's, World's Foremost Outfitter, opened its doors for business on July 27, 2006. Cabela's features 160,000 square feet of showroom, 40,000 gallon walk-through aquarium, 8,000 square foot wildlife museum, restaurant and more. It is estimated that three million people annually will make the trip to Glendale to visit Cabela's, generating revenue on the lodging, food, and entertainment.

The crown jewel of Glendale's Sports and Entertainment District is the University of Phoenix Stadium. In August 2006, the stadium opened with the new National Football League's season as the home of the Arizona Cardinals. The University of Phoenix Stadium was the host of the 2007 Tostitos Fiesta Bowl and the 2007 BCS National Championship game. The University of Phoenix Stadium will host Super Bowl XLII and will continue to host the Tostitos Fiesta Bowl. *Business Week* recognized the stadium as one of the top ten sporting structures in the world, and it is the only U.S. facility to make the list.

In preparation of the upcoming Super Bowl, Glendale has opened the Media Center, which takes up two floors of the Glendale Conference Center and is attached to the Marriott Renaissance Hotel. The Media Center is able to expand up to 40,000 square feet. This amount of space will be necessary as it will be the media center for national events such as the Fiesta Bowl, future BCS Championship games and the Super Bowl. The Media Center is also the new home of the publicly owned Glendale 11 cable station.

The Glendale Regional Public Safety Training Center opened its doors to the first class of firefighter recruits on July 23, 2006. This center will be utilized by Maricopa County Community College District, the cities of Surprise, Peoria, Avondale and Glendale for training of public safety personnel.

Substantial investments have been made by the City to act and remain 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 retired employees to participate in the health care and life insurance plans provided to active employees. The plans provide health, dental, vision, and 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. The impact of Other Post-Employment Benefits (OPEB) due to GASB 45 is currently under review.

**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, 2006. This was the nineteenth consecutive year the City has received this prestigious award, and the twenty-first 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 CAFR 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 2006-07. This is the eighteenth 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,

A handwritten signature in cursive script that reads "Raymond H. Shuey".

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, 2006

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.

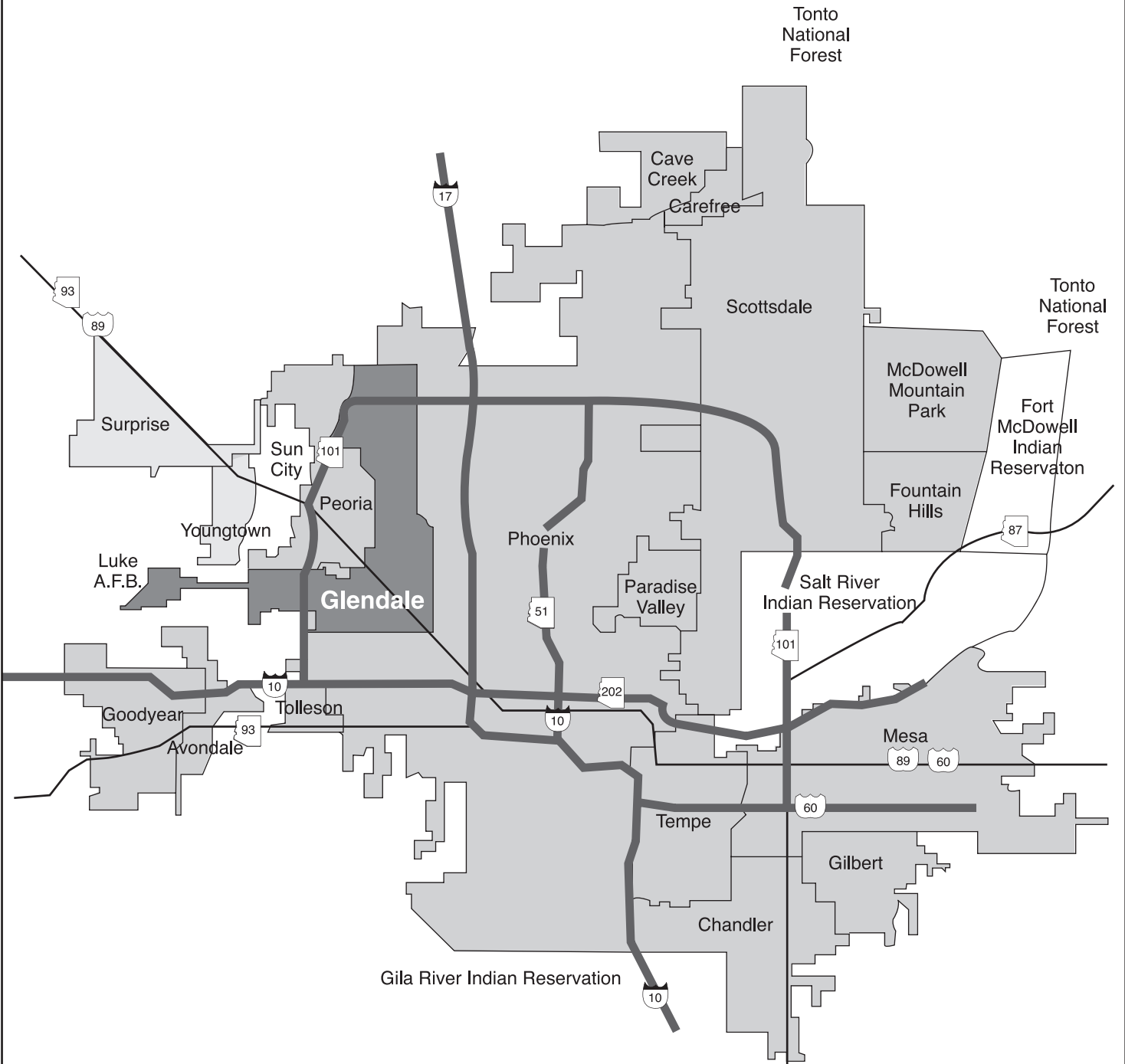


President

Executive Director



# Glendale, Arizona and Neighboring Communities





# Glendale City Officials



ELAINE M. SCRUGGS  
*Mayor*



JOYCE V. CLARK  
*Councilmember  
Yucca District*



STEVE E. FRATE  
*Councilmember  
Sahuaro District*



DAVID M. GOULET  
*Councilmember  
Ocotillo District*



YVONNE KNAACK  
*Councilmember  
Barrel District*



H. PHILIP LIEBERMAN  
*Councilmember  
Cactus District*



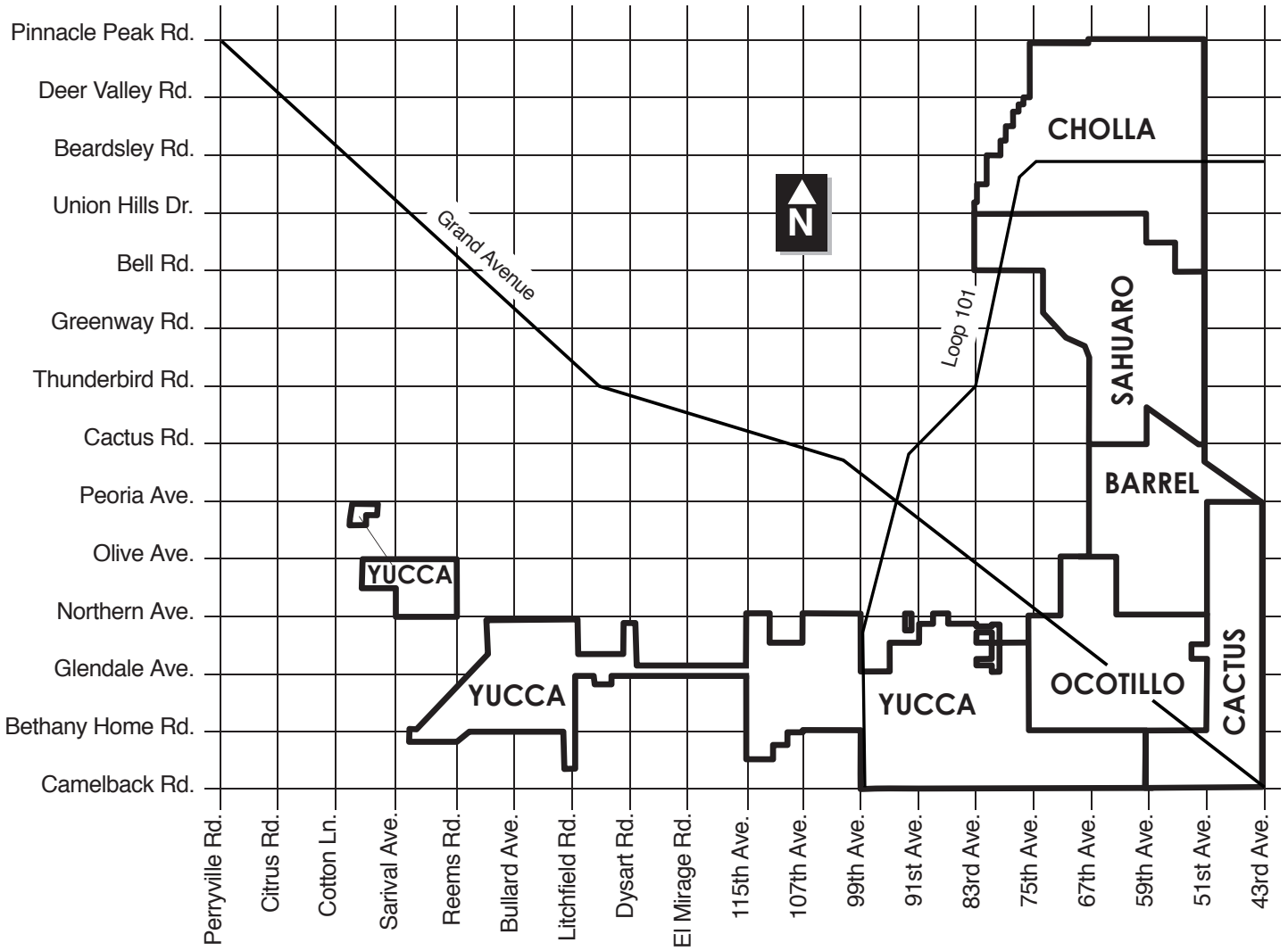
MANUEL D. MARTINEZ  
*Vice Mayor/  
Councilmember  
Cholla District*



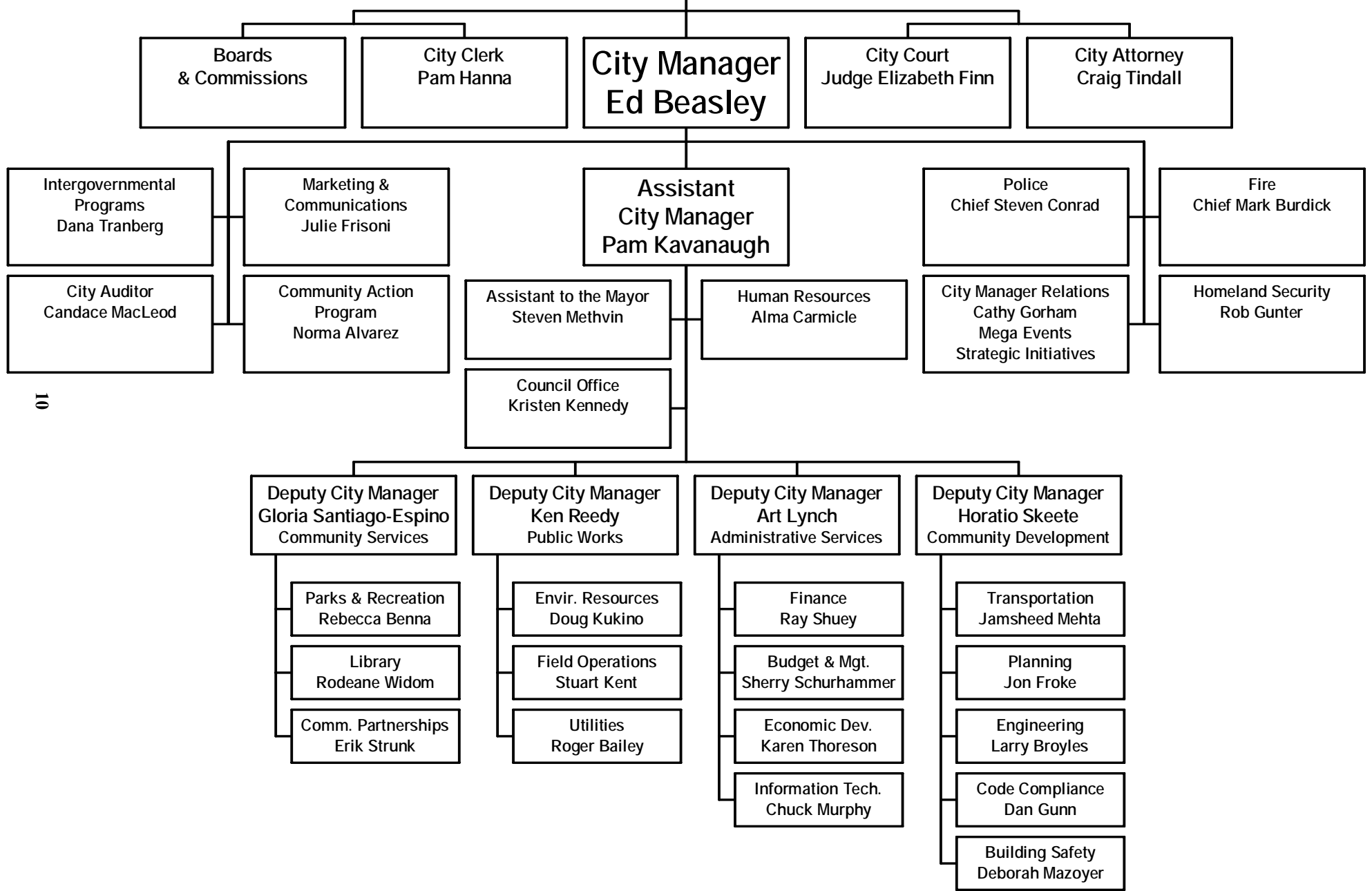
ED BEASLEY  
*City Manager*



# Glendale Council District Boundaries



# Mayor & Council





City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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# FINANCIAL SECTION

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FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glendale, Arizona (the City) as of and for the year ended June 30, 2007, 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, 2007, 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 November 21, 2007, 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 75 through 78 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information such as the introductory section, combining statements, other supplementary information and the statistical section 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

November 21, 2007



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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# MANAGEMENT'S DISCUSSION & ANALYSIS

(Required Supplementary Information)

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FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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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, 2007. 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 (MD&A), provide these significant key financial highlights for 2006-07 as follows:

- The City's total net assets increased \$54,805 or 5.30%. The governmental net assets increased by \$42,607 or 6.77%, and the business-type net assets increased by \$12,198 or 3.02%.
- General revenues from governmental activities increased \$13,549 or 7.79% and were 65.40% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions increased \$28,103 or 39.50%.
- The business-type activities total revenues increased by \$9,101 or 9.37%.
- The total cost of all City programs increased by \$42,296 or 14.29%.
- A major governmental fund, the general fund, had \$157,791 in revenues, which is an increase of \$11,323 or 7.73% 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 \$162,737, which is an increase of \$25,147 or 18.28%. The fund balance decreased \$11,073 or 15.28%. This decrease resulted mainly from an increase in general government, public safety and debt service expenditures.
- The City issued by way of voter authorization: 1) \$61,000 in general obligation bonds that will be used to pay the costs of acquisitions, improvements and equipment for proposed projects such as streets and parking, public safety, flood control, and parks and recreation, and 2) \$44,500 in subordinate lien water and sewer revenue obligation bonds that will be used in the various improvements and extensions of existing water and sewer projects, replacement and rehabilitation of water lines throughout the city, and construction of water treatment plants and associated costs.

### **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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

**CITY OF GLENDALE, ARIZONA**  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

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, street maintenance, and interest on long-term debt. 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 13 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, and landfill services, which are considered to be major funds of the City. Data from the other two enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major enterprise funds are provided in the form of combining statements and schedules. Conversely, all three internal service funds are combined into a single, aggregated presentation in the proprietary fund

**CITY OF GLENDALE, ARIZONA**  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

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 \$1,088,479 as of June 30, 2007.

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, 2007  
(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, 2007, and 2006  
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 303,981	\$ 293,114	\$ 198,700	\$ 196,267	\$ 502,681	\$ 489,381
Capital assets, net	1,025,808	869,900	511,525	457,034	1,537,333	1,326,934
<b>Total assets</b>	<b>1,329,789</b>	<b>1,163,014</b>	<b>710,225</b>	<b>653,301</b>	<b>2,040,014</b>	<b>1,816,315</b>
Current liabilities	57,813	44,443	18,295	12,003	76,108	56,446
Noncurrent liabilities	600,272	489,474	275,155	236,721	875,427	726,195
<b>Total liabilities</b>	<b>658,085</b>	<b>533,917</b>	<b>293,450</b>	<b>248,724</b>	<b>951,535</b>	<b>782,641</b>
Net assets:						
Invested in capital assets, net of related debt	446,828	398,517	249,569	233,387	696,397	631,904
Restricted	180,303	155,163	11,881	12,437	192,184	167,600
Unrestricted	44,573	75,417	155,325	158,753	199,898	234,170
<b>Total net assets</b>	<b>\$ 671,704</b>	<b>\$ 629,097</b>	<b>\$ 416,775</b>	<b>\$ 404,577</b>	<b>\$ 1,088,479</b>	<b>\$ 1,033,674</b>

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

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**CITY OF GLENDALE, ARIZONA**  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

The following table presents a summary of the changes in net assets compared to prior year.

**Changes in Net Assets**  
As of June 30, 2007, and 2006  
(in thousands)

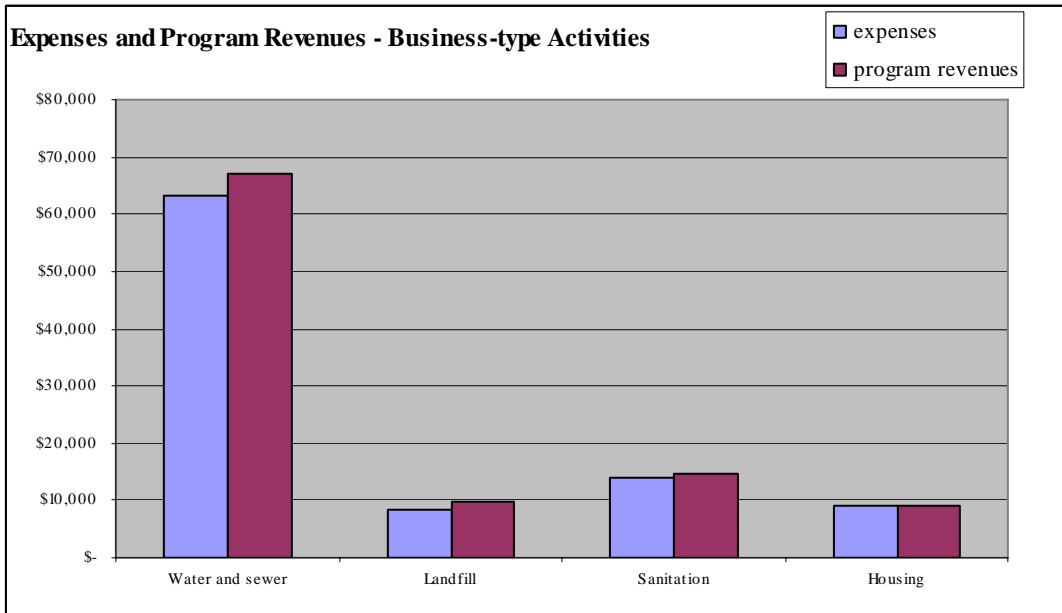
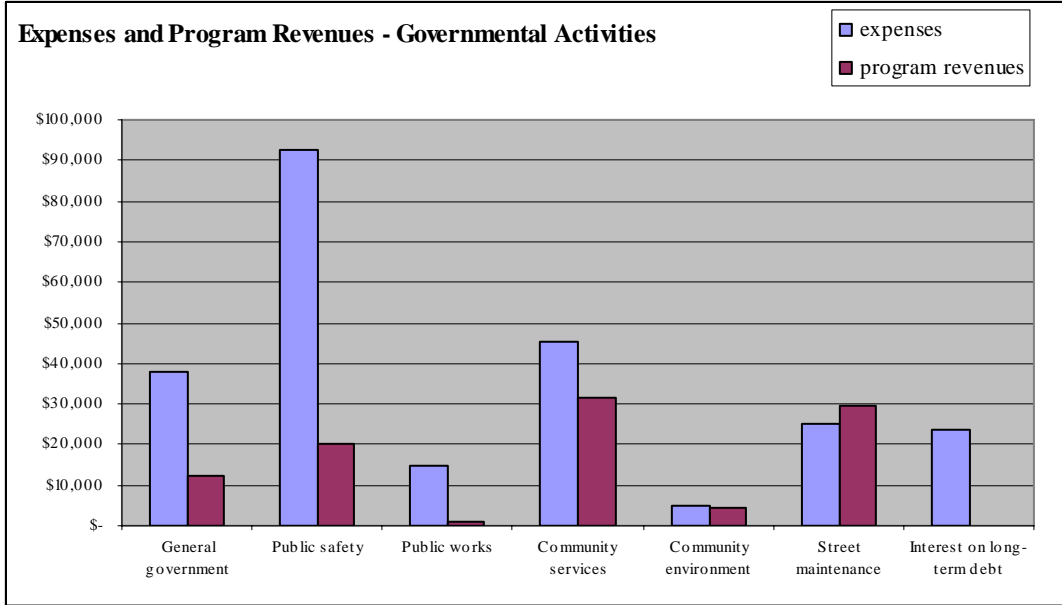
	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 36,438	\$ 32,769	\$ 87,182	\$ 79,251	\$ 123,620	\$ 112,020
Operating grants and contributions	36,566	31,973	8,254	8,020	44,820	39,993
Capital grants and contributions	26,247	6,406	5,125	5,403	31,372	11,809
<b>Total program revenues</b>	<b>99,251</b>	<b>71,148</b>	<b>100,561</b>	<b>92,674</b>	<b>199,812</b>	<b>163,822</b>
General revenues:						
Property taxes	23,085	21,386	-	-	23,085	21,386
Sales taxes	97,825	90,968	-	-	97,825	90,968
State shared sales tax	23,037	23,298	-	-	23,037	23,298
Urban revenue sharing (state shared income tax)	27,518	22,909	-	-	27,518	22,909
Auto in-lieu taxes	10,044	10,444	-	-	10,044	10,444
Investment earnings, unrestricted	5,557	4,395	5,381	3,466	10,938	7,861
Gain on disposal of capital assets	202	348	103	844	305	1,192
Miscellaneous	301	272	140	100	441	372
<b>Total revenues</b>	<b>286,820</b>	<b>245,168</b>	<b>106,185</b>	<b>97,084</b>	<b>393,005</b>	<b>342,252</b>
<b>Expenses:</b>						
General government	37,992	33,329	-	-	37,992	33,329
Public safety	92,405	75,277	-	-	92,405	75,277
Public works	14,816	13,995	-	-	14,816	13,995
Community services	45,481	40,275	-	-	45,481	40,275
Community environment	4,698	4,125	-	-	4,698	4,125
Street maintenance	24,906	22,720	-	-	24,906	22,720
Other	-	3,020	-	-	-	3,020
Interest on long-term debt	23,551	16,883	-	-	23,551	16,883
Water and sewer	-	-	63,289	55,607	63,289	55,607
Landfill	-	-	8,264	7,950	8,264	7,950
Sanitation	-	-	13,847	13,257	13,847	13,257
Housing	-	-	8,951	9,466	8,951	9,466
<b>Total expenses</b>	<b>243,849</b>	<b>209,624</b>	<b>94,351</b>	<b>86,280</b>	<b>338,200</b>	<b>295,904</b>
<b>Excess before transfers</b>	<b>42,971</b>	<b>35,544</b>	<b>11,834</b>	<b>10,804</b>	<b>54,805</b>	<b>46,348</b>
<b>Transfers in (out)</b>	<b>(364)</b>	<b>700</b>	<b>364</b>	<b>(700)</b>	<b>-</b>	<b>-</b>
<b>Increase in net assets</b>	<b>42,607</b>	<b>36,244</b>	<b>12,198</b>	<b>10,104</b>	<b>54,805</b>	<b>46,348</b>
<b>Net assets, beginning</b>	<b>629,097</b>	<b>592,853</b>	<b>404,577</b>	<b>394,473</b>	<b>1,033,674</b>	<b>987,326</b>
<b>Net assets, ending</b>	<b>\$ 671,704</b>	<b>\$ 629,097</b>	<b>\$ 416,775</b>	<b>\$ 404,577</b>	<b>\$ 1,088,479</b>	<b>\$ 1,033,674</b>

**Changes in net assets.** The increase in net assets for the governmental activities was primarily due to developer contributed capital of \$10,250 and an increase in general revenues of \$13,549 from prior year. The City's revenue from governmental activities for the fiscal year ended June 30, 2007, was \$286,820. The cost of programs and services for governmental activities were \$243,849.

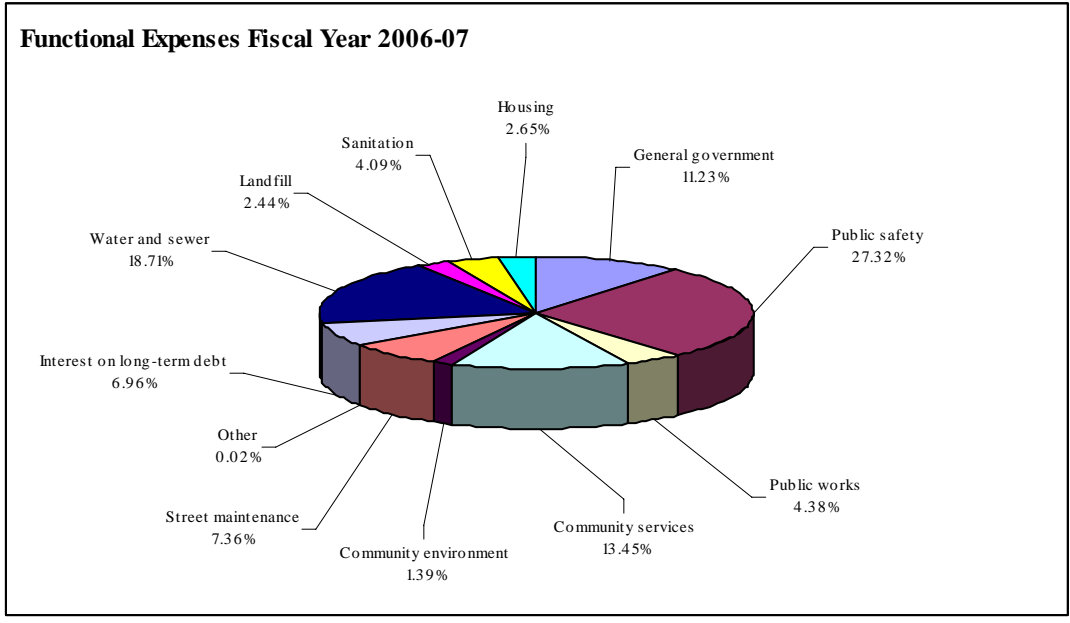
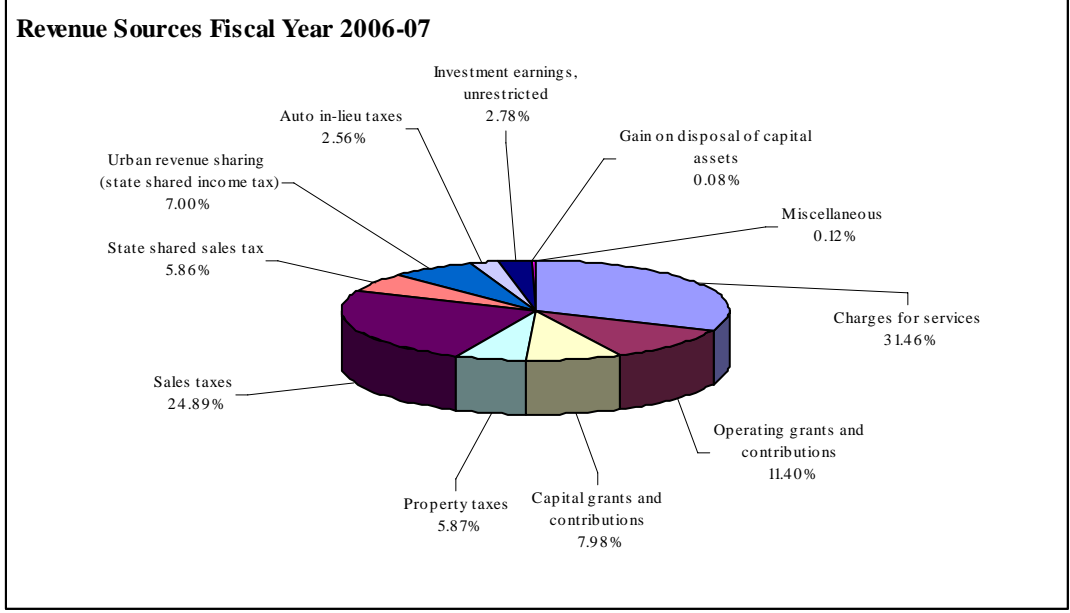
The increase in net assets for the business activities was primarily an increase of \$7,655 in water and sewer charges for services due to a rate increase, in addition to developer contributed capital of \$4,574. The

**CITY OF GLENDALE, ARIZONA**  
 Management's Discussion and Analysis (MD&A)  
 For the Fiscal Year Ended June 30, 2007  
 (amounts expressed in thousands)

City's revenue from business-type activities for the fiscal year ended June 30, 2007, was \$106,185. The cost of programs and services were \$94,351.



**CITY OF GLENDALE, ARIZONA**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2007**  
 (amounts expressed in thousands)



**CITY OF GLENDALE, ARIZONA**  
 Management's Discussion and Analysis (MD&A)  
 For the Fiscal Year Ended June 30, 2007  
 (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 \$209,710, a decrease of \$343 or 0.16% in comparison with the prior year.
- *Unreserved undesignated fund balance*, which is available for spending at the City's discretion within a fund, was \$119,553, a decrease of \$10,089 or 7.78% from the prior year.
- The City also had \$34,628 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	\$ 10,500
Special revenue	26,750
Debt service	12,191
Capital projects	919
Permanent	<u>5,169</u>
Total	<u>\$ 55,529</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 \$50,880, while total fund balance reached \$61,380. 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 31.27% of total general fund expenditures, while total fund balance represents 37.72% of that same amount.

The transportation fund accounts for the City's public transit program. The fund saw a decrease in fund balance of \$23,146 for the fiscal year ended June 30, 2007. This decrease is due to increase in capital outlay.

The municipal property corporation construction fund accounts for the resources used to finance municipal projects. The fund saw an increase in fund balance of \$1,166 for the fiscal year ended June 30, 2007. This was due to an increase in investment income.

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

**CITY OF GLENDALE, ARIZONA**  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

Net assets of the enterprise funds and the internal service funds increased \$12,168 or 2.95%. The enterprise funds' total net assets were 2.84% restricted and 37.42% 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 \$8,094 for the fiscal year ended June 30, 2007. 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 \$2,436 for the fiscal year ended June 30, 2007. This increase is due to: 1) operating revenues exceeding operating expenses, and 2) increased investment earnings.

The internal service fund accounts for risk management, workers' compensation, and employee benefits provided to other departments. The fund saw a decrease of \$205 for the fiscal year ended June 30, 2007. This decrease was due to an increase in insurance claims through employee benefits.

**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 stable to increased interest rates and additional cash on hand to invest.
- General fund revenues exceeded the final amended budget by \$4,744 or 2.72%, primarily due to increased charges for services.
- General fund expenditures were less than the final amended budget by \$39,189 or 17.54%. This positive variance resulted from \$12,832 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, 2007, for its governmental-type activities was \$1,025,808 and for the business-type activities was \$511,525. The investment in governmental and business-type capital assets consisted of land, buildings, machinery and equipment, and infrastructure for streets, parks, airport and street lighting, water and wastewater treatment plants.

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

- Began construction of Regional Public Safety Training Facility, \$31,056
- Began construction of downtown pedestrian plaza, \$11,929
- Began construction of downtown parking structure, \$3,388
- Began construction of media center, conference center, and parking garage, \$53,204
- Began construction of Bethany Home outfall channel, \$2,948
- Improvement of streets and pavements, \$18,248 and \$24,430

**CITY OF GLENDALE, ARIZONA**  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

The following table is a summary of capital assets reflected in the June 30, 2007, financial statements 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	
	2007	2006	2007	2006	2007	2006
Construction in progress	\$ 251,824	\$ 98,504	\$ 89,120	\$ 47,972	\$ 340,944	\$ 146,476
Land	70,205	63,372	11,609	11,609	81,814	74,981
Artwork	1,448	1,189	-	-	1,448	1,189
Buildings	141,068	145,570	8,485	8,890	149,553	154,460
Improvements other than buildings	70,571	71,401	21,246	19,773	91,817	91,174
Infrastructure-streets	373,865	371,535	-	-	373,865	371,535
Infrastructure-parks	50,029	51,687	-	-	50,029	51,687
Infrastructure-airport	7,844	8,156	-	-	7,844	8,156
Infrastructure-flood/storm drains	26,954	26,804	-	-	26,954	26,804
Water lines	-	-	73,613	69,298	73,613	69,298
Sewer lines	-	-	79,874	80,529	79,874	80,529
Water treatment plant	-	-	78,372	65,626	78,372	65,626
Sewer treatment plant	-	-	119,743	123,531	119,743	123,531
Meters and services	-	-	19,198	19,942	19,198	19,942
Fire hydrants	-	-	3,478	3,580	3,478	3,580
Machinery and equipment	15,515	17,063	799	458	16,314	17,521
Computer equipment	1,028	421	214	217	1,242	638
Software	191	241	-	-	191	241
Automotive equipment	15,266	13,957	5,774	5,609	21,040	19,566
<b>Total</b>	<b>\$ 1,025,808</b>	<b>\$ 869,900</b>	<b>\$ 511,525</b>	<b>\$ 457,034</b>	<b>\$ 1,537,333</b>	<b>\$ 1,326,934</b>

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

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$825,056 compared to \$681,679 last year, a 21.03% net increase. Of this amount, \$236,349 comprises debt backed by the full faith and credit of the City.

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2007	2006	2007	2006	2007	2006
General obligation	\$ 224,234	\$ 175,155	12,115	\$ 13,075	\$ 236,349	\$ 188,230
Special assessments	-	39	-	-	-	39
Highway user revenue bonds	34,065	35,940	-	-	34,065	35,940
Municipal property corporation revenue bonds	293,530	223,988	-	-	293,530	223,988
Capital lease obligation	12,492	12,875	2,349	2,613	14,841	15,488
Water and sewer revenue bonds/obligations	-	-	229,130	190,020	229,130	190,020
Notes payable	6,279	15,689	10,862	12,285	17,141	27,974
<b>Total</b>	<b>\$ 570,600</b>	<b>\$ 463,686</b>	<b>\$ 254,456</b>	<b>\$ 217,993</b>	<b>\$ 825,056</b>	<b>\$ 681,679</b>

The City's total long-term debt increased by \$143,377 from the prior year. A key factor in this increase was the issuance of general obligation, subordinate lien water and sewer revenue obligations, and additional drawdown of municipal property corporation bonds during the year.

**CITY OF GLENDALE, ARIZONA**  
Management's Discussion and Analysis (MD&A)  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

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

The Arizona Constitution provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed 6% of the secondary assessed valuation of the taxable property in that city. In addition to the 6% limitation for general municipal purpose bonds, cities may issue general obligation bonds up to 20% of the secondary assessed valuation for supplying such city with water, sewer, artificial light, public safety, law enforcement, fire and emergency services, streets and transportation facilities, and for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities. The City's current unused 6% and 20% debt limitation on June 30, 2007, was \$20,226 and \$124,482, 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 2007-08 budget is \$942,000 (up 3.18% from 2006-07), including a \$363,200 operating budget (an increase of 7.77% from 2007) and \$418,800 in capital outlay (down 3.72% from 2007). The fiscal year 2007-08 budget includes \$85,600 contingency appropriation to cover emergency expenses or revenue shortages.

- 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 2007 was 3.10%, which is a decrease from a year ago. This compares favorably to the state's average unemployment rate of 3.60% and the national average rate of 4.50%.

**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

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# BASIC FINANCIAL STATEMENTS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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City of Glendale, Arizona  
**Statement of Net Assets**  
June 30, 2007  
(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 192,283	\$ 74,193	\$ 266,476
Receivables (net of allowance for uncollectibles)			
Property taxes	986	-	986
Accounts	73,930	10,049	83,979
Accrued interest	1,518	133	1,651
Intergovernmental receivable	12,131	245	12,376
Internal balances	1,045	(1,045)	-
Inventories and prepaid items	5,123	2,406	7,529
Restricted cash and investments	12,941	51,309	64,250
Capital assets:			
Non-depreciable	323,477	100,729	424,206
Depreciable (net)	702,331	410,796	1,113,127
Deferred receivable	4,024	-	4,024
Water storage right (net)	-	6,628	6,628
Equity in joint venture	-	54,782	54,782
Total assets	<u>1,329,789</u>	<u>710,225</u>	<u>2,040,014</u>
<b>LIABILITIES</b>			
Vouchers payable	30,789	11,457	42,246
Accounts payable	650	130	780
Retainage payable	2,777	187	2,964
Accrued expenses	-	464	464
Accrued interest payable	12,367	4,911	17,278
Intergovernmental payable	317	202	519
Deposits	1,326	944	2,270
Unearned revenue	9,587	-	9,587
Noncurrent liabilities:			
Due within one year	35,847	9,855	45,702
Due in more than one year	564,425	265,300	829,725
Total liabilities	<u>658,085</u>	<u>293,450</u>	<u>951,535</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	446,828	249,569	696,397
Restricted for:			
Capital projects	107,955	-	107,955
Debt service	28,720	1,345	30,065
Transportation	741	-	741
Highway and streets	2,301	-	2,301
Vehicle replacement	6,659	-	6,659
Development impact fee	23,788	-	23,788
Revenue bond retirement, replacement, and extension	-	8,689	8,689
Perpetual care - nonexpendable	5,240	-	5,240
Other purposes	4,899	1,847	6,746
Unrestricted	44,573	155,325	199,898
Total net assets	<u>\$ 671,704</u>	<u>\$ 416,775</u>	<u>\$ 1,088,479</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, 2007  
(amounts expressed in thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 37,992	\$ 11,610	\$ 768	\$ 2
Public safety	92,405	1,964	7,443	10,752
Public works	14,816	531	257	-
Community services	45,481	22,285	4,223	5,236
Community environment	4,698	-	4,388	-
Street maintenance	24,906	48	19,487	10,257
Interest on long-term debt	23,551	-	-	-
Total governmental activities	<u>243,849</u>	<u>36,438</u>	<u>36,566</u>	<u>26,247</u>
Business-type activities:				
Water and sewer	63,289	62,125	-	4,877
Landfill	8,264	9,742	-	-
Sanitation	13,847	14,653	-	-
Housing	8,951	662	8,254	248
Total business-type activities	<u>94,351</u>	<u>87,182</u>	<u>8,254</u>	<u>5,125</u>
Total primary government	<u>\$ 338,200</u>	<u>\$ 123,620</u>	<u>\$ 44,820</u>	<u>\$ 31,372</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
\$ (25,612)	\$ -	\$ (25,612)
(72,246)	-	(72,246)
(14,028)	-	(14,028)
(13,737)	-	(13,737)
(310)	-	(310)
4,886	-	4,886
(23,551)	-	(23,551)
<u>(144,598)</u>	<u>-</u>	<u>(144,598)</u>
-	3,713	3,713
-	1,478	1,478
-	806	806
-	213	213
<u>-</u>	<u>6,210</u>	<u>6,210</u>
<u>(144,598)</u>	<u>6,210</u>	<u>(138,388)</u>
3,743	-	3,743
19,342	-	19,342
97,825	-	97,825
23,037	-	23,037
27,518	-	27,518
10,044	-	10,044
5,557	5,381	10,938
202	103	305
301	140	441
(364)	364	-
<u>187,205</u>	<u>5,988</u>	<u>193,193</u>
42,607	12,198	54,805
629,097	404,577	1,033,674
<u>\$ 671,704</u>	<u>\$ 416,775</u>	<u>\$ 1,088,479</u>

City of Glendale, Arizona  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2007  
(amounts expressed in thousands)

	Major Funds				Total Governmental Funds
	General	Transportation	Municipal Property Corp Construction	Other Non-major Governmental Funds	
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 59,185	\$ 6,079	\$ 20,854	\$ 90,322	\$ 176,440
Receivables, net of allowance for doubtful accounts:					
Property taxes	160	-	-	826	986
Accounts	9,350	2,155	-	62,420	73,925
Accrued interest	1,423	-	-	95	1,518
Due from other funds	3,229	-	-	-	3,229
Intergovernmental receivable	2,926	2,655	-	6,550	12,131
Inventories and prepaid items	219	-	-	158	377
Restricted cash and investments	602	-	-	12,189	12,791
Deferred receivables	-	-	-	4,024	4,024
Total assets	<u>\$ 77,094</u>	<u>\$ 10,889</u>	<u>\$ 20,854</u>	<u>\$ 176,584</u>	<u>\$ 285,421</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Vouchers payable	\$ 9,574	\$ 8,687	\$ 1,787	\$ 9,469	\$ 29,517
Accounts payable	645	-	-	5	650
Retainage payable	7	1,013	1,233	524	2,777
Compensated absences - current	943	77	-	85	1,105
Intergovernmental payable	315	-	-	2	317
Due to other funds	-	-	-	3,210	3,210
Deposits	1,282	-	-	44	1,326
Matured interest payable	-	-	-	9,072	9,072
Deferred revenue	2,948	184	-	7,009	10,141
Matured bonds payable	-	-	-	17,596	17,596
Total liabilities	<u>15,714</u>	<u>9,961</u>	<u>3,020</u>	<u>47,016</u>	<u>75,711</u>
Fund Balances:					
Reserved (Note XV)	10,500	-	-	45,029	55,529
Unreserved:					
Designated (Note XV):					
General fund	3,405	-	-	-	3,405
Special revenue funds	-	716	-	30,507	31,223
Undesignated, reported in:					
General fund	47,475	-	-	-	47,475
Special revenue funds	-	212	-	2,934	3,146
Capital projects funds	-	-	17,834	51,098	68,932
Total fund balances	<u>61,380</u>	<u>928</u>	<u>17,834</u>	<u>129,568</u>	<u>209,710</u>
Total liabilities and fund balances	<u>\$ 77,094</u>	<u>\$ 10,889</u>	<u>\$ 20,854</u>	<u>\$ 176,584</u>	<u>\$ 285,421</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, 2007  
(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	\$	209,710
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$	1,329,969
Less accumulated depreciation		<u>(304,161)</u>
		1,025,808
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		5,698
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.		
		6,901
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	(534,233)	
Notes payable	(6,279)	
Capital lease obligations	(12,492)	
Developer payable obligations	(1,570)	
Compensated absences	(12,288)	
Bond premium	(6,363)	
Arbitrage rebate payable	<u>(447)</u>	
		(573,672)
Unmatured interest payable		
		(3,295)
Deferred revenue that is measurable but not yet available for governmental fund activities is recognized as revenue for governmental-wide activities.		
		<u>554</u>
Net assets of governmental activities	\$	<u><u>671,704</u></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, 2007  
(amounts expressed in thousands)

	Major Funds			Other Non-Major Governmental Funds	Total Governmental Funds
	General	Transportation	Municipal Property Corp Construction		
<b>REVENUES</b>					
Taxes and special assessments	\$ 70,324	\$ 25,051	\$ -	\$ 25,747	\$ 121,122
Licenses and permits	10,316	-	-	7,523	17,839
Intergovernmental	61,156	4,613	-	41,930	107,699
Charges for services	4,783	197	-	5,106	10,086
Fines and forfeitures	3,932	-	-	-	3,932
Investment income	4,959	997	1,281	3,668	10,905
Miscellaneous	2,321	9	19	1,863	4,212
Total revenues	<u>157,791</u>	<u>30,867</u>	<u>1,300</u>	<u>85,837</u>	<u>275,795</u>
<b>EXPENDITURES</b>					
Current:					
General government	22,852	-	108	1,564	24,524
Public safety	77,508	-	-	9,245	86,753
Public works	12,089	-	-	66	12,155
Community services	26,667	9,449	-	3,034	39,150
Community environment	247	-	-	4,410	4,657
Street maintenance	659	-	-	12,713	13,372
Miscellaneous	2,834	-	-	225	3,059
Debt service:					
Principal	8,476	1,414	-	18,206	28,096
Interest	1,202	176	-	19,252	20,630
Capital outlay	10,203	47,136	72,221	49,861	179,421
Total expenditures	<u>162,737</u>	<u>58,175</u>	<u>72,329</u>	<u>118,576</u>	<u>411,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,946)</u>	<u>(27,308)</u>	<u>(71,029)</u>	<u>(32,739)</u>	<u>(136,022)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	-	-	72,327	61,000	133,327
Premium on long-term debt issued	-	-	-	1,198	1,198
Proceeds from equipment disposal	838	4	-	8	850
Capital lease proceeds	668	-	-	-	668
Other uses:					
Transfers in	977	5,176	-	18,792	24,945
Transfers out	(8,610)	(1,018)	(132)	(15,549)	(25,309)
Total other financing sources and uses	<u>(6,127)</u>	<u>4,162</u>	<u>72,195</u>	<u>65,449</u>	<u>135,679</u>
Net change in fund balances	<u>(11,073)</u>	<u>(23,146)</u>	<u>1,166</u>	<u>32,710</u>	<u>(343)</u>
Fund balances, July 1	<u>72,453</u>	<u>24,074</u>	<u>16,668</u>	<u>96,858</u>	<u>210,053</u>
Fund balances, June 30	<u>\$ 61,380</u>	<u>\$ 928</u>	<u>\$ 17,834</u>	<u>\$ 129,568</u>	<u>\$ 209,710</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, 2007  
(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		\$ (343)
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 \$179,421 exceeded depreciation of \$35,030 for the current period.		144,391
The net effect of various transactions involving capital is to increase net assets.		
Capital contributions	\$ 10,250	
Disposals	(850)	
Gain on sales	<u>202</u>	
		9,602
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		1,140
The net effect of long-term debt issuance and the related transactions is to increase net assets.		
Bond premium	(1,198)	
Bonds issuance costs	377	
Principal paid	28,096	
Long-term debt issued	(133,327)	
Capital lease proceeds	(668)	
Arbitrage rebate	<u>(447)</u>	
		(107,167)
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.		(529)
Internal service funds are used by management to charge the costs of workers' compensation, risk management, and employee benefits individual funds.		(793)
The net revenue of certain activities as unearned revenue is reported in governmental activities.		(4)
Expenses on the statement of activities differ from governmental funds because of the portion not accrued on the governmental funds.		<u>(3,690)</u>
Change in net assets of governmental activities		<u>\$ 42,607</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, 2007  
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds		Other	Total	
	Water and Sewer	Landfill	Proprietary Funds		
<b>ASSETS</b>					
Current assets:					
Equity in pooled cash and investments	\$ 46,862	\$ 21,319	\$ 6,012	\$ 74,193	\$ 15,843
Receivables:					
Accounts	7,790	769	1,745	10,304	-
Allowance for uncollectibles	(226)	(3)	(26)	(255)	-
Accrued interest	133	-	-	133	-
Intergovernment receivable	9	-	236	245	-
Inventories and prepaid items	2,401	-	5	2,406	80
Total current assets	<u>56,969</u>	<u>22,085</u>	<u>7,972</u>	<u>87,026</u>	<u>15,923</u>
Noncurrent assets:					
Restricted cash and investments	51,303	-	6	51,309	150
Capital assets:					
Capital assets	628,790	21,347	21,045	671,182	-
Accumulated depreciation	(139,287)	(8,117)	(12,253)	(159,657)	-
Capital assets, net	<u>489,503</u>	<u>13,230</u>	<u>8,792</u>	<u>511,525</u>	<u>-</u>
Water storage rights, net	6,628	-	-	6,628	-
Equity in joint venture	54,782	-	-	54,782	-
Total noncurrent assets	<u>602,216</u>	<u>13,230</u>	<u>8,798</u>	<u>624,244</u>	<u>150</u>
Total assets	<u>659,185</u>	<u>35,315</u>	<u>16,770</u>	<u>711,270</u>	<u>16,073</u>
<b>LIABILITIES</b>					
Current liabilities:					
Vouchers payable	11,087	239	131	11,457	1,272
Accounts payable	82	-	48	130	-
Retainage payable	187	-	-	187	-
Compensated absences	1,043	191	278	1,512	-
Accrued expenses	464	-	-	464	-
Due to other funds	-	-	19	19	-
Intergovernment payable	185	-	17	202	-
Deposits	667	154	118	939	-
Unearned rent	-	-	5	5	-
Estimated claims payable	-	-	-	-	5,027
Current portion of long-term debt:					
General obligation bonds	790	189	-	979	-
Unamortized premium on debt issuance	400	-	-	400	-
Revenue bonds/obligations payable	5,680	-	-	5,680	-
Capital lease obligations	-	-	661	661	-
Other long-term debt	623	-	-	623	-
Interest payable	4,878	13	20	4,911	-
Total current liabilities	<u>26,086</u>	<u>786</u>	<u>1,297</u>	<u>28,169</u>	<u>6,299</u>
Noncurrent liabilities:					
Compensated absences	277	60	249	586	-
General obligation bonds	10,805	331	-	11,136	-
Unamortized premium on debt issuance	6,710	-	-	6,710	-
Revenue bonds/obligations payable	223,450	-	-	223,450	-
Other long-term debt	484	-	30	514	-
Notes payable	10,239	-	-	10,239	-
Capital lease obligations	-	-	1,688	1,688	-
Claims payable	-	-	-	-	2,873
Estimated closure and post-closure costs	-	10,977	-	10,977	-
Total noncurrent liabilities	<u>251,965</u>	<u>11,368</u>	<u>1,967</u>	<u>265,300</u>	<u>2,873</u>
Total liabilities	<u>278,051</u>	<u>12,154</u>	<u>3,264</u>	<u>293,469</u>	<u>9,172</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	230,416	12,710	6,443	249,569	-
Restricted for:					
Debt service	1,345	-	-	1,345	-
Revenue bond retirement, replacement and extension	8,689	-	-	8,689	-
Other purposes	413	-	1,434	1,847	-
Unrestricted	140,271	10,451	5,629	156,351	6,901
Total net assets	<u>\$ 381,134</u>	<u>\$ 23,161</u>	<u>\$ 13,506</u>	<u>417,801</u>	<u>\$ 6,901</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(1,026)	
Net assets of business-type activities				<u>\$ 416,775</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, 2007  
(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	\$ 11	\$ -	\$ 8,254	\$ 8,265	\$ -
Metered water sales	31,038	-	-	31,038	-
Sewer service charges	23,614	-	-	23,614	-
Container service	-	-	4,968	4,968	-
Curb service	-	-	9,659	9,659	-
Landfill user fees	-	6,310	-	6,310	-
Self-insurance premium	-	-	-	-	21,748
Recycling sales	-	3,301	-	3,301	-
Other fees	1,369	-	671	2,040	76
Total operating revenues	<u>56,032</u>	<u>9,611</u>	<u>23,552</u>	<u>89,195</u>	<u>21,824</u>
Operating expenses:					
Water	17,001	-	-	17,001	-
Sewer	12,459	-	-	12,459	-
Landfill	-	6,493	-	6,493	-
Housing	-	-	8,582	8,582	-
Closure/post-closure care adjustment	-	589	-	589	-
Sanitation	-	-	12,775	12,775	-
Administrative and general	11,365	-	-	11,365	-
Insurance claims	-	-	-	-	22,778
Amortization and depreciation	13,673	1,132	1,319	16,124	-
Total operating expenses	<u>54,498</u>	<u>8,214</u>	<u>22,676</u>	<u>85,388</u>	<u>22,778</u>
Operating income (loss)	<u>1,534</u>	<u>1,397</u>	<u>876</u>	<u>3,807</u>	<u>(954)</u>
Nonoperating revenues (expenses):					
Impact fees	6,242	131	15	6,388	-
Investment income	4,372	1,091	210	5,673	749
Interest expense	(8,564)	(29)	(77)	(8,670)	-
Net loss from joint venture	(33)	-	-	(33)	-
Amortization of bond issuance cost	(83)	-	-	(83)	-
Gain on disposal of assets	38	1	66	105	-
Intergovernmental - capital grants	-	-	248	248	-
Total nonoperating revenue (expenses)	<u>1,972</u>	<u>1,194</u>	<u>462</u>	<u>3,628</u>	<u>749</u>
Income before contributions and transfers	3,506	2,591	1,338	7,435	(205)
Capital contributions	4,574	-	-	4,574	-
Transfers in	14	-	505	519	-
Transfers out	-	(155)	-	(155)	-
Change in net assets	<u>8,094</u>	<u>2,436</u>	<u>1,843</u>	<u>12,373</u>	<u>(205)</u>
Total net assets - beginning	373,040	20,725	11,663		7,106
Total net assets - ending	<u>\$ 381,134</u>	<u>\$ 23,161</u>	<u>\$ 13,506</u>		<u>\$ 6,901</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(175)	
Change in net assets of business-type activities				<u>\$ 12,198</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, 2007  
(amounts expressed in thousands)

	Business-type Activities - Enterprise Fund:				Governmental Activities - Internal Service Funds
	Major Funds		Other Proprietary Funds	Total	
	Water and Sewer	Landfill			
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 55,314	\$ 9,592	\$ 15,274	\$ 80,180	\$ 21,836
Cash received from federal government	-	-	8,050	8,050	-
Cash paid to suppliers:					
Internal city departments	(6,121)	(1,381)	(7,700)	(15,202)	-
External vendors	(13,879)	(2,716)	(8,021)	(24,616)	-
Cash paid for insurance and in settlement of claims	-	-	-	-	(22,296)
Cash paid to employees for services	(14,823)	(2,389)	(5,641)	(22,853)	-
Net cash provided (used) by operating activities	<u>20,491</u>	<u>3,106</u>	<u>1,962</u>	<u>25,559</u>	<u>(460)</u>
<b>Cash flows from noncapital financing activities:</b>					
Proceeds from sale of investments	-	-	8	8	-
Transfers in	14	-	505	519	-
Transfers out	-	(155)	-	(155)	-
Net cash provided by (used) noncapital financing activities	<u>14</u>	<u>(155)</u>	<u>513</u>	<u>372</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from sale of capital assets	(38)	-	-	(38)	-
Proceeds from bonds sold	45,684	-	-	45,684	-
Principal payments on obligations	(7,274)	(355)	(63)	(7,692)	-
Acquisition of capital assets and rights	(73,873)	(941)	(879)	(75,693)	-
Impact fees	6,242	131	15	6,388	-
Interest payments on obligations	(8,651)	(34)	(79)	(8,764)	-
Capital grant proceeds	-	-	248	248	-
Net cash (used) by capital and related financing activities	<u>(37,910)</u>	<u>(1,199)</u>	<u>(758)</u>	<u>(39,867)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>					
Interest received from investments	4,482	1,091	210	5,783	748
Net cash provided by investing activities	<u>4,482</u>	<u>1,091</u>	<u>210</u>	<u>5,783</u>	<u>748</u>
Net increase (decrease) in cash and cash equivalents during fiscal year	(12,923)	2,843	1,927	(8,153)	288
Cash and cash equivalents, July 1	111,088	18,476	4,091	133,655	15,705
Cash and cash equivalents, June 30	<u>\$ 98,165</u>	<u>\$ 21,319</u>	<u>\$ 6,018</u>	<u>\$ 125,502</u>	<u>\$ 15,993</u>

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

	Business-type Activities - Enterprise Fund:				Governmental Activities - Internal Service Funds
	Major Funds		Other	Total	
	Water and Sewer	Landfill	Proprietary Funds		
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 1,534	\$ 1,397	\$ 876	\$ 3,807	\$ (954)
Adjustments to reconcile operating income to net cash provided by operations:					
Amortization and depreciation	13,673	1,132	1,319	16,124	-
Changes in assets and liabilities					
Accounts receivable	(784)	200	(35)	(619)	-
Intergovernmental receivable	(7)	-	(119)	(126)	-
Inventories and prepaid items	(355)	-	-	(355)	8
Vouchers payable	5,578	(25)	13	5,566	79
Accrued expenses	669	-	(10)	659	-
Intergovernmental payable	-	-	(85)	(85)	-
Due to other funds	-	-	(9)	(9)	-
Deposits	30	13	10	53	-
Deferred revenue	-	(232)	-	(232)	-
Compensated absences	153	32	1	186	-
Claims payable	-	-	-	-	407
Proceeds from disposal of assets	-	-	1	1	-
Estimated closure and post-closure costs	-	589	-	589	-
Net cash provided by operating activities	<u>\$ 20,491</u>	<u>\$ 3,106</u>	<u>\$ 1,962</u>	<u>\$ 25,559</u>	<u>\$ (460)</u>
<b>Reconciliation of statement of net assets cash and investments to the statement of cash flows:</b>					
Per combined statement of net assets:					
Equity in pooled cash and investments	\$ 46,862	\$ 21,319	\$ 6,012	\$ 74,193	\$ 15,843
Restricted cash and investments	51,303	-	6	51,309	150
Total cash and cash equivalents	<u>\$ 98,165</u>	<u>\$ 21,319</u>	<u>\$ 6,018</u>	<u>\$ 125,502</u>	<u>\$ 15,993</u>
<b>Noncash investing, capital, and financing activities:</b>					
Contributions of capital assets	\$ 4,574	\$ -	\$ -	\$ 4,574	\$ -
Loss on joint venture	(33)	-	-	(33)	-

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

**Notes to the Financial Statements**

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

**Index**

	<u>Note</u>	<u>Page</u>
Summary of Significant Accounting Policies.....	I.....	37
Compliance – Excess of Expenditures Over Appropriations.....	II.....	45
Deposits and Investments .....	III.....	45
Capital Assets .....	IV.....	47
Construction and Other Significant Commitments.....	V.....	49
Self-Insurance Funds .....	VI.....	49
Leases .....	VII.....	51
Short-Term Debt.....	VIII.....	52
Long-Term Debt.....	IX.....	52
Landfill Obligations.....	X.....	61
Interfund Transactions .....	XI.....	62
Encumbrances.....	XII.....	64
Equity in Joint Venture.....	XIII.....	64
Jointly Governed Organizations .....	XIV.....	65
Fund Balance/Net Assets Reservation, Designation, and Restriction.....	XV.....	65
Employee Retirement Systems and Pension Plans .....	XVI.....	70
Other Post-Employment Benefits .....	XVII.....	72
Contingent Liabilities and Commitments .....	XVIII.....	72
Subsequent Events.....	XIX.....	72

## CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2007

(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. *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.

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").

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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

## CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

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:

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 *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 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-

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

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 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.

## CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 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. 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.

### **G. 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, 2007, the postage portion of the general fund supplies inventory was \$45. 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.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

**H. 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.

**I. 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 \$8,670. In addition, \$872 was included as part of the cost of capital assets under construction in connection with water and sewer projects.

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.

**J. 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, 2007, is \$2,188. In addition, the City will be responsible for paying for the cost of water delivered each year.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

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, 2007, the City has capitalized payment of \$4,440 for these water rights. Upon completion, the City will amortize this asset over 40 years on a straight-line basis.

**K. 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.

**L. 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.

Property Tax Calendar

Lien date	January 1, 2006
Levy (assessment) date (third Monday in August)	August 21, 2006
Due dates:	
First half of assessment	October 2, 2006
Second half of assessment	March 1, 2007
Penalties and interest added (collection dates):	
First half of assessment	November 1, 2006
Second half of assessment	May 1, 2007

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 ratio 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, 2007, is as follows:

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

<u>Fund</u>	<u>Rate</u>
General fund	\$ 0.31
General obligation debt service fund	1.41
Total	<u>\$ 1.72</u>

**M. 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 after one year of service, 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, 2007, 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.

**N. Deferred revenue**

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

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

Revenues related to Court fines are recorded as 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.

**O. 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.

## CITY OF GLENDALE, ARIZONA

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

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.

### **P. 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.

### **Q. Deferred compensation**

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

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.

### **R. 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.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

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 2006-07 was \$215.

**II. Compliance - Excess of expenditures over appropriations**

For the year ended June 30, 2007, expenditures exceeded appropriations in the Transportation fund and Community Development Block Grant fund (the legal level of budgetary control) by \$93 and \$123, respectively. These over-expenditures were funded by operating transfers.

**III. Deposits and investments**

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

Deposits

At year-end, the carrying amount of the City's deposits was \$56,250 and the bank balances were \$59,579. The difference of \$3,329 represents deposits in transit, outstanding checks and other reconciling items. Of the bank balance, \$300 was insured by the Federal Depository Insurance Corporation (FDIC). The remaining bank balances were covered by \$101,406 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.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

As of June 30, 2007, 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	\$ 52,668	\$ -	\$ 52,668
U.S. Agencies	121,285	2,998	124,283
Total investments	173,953	2,998	176,951
State LGIP total	77,493	-	77,493
Grand total investments	\$ 251,446	\$ 2,998	254,444
Cash deposits			56,228
Other restricted cash			20,054
Total deposits and investments			\$ 330,726

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, 2007, 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&amp;P Rating</u>	<u>% of Investments</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Agencies	Aaa	AAA	70.24%	0.32
Commercial paper	P1	A-1+	29.76%	0.11

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>
FNMA Total	U.S. Agencies	\$ 55,370
FHLB Total	U.S. Agencies	28,398
FHLMC Total	U.S. Agencies	25,525
FFCB Total	U.S. Agencies	14,990
Citigroup Funding Total	Commercial Paper	11,944
CC USA Total	Commercial Paper	10,940
ING Funding Total	Commercial Paper	9,933
UBS Finance Total	Commercial Paper	9,912

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.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

**IV. Capital assets**

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2007, is as follows:

	Balances June 30, 2006	Additions	Transfers	Disposals	Balances June 30, 2007
<b>Governmental activities</b>					
Non-depreciable assets:					
Construction in progress	\$ 98,504	\$ 166,095	\$ (12,775)	\$ -	\$ 251,824
Land	63,372	6,867	-	(34)	70,205
Artwork	1,189	9	250	-	1,448
Total non-depreciable assets	<u>163,065</u>	<u>172,971</u>	<u>(12,525)</u>	<u>(34)</u>	<u>323,477</u>
Depreciable assets:					
Buildings	183,649	767	-	-	184,416
Improvements other than buildings	125,523	1,430	4,076	-	131,029
Infrastructure - streets	498,237	7,919	7,277	-	513,433
Infrastructure - parks	63,121	-	787	-	63,908
Infrastructure - flood/storm drains	30,296	299	260	-	30,855
Infrastructure - airport	13,256	-	125	-	13,381
Machinery and equipment	29,586	1,939	-	(5)	31,520
Computer equipment	1,578	909	-	-	2,487
Software	688	47	-	-	735
Automotive equipment	32,025	4,820	-	(2,117)	34,728
Total depreciable assets at historical cost	<u>977,959</u>	<u>18,130</u>	<u>12,525</u>	<u>(2,122)</u>	<u>1,006,492</u>
Less accumulated depreciation for:					
Buildings	(38,079)	(5,269)	-	-	(43,348)
Improvements other than buildings	(54,122)	(6,336)	-	-	(60,458)
Infrastructure - streets	(126,702)	(12,866)	-	-	(139,568)
Infrastructure - parks	(11,434)	(2,445)	-	-	(13,879)
Infrastructure - flood/storm drains	(3,492)	(409)	-	-	(3,901)
Infrastructure - airport	(5,100)	(437)	-	-	(5,537)
Machinery and equipment	(12,523)	(3,487)	-	5	(16,005)
Computer equipment	(1,157)	(302)	-	-	(1,459)
Software	(447)	(97)	-	-	(544)
Automotive equipment	(18,068)	(3,382)	-	1,988	(19,462)
Total accumulated depreciation	<u>(271,124)</u>	<u>(35,030)</u>	<u>-</u>	<u>1,993</u>	<u>(304,161)</u>
Total depreciable assets, net	<u>706,835</u>	<u>(16,900)</u>	<u>12,525</u>	<u>(129)</u>	<u>702,331</u>
Governmental activities capital assets, net	<u>\$ 869,900</u>	<u>\$ 156,071</u>	<u>\$ -</u>	<u>\$ (163)</u>	<u>\$ 1,025,808</u>

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

	Balances June 30, 2006	Additions	Disposals	Balances June 30, 2007
<b>Business-type activities:</b>				
Non-depreciable assets:				
Construction in progress - water and sewer	\$ 47,599	\$ 63,487	\$ (22,529)	\$ 88,557
Construction in progress - landfill	-	26	-	26
Construction in progress - housing authority	373	215	(51)	537
Land	11,609	-	-	11,609
Total non-depreciable assets	<u>59,581</u>	<u>63,728</u>	<u>(22,580)</u>	<u>100,729</u>
Depreciable assets:				
Buildings	14,034	51	-	14,085
Improvements other than buildings	24,297	2,743	-	27,040
Water lines	93,932	6,120	-	100,052
Sewer lines	115,736	1,880	-	117,616
Water treatment plant	105,776	16,096	-	121,872
Sewer treatment plant	134,618	75	-	134,693
Meters and services	27,609	-	-	27,609
Fire hydrants	5,187	-	-	5,187
Machinery and equipment	3,509	578	(145)	3,942
Computer equipment	1,213	14	-	1,227
Automotive equipment	16,124	1,848	(842)	17,130
Total depreciable assets at historical cost	<u>542,035</u>	<u>29,405</u>	<u>(987)</u>	<u>570,453</u>
Less accumulated depreciation for:				
Buildings	(5,144)	(456)	-	(5,600)
Improvements other than buildings	(4,524)	(1,270)	-	(5,794)
Water lines	(24,634)	(1,805)	-	(26,439)
Sewer lines	(35,207)	(2,535)	-	(37,742)
Water treatment plant	(40,150)	(3,350)	-	(43,500)
Sewer treatment plant	(11,087)	(3,863)	-	(14,950)
Meters and services	(7,667)	(744)	-	(8,411)
Fire hydrants	(1,607)	(102)	-	(1,709)
Machinery and equipment	(3,051)	(236)	144	(3,143)
Computer equipment	(996)	(17)	-	(1,013)
Automotive equipment	(10,515)	(1,679)	838	(11,356)
Total accumulated depreciation	<u>(144,582)</u>	<u>(16,057)</u>	<u>982</u>	<u>(159,657)</u>
Total depreciable assets, net	<u>397,453</u>	<u>13,348</u>	<u>(5)</u>	<u>410,796</u>
Business-type activities capital assets, net	<u>\$ 457,034</u>	<u>\$ 77,076</u>	<u>\$ (22,585)</u>	<u>\$ 511,525</u>

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

Depreciation was charged to functions/programs as follows:

## Governmental activities:

General	\$ 11,378
Public safety	3,812
Public works	2,116
Street maintenance	11,923
Community services	5,765
Community environment	36
Total depreciation expense	<u>\$ 35,030</u>

## Business-type activities:

Water and sewer	\$ 13,606
Landfill	1,132
Sanitation	962
Housing	357
Total depreciation expense	<u>\$ 16,057</u>

**V. Construction and other significant commitments**

The City has active construction projects as of June 30, 2007. 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	\$ 79,788	\$ 686
Community services	46,023	1,885
Public safety	37,968	2,755
Public works	66,002	13,203
Street maintenance	22,043	11,877
Water and sewer facilities	88,557	19,059
Landfill	26	-
Housing	537	-
Total primary government	<u>\$ 340,944</u>	<u>\$ 49,465</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) to AZSTA. 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.

**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.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

**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 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.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

Liabilities include an amount for claims that have been incurred but not reported, the effects of specific, incremental claim adjustment expenses, and other allocated claim adjustment expenses. The City's workers' compensation self-insurance program liability includes recoveries related to subrogation. Salvage and subrogation are immaterial to both risk management and employee benefits self-insurance programs and are not incorporated into the liability. 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 \$7,899 as of June 30, 2007. Changes in the balances of claims liabilities during the past two years are as follows:

	Risk Management		Workers' Compensation		Employee Benefits	
	2007	2006	2007	2006	2007	2006
Unpaid claims, beginning of fiscal year	\$ 3,837	\$ 2,960	\$ 1,962	\$ 2,247	\$ 1,694	\$ 2,475
Current year claims and changes in estimate	1,153	2,833	1,126	388	18,300	15,603
Claims payments	(1,243)	(1,956)	(990)	(673)	(17,939)	(16,384)
Balance at fiscal year end	<u>\$ 3,747</u>	<u>\$ 3,837</u>	<u>\$ 2,098</u>	<u>\$ 1,962</u>	<u>\$ 2,055</u>	<u>\$ 1,694</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, 2007, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2008	\$ 2,489	\$ 738
2009	2,398	663
2010	2,264	524
2011	2,898	459
2012	5,253	155
2013-2017	323	-
Total minimum lease payments	15,625	2,539
Less: Amount representing interest	(3,133)	(190)
Present value of net minimum lease payments	<u>\$ 12,492</u>	<u>\$ 2,349</u>

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

The assets acquired through capital leases are as follows:

Class of Property	Governmental Activities	Business-type Activities
Equipment	\$ 472	\$ 250
Automotive equipment	2,975	7,490
Building	197	150
Other	5,492	2,389
	9,136	10,279
Less: Accumulated depreciation	(4,300)	(4,755)
Total	\$ 4,836	\$ 5,524

**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 2006-07 were \$512.

**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 \$187,403 (cost of \$228,264 less accumulated depreciation of \$40,861). 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
2008	\$ 1,236
2009	963
2010	917
2011	874
2012	807
2013 and beyond	19,613
Total	\$ 24,410

**VIII. Short-term debt**

The City did not issue short-term debt for the year ended June 30, 2007.

**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

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

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

**B. Revenue bonds**

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

Water and Sewer Revenue Bonds are issued, pursuant to voter authorization, for the construction, acquisition, and equipping of water and sewer facilities and related systems and infrastructure. 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. On January 1, 2007, final payment was made to retire the outstanding special assessment bond and interest due.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

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

The following is a summary of changes in long-term liabilities reported in the governmental activities financial statements for the year ended June 30, 2007:

	June 30, 2006	Additions	Reductions	June 30, 2007	Amounts Due Within One Year
General obligation (G.O.) bonds	\$ 175,155	\$ 61,000	\$ (11,921)	\$ 224,234	\$ 11,711
Special assessment debt					
with governmental commitment	39	-	(39)	-	-
Revenue bonds:					
Street and highway	35,940	-	(1,875)	34,065	3,170
Municipal property corporation	223,988	72,327	(2,785)	293,530	2,715
Total bonds payable	<u>435,122</u>	<u>133,327</u>	<u>(16,620)</u>	<u>551,829</u>	<u>17,596</u>
Notes payable:					
Notes payable	15,689	-	(9,410)	6,279	821
Total debt service	<u>15,689</u>	<u>-</u>	<u>(9,410)</u>	<u>6,279</u>	<u>821</u>
Other long-term obligations:					
Capital lease obligations	12,875	668	(1,051)	12,492	1,654
Compensated absences	12,753	2,265	(1,625)	13,393	10,294
Claims and judgments	7,493	20,644	(20,238)	7,899	5,026
Unamortized premium on debt					
issuance	5,542	1,198	(377)	6,363	456
Developer payable obligations	-	1,570	-	1,570	-
Arbitrage rebate payable	-	447	-	447	-
Total other long-term obligations	<u>38,663</u>	<u>26,792</u>	<u>(23,291)</u>	<u>42,164</u>	<u>17,430</u>
Total	<u>\$ 489,474</u>	<u>\$ 160,119</u>	<u>\$ (49,321)</u>	<u>\$ 600,272</u>	<u>\$ 35,847</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.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(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, 2007:

	June 30, 2006	Additions	Reductions	June 30, 2007	Amounts Due Within One Year
Water and sewer G.O. bonds	\$ 12,375	\$ -	\$ (780)	\$ 11,595	\$ 790
Landfill G.O. bonds	700	-	(180)	520	189
Water and sewer revenue/obligation bonds	190,020	44,500	(5,390)	229,130	5,680
Total bonds payable	<u>203,095</u>	<u>44,500</u>	<u>(6,350)</u>	<u>241,245</u>	<u>6,659</u>
Notes payable	12,285	-	(1,423)	10,862	623
Total notes payable	<u>12,285</u>	<u>-</u>	<u>(1,423)</u>	<u>10,862</u>	<u>623</u>
Capital lease obligations	2,613	701	(965)	2,349	661
Estimated closure and post-closure costs	10,388	589	-	10,977	-
Unamortized premium on debt issuance	6,267	1,184	(341)	7,110	400
Compensated absences	1,912	274	(88)	2,098	1,512
Housing noncurrent liabilities	21	9	-	30	-
Arbitrage rebate payable	140	344	-	484	-
Total other long-term obligations	<u>21,341</u>	<u>3,101</u>	<u>(1,394)</u>	<u>23,048</u>	<u>2,573</u>
Total	<u>\$ 236,721</u>	<u>\$ 47,601</u>	<u>\$ (9,167)</u>	<u>\$ 275,155</u>	<u>\$ 9,855</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, 2007.

<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, 2007

(amounts expressed in thousands)

**G. Bonds payable**

Bonds payable at June 30, 2007, 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, 2007</u>
<u>G.O. bonds payable from secondary assessed property taxes</u>					
Refunding	5.05-5.55	1993	2007	\$ 36,125	\$ 585
Various	4.15-4.60	1998	2008	12,000	2,865
Various	5.00-5.40	2000	2015	20,215	5,269
Various	2.50-5.00	2002	2022	40,235	30,555
Various	1.50-5.00	2003	2022	52,525	42,215
Various	3.00-5.00	2004	2019	36,645	32,360
Various	3.50-4.00	2005	2015	11,960	10,955
Refunding	5.00-5.00	2006	2015	9,065	9,065
Various	4.00-5.00	2006	2021	29,365	29,365
Various	4.00-5.00	2007	2022	61,000	61,000
Total					<u>224,234</u>
<u>Revenue bonds payable from highway user revenue funds</u>					
Streets	5.00-5.37	2000	2010	8,750	6,155
Streets	2.50-4.00	2004	2014	14,655	12,165
Streets	4.00-5.00	2006	2016	15,745	15,745
Total					<u>34,065</u>
<u>Municipal property corporation payable from general fund lease payments</u>					
Refunding	4.25-4.90	2000	2009	12,615	4,935
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	96,940
MPC refunding	4.70-4.70	2004	2033	7,250	7,250
MPC excise tax 2004A	2.00-5.00	2004	2014	10,880	9,160
MPC excise tax 2006A	4.00-5.00	2006	2026	33,250	33,250
MPC excise tax 2006B	8.00-8.00	2006	2021	87,000	87,000
Total					<u>293,530</u>
Total bonds payable recorded in governmental activities					551,829
Less current portion					<u>(17,596)</u>
Long-term portion of bonds payable recorded in governmental activities					<u>\$ 534,233</u>

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(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, 2007</u>
<u>G.O. bonds payable from landfill fund</u>					
Landfill	5.00-5.40	2000	2015	\$ 1,460	\$ 520
Total					<u>520</u>
<u>G.O. bonds payable from water and sewer fund</u>					
Water and sewer	1.50-5.00	2003	2022	13,875	11,595
Total					<u>11,595</u>
<u>Revenue bonds/obligations payable from water and sewer fund</u>					
Various	4.75-5.75	2000	2010	53,000	24,630
Various	4.00-5.00	2004	2023	80,000	80,000
Various	4.00-5.25	2006	2026	80,000	80,000
Various	4.25-5.00	2007	2028	44,500	44,500
Total					<u>229,130</u>
Total bonds payable recorded in business-type activities					241,245
Less current portion					(6,659)
Long-term portion of bonds payable recorded in business-type activities					<u>\$ 234,586</u>

The Arizona Constitution provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed 6% of the secondary assessed valuation of the taxable property in that city. In addition to the 6% limitation for general municipal purpose bonds, cities may issue general obligation bonds up to 20% of the secondary assessed valuation for supplying such city with water, sewer, artificial light, public safety, law enforcement, fire and emergency services, streets and transportation facilities, and for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities.

The City's unused bonded debt borrowing capacity as of June 30, 2007, is as follows:

	<u>6%</u>	<u>20%</u>
Capacity to incur bonded debt	\$ 82,259	\$ 274,198
Less: Bonded debt applicable to limit	(62,033)	(149,716)
Unused bonded debt capacity	<u>\$ 20,226</u>	<u>\$ 124,482</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, 2007

(amounts expressed in thousands)

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

Bonds authorized but not fully issued as of July 1, 2007, are shown below:

G.O. Bonds	Authorized Amount	Issued through June 30, 2007	Authorized but Unissued
<u>Voter authorized October 20, 1981</u>			
Operations center	\$ 6,750	\$ 550	\$ 6,200
<u>Voter authorized March 10, 1987</u>			
Library	9,698	8,000	1,698
<u>Voter authorized November 2, 1999</u>			
Cultural facility <sup>(1)</sup>	18,215	4,494	13,721
Economic development	50,500	16,088	34,412
Flood control	38,860	35,307	3,553
Governmental facilities <sup>(1)</sup>	40,910	12,385	28,525
Landfill development <sup>(1)</sup>	17,000	1,460	15,540
Library	15,398	-	15,398
Open spaces	53,700	3,175	50,525
Parks and recreation	57,188	49,741	7,447
Public safety	64,801	50,666	14,135
Transit <sup>(1)</sup>	6,935	185	6,750
<u>Voter authorized May 15, 2007</u>			
Flood control	20,554	-	20,554
Parks and recreation	16,155	-	16,155
Public safety	102,638	-	102,638
Streets and parking	79,065	11,827	67,238
Total G.O. bonds	\$ 598,367	\$ 193,878	\$ 404,489
<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 <sup>(1)</sup>	10,000	-	10,000
Total revenue bonds	66,000	49,657	16,343
Total bonds	\$ 664,367	\$ 243,535	\$ 420,832

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

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(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 \$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. \$ 381

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. 4,278

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. 1,620

Total notes payable recorded in governmental activities 6,279  
Less current portion (821)  
Long-term portion of notes payable recorded in governmental activities \$ 5,458

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

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. \$ 10,862

Total notes payable recorded in business-type activities 10,862  
Less current portion (623)  
Long-term portion of notes payable recorded in business-type activities \$ 10,239

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

**J. Debt service requirements**

Fiscal Year Ending	Highway	Landfill G.O. Bonds	Municipal Property Corporation Bonds	Various Purposes		Water and Sewer		Revenue Bonds/ Obligations	Total
	User Revenue Bonds			G.O. Bonds	Notes Payable	G.O. Bonds	Notes Payable		
2008	\$ 4,705	\$ 216	\$ 24,430	\$ 24,012	\$ 1,203	\$ 1,263	\$ 1,129	\$ 17,491	\$ 74,449
2009	4,696	139	25,502	22,543	1,023	1,263	1,129	17,467	73,762
2010	4,699	-	23,991	22,673	913	1,256	1,129	17,468	72,129
2011	4,690	-	24,528	22,630	1,374	1,251	1,129	17,471	73,073
2012	4,696	-	24,642	22,631	1,817	1,251	1,129	17,471	73,637
2013	4,699	-	24,672	22,642	1,679	1,259	1,129	17,468	73,548
2014	4,686	-	24,734	22,646	-	1,260	1,129	17,467	71,922
2015	1,953	-	22,833	22,596	-	1,249	1,129	17,467	67,227
2016	1,971	-	22,893	19,039	-	1,236	1,129	17,469	63,737
2017	-	-	25,266	18,951	-	1,226	1,129	17,466	64,038
2018	-	-	25,318	18,901	-	1,214	1,129	17,470	64,032
2019	-	-	25,371	14,475	-	-	1,129	17,467	58,442
2020	-	-	25,423	11,155	-	-	1,128	17,469	55,175
2021	-	-	25,486	11,197	-	-	1,128	17,468	55,279
2022	-	-	25,530	8,456	-	-	1,128	17,467	52,581
2023	-	-	15,255	-	-	-	-	18,599	33,854
2024	-	-	15,904	-	-	-	-	18,599	34,503
2025	-	-	15,958	-	-	-	-	18,595	34,553
2026	-	-	16,014	-	-	-	-	18,597	34,611
2027	-	-	13,420	-	-	-	-	11,431	24,851
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	36,795	355	529,432	284,547	8,009	13,728	16,932	355,563	1,245,361
Less interest	5,900	24	238,617	72,024	1,730	2,923	6,693	132,113	460,024
Principal	\$ 30,895	\$ 331	\$ 290,815	\$ 212,523	\$ 6,279	\$ 10,805	\$ 10,239	\$ 223,450	\$ 785,337

The following table discloses the debt service requirements as of June 30, 2007, 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
2008	\$ 33,593	\$ 40,856	\$ 74,449
2009	35,201	38,561	73,762
2010	35,211	36,918	72,129
2011	37,878	35,195	73,073
2012	40,231	33,406	73,637
2013-2017	203,730	136,742	340,472
2018-2022	199,538	85,971	285,509
2023-2027	123,905	38,467	162,372
2028-2032	61,825	13,038	74,863
2033-2034	14,225	870	15,095
Total	\$ 785,337	\$ 460,024	\$ 1,245,361

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

**K. New bonds**

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. As of June 30, 2007, an additional \$72,327 has been issued. 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.

On June 14, 2007, the City issued \$44,500 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 2008 through 2027 with various interest rates of 4.25% 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 and secured by a subordinate pledge of net revenues of the system.

On June 26, 2007, the City issued \$61,000 in general obligation bonds to finance the costs of acquisition, improvement and equipment of various projects relating to government facility public safety, flood control, and streets and parking. The bonds mature on various dates starting 2008 through 2022 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.

**X. Landfill obligations**

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

The landfill closure and post-closure care liability at June 30, 2007, 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	-	17,358
Percentage of capacity used	0%	77%
Total closure and post-closure costs in present dollars:		
as of June 30, 2007	\$ 15,258	\$ 14,288
as of June 30, 2006	\$ 14,928	\$ 13,979
Closure and post-closure care costs:		
Amount remaining to be recognized		
as of June 30, 2007	\$ 15,258	\$ 3,311
Liability recognized as of June 30, 2007	\$ -	\$ 10,977

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2006-07. 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 38 years.

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

**XI. Interfund transactions**

**A. Interfund receivables**

Interfund balances at June 30, 2007, consisted of the following:

	<u>Due To</u>	<u>Due From</u>
<b>Major governmental funds:</b>		
General	\$ 3,229	\$ -
<b>Non-major governmental funds:</b>		
Community development block grants fund	-	234
Other special revenue fund	-	2,976
<b>Non-major enterprise funds:</b>		
Housing fund	-	19
Total	<u>\$ 3,229</u>	<u>\$ 3,229</u>

The interfund balances at June 30, 2007, 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, 2007, are expected to be repaid within one year.

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**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

**B. Interfund transfers**

Interfund transfers for the year ended June 30, 2007, consisted of the following:

**Transfers to general fund from:**

Transportation fund	\$ 268
Non-major governmental funds	
Development impact fees fund	87
Other special revenue fund	18
Municipal Property Corporation construction fund	132
Streets construction fund	77
Fire and police construction fund	69
Parks bond construction fund	11
Other construction fund	174
Landfill enterprise fund	141
Total transfers to general fund	<u>977</u>

**Transfers to transportation fund from:**

General fund	900
Streets construction fund	<u>4,276</u>
	<u>5,176</u>

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

General fund	1,965
Transportation fund	<u>750</u>
Total transfers to non-major governmental fund	<u>2,715</u>

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

General fund	5,240
Non-major governmental funds	
Highway users gas tax fund	4,770
Special assessment debt service fund	112
Other special revenue fund	5,827
Other construction fund	128
Total transfers to non-major debt service fund	<u>16,077</u>

**Transfers to water and sewer enterprise fund from:**

Landfill enterprise fund	<u>14</u>
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**Transfers to non-major enterprise funds from:**

General fund	<u>505</u>
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Grand total all transfers	<u><u>\$ 25,464</u></u>
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Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

The interfund transfers are all classified as transfers and are included in the results of operations of both governmental and proprietary funds. There were no significant transfers during fiscal year 2007 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

**XII. Encumbrances**

The Arizona Revised Statutes allow cities to encumber unused appropriations for up to sixty days after the end of the fiscal year. However, effective July 1, 1987, the City adopted a policy of not recognizing encumbrances at year-end. All appropriations lapse on the last day of the fiscal year. Any outstanding commitments that the City intends to honor are rebudgeted in the new fiscal year. At June 30, 2007, the City intended to honor \$57,899 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, 2007, the City recognized a loss of \$33. 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, 2007, (unaudited) is as follows:

<b>Assets</b>	
Current assets	\$ 76,893
Capital assets, net of accumulated depreciation	694,205
Total assets	<u>771,098</u>
<b>Liabilities</b>	
	<u>68,444</u>
<b>Net assets</b>	<u>\$ 702,654</u>
Total revenues	\$ 161,445
Total expenses	(62,933)
Increase in net assets	<u>\$ 98,512</u>

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

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

City's share of SROG equity	\$ 48,428
(Total equity of \$702,654	
plus unrealized loss of \$2,591 less assets not	
owned by the City of \$141,477 multiplied by 8.59%)	
Net capitalized interest on the City's records	680
City contributions not yet received by SROG	5,674
Total City equity	<u>\$ 54,782</u>

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

Capital contributed to the joint venture	\$ 9,523
Net loss on joint venture	(33)
Net increase in equity	<u>\$ 9,490</u>

Copies of separate financial statements of the joint venture can be obtained from Arizona Municipal Water Users Association, 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). \$ 212

**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. 2,633

**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. 6

**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. 56

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

**Reserved for court security**

Security surcharges collected by the City Court are required by ordinance to be spent solely on court security. \$ 88

**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). 54

**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. 127

**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. 197

**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. 3,162

**Reserved for vehicle/equipment replacement**

For future scheduled replacement of existing equipment and vehicles. 3,965

**Total reserved for general fund type** \$ 10,500

**Designated for computer replacement**

For future schedule replacement of existing personal computers. \$ 2,963

**Designated for library activities**

A minor portion of future operating expenditures of the library has been authorized through the City budget to be paid from net revenues collected through library activities. 220

**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. 66

**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. 97

**Designated for telephone**

For payment of future telephone charges and maintenance. 59

**Total designated for general fund type** \$ 3,405

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(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).

\$ 158

**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.

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	1,563
Citywide recreation facilities	1,235
Citywide open space & trails	65
District No. 1	446
District No. 2	931
District No. 3	219

Library:

Buildings	2,715
Books	201
Library	3,000
Fire protection facilities	761
Police facilities	1,622
Transportation	9,371
General government	<u>1,659</u>
Total reserved for development impact fees	<u>23,788</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	2,032
Federal	<u>98</u>
Total reserved for drug enforcement	<u>2,130</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	424
Fire	<u>203</u>
Total reserved for police and fire activities	<u>627</u>

**Total reserved for special revenue fund type**

\$ 26,750

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

**TRANSPORTATION FUND**

**Designated for local transportation assistance**

For specific transit-related buildings and equipment \$ 716

**NON-MAJOR GOVERNMENTAL FUNDS**

**Designated for home program**

For community development block grant home program activities. 100

**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. 539

**Total designated for special revenue fund type** \$ 1,355

**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 \$ 11,910

Municipal property corporation 166

Highway users 115

**Total reserved for debt service fund type** \$ 12,191

**Capital Projects Fund Type**

**NON-MAJOR GOVERNMENTAL FUNDS**

**Reserved for capital projects**

Certain assets have been reserved for future flood control storm drain construction. \$ 919

**Total reserved for capital projects fund type** \$ 919

**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. \$ 18,595

**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. 9,199

**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. 466

**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. 551

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

**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.

\$ 1,057

**Total designated for capital projects fund type**

\$ 29,868

**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.

\$ 229

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.

1,116

**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.

8,689

**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.

413

Total water and sewer

10,447

**NON-MAJOR PROPRIETARY FUNDS**

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

1,434

**Total restricted for enterprise fund type**

\$ 11,881

**Permanent Fund Type**

**NON-MAJOR GOVERNMENTAL FUNDS**

**Reserved for cemetery perpetual care**

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

\$ 5,169

**Total reserved for permanent fund type**

\$ 5,169

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

**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  
Phoenix, Arizona 85012-0250

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

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

(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, 2007, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 9.10% (8.60% retirement and 0.50% 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, 2007, 2006 and 2005 were \$12,697, \$9,310 and \$7,094, respectively, which were equal to the required contributions for the year.

In addition, active EORP members were required by statute to contribute 7.00% of the members' annual covered payroll. The City was required to remit contributions of 18.55% 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, 2007, 2006 and 2005 were \$59, \$39 and \$29, respectively, which were equal to the required contributions for the year.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

*Agent Plans.* For the year ended June 30, 2007, 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 11.53% and 13.05% for Fire and Police, respectively.

*Annual Pension Cost (APC).* The City's pension cost for Police and Fire for the year ended June 30, 2007, the date of the most recent available actuarial valuation, and related information follow.

	<u>Fire</u>	<u>Police</u>
Contribution rates:		
City	11.53%	13.05%
Plan members	7.65%	7.65%
Annual pension cost	\$1,812	\$3,270
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	29 years for unfunded actuarial accrued liability, 20 years for excess	29 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, 2007, follows.

**Contributions required and contributions made**

<u>Year Ended June 30</u>	<u>APC</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<b>Police</b>			
2007	\$ 3,270	100.0 %	\$ -
2006	\$ 2,991	100.0 %	\$ -
2005	\$ 2,172	100.0 %	\$ -
<b>Fire</b>			
2007	\$ 1,812	100.0 %	\$ -
2006	\$ 842	100.0 %	\$ -
2005	\$ 895	100.0 %	\$ -

Includes insurance premium tax, where applicable.

**E. Required supplementary information**

Analysis of funding progress for the agent plan as of the most recent available actuarial valuation, June 30, 2007, follows.

**CITY OF GLENDALE, ARIZONA**

## Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

Valuation Date June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
<b>Police</b>						
2007	\$ 75,860	\$ 128,670	\$ 52,810	59.0%	\$ 25,375	208.1%
2006	\$ 77,968	\$ 110,181	\$ 32,213	70.8%	\$ 22,052	146.1%
2005	\$ 74,645	\$ 96,763	\$ 22,118	77.1%	\$ 19,240	115.0%

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
<b>Fire</b>						
2007	\$ 58,882	\$ 83,023	\$ 24,141	70.9%	\$ 16,029	150.6%
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%

**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 life insurance to participants. The retired employees pay the entire cost of their participation in the plan. The impact of GASB 43 and 45 OPEB is currently under review.

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.

**XIX. Subsequent events**

On July 12, 2007, the City received the \$61,000 par amount of bond proceeds from the 2007 General Obligation Bonds sold on June 26, 2007. Principal and interest on the bonds will be paid from secondary property tax revenues. The proceeds will be used to finance construction of streets, parking, public safety, flood control and government facility projects.

**CITY OF GLENDALE, ARIZONA**

Notes to the Financial Statements

June 30, 2007

(amounts expressed in thousands)

On July 12, 2007, the Arizona non-profit corporation Western Loop 101 Public Facilities Corporation was organized under Chapter 26, Title 10 of the Arizona Revised Statutes. The purpose of the corporation is to cause construction and equipping of a spring training facility for two Major League Baseball teams and all other related improvements or fixtures (the Project). The Board of Directors, as authorized by Mayor and Council in the formation of the corporation, can borrow an amount not to exceed \$125,000 (the Obligations) for the cost of design, construction, installation, equipping, and improvement of the Project. The Obligations are debt of the corporation and not the City. In addition, the City Manager is authorized by Mayor and Council to execute the necessary documents related to the Project, and the Chief Financial Officer is authorized to advance funds for Project for which funds may be reimbursed by proceeds from the Obligations. The Board of Directors of the corporation shall consist of four city employees and one private citizen with experience in the sports facility industry. Subsequent to year-end, contracts have been entered into for architect services in the amount of \$5,060, preconstruction services in the amount of \$948, and \$3,488 for engineering and surveying services for the project. City funds advanced to pay for costs of the Project total \$1,420.

On September 11, 2007, the Citizens of Glendale, at a special election, voted and passed proposition 401 Public Safety Funding Enhancement. This amendment to the City Code increased the privilege (sales) tax and retail sales tax rate, excluding food for home consumption by four-tenths of one percent (.4%) effective November 1, 2007. The revenue generated by this increase will be dedicated for public safety needs, two-thirds for police and one-third for fire.

On November 6, 2007, the City issued \$109,110 in transportation excise tax revenue bonds, series 2007. Proceeds will be used to finance transportation projects throughout the City. The revenues pledged for the repayment of the bonds will come from the half cent sales tax approved by voters in 2001 and dedicated solely for transportation projects.

The property tax rate for the 2007-08 fiscal year decreased for citizens of Glendale from \$1.72 to \$1.62 per one hundred dollars of assessed value. The ten cent tax rate decrease is minimized by the increase in property values in Glendale.

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City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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# **REQUIRED SUPPLEMENTARY INFORMATION**

(other than MD&A)

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FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**General Fund**  
For the Fiscal Year Ended June 30, 2007  
(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, 2006	\$ 60,266	\$ 60,266	\$ 75,216	\$ 14,950
<b>RESOURCES (INFLOWS):</b>				
Taxes	67,122	69,149	70,324	1,175
Licenses and permits	11,397	12,127	10,316	(1,811)
Intergovernmental	57,089	61,159	61,156	(3)
Charges for services	25,747	24,415	27,041	2,626
Fines and forfeitures	3,277	3,566	3,932	366
Investment income (loss)	1,285	525	2,773	2,248
Proceeds from disposal of assets	-	-	818	818
Capital lease proceeds.	-	-	668	668
Miscellaneous	4,978	3,705	2,317	(1,388)
Total revenues	<u>170,895</u>	<u>174,646</u>	<u>179,345</u>	<u>4,699</u>
Add: Transfers in	-	-	1,044	1,044
Less: Transfers out	<u>(6,842)</u>	<u>(6,842)</u>	<u>(8,677)</u>	<u>(1,835)</u>
Amounts available for appropriation	<u>224,319</u>	<u>228,070</u>	<u>246,928</u>	<u>18,858</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government	36,290	38,063	30,725	7,338
Public safety	78,145	79,676	77,873	1,803
Public works	25,677	26,048	25,153	895
Community services	34,205	33,826	26,945	6,881
Community environment	336	745	247	498
Street maintenance	1,341	1,663	659	1,004
Contingencies	16,568	12,832	-	12,832
Miscellaneous	5,113	6,197	2,788	3,409
Debt service:				
Principal	8,572	8,532	8,476	56
Interest	1,435	1,435	1,202	233
Capital outlay	<u>12,300</u>	<u>14,463</u>	<u>10,178</u>	<u>4,285</u>
Total charges to appropriations	<u>219,982</u>	<u>223,480</u>	<u>184,246</u>	<u>39,234</u>
Budgetary fund balance, June 30, 2007	<u>\$ 4,337</u>	<u>\$ 4,590</u>	<u>\$ 62,682</u>	<u>\$ 58,092</u>

(Continued)

City of Glendale, Arizona  
**Budgetary Comparison Schedule** (continued)  
**General Fund**  
For the Fiscal Year Ended June 30, 2007  
(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.	\$ 246,928
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(75,216)
Market adjustment on restricted investments not available for appropriation.	2,185
Internal charges for services provided.	(22,258)
Proceeds from disposal of assets.	(813)
Capital lease proceeds.	(668)
Less: Transfers in.	(1,044)
Add: Transfers out.	8,677
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 157,791</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 184,246
Capital outlay funded by capital lease.	25
Salaries payable.	(7,932)
Change in prepaid assets or inventory.	40
Internal charges for services provided.	(13,642)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 162,737</u>

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

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Transportation Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 27,957	\$ 27,957	\$ 24,155	\$ (3,802)
<b>RESOURCES (INFLOWS):</b>				
Taxes	23,475	26,001	25,051	(950)
Intergovernmental	6,258	1,832	4,613	2,781
Charges for services	200	200	197	(3)
Investments	447	533	997	464
Proceeds from disposal of assets	-	-	4	4
Long term debt issued	25,000	-	-	-
Miscellaneous Revenues	-	327	9	(318)
Total revenues	<u>55,380</u>	<u>28,893</u>	<u>30,871</u>	<u>1,978</u>
Add: Transfers in	65,971	67,178	50,760	(16,418)
Less: Transfers out	(65,821)	(66,029)	(46,603)	19,426
Amounts available for appropriation	<u>83,487</u>	<u>57,999</u>	<u>59,183</u>	<u>1,184</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Community services	13,928	10,708	9,365	1,343
Debt service:				
Principal retirement	-	-	1,414	(1,414)
Interest expense	-	-	176	(176)
Capital outlay	69,236	47,290	47,136	154
Total charges to appropriations	<u>83,164</u>	<u>57,998</u>	<u>58,091</u>	<u>(93)</u>
Budgetary fund balance, June 30, 2007	<u>\$ 323</u>	<u>\$ 1</u>	<u>\$ 1,092</u>	<u>\$ 1,091</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.	\$ 59,183
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(24,155)
Proceeds from disposal of assets.	(4)
Less: Transfers in.	(50,760)
Add: Transfers out.	46,603
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 30,867</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 58,091
Change in compensated absences liability.	57
Salaries payable.	27
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 58,175</u>

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

## **CITY OF GLENDALE, ARIZONA**

Notes to Required Supplementary Information

June 30, 2007

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

### **III. Contingency appropriation**

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

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



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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# COMBINING STATEMENTS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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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.

#### **General Obligation Debt Service Fund**

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

#### **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.

#### **Parks Bond Construction Fund**

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

#### **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, 2007  
(amounts expressed in thousands)

	Special Revenue Funds			
	Community Development Block Grants	Highway Users Gas Tax	Development Impact Fees	Other Special Revenue Fund
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 21	\$ 1,723	\$ 24,714	\$ 744
Receivables, net of allowance for doubtful accounts:				
Property taxes	-	-	-	-
Accounts	2	-	-	1,557
Accrued interest	-	-	-	16
Intergovernmental receivable	535	1,560	-	2,718
Inventories and prepaid items	-	158	-	-
Restricted cash and investments	-	-	-	4,474
Deferred receivables	3,307	-	-	717
Total assets	<u>\$ 3,865</u>	<u>\$ 3,441</u>	<u>\$ 24,714</u>	<u>\$ 10,226</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Vouchers payable	\$ 218	\$ 565	\$ 926	\$ 615
Accounts payable	-	-	-	5
Retainage payable	-	-	-	-
Compensated absences - current	6	49	-	30
Intergovernmental payable	-	-	-	2
Due to other funds	234	-	-	2,976
Deposits	-	42	-	2
Matured interest payable	-	-	-	-
Deferred revenue	3,307	-	-	2,946
Matured bonds payable	-	-	-	-
Total liabilities	<u>3,765</u>	<u>656</u>	<u>926</u>	<u>6,576</u>
Fund balances:				
Reserved	-	205	23,788	2,757
Unreserved:				
Designated	100	-	-	539
Undesignated	-	2,580	-	354
Total fund balances	<u>100</u>	<u>2,785</u>	<u>23,788</u>	<u>3,650</u>
Total liabilities and fund balances	<u>\$ 3,865</u>	<u>\$ 3,441</u>	<u>\$ 24,714</u>	<u>\$ 10,226</u>

Debt Service Funds			Capital Project Funds				Permanent Fund	Total Non-major Governmental Funds
General Obligation Debt Service	Highway Users	Municipal Property Corporation	Streets Construction	Fire and Police Construction	Parks Bond Construction	Other Construction	Cemetery Perpetual Care	
\$ 26,921	\$ 4,006	\$ 2	\$ 9,432	\$ 2,410	\$ 9,839	\$ 5,341	\$ 5,169	\$ 90,322
826	-	-	-	-	-	-	-	826
-	-	-	20,533	27,644	-	12,613	71	62,420
-	-	-	25	-	24	30	-	95
-	-	-	-	-	-	1,737	-	6,550
-	-	-	-	-	-	-	-	158
-	-	7,715	-	-	-	-	-	12,189
-	-	-	-	-	-	-	-	4,024
<u>\$ 27,747</u>	<u>\$ 4,006</u>	<u>\$ 7,717</u>	<u>\$ 29,990</u>	<u>\$ 30,054</u>	<u>\$ 9,863</u>	<u>\$ 19,721</u>	<u>\$ 5,240</u>	<u>\$ 176,584</u>
\$ -	\$ -	\$ -	\$ 2,135	\$ 2,690	\$ 111	\$ 2,209	\$ -	\$ 9,469
-	-	-	-	-	-	-	-	5
-	-	-	-	-	198	326	-	524
-	-	-	-	-	-	-	-	85
-	-	-	-	-	-	-	-	2
-	-	-	-	-	-	-	-	3,210
-	-	-	-	-	-	-	-	44
3,515	721	4,836	-	-	-	-	-	9,072
611	-	-	60	-	-	14	71	7,009
<u>11,711</u>	<u>3,170</u>	<u>2,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,596</u>
<u>15,837</u>	<u>3,891</u>	<u>7,551</u>	<u>2,195</u>	<u>2,690</u>	<u>309</u>	<u>2,549</u>	<u>71</u>	<u>47,016</u>
11,910	115	166	-	-	-	919	5,169	45,029
-	-	-	27,795	-	-	2,073	-	30,507
-	-	-	-	27,364	9,554	14,180	-	54,032
<u>11,910</u>	<u>115</u>	<u>166</u>	<u>27,795</u>	<u>27,364</u>	<u>9,554</u>	<u>17,172</u>	<u>5,169</u>	<u>129,568</u>
<u>\$ 27,747</u>	<u>\$ 4,006</u>	<u>\$ 7,717</u>	<u>\$ 29,990</u>	<u>\$ 30,054</u>	<u>\$ 9,863</u>	<u>\$ 19,721</u>	<u>\$ 5,240</u>	<u>\$ 176,584</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, 2007

(amounts expressed in thousands)

	Special Revenue Funds			
	Community Development Block Grants	Highway Users Gas Tax	Development Impact Fees	Other Special Revenue Fund
<b>REVENUES</b>				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ 6,236
Licenses and permits	-	-	7,523	-
Intergovernmental	3,758	17,324	-	8,236
Charges for services	-	-	-	5,106
Investments	-	-	1,322	165
Miscellaneous	237	-	-	1,168
Total revenues	<u>3,995</u>	<u>17,324</u>	<u>8,845</u>	<u>20,911</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	98	994
Public safety	-	-	-	9,128
Public works	-	-	-	64
Community services	-	-	5	2,983
Community environment	3,860	-	-	550
Street maintenance	-	12,682	13	14
Miscellaneous	-	-	-	195
Debt service:				
Principal	-	31	2,097	-
Interest	-	6	302	-
Capital outlay	124	3,006	6,192	3,308
Total expenditures	<u>3,984</u>	<u>15,725</u>	<u>8,707</u>	<u>17,236</u>
Excess (deficiency) of revenues over expenditures	<u>11</u>	<u>1,599</u>	<u>138</u>	<u>3,675</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	-	-
Premium on long-term debt issued	-	-	-	-
Proceeds from equipment disposal	-	8	-	-
Transfers in	-	1,229	-	1,486
Transfers out	-	(4,770)	(87)	(5,845)
Total other financing sources and uses	<u>-</u>	<u>(3,533)</u>	<u>(87)</u>	<u>(4,359)</u>
Excess (deficiency) of revenues and other sources over Net change in fund balances	11	(1,934)	51	(684)
Fund balances, July 1	89	4,719	23,737	4,334
Fund balances, June 30	<u>\$ 100</u>	<u>\$ 2,785</u>	<u>\$ 23,788</u>	<u>\$ 3,650</u>

Debt Service Funds				Capital Projects Funds				Permanent Fund	Total
General Obligation Debt Service	Highway Users	Municipal Property Corporation	Special Assessment Debt Service	Streets Construction	Fire and Police Construction	Parks Bond Construction	Other Construction	Cemetery Perpetual Care	Non-major Governmental Funds
\$ 19,499	\$ -	\$ -	\$ 12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,747
-	-	-	-	-	-	-	-	-	7,523
-	-	-	-	-	10,752	-	1,860	-	41,930
-	-	-	-	-	-	-	-	-	5,106
-	-	231	-	893	-	479	321	257	3,668
-	5	-	-	108	10	5	330	-	1,863
<u>19,499</u>	<u>5</u>	<u>231</u>	<u>12</u>	<u>1,001</u>	<u>10,762</u>	<u>484</u>	<u>2,511</u>	<u>257</u>	<u>85,837</u>
-	-	-	-	125	268	2	77	-	1,564
-	-	-	-	-	117	-	-	-	9,245
-	-	-	-	-	-	-	2	-	66
-	-	-	-	3	-	-	43	-	3,034
-	-	-	-	-	-	-	-	-	4,410
-	-	-	-	4	-	-	-	-	12,713
13	3	14	-	-	-	-	-	-	225
10,154	3,170	2,715	39	-	-	-	-	-	18,206
7,049	1,551	10,343	1	-	-	-	-	-	19,252
-	-	-	-	9,222	14,023	5,873	8,113	-	49,861
<u>17,216</u>	<u>4,724</u>	<u>13,072</u>	<u>40</u>	<u>9,354</u>	<u>14,408</u>	<u>5,875</u>	<u>8,235</u>	<u>-</u>	<u>118,576</u>
2,283	(4,719)	(12,841)	(28)	(8,353)	(3,646)	(5,391)	(5,724)	257	(32,739)
-	-	-	-	20,198	28,394	-	12,408	-	61,000
-	-	-	-	397	557	-	244	-	1,198
-	-	-	-	-	-	-	-	-	8
-	4,770	11,307	-	-	-	-	-	-	18,792
-	-	-	(112)	(4,353)	(69)	(11)	(302)	-	(15,549)
<u>-</u>	<u>4,770</u>	<u>11,307</u>	<u>(112)</u>	<u>16,242</u>	<u>28,882</u>	<u>(11)</u>	<u>12,350</u>	<u>-</u>	<u>65,449</u>
2,283	51	(1,534)	(140)	7,889	25,236	(5,402)	6,626	257	32,710
9,627	64	1,700	140	19,906	2,128	14,956	10,546	4,912	96,858
<u>\$ 11,910</u>	<u>\$ 115</u>	<u>\$ 166</u>	<u>\$ -</u>	<u>\$ 27,795</u>	<u>\$ 27,364</u>	<u>\$ 9,554</u>	<u>\$ 17,172</u>	<u>\$ 5,169</u>	<u>\$ 129,568</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Municipal Property Corporation Construction Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balance, July 1, 2006	\$ 18,072	\$ 18,072	\$ 16,668	\$ (1,404)
<b>RESOURCES (INFLOWS):</b>				
Long-term debt issued	87,000	87,000	72,327	(14,673)
Investment income	-	-	1,281	1,281
Miscellaneous revenue	-	-	19	19
Total revenues	87,000	87,000	73,627	(13,373)
Operating transfer out	(595)	(595)	(132)	463
Amounts available for appropriation	105,667	105,667	90,163	(15,240)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General administrative	11,965	11,965	108	11,857
Capital outlay	92,512	91,805	72,221	19,584
Total charges to appropriations	104,477	103,770	72,329	31,441
Budgetary fund balance, June 30, 2007	\$ 1,190	\$ 1,897	\$ 17,834	\$ 16,201

**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.	\$ 90,163
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.	(16,668)
Long-term debt issued.	(72,327)
Add: Transfers out.	132
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 1,300

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 72,329
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 72,329

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Community Development Block Grants Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 7	\$ 7	\$ 93	\$ 86
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental	6,056	3,852	3,758	(94)
Miscellaneous	-	-	237	237
Total revenues	<u>6,056</u>	<u>3,852</u>	<u>3,995</u>	<u>143</u>
Amounts available for appropriation	<u>6,063</u>	<u>3,859</u>	<u>4,088</u>	<u>229</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Community environment	6,063	3,859	3,858	1
Capital outlay	-	-	124	(124)
Total charges to appropriations	<u>6,063</u>	<u>3,859</u>	<u>3,982</u>	<u>(123)</u>
Budgetary fund balance, June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106</u>	<u>\$ 106</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.	\$ 4,088
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>(93)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 3,995</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 3,982
Salaries payable.	<u>2</u>
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 3,984</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Highway Users Gas Tax Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 3,768	\$ 3,768	\$ 4,884	\$ 1,116
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental	15,838	16,818	17,324	506
Proceeds from disposal of assets	-	-	8	8
Total revenues	15,838	16,818	17,332	514
Add: Transfers in	1,709	1,709	1,229	(480)
Less: Transfers out	(4,732)	(4,732)	(4,770)	(38)
Amounts available for appropriation	16,583	17,563	18,675	1,112
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Street maintenance	13,376	13,716	12,662	1,054
Capital outlay	3,170	3,171	3,006	165
Debt service:				
Principal	31	31	31	-
Interest	6	6	6	-
Total charges to appropriations	16,583	16,924	15,705	1,219
Budgetary fund balance, June 30, 2007	\$ -	\$ 639	\$ 2,970	\$ 2,331

**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.	\$ 18,675
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(4,884)
Proceeds from disposal of assets.	(8)
Less: Transfers in.	(1,229)
Add: Transfers out.	4,770
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 17,324</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 15,705
Capital outlay.	-
Salaries payable.	20
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 15,725</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Development Impact Fees Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 25,273	\$ 25,273	\$ 23,738	\$ (1,535)
<b>RESOURCES (INFLOWS):</b>				
Licenses and permits	6,901	6,776	7,523	747
Intergovernmental	600	600	-	(600)
Investments	399	465	1,322	857
Total revenues	<u>7,900</u>	<u>7,841</u>	<u>8,845</u>	<u>1,004</u>
Less: Transfers out	<u>(58)</u>	<u>(57)</u>	<u>(87)</u>	<u>30</u>
Amounts available for appropriation	<u>33,115</u>	<u>33,057</u>	<u>32,496</u>	<u>(561)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
General administration	2,057	2,149	98	2,051
Public safety	2,420	1,540	-	1,540
Street maintenance	-	-	13	(13)
Community services	8,769	3,820	6	3,814
Capital outlay	17,468	23,147	6,191	16,956
Principal retirement	2,097	2,097	2,097	-
Interest expense	<u>302</u>	<u>302</u>	<u>302</u>	<u>-</u>
Total charges to appropriations	<u>33,113</u>	<u>33,055</u>	<u>8,707</u>	<u>24,348</u>
Budgetary fund balance, June 30, 2007	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 23,789</u>	<u>\$ 23,787</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.	\$ 32,496
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(23,738)
Add: Transfers out.	<u>87</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 8,845</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	<u>\$ 8,707</u>
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 8,707</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Other Special Revenue Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 2,413	\$ 2,413	\$ 4,471	\$ 2,058
<b>RESOURCES (INFLOWS):</b>				
Taxes	9,480	9,595	6,236	(3,359)
Intergovernmental	9,644	10,383	8,236	(2,147)
Charges for services	4,831	4,831	5,106	275
Investments	10	100	149	49
Miscellaneous	928	1,128	1,168	40
Total revenues	24,893	26,037	20,895	(5,142)
Add: Transfers in	1,526	1,526	1,486	(40)
Less: Transfers out	(8,363)	(8,362)	(5,845)	2,517
Amounts available for appropriation	20,469	21,614	21,007	(607)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General government	1,176	1,180	993	187
Public safety	9,475	11,305	9,112	2,193
Public works	162	162	64	98
Community services	3,678	3,456	2,982	474
Community environment	718	628	553	75
Street maintenance	-	-	14	(14)
Miscellaneous	-	189	196	(7)
Contingencies	330	330	-	330
Capital outlay	4,101	3,174	3,308	(134)
Total charges to appropriations	19,640	20,424	17,222	3,202
Budgetary fund balance, June 30, 2007	\$ 829	\$ 1,190	\$ 3,785	\$ 2,595

**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.	\$ 21,007
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(4,471)
Accrued interest	16
Less: Transfers in.	(1,486)
Add: Transfers out.	5,845
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 20,911

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 17,222
Salaries payable.	14
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 17,236

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**General Obligation Debt Service Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 9,345	\$ 9,345	\$ 9,627	\$ 282
<b>RESOURCES (INFLOWS):</b>				
Taxes	19,571	19,571	19,499	(72)
Total inflows	19,571	19,571	19,499	(72)
Amounts available for appropriation	28,916	28,916	29,126	210
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Miscellaneous	345	345	184	161
Debt service:				
Principal	10,154	11,189	10,154	1,035
Interest	7,049	7,049	7,049	-
Total charges to appropriations	17,548	18,583	17,387	1,196
Budgetary fund balance, June 30, 2007	\$ 11,368	\$ 10,333	\$ 11,739	\$ 1,406

**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.	\$ 29,126
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(9,627)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 19,499

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 17,387
Differences - budget to GAAP:	
Arbitrage rebate	(171)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 17,216

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Highway User Debt Service Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 60	\$ 60	\$ 64	\$ 4
<b>RESOURCES (INFLOWS):</b>				
Miscellaneous revenue	-	-	5	5
Total revenues	-	-	5	5
Add: Transfers in	4,732	4,780	4,770	(10)
Amounts available for appropriation	4,792	4,840	4,839	(1)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Miscellaneous	11	119	118	1
Debt service:				
Principal	3,170	3,170	3,170	-
Interest	1,551	1,551	1,551	-
Total charges to appropriations	4,732	4,840	4,839	1
Budgetary fund balance, June 30, 2007	\$ 60	\$ -	\$ -	\$ -

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 4,839
Less: Transfers in.	(4,770)
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(64)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 5

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 4,839
Differences - budget to GAAP:	
Arbitrage rebate	(115)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 4,724

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Municipal Property Corporation Debt Service Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 800	\$ 800	\$ 164	\$ (636)
<b>RESOURCES (INFLOWS):</b>				
Investments	25	114	190	76
Total revenues	25	114	190	76
Add: Transfers in	11,306	11,307	11,307	-
Amounts available for appropriation	12,131	12,221	11,661	(560)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Miscellaneous	20	177	175	2
Debt service:				
Principal	2,715	2,715	2,715	-
Interest	8,771	8,771	8,771	-
Total charges to appropriations	11,506	11,663	11,661	2
Budgetary fund balance, June 30, 2007	\$ 625	\$ 558	\$ -	\$ (558)

**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.	\$ 11,661
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.	(164)
Investment.	41
Less: Transfers in.	(11,307)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 231

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 11,661
Differences - budget to GAAP:	
Interest.	1,411
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 13,072

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Special Assessment Debt Service Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 139	\$ 139	\$ 140	\$ 1
<b>RESOURCES (INFLOWS):</b>				
Special assessments	10	12	12	-
Total revenues	10	12	12	-
Less: Transfers out	-	-	(112)	(112)
Amounts available for appropriation	149	151	40	(111)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Debt service:				
Principal	39	39	39	-
Interest	1	1	1	-
Total charges to appropriations	40	40	40	-
Budgetary fund balance, June 30, 2007	\$ 109	\$ 111	\$ -	\$ (111)

**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.	\$ 40
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(140)
Add: Transfers out.	112
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 12

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 40
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 40

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Streets Construction Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 22,048	\$ 22,048	\$ 19,877	\$ (2,171)
<b>RESOURCES (INFLOWS):</b>				
Investments	170	169	835	666
Miscellaneous	-	-	109	109
Long-term debt issued	1,350	20,000	20,198	198
Premium on long-term debt issued	-	-	397	397
Total revenues	1,520	20,169	21,539	1,370
Add: Transfers in	-	-	5	5
Less: Transfers out	(122)	(107)	(4,358)	(4,251)
Amounts available for appropriation	23,446	42,110	37,063	(5,047)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General administration	-	-	125	(125)
Community services	2,431	2,496	3	2,493
Street maintenance	4,259	4,434	4	4,430
Capital outlay	16,756	15,140	9,222	5,918
Total charges to appropriations	23,446	22,070	9,354	12,716
Budgetary fund balance, June 30, 2007	\$ -	\$ 20,040	\$ 27,709	\$ 7,669

**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.	\$ 37,063
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.	(19,877)
Market adjustment on restricted investments not available for appropriation.	57
Long-term debt issued.	(20,198)
Premium on long-term debt issued.	(397)
Add: Transfers out.	4,358
Less: Transfers In.	(5)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 1,001

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 9,354
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 9,354

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Fire and Police Construction Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 5,899	\$ 5,899	\$ 2,106	\$ (3,793)
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental revenue	-	-	10,752	10,752
Investments	10	-	22	22
Long-term debt issued	18,390	28,175	28,394	219
Premium on long-term debt issued	-	-	558	558
Miscellaneous	-	-	10	10
Total revenues	18,400	28,175	39,736	11,561
Less: Transfers out	(29)	(29)	(69)	(40)
Amounts available for appropriation	24,270	34,045	41,773	7,728
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
General administration	-	-	268	(268)
Public safety	6,821	6,693	117	6,576
Capital outlay	17,449	21,196	14,023	7,173
Total charges to appropriations	24,270	27,889	14,408	13,481
Budgetary fund balance, June 30, 2007	\$ -	\$ 6,156	\$ 27,365	\$ 21,209
<b>Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures</b>				
<b>Sources/inflows of resources:</b>				
Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.				\$ 41,773
Differences - budget to GAAP:				
Long-term debt issued.				(28,394)
Premium on long-term debt issued.				(558)
Market adjustment on restricted investments not available for appropriation.				(22)
Add: Transfers out.				69
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.				(2,106)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.				\$ 10,762
<b>Uses/outflows or resources:</b>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.				\$ 14,408
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.				\$ 14,408

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Parks Bond Construction Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 15,456	\$ 15,456	\$ 14,908	\$ (548)
<b>RESOURCES (INFLOWS):</b>				
Investments	119	106	473	367
Miscellaneous	-	-	5	5
Total revenues	119	106	478	372
Less: Transfers out	(51)	(51)	(11)	40
Amounts available for appropriation	15,524	15,511	15,375	(136)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General administration	3,199	3,195	2	3,193
Capital outlay	12,325	11,042	5,873	5,169
Total charges to appropriations	15,524	14,237	5,875	8,362
Budgetary fund balance, June 30, 2007	\$ -	\$ 1,274	\$ 9,500	\$ 8,226

**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.	\$ 15,375
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(14,908)
Market adjustment on restricted investments not available for appropriation.	6
Add: Transfers out.	11
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 484

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 5,875
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 5,875

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Other Construction Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 10,923	\$ 10,923	\$ 10,418	\$ (505)
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental	2,227	100	1,860	1,760
Investments	54	31	321	290
Miscellaneous	-	-	332	332
Long-term debt issued	11,241	12,728	12,408	(320)
Premium on long-term debt issued	-	-	244	244
Total revenues	<u>13,522</u>	<u>12,859</u>	<u>15,165</u>	<u>2,306</u>
Less: Transfers out	<u>(146)</u>	<u>(146)</u>	<u>(302)</u>	<u>(156)</u>
Amounts available for appropriation	<u>24,299</u>	<u>23,636</u>	<u>25,281</u>	<u>1,645</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General administration	-	-	77	(77)
Community services	6,689	634	45	589
Capital outlay	<u>17,610</u>	<u>23,002</u>	<u>8,015</u>	<u>14,987</u>
Total charges to appropriations	<u>24,299</u>	<u>23,636</u>	<u>8,137</u>	<u>15,499</u>
Budgetary fund balance, June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,144</u>	<u>\$ 17,144</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.	\$ 25,281
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.	(10,418)
Long-term debt issued.	(12,408)
Premium on long-term debt issued.	(244)
Compensated absence adjustment	(2)
Add: Transfers out.	<u>302</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 2,511</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 8,137
Differences - budget to GAAP:	
Capital outlay recognized on a GAAP basis only	<u>98</u>
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 8,235</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Cemetery Perpetual Care Permanent Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 4,860	\$ 4,860	\$ 4,912	\$ 52
<b>RESOURCES (INFLOWS):</b>				
Investments	122	190	257	67
Total revenues	122	190	257	67
Amounts available for appropriation	4,982	5,050	5,169	119
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Public Works	4,982	4,982	-	4,982
Total charges to appropriations	4,982	4,982	-	4,982
Budgetary fund balance, June 30, 2007	\$ -	\$ 68	\$ 5,169	\$ 5,101

**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.	\$ 5,169
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(4,912)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 257

City of Glendale, Arizona  
**Combining Statement of Net Assets**  
**Non-Major Proprietary Funds - Business-type Activities**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and investments	\$ 4,509	\$ 1,503	\$ 6,012
Receivables:			
Accounts	1,723	22	1,745
Allowance for uncollectibles	(26)	-	(26)
Intergovernmental receivable	-	236	236
Inventories and prepaid items	-	5	5
Total current assets	<u>6,206</u>	<u>1,766</u>	<u>7,972</u>
Noncurrent assets:			
Restricted cash and investments	6	-	6
Capital assets:			
Capital assets	9,638	11,407	21,045
Accumulated depreciation	(6,233)	(6,020)	(12,253)
Capital assets, net	<u>3,405</u>	<u>5,387</u>	<u>8,792</u>
Total noncurrent assets	<u>3,411</u>	<u>5,387</u>	<u>8,798</u>
Total assets	<u>9,617</u>	<u>7,153</u>	<u>16,770</u>
<b>LIABILITIES</b>			
Current liabilities:			
Vouchers payable	131	-	131
Accounts payable	-	48	48
Compensated absences	260	18	278
Due to other funds	-	19	19
Intergovernmental payable	5	12	17
Deposits	84	34	118
Unearned rent	-	5	5
Current portion of long-term debt:			
Capital lease payable	661	-	661
Interest payable	20	-	20
Total current liabilities	<u>1,161</u>	<u>136</u>	<u>1,297</u>
Noncurrent liabilities:			
Compensated absences	83	166	249
Other long-term debt	-	30	30
Capital lease obligations	1,688	-	1,688
Total noncurrent liabilities	<u>1,771</u>	<u>196</u>	<u>1,967</u>
Total liabilities	<u>2,932</u>	<u>332</u>	<u>3,264</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,056	5,387	6,443
Restricted for:			
Other purposes	-	1,434	1,434
Unrestricted	5,629	-	5,629
Total net assets	<u>\$ 6,685</u>	<u>\$ 6,821</u>	<u>\$ 13,506</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, 2007

(amounts expressed in thousands)

	Business-type Activities		
	Enterprise Funds		
	Sanitation	Housing	Total
Operating revenues:			
Intergovernmental	\$ -	\$ 8,254	\$ 8,254
Container service	4,968	-	4,968
Curb service	9,659	-	9,659
Other fees	10	661	671
Total operating revenues	<u>14,637</u>	<u>8,915</u>	<u>23,552</u>
Operating expenses:			
Housing	-	8,582	8,582
Sanitation	12,775	-	12,775
Depreciation	962	357	1,319
Total operating expenses	<u>13,737</u>	<u>8,939</u>	<u>22,676</u>
Operating income (loss)	<u>900</u>	<u>(24)</u>	<u>876</u>
Nonoperating revenues (expenses):			
Impact fees	15	-	15
Investments	210	-	210
Interest expense	(77)	-	(77)
Gain on disposal of assets	66	-	66
Intergovernmental - capital grants	-	248	248
Total nonoperating revenue (expenses)	<u>214</u>	<u>248</u>	<u>462</u>
Income before contributions and transfers	1,114	224	1,338
Transfers in	<u>-</u>	<u>505</u>	<u>505</u>
Change in net assets	<u>1,114</u>	<u>729</u>	<u>1,843</u>
Total net assets - beginning	5,571	6,092	11,663
Total net assets - ending	<u>\$ 6,685</u>	<u>\$ 6,821</u>	<u>\$ 13,506</u>

City of Glendale, Arizona  
**Combining Statement of Cash Flows**  
**Non-Major Proprietary Funds - Business-type Activities**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 14,636	\$ 638	\$ 15,274
Cash received from federal government	-	8,050	8,050
Cash paid to suppliers:			
Internal city departments	(7,700)	-	(7,700)
External vendors	(999)	(7,022)	(8,021)
Cash paid to employees for services	(4,091)	(1,550)	(5,641)
Net cash provided by operating activities	<u>1,846</u>	<u>116</u>	<u>1,962</u>
<b>Cash flows from noncapital financing activities:</b>			
Proceeds from sale of investments	-	8	8
Transfers in	-	505	505
Net cash provided by noncapital financing activities	<u>-</u>	<u>513</u>	<u>513</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal payments on obligations	(63)	-	(63)
Acquisition of capital assets and rights	(632)	(247)	(879)
Impact fees	15	-	15
Interest payments on obligations	(79)	-	(79)
Capital grant proceeds	-	248	248
Net cash provided by (used for) capital and related financing activities	<u>(759)</u>	<u>1</u>	<u>(758)</u>
<b>Cash flows from investing activities:</b>			
Interest received from investments	210	-	210
Net cash provided by investing activities	<u>210</u>	<u>-</u>	<u>210</u>
Net increase in cash and cash equivalents during fiscal year	1,297	630	1,927
Cash and cash equivalents, July 1	3,218	873	4,091
Cash and cash equivalents, June 30	<u>\$ 4,515</u>	<u>\$ 1,503</u>	<u>\$ 6,018</u>

	<u>Sanitation</u>	<u>Housing</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 900	\$ (24)	\$ 876
Adjustments to reconcile operating income to net cash provided by operations:			
Depreciation	962	357	1,319
Changes in assets and liabilities:			
Accounts receivable	(14)	(21)	(35)
Intergovernmental receivable	-	(119)	(119)
Vouchers payable	(4)	17	13
Accrued expenses	(10)	-	(10)
Intergovernmental payable	-	(85)	(85)
Deposits	12	(2)	10
Unearned rent	-	-	-
Due to other funds	-	(9)	(9)
Compensated absences	(1)	2	1
Proceeds from disposal of assets	1	-	1
Net cash provided by operating activities	<u>\$ 1,846</u>	<u>\$ 116</u>	<u>\$ 1,962</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	\$ 4,509	\$ 1,503	\$ 6,012
Restricted cash and investments	6	-	6
Total cash and cash equivalents	<u>\$ 4,515</u>	<u>\$ 1,503</u>	<u>\$ 6,018</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Water and Sewer Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 104,276	\$ 104,276	\$ 98,607	\$ (5,669)
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental	-	-	11	11
Charges for services:				
Metered water sales	35,086	35,210	30,987	(4,223)
Sewer service charges	24,647	24,647	23,614	(1,033)
Impact fees	10,268	5,000	6,242	1,242
Other fees	-	-	1,199	1,199
Investments	1,040	2,000	4,701	2,701
Miscellaneous	35	800	359	(441)
Proceeds from bonds sold	88,250	45,000	45,684	684
Proceeds from equipment disposal	-	-	39	39
Total revenues	<u>159,326</u>	<u>112,657</u>	<u>112,836</u>	<u>179</u>
Add: Transfers in	-	-	14	14
Less: Transfers out	-	(881)	-	881
Amounts available for appropriation	<u>263,602</u>	<u>216,052</u>	<u>211,457</u>	<u>(4,595)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
General administration	11,071	11,710	11,557	153
Water	17,829	25,472	16,525	8,947
Sewer	13,758	26,482	12,446	14,036
Bond issuance cost	-	-	494	(494)
Contingencies	5,000	-	-	-
Capital outlay	176,856	135,255	72,934	62,321
Debt service:				
Principal	7,118	7,118	7,118	-
Interest	10,015	10,015	9,757	258
Total charges to appropriations	<u>241,647</u>	<u>216,052</u>	<u>130,831</u>	<u>85,221</u>
Budgetary fund balance, June 30, 2007	<u>\$ 21,955</u>	<u>\$ -</u>	<u>\$ 80,626</u>	<u>\$ 80,626</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.	\$ 211,457
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.	(98,607)
Interest earned on restricted assets not available for appropriation.	161
Market adjustment on restricted investments not available for appropriation.	(490)
Revenues offset directly by bad debt expense on budgetary basis.	271
Capital outlay contributed.	(197)
Bond proceeds.	(45,684)
Proceeds from equipment disposals.	(39)
Gain on disposal of assets.	38
Internal staff and administrative charges reported as revenue only on budgetary basis.	(212)
Less: Transfers in.	(14)
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 66,684</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 130,831
Differences - budget to GAAP:	
Bad debt expense.	271
Amortization of capitalized bond issuance expense.	80
Capital outlay expenditure.	(72,934)
Change in compensated absences liability.	152
Change in prepaid assets or inventory.	(6)
Amortization and depreciation expense.	13,673
Bond issuance costs.	(491)
Principal payments on long-term obligations.	(7,118)
Interest expense.	(1,193)
Internal staff and administrative charges reported as revenue only on budgetary basis.	(212)
Change in accrued payroll.	92
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>\$ 63,145</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Landfill Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 18,270	\$ 18,270	\$ 18,729	\$ 459
<b>RESOURCES (INFLOWS):</b>				
Charges for services:				
Landfill user fees	5,472	6,355	6,682	327
Recycling fees	2,815	2,800	3,301	501
Other fees	97	110	-	(110)
Proceeds from equipment disposal	-	-	2	2
Investments	480	850	1,091	241
Impact fees	181	73	131	58
Total revenues	<u>9,045</u>	<u>10,188</u>	<u>11,207</u>	<u>1,019</u>
Less: Transfers out	<u>(4)</u>	<u>(4)</u>	<u>(155)</u>	<u>(151)</u>
Amounts available for appropriation	<u>27,311</u>	<u>28,454</u>	<u>29,781</u>	<u>1,327</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Contingencies	2,000	2,000	-	2,000
Landfill	7,099	7,099	6,822	277
Capital outlay	1,532	1,532	943	589
Debt service:				
Principal	414	414	365	49
Interest	32	32	31	1
Total charges to appropriations	<u>11,077</u>	<u>11,077</u>	<u>8,161</u>	<u>2,916</u>
Budgetary fund balance, June 30, 2007	<u>\$ 16,234</u>	<u>\$ 17,377</u>	<u>\$ 21,620</u>	<u>\$ 4,243</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.	\$ 29,781
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(18,729)
Internal staff and administrative charges reported as revenue only on budgetary basis.	(369)
Revenues offset directly by bad debt expense on budgetary basis.	(3)
Proceeds from disposal of capital assets.	(2)
Gain on disposal of assets.	1
Add: Transfers out.	<u>155</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 10,834</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 8,161
Bad debt expense.	(2)
Capital outlay expenditures.	(943)
Change in compensated absences liability.	32
Change in estimated landfill post-closure liability.	588
Depreciation expense.	1,132
Principal payments on long-term obligations.	(365)
Interest expense.	(2)
Accrued payroll.	11
Internal staff and administrative charges reported as revenue only on budgetary basis.	<u>(369)</u>
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 8,243</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Sanitation Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 4,026	\$ 4,026	\$ 5,010	\$ 984
<b>RESOURCES (INFLOWS):</b>				
Charges for services:				
Container service	4,653	4,964	4,968	4
Curb service	9,723	9,649	9,626	(23)
Impact fees	57	16	15	(1)
Recycle sales	-	-	10	10
Investments	70	150	210	60
Proceeds from equipment disposal	-	-	69	69
Proceeds from lease	775	669	701	32
Total revenues	<u>15,278</u>	<u>15,448</u>	<u>15,599</u>	<u>151</u>
Amounts available for appropriation	<u>19,304</u>	<u>19,474</u>	<u>20,609</u>	<u>1,135</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Sanitation	13,774	13,774	12,723	1,051
Capital outlay	1,288	1,288	700	588
Debt service:				
Principal	764	764	764	-
Interest	79	79	79	-
Total charges to appropriations	<u>15,905</u>	<u>15,905</u>	<u>14,266</u>	<u>1,639</u>
Budgetary fund balance, June 30, 2007	<u>\$ 3,399</u>	<u>\$ 3,569</u>	<u>\$ 6,343</u>	<u>\$ 2,774</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.	\$ 20,609
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.	(5,010)
Internal staff and administrative charges reported as revenue only on budgetary basis.	(42)
Revenues offset directly by bad debt expense on budgetary basis.	75
Proceeds from disposal of capital assets.	(69)
Gain on disposal of assets.	66
Capital lease proceeds.	(701)
Total revenues as reported on the combining statement of revenues, expenses, and changes in fund net assets - non-major proprietary funds - business-type activities.	<u>\$ 14,928</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 14,266
Bad debt expense.	75
Capital outlay.	(700)
Change in compensated absences liability.	(1)
Depreciation expense.	962
Interest expense.	(2)
Principal payments on long-term obligations.	(764)
Accrued payroll.	20
Internal staff and administrative charges reported as revenue only on budgetary basis.	(42)
Total expenses as reported in the combining statement of revenues, expenses, and changes in fund net assets - non-major proprietary funds.	<u>\$ 13,814</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Housing Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 1,200	\$ 1,200	\$ 674	\$ (526)
<b>RESOURCES (INFLOWS):</b>				
Intergovernmental	8,501	8,501	8,502	1
Miscellaneous	-	-	661	661
Total revenues	8,501	8,501	9,163	662
Add: Transfers in	505	505	505	-
Amounts available for appropriation	10,206	10,206	10,342	136
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Housing	8,357	8,357	8,561	(204)
Capital outlay	283	283	57	226
Total charges to appropriations	8,640	8,640	8,618	22
Budgetary fund balance, June 30, 2007	\$ 1,566	\$ 1,566	\$ 1,724	\$ 158

**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.	\$ 10,342
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(674)
Less: Transfers in.	(505)
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets - non-major proprietary funds.	\$ 9,163

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 8,618
Change in compensated absences liability.	21
Accrued payroll.	
Depreciation expense.	357
Capital outlay.	(57)
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets - non-major proprietary funds.	\$ 8,939

City of Glendale, Arizona  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	<u>Risk Management</u>	<u>Workers' Compensation</u>	<u>Employee Benefits</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Equity in pooled cash and investments	\$ 3,885	\$ 5,119	\$ 6,839	\$ 15,843
Inventories and prepaid items	75	-	5	80
Total current assets	<u>3,960</u>	<u>5,119</u>	<u>6,844</u>	<u>15,923</u>
Noncurrent assets:				
Restricted cash and investments	-	150	-	150
Total assets	<u>3,960</u>	<u>5,269</u>	<u>6,844</u>	<u>16,073</u>
<b>LIABILITIES</b>				
Current liabilities:				
Vouchers payable	71	56	1,145	1,272
Estimated claims payable	2,171	801	2,055	5,027
Total current liabilities	<u>2,242</u>	<u>857</u>	<u>3,200</u>	<u>6,299</u>
Noncurrent liabilities:				
Estimated claims payable	1,576	1,297	-	2,873
Total noncurrent liabilities	<u>1,576</u>	<u>1,297</u>	<u>-</u>	<u>2,873</u>
Total liabilities	<u>3,818</u>	<u>2,154</u>	<u>3,200</u>	<u>9,172</u>
<b>NET ASSETS</b>				
Unrestricted	<u>142</u>	<u>3,115</u>	<u>3,644</u>	<u>6,901</u>
Total net assets	<u>\$ 142</u>	<u>\$ 3,115</u>	<u>\$ 3,644</u>	<u>\$ 6,901</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, 2007

(amounts expressed in thousands)

	<u>Risk Management</u>	<u>Workers' Compensation</u>	<u>Employee Benefits</u>	<u>Total</u>
Operating revenues:				
Self-insurance premiums	\$ 2,760	\$ 1,025	\$ 17,963	\$ 21,748
Other	30	30	16	76
Total operating revenues	<u>2,790</u>	<u>1,055</u>	<u>17,979</u>	<u>21,824</u>
Operating expenses:				
Insurance claims and premiums	<u>2,488</u>	<u>1,145</u>	<u>19,145</u>	<u>22,778</u>
Operating income (loss)	302	(90)	(1,166)	(954)
Nonoperating revenues:				
Investments	<u>196</u>	<u>248</u>	<u>305</u>	<u>749</u>
Income (loss) before transfers	498	158	(861)	(205)
Change in net assets	498	158	(861)	(205)
Net assets - beginning	<u>(356)</u>	<u>2,957</u>	<u>4,505</u>	<u>7,106</u>
Net assets - ending	<u>\$ 142</u>	<u>\$ 3,115</u>	<u>\$ 3,644</u>	<u>\$ 6,901</u>

City of Glendale, Arizona  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	<u>Risk Management</u>	<u>Workers' Compensation</u>	<u>Employee Benefits</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 2,790	\$ 1,055	\$ 17,991	\$ 21,836
Cash paid for insurance and in settlement of claims	<u>(2,513)</u>	<u>(983)</u>	<u>(18,800)</u>	<u>(22,296)</u>
Net cash provided by (used for) operating activities	277	72	(809)	(460)
<b>Cash flows from investing activities:</b>				
Interest received	<u>195</u>	<u>248</u>	<u>305</u>	<u>748</u>
Net increase (decrease) in cash during fiscal year	472	320	(504)	288
Cash and cash equivalents, July 1	3,413	4,949	7,343	15,705
Cash and cash equivalents, June 30	<u>\$ 3,885</u>	<u>\$ 5,269</u>	<u>\$ 6,839</u>	<u>\$ 15,993</u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 302	\$ (90)	\$ (1,166)	\$ (954)
Adjustments to reconcile operating income to net cash provided by operations:				
Change in inventories and prepaid items	(4)	-	12	8
Change in vouchers payable	69	26	(16)	79
Change in claims payable	<u>(90)</u>	<u>136</u>	<u>361</u>	<u>407</u>
Net cash provided by (used for) operating activities	<u>\$ 277</u>	<u>\$ 72</u>	<u>\$ (809)</u>	<u>\$ (460)</u>
<b>Reconciliation of statement of net assets cash and investments to the statement of cash flows:</b>				
Per combined statement of net assets:				
Equity in pooled cash and investments	\$ 3,885	\$ 5,119	\$ 6,839	\$ 15,843
Restricted cash and investments	-	150	-	150
Total cash and cash equivalents	<u>\$ 3,885</u>	<u>\$ 5,269</u>	<u>\$ 6,839</u>	<u>\$ 15,993</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Risk Management Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 3,227	\$ 3,227	\$ 3,410	\$ 183
<b>RESOURCES (INFLOWS):</b>				
Self-insurance premiums	2,760	2,760	2,760	-
Investments	20	120	196	76
Other	-	-	30	30
Total revenues	<u>2,780</u>	<u>2,880</u>	<u>2,986</u>	<u>106</u>
Amounts available for appropriation	<u>6,007</u>	<u>6,107</u>	<u>6,396</u>	<u>289</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Insurance and claims	<u>4,010</u>	<u>4,010</u>	<u>2,582</u>	<u>1,428</u>
Total charges to appropriations	<u>4,010</u>	<u>4,010</u>	<u>2,582</u>	<u>1,428</u>
Budgetary fund balance, June 30, 2007	<u>\$ 1,997</u>	<u>\$ 2,097</u>	<u>\$ 3,814</u>	<u>\$ 1,717</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 6,396
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	<u>(3,410)</u>
Total revenues as reported on the combining statement of revenues, expenses, and changes in fund net assets.	<u>\$ 2,986</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 2,582
Change in estimated claims payable and prepaids.	<u>(94)</u>
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 2,488</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Workers' Compensation Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 4,358	\$ 4,358	\$ 4,888	\$ 530
<b>RESOURCES (INFLOWS):</b>				
Self-insurance premiums	1,025	1,025	1,025	-
Investments	125	125	248	123
Other	-	-	30	30
Total revenues	<u>1,150</u>	<u>1,150</u>	<u>1,303</u>	<u>153</u>
Amounts available for appropriation	<u>5,508</u>	<u>5,508</u>	<u>6,191</u>	<u>683</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Insurance and claims	<u>1,407</u>	<u>1,407</u>	<u>1,009</u>	<u>398</u>
Total charges to appropriations	<u>1,407</u>	<u>1,407</u>	<u>1,009</u>	<u>398</u>
Budgetary fund balance, June 30, 2007	<u>\$ 4,101</u>	<u>\$ 4,101</u>	<u>\$ 5,182</u>	<u>\$ 1,081</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.	\$ 6,191
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	<u>(4,888)</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 1,303</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 1,009
Change in estimated claims payable.	<u>136</u>
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 1,145</u>

City of Glendale, Arizona  
**Budgetary Comparison Schedule**  
**Employee Benefits Fund**  
For the Fiscal Year Ended June 30, 2007  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2006	\$ 7,455	\$ 7,455	\$ 6,198	\$ (1,257)
<b>RESOURCES (INFLOWS):</b>				
Self-insurance premiums	19,825	19,825	17,963	(1,862)
Investments	271	271	305	34
Other	-	-	16	16
Total revenues	<u>20,096</u>	<u>20,096</u>	<u>18,284</u>	<u>(1,828)</u>
Amounts available for appropriation	<u>27,551</u>	<u>27,551</u>	<u>24,482</u>	<u>(3,069)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
Current:				
Insurance and claims	<u>19,600</u>	<u>19,600</u>	<u>18,784</u>	<u>816</u>
Total charges to appropriations	<u>19,600</u>	<u>19,600</u>	<u>18,784</u>	<u>816</u>
Budgetary fund balance, June 30, 2007	<u>\$ 7,951</u>	<u>\$ 7,951</u>	<u>\$ 5,698</u>	<u>\$ (2,253)</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.	\$ 24,482
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>(6,198)</u>
Total revenues as reported on the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 18,284</u>

**Uses/outflows or resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 18,784
Change in estimated claims payable liability.	<u>361</u>
Total expenses as reported in the statement of revenues, expenses, and changes in fund net assets.	<u>\$ 19,145</u>



City of Glendale, Arizona

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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# OTHER SUPPLEMENTARY INFORMATION

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FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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City of Glendale, Arizona  
**Federal Financial Data Schedule (PHA: AZ003)**  
For the Fiscal Year Ended June 30, 2007  
(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	<u>598,895</u>	<u>-</u>	<u>253,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>852,121</u>
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	<u>33,127</u>	<u>2,083</u>	<u>47,795</u>	<u>6,590</u>	<u>19,827</u>	<u>8,676</u>	<u>118,098</u>
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	<u>648,844</u>	<u>2,083</u>	<u>348,388</u>	<u>6,590</u>	<u>19,827</u>	<u>27,636</u>	<u>1,053,368</u>
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	<u>4,974,969</u>	<u>-</u>	<u>125,860</u>	<u>395,860</u>	<u>-</u>	<u>-</u>	<u>5,496,689</u>
180	Total non-current assets	<u>4,974,969</u>	<u>-</u>	<u>125,860</u>	<u>395,860</u>	<u>-</u>	<u>-</u>	<u>5,496,689</u>
190	Total assets	<u>\$ 5,623,813</u>	<u>\$ 2,083</u>	<u>\$ 474,248</u>	<u>\$ 402,450</u>	<u>\$ 19,827</u>	<u>\$ 27,636</u>	<u>\$ 6,550,057</u>

115

(continued)

City of Glendale, Arizona  
**Federal Financial Data Schedule (PHA: AZ003)**  
For the Fiscal Year Ended June 30, 2007  
(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
<b>LIABILITIES AND EQUITY/NET ASSETS</b>								
<b>LIABILITIES:</b>								
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	<u>183,759</u>	<u>2,083</u>	<u>35,154</u>	<u>6,590</u>	<u>18,182</u>	<u>26,740</u>	<u>272,508</u>
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	<u>79,008</u>	<u>-</u>	<u>106,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,227</u>
300	Total liabilities	<u>262,767</u>	<u>2,083</u>	<u>141,373</u>	<u>6,590</u>	<u>18,182</u>	<u>26,740</u>	<u>457,735</u>
<b>EQUITY/NET ASSETS:</b>								
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	<u>386,077</u>	<u>-</u>	<u>207,015</u>	<u>-</u>	<u>1,645</u>	<u>896</u>	<u>595,633</u>
513	Total equity/net assets	<u>5,361,046</u>	<u>-</u>	<u>332,875</u>	<u>395,860</u>	<u>1,645</u>	<u>896</u>	<u>6,092,322</u>
600	Total liabilities and equity/net assets	<u>\$ 5,623,813</u>	<u>\$ 2,083</u>	<u>\$ 474,248</u>	<u>\$ 402,450</u>	<u>\$ 19,827</u>	<u>\$ 27,636</u>	<u>\$ 6,550,057</u>

(continued)

City of Glendale, Arizona  
**Federal Financial Data Schedule (PHA: AZ003)**  
For the Fiscal Year Ended June 30, 2007  
(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
<b>REVENUE:</b>								
703	Net tenant rental revenue	\$ 316,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 316,687
704	Tenant revenue - other	9,786	-	-	-	-	-	9,786
705	Total tenant revenue	<u>326,473</u>	-	-	-	-	-	<u>326,473</u>
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	<u>738,477</u>	<u>73,888</u>	<u>7,785,761</u>	<u>148,651</u>	<u>39,032</u>	<u>27,510</u>	<u>8,813,319</u>
<b>EXPENDITURES:</b>								
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	<u>1,248,156</u>	<u>73,888</u>	<u>788,152</u>	<u>16,195</u>	<u>100</u>	<u>200</u>	<u>2,126,691</u>
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	<u>1,620,785</u>	<u>73,888</u>	<u>7,693,275</u>	<u>23,061</u>	<u>37,387</u>	<u>26,614</u>	<u>9,475,010</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
1001	Operating transfers in	21,696	-	-	-	-	-	21,696
1002	Operating transfers out	-	-	-	(21,696)	-	-	(21,696)
1003	Operating transfers from/to primary governmen	492,000	-	-	-	-	-	492,000
1010	Total other financing sources (uses)	<u>513,696</u>	<u>-</u>	<u>-</u>	<u>(21,696)</u>	<u>-</u>	<u>-</u>	<u>492,000</u>
1000	Excess (deficiency) of total revenues over (under) total expenditures	<u>\$ (368,612)</u>	<u>\$ -</u>	<u>\$ 92,486</u>	<u>\$ 103,894</u>	<u>\$ 1,645</u>	<u>\$ 896</u>	<u>\$ (169,691)</u>

(continued)

City of Glendale, Arizona  
**Federal Financial Data Schedule (PHA: AZ003)**  
 For the Fiscal Year Ended June 30, 2007  
 (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

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# STATISTICAL SECTION

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FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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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>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	120-127
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the city's local revenue source, the property tax and sales tax.	128-133
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	134-141
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	142-143
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Government activities					
Invested in capital assets, net of related debt	\$ 446,828	\$ 398,517	\$ 372,778	\$ 353,135	\$ 259,802
Restricted	180,303	155,163	179,434	169,434	127,393
Unrestricted	<u>44,573</u>	<u>75,417</u>	<u>40,641</u>	<u>49,916</u>	<u>132,801</u>
Total governmental activities net assets	<u>671,704</u>	<u>629,097</u>	<u>592,853</u>	<u>572,485</u>	<u>519,996</u>
Business-type activities					
Invested in capital assets, net of related debt	249,569	233,387	274,620	228,252	275,204
Restricted	11,881	12,437	11,249	10,479	10,235
Unrestricted	<u>155,325</u>	<u>158,753</u>	<u>108,604</u>	<u>141,094</u>	<u>82,564</u>
Total business-type activities net assets	<u>416,775</u>	<u>404,577</u>	<u>394,473</u>	<u>379,825</u>	<u>368,003</u>
Primary government					
Invested in capital assets, net of related debt	696,397	631,904	647,398	581,387	535,006
Restricted	192,184	167,600	190,683	179,913	137,628
Unrestricted	<u>199,898</u>	<u>234,170</u>	<u>149,245</u>	<u>191,010</u>	<u>215,365</u>
Total primary government net assets	<u>\$ 1,088,479</u>	<u>\$ 1,033,674</u>	<u>\$ 987,326</u>	<u>\$ 952,310</u>	<u>\$ 887,999</u>

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

	2007	2006	2005	2004	2003
<b>Expenses</b>					
Governmental activities:					
General government	\$ 37,992	\$ 33,329	\$ 31,603	\$ 24,003	\$ 20,209
Public safety	92,405	75,277	64,277	56,176	52,625
Public works	14,816	13,995	14,309	13,883	11,411
Community services	45,481	40,275	37,394	33,914	32,210
Community environment	4,698	4,125	3,236	3,446	3,433
Street maintenance	24,906	22,720	21,355	20,425	20,308
Other	-	3,020	238	142	148
Interest on long-term debt	23,551	16,883	16,986	15,838	7,223
Total governmental activities expenses	<u>243,849</u>	<u>209,624</u>	<u>189,398</u>	<u>167,827</u>	<u>147,567</u>
Business-type activities:					
Water and sewer	63,289	55,607	50,190	45,628	43,442
Landfill	8,264	7,950	7,431	7,164	7,784
Sanitation	13,847	13,257	12,287	12,294	12,353
Housing	8,951	9,466	9,278	8,858	8,033
Total business-type activities expenses	<u>94,351</u>	<u>86,280</u>	<u>79,186</u>	<u>73,944</u>	<u>71,612</u>
Total primary government expenses	<u>\$ 338,200</u>	<u>\$ 295,904</u>	<u>\$ 268,584</u>	<u>\$ 241,771</u>	<u>\$ 219,179</u>
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 11,610	\$ 10,726	\$ 9,075	\$ 9,092	\$ 10,029
Public safety	1,964	1,375	1,200	1,043	1,897
Public works	531	516	506	148	526
Community services	22,285	20,121	16,871	16,942	13,439
Community environment	-	31	-	3	-
Street maintenance	48	-	-	-	7
Operating grants and contributions	36,566	31,973	26,535	24,503	22,522
Capital grants and contributions	26,247	6,406	1,407	3,429	4,294
Total governmental activities program revenues	<u>99,251</u>	<u>71,148</u>	<u>55,594</u>	<u>55,160</u>	<u>52,714</u>
Business-type activities:					
Charges for services:					
Water and sewer	62,125	56,153	54,295	52,456	52,088
Landfill	9,742	8,362	8,961	9,593	8,644
Sanitation	14,653	14,167	13,624	12,817	11,918
Housing	662	569	542	512	494
Operating grants and contributions	8,254	8,020	8,027	7,643	7,091
Capital grants and contributions	5,125	5,403	242	168	520
Total business-type activities program revenues	<u>100,561</u>	<u>92,674</u>	<u>85,691</u>	<u>83,189</u>	<u>80,755</u>
Total primary government program revenues	<u>199,812</u>	<u>163,822</u>	<u>141,285</u>	<u>138,349</u>	<u>133,469</u>
<b>Net (expense)/revenue</b>					
Governmental activities	(144,598)	(138,476)	(133,804)	(112,667)	(94,853)
Business-type activities	6,210	6,394	6,505	9,245	9,143
Total primary government net expense	<u>\$ (138,388)</u>	<u>\$ (132,082)</u>	<u>\$ (127,299)</u>	<u>\$ (103,422)</u>	<u>\$ (85,710)</u>

**Schedule 2**

	2007	2006	2005	2004	2003
<b>General revenues and other changes in net assets</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 23,085	\$ 21,386	\$ 19,422	\$ 18,321	\$ 16,739
Sales taxes	97,825	90,968	77,166	74,763	63,832
Unrestricted state shared sales tax	23,037	23,298	20,271	18,409	17,113
Unrestricted urban revenue sharing (state shared income tax)	27,518	22,909	20,115	19,731	23,288
Auto in-lieu taxes	10,044	10,444	9,414	8,978	8,619
Investment earnings, unrestricted	5,557	4,395	2,654	315	(1,602)
Gain (loss) on disposal of capital assets	202	348	225	9	445
Miscellaneous	301	272	275	349	299
Capital contributions	-	-	4,794	24,614	27,042
Transfers	(364)	700	(164)	(333)	(67)
Total governmental activities	187,205	174,720	154,172	165,156	155,708
Business-type activities:					
Investment earnings, unrestricted	5,381	3,466	2,065	1,115	(123)
Gain (loss) on disposal of capital assets	103	844	-	-	(725)
Loss on joint venture	-	-	-	(1,285)	(1,011)
Miscellaneous	140	100	202	-	-
Capital contributions	-	-	5,712	2,414	7,241
Transfers	364	(700)	164	333	67
Total business-type activities	5,988	3,710	8,143	2,577	5,449
Total primary government	\$ 193,193	\$ 178,430	\$ 162,315	\$ 167,733	\$ 161,157
 <b>Changes in net assets</b>					
Governmental activities	\$ 42,607	\$ 36,244	\$ 20,368	\$ 52,489	\$ 60,855
Business-type activities	12,198	10,104	14,648	11,822	14,592
Total primary government	\$ 54,805	\$ 46,348	\$ 35,016	\$ 64,311	\$ 75,447

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

**Schedule 3**

	<u>2007</u>	<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>
General fund										
Reserved	\$ 10,500	\$ 10,287	\$ 9,377	\$ 9,582	\$ 17,315	\$ 17,998	\$ 13,232	\$ 13,147	\$ 5,373	\$ 4,247
Unreserved	<u>50,880</u>	<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>
Total general fund	<u>\$ 61,380</u>	<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>
All other governmental funds										
Reserved	\$ 45,029	\$ 42,910	\$ 39,014	\$ 41,188	\$ 33,527	\$ 28,460	\$ 19,473	\$ 16,147	\$ 13,812	\$ 12,947
Unreserved, report in:										
Special revenue funds	34,369	30,584	34,867	29,807	23,553	8,596	2,585	2,410	2,375	1,724
Capital projects funds	<u>68,932</u>	<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>
Total all other governmental funds	<u>\$ 148,330</u>	<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>

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

**Schedule 4**

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Revenues</b>										
Taxes and special assessments	\$ 121,122	\$ 112,576	\$ 96,812	\$ 93,655	\$ 82,458	\$ 70,526	\$ 60,911	\$ 57,681	\$ 54,355	\$ 51,253
Licenses and permits	17,839	16,039	15,497	16,667	16,771	10,663	9,897	8,280	7,902	9,197
Intergovernmental	107,699	86,994	75,691	73,166	73,836	68,479	72,216	70,269	66,609	61,845
Local revenues	-	-	-	-	-	-	6,417	11,020	10,904	12,355
Charges for services	10,086	8,838	5,681	4,824	3,313	2,516	5,347	4,862	4,737	4,735
Fines and forfeitures	3,932	3,564	3,247	3,169	3,246	2,859	2,381	2,413	2,951	2,646
Investment income (loss)	10,905	7,825	4,762	1,511	(805)	2,572	8,303	4,533	5,017	5,185
Miscellaneous	4,212	4,136	3,335	2,774	2,834	2,729	3,687	1,905	1,770	1,971
<b>Total revenues</b>	<b>275,795</b>	<b>239,972</b>	<b>205,025</b>	<b>195,766</b>	<b>181,653</b>	<b>160,344</b>	<b>169,159</b>	<b>160,963</b>	<b>154,245</b>	<b>149,187</b>
<b>Expenditures</b>										
General government	24,524	21,868	20,892	17,274	20,321	20,064	21,583	17,122	15,340	14,666
Public safety	86,753	72,745	61,366	53,805	49,571	49,126	43,741	41,155	37,912	36,847
Public works	12,155	12,252	12,081	12,816	10,118	11,364	12,688	11,884	10,457	9,797
Community services	39,150	35,604	32,627	30,006	28,391	27,502	22,832	21,332	18,514	16,697
Community environment	4,657	3,978	3,082	3,311	3,282	3,223	2,379	2,052	2,508	2,991
Street maintenance	13,372	11,609	10,534	9,811	9,994	11,493	10,320	9,541	9,516	9,109
Community housing	-	-	-	-	-	-	6,201	5,645	5,312	5,064
Miscellaneous	3,059	2,918	55	555	80	71	475	458	21	88
Contingencies	-	-	-	-	-	-	-	-	-	40
Capital outlay	179,421	131,243	47,283	120,833	142,213	38,636	37,029	42,178	42,363	37,130
Debt service:										
Principal	28,096	20,328	18,899	18,090	21,680	20,574	16,501	27,574	14,359	12,897
Interest	20,630	17,222	17,231	15,998	8,155	5,925	6,605	5,422	6,180	6,308
<b>Total expenditures</b>	<b>411,817</b>	<b>329,767</b>	<b>224,050</b>	<b>282,499</b>	<b>293,805</b>	<b>187,978</b>	<b>180,354</b>	<b>184,363</b>	<b>162,482</b>	<b>151,634</b>
Excess of revenues over (under) expenditures	(136,022)	(89,795)	(19,025)	(86,733)	(112,152)	(27,634)	(11,195)	(23,400)	(8,237)	(2,447)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Other financing sources (uses)</b>										
Discount on long-term debt	-	-	-	(82)	-	-	-	-	-	-
Proceeds from loans	-	-	-	-	-	200	-	5,279	-	1,858
Long-term debt issued	133,327	93,033	16,075	69,522	215,920	40,563	-	41,997	-	12,073
Refunding bonds issued	-	9,065	-	-	-	-	-	-	-	-
Premium on long-term debt issued	1,198	1,782	230	1,114	14,500	-	-	-	-	-
Proceeds from equipment disposal	850	3,166	1,342	8,198	2,802	82	-	-	-	-
Capital lease proceeds	668	-	-	428	11,266	-	-	9,139	-	1,290
Payment to refunded bonds escrow agent	-	(9,582)	-	(21,262)	-	(4,533)	-	-	-	-
Transfers in	24,945	20,014	15,800	32,943	12,851	15,936	15,015	15,814	18,218	18,476
Transfers out	(25,309)	(19,314)	(15,964)	(33,276)	(12,918)	(16,165)	(16,325)	(14,333)	(16,559)	(17,295)
<b>Total other financing sources (uses)</b>	<u>135,679</u>	<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>
Net change in fund balances	<u>\$ (343)</u>	<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>
Debt service as a percentage of noncapital expenditures	20.97%	18.91%	20.44%	21.09%	19.68%	17.74%	16.12%	23.21%	17.10%	16.77%

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

128

Fiscal Year	Real Estate	Improvements	Secured Personal	Unsecured Personal	Utilities Rails and Wires	Less: Tax Exempt Property	Net Assessed Value <sup>(1)</sup>	Total Direct Tax Rate	Estimated Actual Value <sup>(2)</sup>	Assessed Value as a Percentage Of Actual Value <sup>(3)</sup>
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
2006-07	463,560	1,033,129	1,373	45,756	58,111	230,940	1,370,989	1.72	12,107,926	13.230

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. L., 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
1997-98	\$ 0.49	\$ 1.34	\$ <b>1.83</b>	\$ 16.62	\$ 14.75	\$ 15.01
1998-99	0.44	1.34	<b>1.78</b>	17.15	15.20	15.03
1999-00	0.39	1.34	<b>1.73</b>	16.72	14.86	14.33
2000-01	0.38	1.34	<b>1.72</b>	15.81	14.55	13.12
2001-02	0.36	1.36	<b>1.72</b>	15.36	13.73	13.12
2002-03	0.35	1.37	<b>1.72</b>	15.51	13.69	12.59
2003-04	0.34	1.38	<b>1.72</b>	14.79	13.59	12.06
2004-05	0.33	1.39	<b>1.72</b>	14.88	13.22	11.78
2005-06	0.31	1.41	<b>1.72</b>	20.96	18.45	16.98
2006-07	0.29	1.43	<b>1.72</b>	19.84	17.26	15.34

Source: Maricopa County 2006 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, 2007  
 (amounts expressed in thousands)

**Schedule 7**

130

Taxpayer	Tax Year 2007			Tax Year 1998		
	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	\$ 16,404	1.20 %	1	\$ 12,604	1.81 %
Qwest Corporation (US West)	2	12,758	0.93	2	11,405	1.64
New River Associates	3	10,147	0.74	3	9,979	1.43
Wal-Mart Stores, Inc.	4	10,125	0.74			
VHS of Arrowhead, Inc.	5	6,983	0.51			
Toys DC South LLC	6	6,392	0.47			
Lexington Glendale	7	6,326	0.46			
Southwest Gas Corporation	8	6,259	0.46	4	4,362	0.63
51 Bells Limited Partnership	9	4,916	0.36			
Coyote Center Development LLC	10	4,887	0.36			
Price Reit				5	3,475	0.50
Sanderson Ford				6	3,216	0.46
Burlington Northern Sante Fe				7	2,890	0.41
Honeywell Inc.				8	2,356	0.34
PDSI Inc.				9	2,334	0.33
May Department Stores				10	2,294	0.33
<b>Total principal taxpayers</b>		<b>\$ 85,197</b>	<b>6.23 %</b>		<b>\$ 54,915</b>	<b>7.88 %</b>

Source: Maricopa County Treasurer's Office

Note: 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 Tax Levy <sup>(1)</sup>	Collected within the Fiscal Year of Levy		Collections in Subsequent Years <sup>(2)</sup>	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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	558	18,457	99.94
2004-05	19,534	19,011	97.32	428	19,439	99.51
2005-06	21,566	20,980	97.28	517	21,497	99.68
2006-07	23,423	22,721	97.00	-	22,721	97.00

Source: Maricopa County Treasurer's Office

(1) Total levy includes only secured property.

(2) Includes collections and resolutions.

City of Glendale, Arizona

Schedule 9

**City Transaction Privilege Taxes (Sales Tax) by Category**

Last Ten Fiscal Years

(amounts expressed in thousands)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Retail sales	\$ 50,733	\$ 48,743	\$ 41,883	\$ 41,262	\$ 36,639	\$ 30,858	\$ 24,449	\$ 24,305	\$ 16,986	\$ 13,320
Contracting	10,483	9,729	7,716	7,709	5,638	3,659	4,269	4,656	4,899	4,225
Rentals	9,895	8,897	8,228	7,752	7,164	5,740	4,990	4,660	3,650	2,832
Utilities	4,724	4,168	1,967	2,606	1,765	1,482	1,297	1,260	1,224	1,212
Telecom/cable TV	5,914	5,300	5,179	4,290	2,437	1,490	1,259	1,017	915	780
Restaurant/bar	9,335	8,163	7,031	6,676	6,132	5,477	4,935	4,729	4,366	3,923
Amusement	3,288	1,934	1,043	1,058	601	539	424	493	204	-
Other	3,453	4,034	4,119	3,410	3,456	3,335	2,768	2,467	7,763	10,149
<b>Total</b>	<b>\$ 97,825</b>	<b>\$ 90,968</b>	<b>\$ 77,166</b>	<b>\$ 74,763</b>	<b>\$ 63,832</b>	<b>\$ 52,580</b>	<b>\$ 44,391</b>	<b>\$ 43,587</b>	<b>\$ 40,007</b>	<b>\$ 36,441</b>
<b>% Growth by year</b>										
Retail sales	4.1 %	16.4 %	1.5 %	12.6 %	18.7 %	26.2 %	0.6 %	43.1 %	27.5 %	100.0 %
Contracting	7.8	26.1	0.1	36.7	54.1	(14.3)	(8.3)	(5.0)	16.0	100.0
Rentals	11.2	8.1	6.1	8.2	24.8	15.0	7.1	27.7	28.9	100.0
Utilities	13.3	111.9	(24.5)	47.6	19.1	14.3	2.9	2.9	1.0	100.0
Telecom/cable TV	11.6	2.3	20.7	76.0	63.6	18.3	23.8	11.1	17.3	100.0
Restaurant/bar	14.4	16.1	5.3	8.9	12.0	11.0	4.4	8.3	11.3	100.0
Amusement	70.0	85.4	(1.4)	76.0	11.5	27.1	(14.0)	141.7	100.0	100.0
Other	(14.5)	(2.1)	20.8	(1.3)	3.6	20.5	12.2	(68.2)	(23.5)	100.0
<b>Total</b>	<b>7.5 %</b>	<b>17.9 %</b>	<b>3.2 %</b>	<b>17.1 %</b>	<b>21.4 %</b>	<b>18.4 %</b>	<b>1.8 %</b>	<b>8.9 %</b>	<b>9.8 %</b>	<b>100.0 %</b>

Source: City of Glendale Tax and License Division

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

Last Ten Fiscal Years

(amounts expressed in thousands)

Government Activities

134

Fiscal Year	Government Activities					
	General Obligation Bonds	Special Assignment Bonds	Street and Highway Revenue Bonds	Municipal Property Corporation	Capital Leases	Notes Payable
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
2006-07	224,234	-	34,065	293,530	12,492	6,279

Fiscal Year	Business Activities						Total Primary Government	Per Capita <sup>(2)</sup>
	Water Sewer G.O. Bonds	Landfill G.O. Bonds	Water Sewer Revenue Bonds	Notes Payable	Capital Leases			
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	
2006-07	11,595	520	229,130	10,862	2,349	825,056	3,354	

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 15 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 11**

<u>Fiscal Year</u>	<u>General Obligation Bonds<sup>(1)</sup></u>	<u>Less: Amounts Available in Debt Service Funds<sup>(2)</sup></u>	<u>Total</u>	<u>Percentage of Net Assessed Value of Property</u>	<u>Per Capita</u>
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
2006-07	236,349	24,600	211,749	15.45	859.44

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 debt service fund balance at June 30.

City of Glendale, Arizona  
**Net Direct and Overlapping Governmental Activities Debt**  
 June 30, 2007  
 (amounts expressed in thousands)

**Schedule 12**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Glendale</u>	<u>Amount Applicable to Glendale</u>
Peoria Unified School District No. 11	\$ 248,369	24.6698 %	\$ 61,272
Glendale Elementary School District No. 40	28,560	98.9015	28,246
Deer Valley Unified School District No. 97	189,500	20.9545	39,709
Alhambra Elementary School District No. 68	30,125	18.2639	5,502
Glendale Union High School District No. 205	116,090	22.1341	25,695
Maricopa County	-	3.7774	-
Maricopa County Community College District	461,645	3.7774	17,438
Phoenix Union High School District No. 210	319,995	1.4275	4,568
Pendergast Elementary School District No. 92	95,000	13.3309	12,664
Tolleson Union High School District No. 214	64,355	4.4081	2,837
Washington Elementary School District No. 6	109,150	2.7613	3,014
Dysart Unified School District No. 89	95,255	0.0387	37
Agua Fria Union High School District No. 216	60,555	0.2625	159
Litchfield Elementary School District No. 79	<u>21,525</u>	0.3987	<u>86</u>
Total Overlapping Debt	1,840,124		201,227
City of Glendale Debt <sup>(1)</sup>	<u>212,324</u>		<u>212,324</u>
Total	<u><u>\$ 2,052,448</u></u>		<u><u>\$ 413,551</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 13**

**Legal Debt Margin Calculation for Fiscal Year 2007**

**6% Type Bonds**

Assessed value	\$ 1,370,989
Debt limit (6% of assessed value)	82,259
Debt applicable to limit: General obligation bonds	84,665
Less: Amount set aside for repayment of general obligation debt	<u>(22,632)</u>
Total net debt applicable to limit	<u>62,033</u>
Legal debt margin	<u>\$ 20,226</u>

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 41,832	\$ 47,262	\$ 47,262	\$ 52,614	\$ 57,247	\$ 59,346	\$ 64,801	\$ 68,673	\$ 76,174	\$ 82,259
Total net debt applicable to limit	<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>	<u>62,033</u>
Legal debt margin	<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>	<u>\$ 20,226</u>
Total net debt applicable to the limit as a percentage of debt limit	52.42%	40.60%	55.24%	41.06%	52.70%	80.57%	76.23%	75.26%	68.97%	75.41%

**20% Type Bonds**

Assessed value	\$ 1,370,989
Debt limit (20% of assessed value)	274,198
Debt applicable to limit: General obligation bonds	151,684
Less: Amount set aside for repayment of general obligation debt	<u>(1,968)</u>
Total net debt applicable to limit	<u>149,716</u>
Legal debt margin	<u>\$ 124,482</u>

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 139,439	\$ 157,538	\$ 157,538	\$ 175,381	\$ 190,824	\$ 197,818	\$ 216,003	\$ 228,910	\$ 253,914	\$ 274,198
Total net debt applicable to limit	<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>	<u>149,716</u>
Legal debt margin	<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>	<u>\$ 124,482</u>
Total net debt applicable to the limit as a percentage of debt limit	27.24%	20.17%	23.05%	17.02%	23.04%	40.87%	46.83%	43.40%	44.58%	54.60%

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

**Schedule 14**

Fiscal Year	Water and Sewer Revenue Bonds					
	Utility Service Charges <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service		Coverage
				Principal <sup>(3)</sup>	Interest <sup>(3)</sup>	
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
2006-07	66,646	40,825	25,821	6,303	9,280	1.66

Fiscal Year	Special Assessment Bonds				Municipal Property Corporation Bonds				
	Special Assessment Revenues	Debt Service		Coverage <sup>(5)</sup>	Excise Tax Revenue	Debt Service		Coverage	
		Principal <sup>(4)</sup>	Interest			Principal	Interest		
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	
2006-07	12	39	1	(0.70)	123,602	2,715	10,343	9.47	

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 00-01 loan.
- (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, 06-07 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 15**

Fiscal Year	City of Glendale Population <sup>(2)</sup>	Maricopa County Population	Personal Income (thousands of dollars) <sup>(1)</sup>	Per Capita Personal Income <sup>(1)</sup>	Unemployment Rate
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	244	3,764	115,863,448	30,782	3.9
2006-07	246	3,879	131,949,430 <sup>(3)</sup>	34,016 <sup>(4)</sup>	3.1

Source: Maricopa County Finance Department  
 Arizona Department of Economic Security, Research Administration, Population Statistics Unit  
 Maricopa County FY 2006-07 Annual Budget Report  
 Standard & Poor's Ratings Direct Analysis of Maricopa County, Arizona, publication date Aug 21, 2007

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.  
 (3) Estimate based on forecasted increases for Maricopa County of 5% and 4.1% for 2007 and 2006 respectively and Maricopa County Personal Income for 2005 of \$120,716,738,000.  
 (4) Calculation based on Personal Income divided by Population.

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

**Schedule 16**

Employer	2007			1998		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Luke Air Force Base	8,400	1	4.50 %	8,346	1	7.86 %
Arrowhead Towne Center	2,500	2	1.34			
Banner Thunderbird Health System	2,500	3	1.34	1,100	6	1.04
City of Glendale	2,100	4	1.12	1,337	4	1.26
Glendale Union High School District	1,862	5	1.00	1,380	3	1.30
Glendale Elementary School District	1,684	6	0.90	1,300	5	1.22
Deer Valley Unified School District	1,432	7	0.77			
Glendale Community College	1,220	8	0.65	820	8	0.77
Schuck and Sons	1,150	9	0.62	843	7	0.79
AAA	808	10	0.43			
Honeywell, Inc.				2,600	2	2.45
U.S. Postal Service				780	9	0.73
Peoria Unified School District				575	10	0.54
<b>Total</b>	<b>23,656</b>		<b>12.67 %</b>	<b>19,081</b>		<b>17.98 %</b>

Source: City of Glendale

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

Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General government										
Management services	35.00	34.00	32.00	34.00	32.50	33.50	31.50	30.50	41.00	40.00
Finance	86.75	86.75	85.75	84.75	84.75	82.75	83.50	82.00	65.00	63.00
Planning	28.50	26.50	26.15	26.15	27.15	27.15	23.65	21.65	33.15	33.65
Building	51.75	55.75	57.75	44.75	40.75	32.50	29.50	28.50	27.50	26.50
Legal	78.00	67.00	67.00	61.00	58.00	50.00	47.00	47.00	39.00	39.00
Other	105.50	101.00	94.50	93.50	93.50	93.50	97.50	89.00	69.50	67.50
Police	543.50	506.50	507.50	473.50	455.50	455.50	421.50	397.00	380.00	365.00
Fire	251.50	237.50	216.00	196.00	195.00	190.00	167.50	167.50	163.50	162.50
Homeland security	7.00	-	-	-	-	-	-	-	-	-
Community service	87.25	84.25	82.75	75.25	75.25	73.75	67.00	61.00	50.00	50.00
Parks and recreation	98.75	89.75	86.75	80.40	79.40	78.40	73.40	63.90	60.65	60.00
Library	88.76	87.76	87.76	87.75	87.75	87.75	86.75	84.50	84.25	60.25
Public works	271.00	266.00	266.00	267.00	270.00	272.00	268.00	228.00	228.00	220.00
Engineering	45.00	46.00	45.00	44.00	44.00	43.00	42.00	41.00	41.00	40.00
Transportation	88.25	81.25	80.25	80.25	78.25	65.25	65.25	60.25	54.25	53.25
Utilities	165.00	146.00	140.00	132.00	132.00	132.00	125.00	124.00	127.00	119.00
<b>Total</b>	<b>2,031.51</b>	<b>1,916.01</b>	<b>1,875.16</b>	<b>1,780.30</b>	<b>1,753.80</b>	<b>1,717.05</b>	<b>1,629.05</b>	<b>1,525.80</b>	<b>1,463.80</b>	<b>1,399.65</b>

Source: City Budget Office

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

**Schedule 18**

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Police</b>										
Calls for service	154,176	148,633	158,507	161,722	154,374	153,691	144,183	137,809	133,124	130,033
Bookings	12,119	8,640	8,138	8,057	7,980	8,781	7,744	773	10,062	7,882
Criminal offense reports	35,169	34,271	33,578	34,847	33,956	34,224	33,102	30,984	27,415	27,508
<b>Fire</b>										
EMS calls	25,819	22,284 <sup>(1)</sup>	18,977 <sup>(4)</sup>	24,025	23,126	21,372	20,722	19,272	18,208	17,135
Fire calls	4,322	5,886 <sup>(1)</sup>	2,642 <sup>(4)</sup>	3,335	3,379	3,379	3,110	2,958	2,755	2,695
<b>Refuse collection <sup>(3)</sup></b>										
Residential curb service (tons per year)	60,914	63,521	57,942	56,902	55,718	49,747	-	-	-	-
Commercial container service (tons per year)	51,425	49,517	44,441	44,681	48,583	45,798	-	-	-	-
<b>Airport</b>										
Departures/arrivals <sup>(2)</sup>	152,194	143,798	108,887	118,140	88,449	118,703	110,631	112,570	133,220	115,056
<b>General government</b>										
Building permits	6,310	7,888	7,079	6,330	6,299	5,428	7,090	7,925	8,561	8,942
<b>Library</b>										
Volumes in collection	557,342	596,266	620,130	601,440	600,477	606,676	544,467	562,532	342,042	311,870
<b>Transit</b>										
Dial-A-Ride passengers	84,132	89,055	87,831	86,132	81,768	76,622	66,527	69,081	70,032	67,626

Source: Various city departments

Note: Water and sewer statistics are contained in Schedule 20 and 21.

- (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 19**

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Police</b>										
Stations	3	3	3	3	3	3	3	3	3	3
Patrol vehicles	157	156	156	151	156	150	92	101	103	108
<b>Fire stations</b>	9	9	9	8	8	7	7	7	7	7
<b>General government</b>										
City square miles	57	57	57	57	57	56	55	55	55	54
<b>Landfill</b>										
Landfill capacity - south cell	22,594	22,594	22,594	22,594	22,594	22,594	16,351	16,351	16,351	16,351
Landfill capacity used - south cell	17,358	16,790	16,328	15,910	15,408	14,669	14,060	13,450	12,865	12,342
<b>Other public works</b>										
Streets (miles)	736	733	709	702	702	692	660	650	630	625
<b>Parks and recreation</b>										
Number of parks/retention basins	95	92	92	93	89	89	89	87	88	74
Acres of parks	2,125	2,058	2,052	1,998	1,984	1,984	1,984	1,844	1,845	1,682
<b>Transit</b>										
Dial-A-Ride minibuses	22	25	25	22	19	17	21	17	16	15

Source: Various city departments

**WATER RATES PER METER SIZE**

Meter Size (inch)	Commercial and Residential Monthly Base Charge	
	Inside City	Outside City
5/8	\$ 8.47	\$ 11.01
3/4	10.67	13.87
1	14.99	19.49
1 1/2	30.58	39.75
2	54.90	71.37
3	91.51	118.96
4	163.09	212.02
6	323.19	420.15
8	480.06	624.08
12	1,142.89	N/A

Gallons per Month	Residential and 3/4 Commercial Meter Size		Commercial 1 inch Meter Size and Greater <sup>(1)</sup>			
	All Year		All Year		Summer Excess Rate	
	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City
0 - 6,000	\$ 1.40	\$ 1.82	\$ 1.55	\$ 2.02	\$ 2.73	\$ 3.55
7,000 - 15,000	1.75	2.28	1.55	2.02	2.73	3.55
16,000 - 30,000	2.45	3.20	1.55	2.02	2.73	3.55
over 31,000	3.43	4.48	1.55	2.02	2.73	3.55

**SEWER SERVICE RATES**

Type of Service	Inside City	Outside City
Single Family Dwelling Unit	\$ 26.80	\$ 29.82
Office Building	39.20	N/A
Apartment - Average 5 units	67.38	69.65
Apartment - Average 35 units	397.51	65.81
Retail/Wholesale	52.23	N/A

(1) Per 1,000 gallons

SOURCE: City of Glendale Finance Department

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

Fiscal Year Ending June 30	Residential	Commercial <sup>(2)</sup>	Total
1998	47,363	4,343	51,706
1999	49,556	4,544	54,100
2000 <sup>(3)</sup>	50,324	4,590	54,914
2001	51,169	4,649	55,818
2002	52,736	5,197	57,933
2003	53,654	5,431	59,085
2004	54,349	4,361	58,710
2005	55,139	4,491	59,630
2006	55,354	4,650	60,004
2007	55,395	5,305	60,700

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

(2) Includes multi-family housing facilities.

(3) As of April 3, 2000.

SOURCE: City of Glendale Finance Department.

**WATER DELIVERIES**

Acre Feet

Calendar Year	Residential <sup>(1)</sup>	Commercial	Other	Total
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
2006	34,660	10,951	3,730	49,341

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

SOURCE: Annual Report of Arizona Department of Water Resources.

**SEWERAGE ACCOUNTS BILLED AND SEWERAGE TREATED**

Fiscal Year Ending June 30	No. of Sewer Accounts Billed	Multi-City Plant <sup>(2)</sup> (MGD) Actual	Arrowhead (MGD)	West <sup>(1)</sup> (MGD)	Pyramid Peak (MGD)
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
2006	56,737	8.2	4.5	9.2	32.4

(1) Began operations in 2000.

(2) SROG - Sub Regional Operating Group

SOURCE: City of Glendale Finance and Utilities Departments.

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