OFFICIAL STATEMENT

$38,300,000
City of Glendale, Arizona
General Obligation Refunding Bonds
Series 2010

PRAGER, SEALY & CO., LLC

MATURITY SCHEDULE

SERIAL BONDS

Years Maturing (July 1)	Principal Amount	Interest Rate*	Price or Yield*	CUSIP© (base 378280)
2014	$2,475,000	4.000	1.820	SM4
2015	5,645,000	4.000	2.060	SN2
2016	6,500,000	4.000	2.370	SP7
2017	6,750,000	4.000	2.710	SQ5
2018	2,100,000	5.000	3.030	SR3
2019	4,300,000	5.000	3.310	SS1
2020	3,950,000	5.000	3.550	ST9
2021	3,210,000	5.000	3.740	SU6
2022	3,370,000	4.000	3.940	SV4

*As provided by Prager, Sealy & Co., the Initial Purchaser of the Bonds. See "UNDERWRITING," herein.

$38,300,000
City of Glendale, Arizona
General Obligation Refunding Bonds, Series 2010

NEW ISSUE – BOOK ENTRY ONLY	Ratings Received: Moody's: Aa1 Standard & Poor's: AA See "RATINGS" herein
Dated: As of Date of Delivery	Due: July 1 as shown on inside cover

The City of Glendale, Arizona General Obligation Refunding Bonds Series 2010 (the "Bonds") are to be issued by the City of Glendale, Arizona (the "City") for the purpose of refunding certain outstanding general obligation bonds of the City as described in this Official Statement. The Bonds are issued only as fully registered bonds without coupons, in denominations of $5,000 or any integral multiple thereof.

The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as a securities depository of the Bonds. Individual purchases of the Bonds will be made in book-entry form only and purchasers of the Bonds will not receive certificates representing their interest in the Bonds.

Interest on the Bonds is payable semiannually on January 1 and July 1 of each year commencing July 1, 2011 by check or draft mailed to the registered owner thereof. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on each Bond will be payable by Bank of New York Trust Company, N.A. as the authenticating agent, bond registrar, transfer agent, and paying agent (the "Bond Registrar"), to DTC which is required, in turn, to remit such principal and interest to the DTC Participants, which are required, in turn, to remit such principal and interest to the Indirect DTC Participants or the Beneficial Owners of the Bonds, all as described herein.

The Bonds are subject to redemption prior to their stated maturities as described herein.

The Bonds are direct and general obligations of the City and are payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property therein without limitation as to rate, provided, however the total aggregate of taxes levied to pay principal and interest on the Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Refunded Bonds from the date of issuance of the Bonds to the final date of maturity on the Refunded Bonds. See "THE BONDS – Security and Sources of Payment."

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, assuming continuing compliance with certain tax covenants and the accuracy of certain representations of the City, interest on the Bonds (as defined below) will be excludable from gross income for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. Interest on the Bonds will also be exempt from income taxation under the laws of the State of Arizona so long as the Interest Portion is excluded from gross income for federal income tax purposes. See "TAX CONSIDERATIONS" herein for a description of certain other federal tax consequences of ownership of the Bonds.

This cover page contains only a brief description of the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors should read the entire Official Statement to obtain information necessary to making an informed investment decision with respect to the Bonds.

The Bonds are offered when, as and if issued and received by the Underwriter, and subject to approval of legality by Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel. It is expected that the Bonds will be available for delivery to DTC, in New York, New York on November 30, 2010.

November 16, 2010

No person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, nor shall there be any sale of the Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Any information, estimates and/or expressions of opinion herein are subject to change without notice. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

This Official Statement is not to be construed as a contract with the successful bidder(s) (the "Purchaser(s)") for purchase of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth in this Official Statement has been obtained from the City and from the other sources referenced throughout this Official Statement which are believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information received from parties other than the City.

Upon issuance, the Bonds will not be registered by the City or the Purchaser under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the City or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

The City has covenanted to undertake the provisions of continuing disclosure as described in this Official Statement under "CONTINUING DISCLOSURE UNDERTAKING" and in Appendix D – Form of Continuing Disclosure Undertaking, all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE INITIAL PURCHASER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CITY OF GLENDALE, ARIZONA

CITY COUNCIL

Elaine M. Scruggs, Mayor

Steven E. Frate, V. Mayor – Sahuaro District
H. Philip Lieberman – Cactus District
Manuel D. Martinez – Cholla District

David M. Goulet – Ocotillo District
Yvonne J Knaack – Barrel District
Joyce V. Clark – Yucca District

CITY ADMINISTRATIVE OFFICERS

Edward Beasley, City Manager
Horatio Skeete, Interim Assistant City Manager
Shery M. Schurhammer, Interim Deputy City Manager
Cathy Gorham, Deputy City Manager
Erik Strunk, Interim Deputy City Manager
Jim Colson, Deputy City Manager
Craig Tindall, City Attorney
Pam Hanna, City Clerk
Diane Goke, Finance Director

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623-910-5647

REGISTRAR/PAYING AGENT/ESCROW BANK
Bank of New York Trust Company N.A.
1225 W. Washington Street, Suite 126
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602-629-2865

ESCROW VERIFICATION AGENT
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Denver, CO 80202
(303) 296-2229

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$38,300,000
City of Glendale, Arizona
General Obligation Refunding Bonds
Series 2010

INTRODUCTION

The purpose of this Official Statement, which includes the cover pages and the appendices attached hereto, is to set forth certain information concerning the City of Glendale, Arizona (the "City" and the "State" respectively) in connection with the sale of its $38,300,000 City of Glendale, Arizona, General Obligation Refunding Bonds, Series 2010 (the "Bonds"). The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or material used in connection with the offer or sale of the Bonds. Accordingly, Bond purchasers should read this entire Official Statement before making their investment decision.

All information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The City warrants that all material in this Official Statement which relates to the City contains no material misrepresentation of fact and does not omit any material statement of fact which, in light of the circumstances under which this Official Statement is made, could be misleading. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and, except as expressly stated otherwise, is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

References to provisions of Arizona law, whether codified in the Arizona Revised Statutes ("A.R.S.") or uncodified, or to the Arizona Constitution, or the Charter of the City (the "Charter"), are references to current provisions. Those provisions may be amended, repealed or supplemented.

Professionals

Greenberg Traurig, LLP, Phoenix, Arizona, is serving as Bond Counsel to the City in connection with the Bonds. See "LEGAL MATTERS". The City's financial advisors in connection with the Bonds are JNA Consulting Group, LLC, Boulder City, Nevada, and SRJ Government Consultants, LLC, Glendale, Arizona. See "FINANCIAL ADVISORS". The fees being paid to Bond Counsel and the Financial Advisors are contingent upon the execution and delivery of the Bonds. Bank of New York Trust Company N.A. will act as Registrar, Escrow Agent and Paying Agent for the Bonds. (The "Registrar", "Escrow Agent" and the "Paying Agent"). Certain mathematical computations with respect to the Refunding Project will be verified by Causey Demgen & Moore Inc., Certified Public Accountants, Denver, Colorado. See "THE BONDS – Verification of Mathematical Computations."

THE BONDS

Authorization and Purpose

The Bonds are authorized and are issued pursuant to Title 35, Chapter 3, Article 3, A.R.S., as amended, and are being offered by the City under the terms of Ordinance No. 2748 (the "Bond Ordinance") approved by the City Council on October 26, 2010. The Bonds are being issued for the purpose of refunding certain outstanding bonds of the City (including without limitation, the payment of issuance expenses and other incidental expenses related to the issuance of the Bonds). See "Use of Proceeds" below.

General Description of the Bonds

The Bonds will be dated as of their delivery, and will bear interest payable semiannually on January 1 and July 1 of each year, commencing July 1, 2011, and will mature on the dates, at the rates and in the amounts set forth on the inside cover of this Official Statement. The Bonds will be issued in fully registered form in the denominations of $5,000 each or any whole multiple thereof (but no Bond may represent installments of principal maturing on more than one date).

The Bonds will initially be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases of beneficial interests in the Bonds will be made in book-entry form and purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references herein to registered owners of the Bonds shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, principal and interest on the Bonds are payable by Bank of New York Trust Company N.A. as the authenticating agent, bond registrar, transfer agent and paying agent (the "Bond Registrar") by wire transfer of a New York clearing house or equivalent same-day funds to Cede & Co., as nominee of DTC. DTC is required, in turn, to remit such amounts to DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. See Appendix E – Book-Entry-Only System.

Unless the Bonds are registered in the name of DTC or another securities depository or its nominee, principal of, and premium, if any, on each Bond will be payable at the principal office of the Bond Registrar. The City may change the Bond Registrar at any time without notice. Unless the Bonds are registered in the name of a securities depository or its nominee, interest on each Bond will be paid on each interest payment date by check or draft mailed to the registered owner of such Bond as of the fifteenth day of the calendar month immediately preceding such interest payment date (the "record date"), at the address appearing on said bond register or at such other address as is furnished to the Bond Registrar, in writing, by such registered owner before the record date. Any interest which is not timely paid or duly provided for shall cease to be payable to the registered owner thereof (or of one or more predecessor bonds) as of the record date, and shall be payable to the registered owner thereof (or of one or more predecessor bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to registered owners not less than 10 days prior thereto.

Prior Redemption

Optional Prior Redemption – The Bonds, or portions thereof, maturing on and after July 1, 2021, will be subject to redemption before their respective maturities, at the option of the City, on or after January 1, 2021, in whole or in part at any time from any maturity selected by the City and by lot within a maturity at a price equal to the principal amount of each Bond, or portion thereof so redeemed, accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption – Certain of the Bonds may be subject to mandatory redemption at the option of the winning bidder.

Selection of Bonds for Redemption – Redemption payments on the Bonds being redeemed in part pursuant to the Mandatory Sinking Fund Redemption provisions of the Bond Ordinance will be made by lot to each Owner in whose name such Bonds are registered on the Record Date immediately preceding a redemption date.

Notice of Redemption

Notice of any redemption prior to maturity of the Bonds will be given by the Registrar by first class, postage prepaid mail, at least 30 days but not more than 60 days prior to the redemption date, to the registered owner of any Bonds, all or a part of which is called for redemption, at his address as it last appears on the registration records of the Registrar, in the manner and upon the conditions to be provided in the Bond Ordinance. The notice will identify the Bonds or portions thereof (in the case of redemption of the Bonds in part but not in whole) to be redeemed, specify the redemption date and state that on the redemption date, the principal amount thereof, accrued interest and premium, if any, thereon will become due and payable at the office of the Paying Agent, or such other office as may be designated by the Paying Agent, and that after the redemption date, no further interest will accrue on the principal of any Bonds called for redemption. Actual receipt of mailed notice by the owners of Bonds is not a condition precedent to redemption of such Bonds.

A notice of redemption may contain a statement that the redemption is conditional upon receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed.

Security and Source of Payment

The Bonds are direct and general obligations of the City and are payable as to both principal and interest from ad valorem taxes levied against all of the taxable property within the City subject to taxation. See Appendix A – City of Glendale, Arizona, "PROPERTY TAXES". Such taxes may be levied on all taxable property within the City without limitations as to rate, provided, however that the total aggregate of taxes levied to pay principal and interest on the Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Refunded Bonds from the date of issuance of the Bonds to the final date of maturity on the Refunded Bonds.

Use of Proceeds

The proceeds of the Bonds will be used to advance refund the 2012-2022 maturities of the City of Glendale General Obligation Refunding Bonds Series June 1, 2002 (the "Refunded 2002 Bonds") and the 2014-2017 maturities of the City of Glendale General Obligation Bonds Series April 1, 2003 (the "Refunded 2003 Bonds" and together with the Refunded 2002 Bonds, the "Refunded Bonds") and to the payment of issuance costs (the "Refunding Project"). The Refunded 2002 Bonds will be called on July 1, 2011 (the "2002 Redemption Date") at a price of 100% of par. The Refunded 2003 Bonds will be called on July 1, 2013 (the "2003 Redemption Date") at a price of 100% of par.

PLAN OF REFUNDING

Refunded Bonds	Amount	Coupon	Redemption Date	Redemption Price
GO Bonds, Series 2002				
July 1, 2012	$1,660,000	4.000%	July 1, 2011	100.00
July 1, 2013	1,730,000	4.125	July 1, 2011	100.00
July 1, 2014	1,800,000	4.250	July 1, 2011	100.00
July 1, 2015	1,875,000	5.000	July 1, 2011	100.00
July 1, 2016	2,000,000	5.000	July 1, 2011	100.00
July 1, 2017	2,070,000	5.000	July 1, 2011	100.00
July 1, 2018	2,175,000	5.000	July 1, 2011	100.00
July 1, 2019	2,280,000	5.000	July 1, 2011	100.00
July 1, 2020	2,395,000	4.750	July 1, 2011	100.00
July 1, 2021	2,510,000	4.750	July 1, 2011	100.00
July 1, 2022	2,630,000	5.000	July 1, 2011	100.00
Sub-Total	$23,125,000			
GO Bonds, Series 2003				
July 1, 2014	$3,705,000	5.000	July 1, 2013	100.00
July 1, 2015	3,855,000	5.000	July 1, 2013	100.00
July 1, 2016	4,010,000	5.000	July 1, 2013	100.00
July 1, 2017	4,170,000	5.000	July 1, 2013	100.00
Sub-Total	$15,740,000			
GRAND TOTAL	$38,865,000			

Upon delivery of the Bonds, the City will enter into an escrow agreement (the "Escrow Agreement") with Bank of New York Trust Company N.A., (the "Escrow Bank"), to provide for the defeasance of the Refunded Bonds. The Bond Ordinance creates an irrevocable escrow account (the "Escrow Account") which is to be held by the Escrow Bank into which certain proceeds of the Bonds will be deposited and applied solely to the payment of the Refunded Bonds. Upon receipt of such proceeds, the Escrow Bank, pursuant to the Escrow Agreement with the City, will invest such proceeds, together with other available funds, in noncallable direct obligations of the United States of America or obligations guaranteed by the United States of America (the "Federal Securities"), maturing in amounts and bearing interest at rates which, without reinvestment, will be sufficient to pay the interest on the Refunded Bonds when due and the principal of and premium, if any, on the Refunded 2002 Bonds at the 2002 Redemption Date and the Refunded 2003 Bonds at the 2003 Redemption Date. The Escrow Account, including the interest earnings on the Federal Securities, is pledged solely for the benefit of the holders of the Refunded Bonds. The Escrow Bank is required by the Escrow Agreement to hold and administer the Escrow Account and is required to apply the maturing principal of and interest on the Federal Securities to payments of principal, interest and the redemption premium, if any, on the Refunded Bonds as it becomes due on and before their respective Redemption Dates.

The following table illustrates the proposed projects that will be financed by the proceeds of the Bonds as well as the allocation to the appropriate debt limit and voter authorization.

For debt limit purposes, the principal amount of the Bonds will be allocated to the following years and general obligation debt limitations:

July 1	6% Limit[1]	20% Limit[1]	Total
2014	$729,242	$1,745,758	$2,475,000
2015	0	5,645,000	5,645,000
2016	0	6,500,000	6,500,000
2017	0	6,750,000	6,750,000
2018	0	2,100,000	2,100,000
2019	0	4,300,000	4,300,000
2020	0	3,950,000	3,950,000
2021	0	3,210,000	3,210,000
2022	0	3,370,000	3,370,000
TOTAL	$729,242	$37,570,758	$38,300,000

[1] See Appendix A – City of Glendale, Arizona, "FINANCIAL DATA – Debt Limit Percentages and Outstanding Debt".

SOURCE: The City

Verification of Mathematical Computations

The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the federal securities and cash deposited in the Escrow Account to provide for the payment of the principal and interest with respect to the Refunded Bonds when due or upon prior redemption, which computations support the conclusion of Bond Counsel that the 2010 Bonds are not "arbitrage bonds" under Section 148 of the Tax Code, will be verified by Causey Demgen & Moore Inc., Certified Public Accountants, Denver, Colorado.

Sources and Uses of Funds

The following table illustrates the estimated sources and uses of funds associated with the Bonds.

SOURCES AND USES OF FUNDS

SOURCES:		**TOTAL**
Par Amount of the Bonds		$38,300,000.00
Original Issue Premium/(Discount)		3,369,258.05
Debt Service Fund		780,490.97
	TOTAL	$42,449,749.02
USES:		
Escrow Account		$42,031,974.00
Costs of Issuance[1]		417,775.02
	TOTAL	$42,449,749.02

[1] Includes underwriting, legal and financing fees, printing costs, rating fees and other miscellaneous expenses relating to the issuance of the Bonds.

SOURCE: Compiled by JNA Consulting Group, LLC

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Debt Service Requirements

The following table sets forth the amounts required to pay annual debt service on the existing general obligation bonds and the Bonds.

TOTAL DEBT SERVICE REQUIREMENTS TO MATURITY
OUTSTANDING AND PROPOSED GENERAL OBLIGATION BONDS

Fiscal Year Ended June 30[1]	Outstanding General Obligation Bonds[2, 3]		Outstanding General Obligation Water and Sewer Bonds[4]		The Bonds		GRAND TOTAL
	Principal	Interest[5]	Principal	Interest	Principal	Interest	
2011[6]	$16,290,000	8,433,725	890,000	361,150	$0	$977,399	$26,952,274
2012	15,260,000	7,016,003	925,000	325,550	0	1,667,600	25,194,153
2013	15,880,000	6,388,890	970,000	288,550	0	1,667,600	25,195,040
2014	12,845,000	5,712,184	1,020,000	240,050	2,475,000	1,667,600	23,959,834
2015	13,365,000	5,159,028	1,060,000	189,050	5,645,000	1,568,600	26,986,678
2016	10,875,000	4,601,109	1,100,000	136,050	6,500,000	1,342,800	24,554,959
2017	11,295,000	4,131,781	1,145,000	81,050	6,750,000	1,082,800	24,485,631
2018	16,100,000	3,626,669	1,190,000	23,800	2,100,000	812,800	23,853,269
2019	12,295,000	2,980,619	0	0	4,300,000	707,800	20,283,419
2020	9,525,000	2,403,794	0	0	3,950,000	492,800	16,371,594
2021	9,965,000	1,975,169	0	0	3,210,000	295,300	15,445,469
2022	7,675,000	1,494,806	0	0	3,370,000	134,800	12,674,606
2023	2,300,000	1,143,869	0	0	0	0	3,443,869
2024	2,375,000	1,031,744	0	0	0	0	3,406,744
2025	2,460,000	910,025	0	0	0	0	3,370,025
2026	2,550,000	777,800	0	0	0	0	3,327,800
2027	2,645,000	637,550	0	0	0	0	3,282,550
2028	2,745,000	488,769	0	0	0	0	3,233,769
2029	2,850,000	334,363	0	0	0	0	3,184,363
2030	2,965,000	170,488	0	0	0	0	3,135,488
TOTAL	$172,260,000	$59,418,381	$8,300,000	$1,645,250	$38,300,000	$12,417,899	$292,341,530

[1] The fiscal year ending June 30 includes the payment of principal and interest on the following day.
[2] Excludes the Bonds and the Outstanding General Obligation Water and Sewer Obligations.
[3] Includes the impact of the Refunding Project.
[4] Illustrates debt service on general obligation bonds which are currently paid from the City's Water and Sewer Fund. It is the City's intent to continue paying debt service on such bonds from Water and Sewer fund revenues.
[5] Interest shown is net of any subsidy received by the City from the United States.
[6] Includes all debt service payments in fiscal year 2011.

SOURCE: City of Glendale Finance Department

PENDING DEBT AND OTHER OBLIGATIONS

General Obligation Bonds

The City expects to issue additional general obligation bonds in the future pursuant to existing and future voted bond authorizations. As illustrated in Note IX.G of Appendix B – City of Glendale, Arizona – Audited Financial Statements for Fiscal Year Ended June 30, 2009, the City has voter authorization to issue up to $404,489,000 of general obligation bonds as of June 30, 2009. Subsequent to the date of the 2009 audit, the City issued its General Obligation Bonds, Series 2009B (the "2009B Bonds") in the amount of $41,650,000, leaving it authorization of $362,839,000 as of the issuance date of the 2009B Bonds. It is anticipated that the bonds approved by voters will be issued over a multi-year period. See "Capital Improvement Plan", below. The City reserves the privilege of issuing bonds or other securities at any time legal requirements are satisfied.

Other Bonds/Obligations

See also Appendix A – City of Glendale, Arizona, "OTHER INDEBTEDNESS AND OBLIGATIONS".

Capital Improvement Plan

Glendale's Capital Improvement Plan (the "Capital Plan") is a multi-year roadmap for creating, maintaining and paying for Glendale's present and future infrastructure needs. The Capital Plan is designed to ensure that capital improvements will be made when and where they are needed, and that the City will have the funds to pay for such improvements.

In conjunction with the annual budgeting process, the Management and Budget Office coordinates the city-wide process of revising and updating the City's Capital Plan.

The City Council reviews all of the existing and proposed projects, considers citizen requests and evaluates management, financial and planning staff recommendations before making the final decision about which projects should be included in the annual Capital Plan and how those projects should be integrated into the City's annual budgeting process. After the new Capital Plan is adopted by the City Council, the chief financial officer will update the City's Debt Management Plan to help ensure that the debt service costs for capital projects (i.e., bond principal and interest expenses) are adequately addressed in the annual operating budget. Due to economic factors, the City does not currently anticipate issuing general obligation bonds in the next few years.

TAX CONSIDERATIONS

General

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the City must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure by the City to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance. The City has covenanted to comply with the requirements of the Code in order to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes.

In the opinion of Bond Counsel, to be rendered on the date of issuance of the Bonds, under existing statutes, regulations, rulings and court decisions, assuming continuing compliance by the City with the tax covenants referred to above and the accuracy of the certifications and representations of the City, interest on the Bonds will be excludable from gross income for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. Bond Counsel is further of the opinion that interest on the Bonds will also be exempt from income taxation under the laws of the State of Arizona so long as the Interest Portion is excluded from gross income for federal income tax purposes.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt of interest on, or disposition of the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of Bonds may result in other collateral federal tax consequences, including, without limitation, (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Bonds or, in the case of a financial institution, that portion of an owner's interest expense allocable to interest on the Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on the Bonds; (iii) the inclusion of interest on the Bonds in the effectively connected earnings and profits (with adjustments) of certain foreign corporations doing business in the United States for purposes of a branch profits tax; (iv) the inclusion of interest on the Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits.

Bond Counsel will express no opinion regarding federal tax consequences arising with respect to the Bonds other than the excludability from gross income of the interest thereon. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the impact of these other tax consequences.

From time to time, there are legislative proposals pending in Congress that, if enacted into law, could alter or amend one or more of the federal tax matters described above including, without limitation, the excludability from gross income of interest on the Bonds, adversely affect the market price or marketability of the Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would apply to the Bonds.

Original Issue Premium and Discount

The Bonds maturing on July 1 in the years 2014-2022 ("Premium Bonds"), were sold at a price in excess of their stated redemption price at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted corresponding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of bond premium properly accruable in any period with respect to the Premium Bonds and as to other federal tax consequences and the treatment of bond premium for purposes of state and local taxes on, or based on, income.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in connection with that information reporting requirement, the Code subjects certain non-corporate owners of Bonds, under certain circumstances, to "backup withholding" at (i) the fourth lowest rate of tax applicable under Section 1(c) of the Code (i.e., a rate applicable to unmarried individuals) for taxable years beginning on or before December 31, 2010; and (ii) the rate of 31% for taxable years beginning after December 31, 2010, with respect to payments on the Bonds and proceeds from the sale of Bonds. This withholding generally applies if the owner of Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Internal Revenue Service Audit Program

As part of a larger reorganization of the IRS, in December 1999, the IRS commenced operation of its Tax Exempt and Government Entities Division (the "TE/GE Division"), as successor to its Employee Plans and Exempt Organizations division. The TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. Public statements by IRS officials indicate that the number of tax-exempt bond examinations is expected to increase significantly under the TE/GE Division. The examinations will include targeted audits (pursuant to a broad initiative) of certain types of transactions, as well as random audits of transactions and audits initiated based on a unique structure or other aspects of a transaction that are brought to the attention of the IRS.

Examples of initiated and publicly announced, targeted IRS examinations include audits of bonds issued for the benefit of certain 501(c)(3) health care organizations in order to accomplish so-called acquisition financings, audits of bonds issued to finance sports facilities, audits of bonds issued to securitize tobacco settlement payments, and audits of bonds issued to prepay for natural gas deliveries. A number of other transactions that are not included in a specific targeted group presently are under examination. In some cases, the announcement of the audits of these bonds adversely affected the value of those bonds.

It is possible that the IRS will commence other audit initiatives or may respond to transactions brought to its attention. Such initiatives could result in the Bonds, or similar bonds, being subject to audit. Any IRS examination of the Bonds or similar bonds, may adversely affect their market value. The Bonds are not subject to redemption in the event that, for any reason, interest on the Bonds is determined not to be excluded from any Owner's gross income for federal income tax purposes.

Bond Counsel will render an approving opinion with respect to the Bonds at the time of delivery of the Bonds, a copy of which is attached as Appendix C hereto. Bond Counsel's opinion is not binding on the IRS in the event of an audit.

ARIZONA LAW AFFECTING ISSUE PRICE

Arizona statutes place limitations on the amount of net premium which may be received with respect to new money and refunding general obligation bonds and restricts the use thereof. Pursuant to Arizona law, the outstanding indebtedness of a jurisdiction is equal to the total principal amount of all general obligation bonds outstanding at the time of calculation.

The City will issue the Bonds subject to the requirement that the Bonds are not reoffered to produce net premiums in excess of the limits set forth in Arizona Statutes. Any net premium received by the City will be applied in compliance with the limitations of Arizona law. The amount of net premium associated with the Bonds may not exceed the sum of the following:

(1) An amount not to exceed five percent of the par value of the Bonds.

(2) The amount equal to the difference between the amount required to fund the Escrow Account and the par amount of the Refunded Bonds.

(3) The amount equal to the costs incurred in issuing the Bonds.

Any net premium not used to pay the costs of the Bonds or to fund the Escrow Account shall be deposited into the City's Debt Service Fund and used only to pay interest on the Bonds.

"Net Premium" is defined as the difference between the par amount of the Bonds and the bond issue price determined pursuant to United States Treasury regulations.

LITIGATION

The City is a party to various lawsuits and subject to various claims incidental to the ordinary course of its operations. In the opinion of City management, based on the advice of the City Attorney, while the City is subject to substantial claims City management believe that sufficient contractual indemnification, stop loss insurance, and other resources are sufficient such that none of the presently pending lawsuits or claims will, if decided adversely to the City, have a material adverse affect on the financial condition of the City or its property tax collections.

To the knowledge of the City and the City Attorney, no litigation or administrative action or proceeding is pending or overtly threatened restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds or the collection or receipt by the City of the tax revenues pledged for their payment or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, secured, sold, and delivered, or the validity of the Bonds. Certificates of the appropriate City officials to that effect will be delivered at the time of delivery of the Bonds.

LEGAL MATTERS

Legal matters incident to the issuance and delivery of the Bonds, are subject to the legal opinion of Greenberg Traurig, LLP, Bond Counsel, whose legal services as Bond Counsel have been retained by the City. See "TAX CONSIDERATIONS OF THE BONDS." A signed copy of the opinion, dated and premised on law in effect as of the date of delivery of the Bonds will be delivered to the Purchaser(s) at the time of original delivery.

The proposed text of the legal opinion of Bond Counsel is set forth in Appendix C – Form of Bond Counsel Opinion. The legal opinion may vary from that text if necessary to reflect the facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution by re-circulation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expressed any opinion concerning any of the matters referred to in the opinion subsequent to its date.

In its capacity as Bond Counsel, Bond Counsel has participated in the preparation of, and has reviewed those portions of, this Official Statement pertaining to the Bonds, and the Bond Ordinance contained under the captions "THE BONDS" (other than "Use of Proceeds", "Sources and Uses of Funds", and "Debt Service Requirements") and "TAX CONSIDERATIONS OF THE BONDS" herein. Bond Counsel has not been retained to pass upon, and will not express any opinion upon, any other information in this Official Statement or any other information pertaining to the Bonds or the City that may be made available to prospective purchasers of the Bonds or to others.

In addition to rendering the legal opinion, Bond Counsel will assist in the preparation of and advise the City concerning documents for the Bond Transcript.

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services, a Division of the McGraw Hill Companies, Inc. ("S&P"), have assigned ratings of "Aa1" and "AA", respectively to Bonds. Such ratings reflect only the view of Moody's and S&P and an explanation of the significance of the ratings may be obtained from the individual rating agency. There is no assurance that ratings will continue for any given period of time or that they will not be revised upward or downward or withdrawn entirely by such rating agencies, if, in their opinion, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the marketability or market price of the Bonds.

INDEPENDENT ACCOUNTANTS

The basic financial statements of the City as of and for the year ended June 30, 2009 included in this Official Statement as Appendix B – City of Glendale, Arizona – Audited Financial Statements for Fiscal Year Ended June 30, 2009, have been audited by Heinfeld, Meech & Co., P.C., independent accountants, as stated in their report appearing in Appendix B – City of Glendale, Arizona – Audited Financial Statements for Fiscal Year Ended June 30, 2009.

FINANCIAL ADVISORS

JNA Consulting Group, LLC, 1400 Wyoming Street, Suite 3, Boulder City, Nevada 89005, (702) 294-5100, and SRJ Government Consultants, LLC 20118 N 67th Avenue, Suite 300-302, Glendale, Arizona, 85308, (623) 910 -5647, are serving as financial advisors to the City in connection with the Bonds. Neither JNA Consulting Group, LLC nor SRJ Government Consultants, LLC have audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the City, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by JNA Consulting Group, LLC or SRJ Government Consultants, LLC respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

UNDERWRITING

The Bonds were purchased by Prager, Sealy, & Co., at a price of $41,467,702.77 (equal to the principal amount of the Bonds, plus net original issue premium of $3,369,258.05 and less underwriting discount of $201,555.28).

CONTINUING DISCLOSURE UNDERTAKING

The City has covenanted for the benefit of the beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2011 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events, if material (the "Notices of Material Events"). The Annual Report will be filed by the City with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board (the "MSRB"). The Notices of Material Events will be filed by the City with the MSRB. The specific nature of the information to be contained in the Annual Reports and the Notices of Material Events is set forth in Appendix D – Form of Continuing Disclosure Undertaking. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5) (the "Rule"). A failure by the City to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price and marketability. Also, pursuant to Arizona law, the ability of the City to provide information pursuant to such covenants is subject to annual appropriation to cover the costs of preparing and mailing the Annual Report and Notices of Material Events to the MSRB. Should the City not comply with such covenants due to a failure to appropriate, the City has covenanted to provide notice of such fact to the MSRB. Absence of continuing disclosure due to non-appropriation could adversely affect the Bonds and specifically their market price and liquidity.

The City has complied in all material respects with all previous undertakings with regard to the Rule to provide Annual Reports or Notices of Material Events.

ANNUAL REPORTS

The Finance Director and her staff prepare a comprehensive annual financial report setting forth the financial condition of the City as of June 30 of each fiscal year. The latest completed report is for the year ended June 30, 2009. See Appendix B – City of Glendale, Arizona – Audited Financial Statements for Fiscal Year Ended June 30, 2009, for an excerpt from the June 30, 2009 comprehensive annual financial report. (This excerpt does not include additional information contained in the comprehensive annual financial report such as individual fund financial statements and statistical data. That information may only be obtained through reviewing the entire comprehensive annual financial report. The comprehensive annual financial report is the official financial report of the City. It was prepared following accounting principles generally accepted in the United States of America. See Appendix B – City of Glendale, Arizona – Audited Financial Statements for Fiscal Year Ended June 30, 2009, for significant accounting policies. A copy of the City's most current comprehensive annual financial report is available upon request from the City of Glendale Finance Department, Municipal Complex, 5850 West Glendale Avenue, Glendale, Arizona 85301 (623-930-2480) or from the City's website at www.glendaleaz.com/finance/.

CANCELLATION OF CONTRACTS

As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, the City may, within three years of its execution, cancel any contract without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is, at any time while the contract or any extension thereof is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contact.

CERTIFICATION CONCERNING OFFICIAL STATEMENT

The closing documents will include a certificate confirming that, to the best knowledge, information and belief of the City's Finance Director, the description and statements contained in this Official Statement are, at the time of issuance of the Bonds, true, correct and complete in all material respects and do not contain an untrue statement of a material fact, or omit to state a material fact required to be stated therein in order to make the statements, in light of the circumstances under which they are made, not misleading. In the event this Official Statement is supplemented or amended, the foregoing confirmation will also encompass such supplements or amendments.

POLITICAL DONATIONS

Neither Bond Counsel nor the Financial Advisors or their respective employees are known to have made political contributions to any person seeking a seat on the City Council at its last election.

BONDHOLDER'S RISKS

General – The purchase of the Bonds involves certain investment risks that are discussed throughout this Official Statement. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed decision. Such risks include, but are not limited to, the factors described below.

Changes in Laws – Various State laws apply to the imposition, collection, and expenditure of property taxes (sometimes referred to as "General Taxes") as well as to the operation and finances of the City. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the City and the imposition, collection, and expenditure of its revenues, including property taxes.

Certain Risks Related to Property Taxes – Although the Bonds are general obligations of the City, the City may only levy property taxes to pay debt service on the Bonds in accordance with State law.

Numerous other factors over which the City has no control may impact the timely receipt of property tax revenues in the future. These include the valuation of property within the City, the number of homes which are in foreclosure, bankruptcy proceedings of property taxpayers or their lenders, and the ability or willingness of property owners to pay taxes in a timely manner.

Secondary Market – No guarantee can be made that a secondary market for the Bonds will develop or be maintained by the winning bidder or others. Thus, prospective investors should be prepared to hold the Bonds to maturity.

Forward-Looking Statements – This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. These statements are included in this Official Statement under the sections discussing the sections discussing the 2010 budget for the City, among others. When used in this Official Statement, the words "estimate", "forecast", "intend", "expect", and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results.

Subsequent to the publication of the Audited Financial Statements for Fiscal Year Ended June 30, 2009 contained in Appendix B, the City has completed the fiscal year ending June 30, 2010. When available, the Audited Financial Statements for Fiscal Year Ended June 30, 2010, which are incorporated herein by reference, will be posted at www.emma.msrb.org. See Appendix A – City of Glendale, Arizona, "SUMMARY OF CERTAIN FISCAL YEAR 2009-10 FINANCIAL RESULTS".

ADDITIONAL INFORMATION

Additional information is available from the City of Glendale Finance Director, Municipal Complex, 5850 West Glendale Avenue, Glendale, Arizona 85301 (623-930-2480).

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. The agreements of the City are fully set forth in the Bond Ordinance and this Official Statement is not to be construed as a contract or agreement between the City or the Underwriters and the purchasers, holders or Beneficial Owners of any of the Bonds.

This Official Statement has been approved, executed and delivered by the City.

City of Glendale, Arizona

By /s/ Ed Beasley
City Manager

APPENDIX A

CITY OF GLENDALE, ARIZONA

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CITY OF GLENDALE, ARIZONA

General

The City is the fourth largest city by population in the State of Arizona and is located in the northwest portion of the Phoenix metropolitan area. The City's population is approximately 250,222 and is one of eight major cities comprising the greater Phoenix metropolitan area, which is Arizona's economic, political, and population center.

The City's demographics evidence the growth of the area. Founded in 1892 and incorporated in 1910, the City has an estimated 2010 population of 250,222. The following table illustrates Glendale's growth expressed by population statistics for the City along with the population statistics for Maricopa County (the "County") and the State of Arizona, respectively.

POPULATION STATISTICS

Year	City of Glendale	Maricopa County	State of Arizona
1970 Census	36,228	971,228	1,775,399
1980 Census	97,172	1,509,262	2,716,333
1985 Special Census	122,392	1,829,500	3,187,000
1990 Census	148,134	2,122,101	3,665,305
1995 Special Census	172,684	2,355,900	4,307,150
2000 Census	218,812	3,072,149	5,130,632
2005 Special Census	242,369	3,700,516	6,044,985
2006 Estimate	243,540	3,792,675	6,305,210
2007 Estimate	244,772	3,879,150	6,432,007
2008 Estimate	248,435	3,987,942	6,629,455
2009 Estimate	249,811	4,105,623	6,812,137
2010 Estimate	250,222	4,217,427	6,999,810

SOURCES: State of Arizona Department of Economic Security, Research Administration, Population Statistics Unit; U.S. Census Bureau; City of Glendale, Arizona Planning Department

Along with population growth, the City has also grown in terms of land area as evidenced by the following table which illustrates the City's square mile statistics. In February 2005, the City Council directed staff to proceed with the annexation of approximately 28 square miles of land as well as a five-mile long stretch of the Loop 303 freeway.

SQUARE MILE STATISTICS
City of Glendale, Arizona

Year	Square Miles
1960	3.80
1970	16.83
1980	39.94
1990	50.09
2000	54.60
2001	55.23
2002	55.60
2003	56.50
2004	56.80
2005	56.80
2006	56.80
2007	57.80
2008	57.90
2009	58.68

SOURCE: City of Glendale Planning Department

Municipal Government and Organization

Glendale operates under and is governed by the Council-Manager form of government, in accordance with its Charter. In addition, under the Arizona Constitution, the City may exercise all powers of local self-government to the extent it is not in conflict with applicable general laws. Glendale is also subject to some general laws that are applicable to all Arizona cities.

Legislative authority is vested in a seven-member City Council consisting of a mayor elected at large and six council members elected based on a system of geographic districts. Council members serve a term of four years on a staggered basis and the Mayor is elected for a four-year term. The Council fixes compensation of officials and employees, enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades and other municipal purposes and appoints the City Manager, the City Clerk, the City Treasurer, municipal judge and assistant municipal judge and the City Attorney. The Council also appoints members to a number of City boards and commissions.

Elected Officials

MAYOR ELAINE M. SCRUGGS, *Mayor* – was elected to the Glendale City Council in 1990 and has served as mayor since February 1993. Mayor Scruggs is a member and past chair of the Valley Metro Regional Public Transportation Authority (RPTA) Board of Directors, the Arizona Municipal Water Users Association (AMWUA), the Maricopa Association of Governments Regional Council and Transportation Policy Committee, and served for three terms as president of the Arizona League of Cities and Towns. Mayor Scruggs is an active supporter of Luke Air Force Base and was appointed by the president of the Arizona Senate to the Arizona Military Affairs Commission. She has been recognized by the National Association of Women Business Owners for her support of small businesses and by Today's Arizona Woman as their 2003 Woman of the Year for her outstanding community service.

STEVEN E. FRATE, *Vice Mayor* – was elected to represent the Sahuaro District in March 2000 and re-elected in 2004 and 2008. He was named Vice Mayor in June 2010. Vice Mayor Frate campaigned as a neighborhood activist. Prior to joining the Council, Frate served five years on the Glendale Parks and Recreation Commission, completing a term as the commission's chair. He also served on a committee to assist with a unique pilot project for neighborhood planning, which is today's Glendale Neighborhood Partnership Program. Vice Mayor Frate is currently a member of the Glendale Sustainability Committee. He also serves on the Maricopa Association of Governments (MAG) Commuter Rail Stakeholders Group and on the Maricopa Association of Governments' Continuum of Care Regional Committee on Homelessness. Frate is Chairman of the Glendale Salvation Army Advisory Board and is a member of the Glendale Rotary. He served as past Chairman of the Maricopa County Community Services Commission and was previously appointed by the League of Arizona Cities and Towns to represent the State of Arizona on the Community and Economic Development Policy Committee for the National League of Cities. He also previously served on the Glendale Government Services Committee. Vice Mayor Frate attended Fenn College, majoring in business and is a U.S. Army veteran. He took early retirement from Fry's Food Stores of Arizona after 21 years of service. He has been a member of the Arizona Parks and Recreation Association and the National Parks and Recreation Association. He is a past member of the Phoenix Board of Realtors and Ohio Life Underwriters Association.

JOYCE V. CLARK, *Councilmember* – was elected to represent the Yucca District in May 2000 and was most recently re-elected in 2008. She served as the District's first elected councilmember from 1992 to 1996. During her earlier tenure on the City Council, Councilmember Clark served on the Maricopa Association of Government's Regional Policy and Development Committee, as well as its Desert Spaces technical working group and Desert Spaces Blue Ribbon Committee. Councilmember Clark currently serves as chair of the Council Government Services Committee. She is also past Chair and a current member of the Western Maricopa County Enterprise Zone and has served as Chairperson of the Luke Air Force Base Environmental Restoration Committee and the Maricopa County Opening Spaces Committee. Councilmember Clark is also a past Board member of the Back to School Clothing Drive and Theater Works and is a current member of the Westgate Kiwanis Club.

DAVID M. GOULET, *Councilmember* – was elected to represent the Ocotillo District in May 1998 and was re-elected in March 2002 and 2006. He currently serves as Chair of the Council Sustainability Committee. He is also the past chair of the Code Review Committee. Prior to his election, Councilmember Goulet served as a member of the Planning and Zoning Commission for four years and chaired the commission during 1996-97. He has participated on many citizen committees, including the Ocotillo District Crime Committee, the Glendale Community College Strategic Planning Committee, the Alternative Expenditure Limitation Committee and the Landfill Design Committee. He was a founding member and chaired the Glendale Civic Pride Ambassadors. Councilmember Goulet received his master's degree with distinction from Northern Arizona University and his bachelor's degree with honors in mass communications and secondary education from the University of Miami. Councilmember Goulet also has received a certificate in public policy administration from the University of Arizona. He obtained associate's degrees in justice administration and general studies from Glendale Community College and in paralegal studies at the Florida Institute of Paralegal Studies. He worked for the Arizona Attorney General's Office for six years, for private law firms for six years and as a hearing officer for the Glendale Justice of the Peace Court.

H. PHILIP LIEBERMAN, *Councilmember* – was elected Cactus District Councilmember in March 1992 and was most recently re-elected in 2008. Councilmember Lieberman serves as a member and past chair of the Council Government Services Committee. In the past, he has served as chair of the Alternative Transportation, Budget and the Utilities committees. Councilmember Lieberman is a member of the National League of Cities Leadership Development Training Council, a member of the Human Development Committee and member of the University Community Council. Councilmember Lieberman received his education from Colorado College, the University of Arizona and Arizona State University, Glendale Community College and Phoenix Community College. He is the past president of the Glendale Chamber of Commerce, the Glendale Optimist Club and the Catlin Court Association. He was founder and past president of the Glendale Downtown Development Corporation Board, a member and past chairman of the Glendale Board of Adjustment and an executive board member of the Thunderbird Balloon Race. Councilmember Lieberman is a member of the Glendale's Promise to Youth and Faith House Agencies and has served as a district commissioner for the Boy Scouts of America. Councilmember Lieberman was also a hearing officer for the Glendale and Phoenix West Justice Courts. He owned and managed several successful businesses. He is semi-retired, although he continues to provide some sales and management consulting.

YVONNE J. KNAACK, *Councilmember* – was elected in November 2006 to represent the Barrel District. She serves as a member of the Council Sustainability Committee. She has worked in Glendale for 36 years and has been a resident for 22 years. Currently, she is also an insurance agent with a Chartered Life Underwriter designation. Councilmember Knaack attended Northern Arizona University, Phoenix College and Glendale Community College. She has been active in many civic organizations and is currently serving on the boards of the Salvation Army, YMCA, Glendale Kiwanis Club, Arizona Municipal Water Users Association and the Glendale Civic Pride. She has also served as Vice Chair of the Board of Adjustments, as a member of the Risk Management and Workers Compensation Trust Fund Board and the Glendale Rental Improvement Taskforce. Additionally, Councilmember Knaack is a member of the Copperwood Elementary School Site Council and the State Farm Arizona Legislative Action Committee.

MANUEL D. MARTINEZ, *Councilmember* – was appointed to represent the Cholla District in October 1996 and was re-elected in March 1998, 2002 and 2006. He served as Glendale's Vice Mayor from January 2007 through June 2010. Councilmember Martinez is a member and past Chair of the MAG Human Services Coordinating Committee and is past Chair of the Glendale Government Services Committee. Prior to joining the Council, Councilmember Martinez served a two-year term on the Glendale Commission on Neighborhoods and participated on the Glendale Magnetic Mile Committee. Councilmember Martinez is a lifelong resident of Glendale and a graduate of Glendale High School and Arizona State University where he received a bachelor's degree in management. He served in the United States Army during the Korean War, with a tour in both Japan and Korea. Councilmember Martinez worked for the State of Arizona from 1950 until his retirement in 1989. His last position with the State, from 1980 to 1989, was as the Department of Economic Security's Employment and Training Administrator. He is a past member and president of Friendly House in Phoenix, the Northwest Valley Civitan Club, and Leadership and Education for the Advancement of Phoenix.

Key Administrative Staff

EDWARD BEASLEY, *City Manager* – was appointed as the City Manager of the City of Glendale in January 2002. Responsible for the internal operations of the City, Mr. Beasley oversees an annual budget of $676 million and a workforce of approximately 1,800 positions.

Shortly after becoming City Manager, Mr. Beasley transformed the City's fiscal position during a weak economic situation to one of the strongest financial positions within the Valley and State. As a result of establishing a strong operational foundation and implementing an organizational culture of being the hallmark of exceptional customer service; Glendale has reaped the benefits of a diversified economic composition and a highly skilled workforce.

It is because of these efforts that during the most recent national economic downturn, Glendale has been able to implement city-wide budget reductions over two fiscal years equating to more than $26 million – all driven by internal initiatives without affecting service delivery.

Aside from his managerial initiatives, Mr. Beasley has provided the critical vision and leadership that has made the City of Glendale home to the NHL Phoenix Coyotes, the multi-purpose University of Phoenix Stadium – home to the Arizona Cardinals and Fiesta Bowl, the surrounding six million square feet of development, and most recently, a new Major League Baseball Spring Training Facility and development. In addition to securing development and national acclaim as a sports and entertainment destination, Mr. Beasley is devoted to providing development opportunities for the community and especially youth programs as evidenced by the City's partnerships with the Arizona Interscholastic Association (AIA) to provide venues for state championship play; the Tolleson Union High School District for their afterschool educational programs; and the Fiesta Bowl and AZSTA for the premier youth sports fields next to the stadium.

Mr. Beasley holds a Bachelor of Arts degree in Political Science/Business Law from Loyola University and a Master of Public Administration degree from the University of Missouri at Kansas City. He has also attended the University of Missouri, School of Law and is certified in mediation and dispute resolution and is a participating member in several professional organizations and regional associations.

HORATIO SKEETE, *Interim Assistant City Manager* – was selected as Interim Assistant City Manager in August 2010. His responsibilities include overseeing the following operational groups; Community Development (Engineering, Economic Development, Building Safety, Planning, and Transportation); Administrative Services (Budget and Management, Finance and Information Technology); Public Works (Streets, Sanitation and Landfill and Utilities) and Community Services (Community Partnerships, Code Compliance, Libraries, and Parks and recreation).

Prior to his assignment he served as Deputy City Manager over the Administrative Services group (Budget and Management, Finance, Information Technology and Human Resource). Between the 2004 and 2008 he served as the Deputy City Manager for the Community Development Services group which consists of the Transportation, Engineering, Code Compliance, Building Safety and Planning. During that time he administered the implementation of the major development agreements between the City and large developers such as: Arizona Tourism and Sports Authority (Cardinals Stadium), Westgate development around the Coyotes Arena and the Zanjero Development including the Cabelas store. Horatio was a member of the leadership team that coordinated and facilitated the construction of the Spring Training Baseball Facility at Camelback Ranch.

ERIK STRUNK, *Interim Deputy City Manager* – was selected to be the Interim Deputy City Manager of Administrative Services in September of 2010. The Administrative Services Group, is the City's Finance, Budget and Research and Information Technology departments. Prior to his assignment, he served as the director of the Community Partnerships Department which consists of the Neighborhood Partnership Office (neighborhood services); the Community Revitalization Division (federal CDBG programs); and the Community Housing Division. Erik served as the Neighborhood Partnership Administrator from May 1995 until February 2001. Erik joined the City of Glendale, Arizona, in 1989 as a Management Intern in the City Manager's office and was appointed to a Management Assistant position one year later. Erik has a Bachelor's Degree in International Relations and Central and East European Studies, a Master's Degree in Public Administration and is a member of several professional organizations (ICMA; ACMA; International Association of Public Practitioners).

DIANE GOKE, *Finance Director* – Diane Goke was appointed the Finance Director in August 2010. Prior to her current appointment she was the Interim Finance Director and began her career with the City as Deputy Finance Director in December 2005. Diane oversees the financial operations of the City and is also responsible for accounting, payroll, accounts payable, tax and license, collections and utility billing/customer service. Prior to coming to the City, Diane worked for Maricopa County for 11 years. Diane holds a Bachelor of Science degree from Arizona State University and is a Certified Public Accountant.

DON BOLTON, *Interim Director of the Management and Budget Department* – Don has been serving as the Interim Management and Budget Director for the City of Glendale since July 2010. In this capacity he is responsible for the development and management of the city's operating and capital budgets for review by the City Council. He is also responsible for the development of the city's revenue forecast, and monitoring revenue receipts to ensure that revenues cover planned expenditures.

Prior to this assignment, Don worked as the Assistant Director of the Management and Budget Department since the summer of 2004, and before this as the Budget and Rate Manager beginning in the fall of 2002. Don began his career with the City of Glendale as a Budget Analyst in 2000.

Don received his BS degree from Arizona State University and his MBA from Keller Graduate School of Management. He also completed the Certified Public Manager program offered by Arizona State University.

Employees

As of June 30, 2010, the City had approximately 1,893 full-time employees and a fiscal 2010 payroll of $124,979,236. The City Council establishes salaries, wages and other economic benefits for City employees. In 2005, the City Council enacted an ordinance allowing certain members of the City's Fire Department and Police Department to be represented by Employee Organizations. City management is authorized to meet and confer with the Employee Organizations on specific matters, including wages, working conditions, and non-healthcare related benefits.

Economy

The City has a diversified economic base. Aerospace, communications, health care, education, retail, chemicals, warehousing, electronics and precision metal working and casting, sports and the entertainment district are some examples of industries that are replacing Glendale's former agricultural base.

The Phoenix Coyotes of the National Hockey League (the "Coyotes" and the "NHL", respectively) are the anchor tenant in the City owned 17,500 seat Jobing.com arena. The owner of the Coyotes filed for bankruptcy on May 5, 2009. After a lengthy battle in court, and the failed bid of a buyer who wanted to move the team to Canada, the NHL bought the Coyotes on November 3, 2009. The NHL is currently looking to sell the team to a candidate that is dedicated to keeping the team in Glendale and making the franchise a profitable venture. The arena, which is located near Loop 101 and Glendale Avenue, is also used for concerts and other similar events. Since the opening of the arena in December, 2003, it has hosted some of the biggest names in entertainment. Westgate City Center, the development of restaurants and retail shopping next to the arena has benefitted since the opening of the arena. See "Municipal Property Corporation and Public Facilities Corporation Bonds" herein for additional information regarding the status of the Coyotes.

In 2006, a $455,000,000 multipurpose stadium opened in the City on property adjacent to the Jobing.com Arena, which is the home venue of the Arizona Cardinals of the National Football League. The facility, named University of Phoenix Stadium, was constructed and is owned by the Arizona Sports and Tourism Authority. The combination of a retractable roof and a roll-out field is the first of its kind in North America. The stadium has over 63,000 permanent seats and capacity can be expanded to 73,000 seats for events such as bowl games. The stadium is also the home of the annual Tostitos Fiesta Bowl and hosted the first Bowl Championship Series in January 2007 and the 2008 Super Bowl. The stadium will host the Bowl Championship Series again in 2011.

Commercial development is expected to experience continued growth due in large part to the development surrounding the Jobing.com Arena and the University of Phoenix Stadium.

In 2009, the City completed the construction of a new Major League Baseball spring training stadium and related facilities. The project, located near the City's Sports and Entertainment District (which includes an NFL football stadium and an NHL hockey arena) is on land owned by the City (located adjacent to the City in the City of Phoenix). The City has entered into use agreements with the Chicago White Sox and Los Angeles Dodgers baseball organizations for the use of such facilities.

Arizona cities are dependent on sales taxes and other economically sensitive revenues and are susceptible to slowdowns in the economy. This is especially true in the current economic climate not only of Arizona, but of the entire nation. The City has implemented cost saving measures and will continue to seek ways to maintain quality services while not exceeding a smaller pool of revenues. Some of the cost saving measures implemented include a hiring freeze, mandatory furloughs, ongoing base budget reductions and memorandum-of-understanding adjustments for public safety represented employees.

The City's average unemployment rate for 2009 was 8.60% and the State of Arizona's unemployment average was 9.10%. The following table compares the City's unemployment averages with the United States, the State and the County unemployment averages.

UNEMPLOYMENT AVERAGES

Year	United States	State of Arizona	Maricopa County	City of Glendale
2000	4.00	3.90	2.60	2.60
2001	4.80	4.70	3.90	3.90
2002	5.80	5.80	5.30	5.30
2003	6.00	5.60	4.90	4.90
2004	5.50	4.80	4.00	4.00
2005	5.00	4.70	4.10	4.25
2006	4.60	4.20	3.50	3.70
2007	4.60	3.80	3.20	3.30
2008	5.80	5.50	4.80	5.00
2009	9.30	9.10	8.30	8.60
Jul 2009	9.70	9.90	9.00	9.30
Jul 2010	9.70	10.00	8.90	9.30

SOURCE: Arizona Department of Economic Security, Research Administration, Economic Analysis; US Department of Labor, Bureau of Labor Statistics

As mentioned above, the City has a diverse employer base which includes government, non-manufacturing and manufacturing employers.

Glendale is home to Luke Air Force Base (the "Base"), which is located in the City's strip annex area. The Base is part of the Air Education and Training Command's Operational Training Development Program and is home of the 56th Fighter Wing as well as the Air Force Reserves 944th Fighter Wing. The Base trains more than 50 percent of the Air Force's fighter pilots and 90 percent of its F-16 pilots, and is the largest fighter wing in the world with 165 aircraft, 26 squadrons and four tenant units. In 2008, the Base produced 363 pilots, 455 crew chiefs and graduated 65 intelligence specialists. When not training, Base personnel volunteer more than 100,000 hours in the community.

As of September, 2009, the Base employs more than 8,000 people. In addition, when 15,000 military family members and approximately 80,000 military retirees living in the greater Phoenix area are factored in, the Base serves a total population of more than 100,000 people. Just as the Base has continued to play a significant role in the nation's military readiness for more than 65 years, the Glendale base also serves as an economic asset for Arizona. In fact, the presence of Luke AFB and other military bases in Arizona create and support tens of thousands of jobs and generate more than $9 billion annually in economic impact statewide, according to a recent study commissioned by the State of Arizona that details the economic contributions of Arizona's major military installations. Luke AFB alone contributes $2.17 billion annually to the state's economy. Due to its location in the West Valley, a significant amount of those dollars impact the City's economy. The Base is one of five sites that is being considered by the Air Force as a base for training missions for the new F-35 Lightning II. The F-35 is the ultimate in high-tech military plane and will be the world's most advanced multi-role fighter and will replace aging fighter inventories in the Air Force, Navy and Marines. If Glendale is selected, the F-35 will bring decades of economic benefits.

The City has a diverse employer base. The following is a list illustrating major employers in the City.

MAJOR EMPLOYERS
City of Glendale, Arizona
As of June 30, 2010

Employer	Service	Approximate Number of Employees
Luke Air Force Base	Military	8,037
Banner Thunderbird Health System	Health Care	2,866
Wal-Mart	Retail	2,025
Glendale Union High School District	Education	2,008
City of Glendale	Government	1,972
Glendale Elementary School District	Education	1,684
Deer Valley Unified School district	Education	1,432
Glendale Community College	Education	1,220
AAA	Insurance	1,175
Arrowhead Hospital	Health Care	959

SOURCE: City of Glendale, Arizona

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Construction

The following tables depict building permit activity and value for residential and non-residential construction in the City, in addition to new housing starts in the City. It is anticipated that residential construction will continue on a downward trend since Glendale is rapidly approaching build-out. If Glendale is successful in annexing properties, residential build-out is expected to occur between 2015 and 2020.

VALUE OF BUILDING PERMITS
City of Glendale, Arizona

Fiscal Year	Residential	Commercial & Industrial	Other	Total
2003	$195,769,914	$120,705,768	$10,877,273	$327,352,955
2004	160,181,474	149,351,693	49,494,138	359,027,305
2005[1]	223,478,720	296,749,087	40,650,471	560,878,278
2006	212,110,915	161,215,279	65,524,005	438,850,199
2007	83,352,525	456,019,936	42,761,336	582,133,797
2008	81,787,977	403,348,831	57,270,039	542,406,847
2009	25,448,644	242,979,992	56,326,010	324,754,646
2010	28,008,551	82,907,408	52,042,366	162,958,325

[1] Increase in permit activity due to the development in and around Loop 101 and Glendale Ave.

SOURCE: City of Glendale, Arizona Building Safety Department

BUILDING PERMITS[1]
City of Glendale, Arizona

Fiscal Year	Total Building Permits
2003	6,299
2004	4,819
2005[2]	7,048
2006	6,909
2007	6,256
2008	6,931
2009	5,289
2010	5,194

[1] The date on which the permit is issued is not to be construed as the date of construction.
[2] Increase in permit activity due to the development in and around Loop 101 and Glendale Ave.

SOURCE: City of Glendale, Arizona Building Safety Department

The following tables illustrate a building permit summary for residential and non-residential construction and new housing starts for the County.

VALUE OF BUILDING PERMITS [1]
Maricopa County, Arizona
(000's omitted)

Calendar Year	Residential	Commercial	Industrial	Other	Total
2003	$7,039,184	$1,541,602	$87,682	$1,399,822	$10,068,290
2004	9,165,871	2,057,732	139,029	1,622,472	12,985,104
2005	9,125,736	3,143,475	267,259	1,470,131	14,006,601
2006	6,512,139	3,397,828	286,877	2,085,842	12,282,686
2007	5,022,311	4,375,147	321,195	2,257,246	11,975,899
2008	2,648,031	3,877,594	315,845	2,408,825	9,250,295
2009	1,878,957	1,184,763	189,970	1,482,833	4,736,523
Jan-Jun 2009	565,651	376,693	36,996	417,581	1,396,921
Jan-Jun 2010	529,102	195,856	42,891	592,609	1,360,458

[1] Construction is valued on the basis of estimated cost, not on market price or value of construction at the time the permit is issued. The date on which the permit is issued is not to be construed as the date of construction.

SOURCE: Arizona Business, Arizona State University, Arizona Real Estate Center. Note that the Arizona Real Estate Center obtains its data from County and municipal divisions which issue such permits.

BUILDING PERMITS
Maricopa County, Arizona

Calendar Year	Total Building Permits
2003	89,433
2004	100,345
2005	107,119
2006	86,419
2007	69,828
2008	44,678
2009	34,065
Jan-Jun 2009	9,656
Jan-Jun 2010	11,440

SOURCE: Arizona Business, Arizona State University, Arizona Real Estate Center. Note that the Arizona Real Estate Center obtains its data from County and municipal divisions which issue such permits.

Sales Tax Revenue

The following City sales tax revenue is based on the City's sales and use tax collections from its 1.2% sales tax levy together with the restaurant (3.2%), bar (3.2%), hotel (5.6%), construction (2.2%), and communication (5.4%) portions of the total sales tax collections. These revenues do not reflect sales tax revenues received by the City which are restricted to use for police, fire and transportation.

SALES TAX REVENUE[1]
City of Glendale, Arizona

Fiscal Year	Amount
2002	$41,647,918
2003	43,510,901
2004	51,614,961
2005	53,913,913
2006	62,505,425
2007	67,752,156
2008	64,805,783
2009	56,924,664
2010	55,305,976

[1] Unaudited. Excludes undistributed City sales tax.

SOURCE: City of Glendale Finance Department

Transportation

Industry, business and residents benefit from the transportation network available in and near the City. Rail, bus, highway and air facilities are developed throughout the area.

In the year 2000, the Loop 101 freeway was opened as part of the City's general plan for future west area development. The freeway's opening has spurred residential, commercial and industrial development in the adjacent areas, and increased access to venues such as the Glendale Arena and the new Cardinals NFL stadium. (See "Additional Information" below.)

The Glendale Municipal Airport was relocated in 1985. The airport's facilities include a 7,150 foot paved and lighted runway, a $2.3 million terminal, a 10,000 square-foot hangar and many smaller, enclosed hangars for aircraft. The full-service airport is accessible to general aviation aircraft from single-engine planes to corporate jets. Twenty-one businesses are located on the field and 186 new hangars have been built. In addition, a new business park is being planned for the east side of the landing field. A full service fixed base operations is located on the field with two grades of fuel and full maintenance is available. Glendale residents are also served by Sky Harbor International Airport located approximately thirty minutes southeast of Glendale in the City of Phoenix. The table on the following page illustrates airlines serving Sky Harbor International Airport.

AIRLINES SERVING SKY HARBOR INTERNATIONAL AIRPORT
As of October, 2009

Major Airlines	Regional Airlines	Major Freight Carriers
Aeromexico Airlines	US Airways/ America West Express	ABX Air/DHL Express (USA)
Air Canada Airlines	Delta Connection	Air Transport International
Alaska Airlines	Great Lakes	Airnet Systems
American Airlines	United Express	Ameriflight
British Airways		Empire Airlines
Continental Airlines		Federal Express
Delta Airlines		United Parcel Service
Frontier Airlines		
Hawaiian Airlines		
JetBlue Airways		
Midwest Airlines		
Northwest/KLM Airlines		
Southwest Airlines		
Sun Country		
United/TED		
US Airways/America West		
WestJet		

SOURCE: City of Phoenix Aviation Department

NUMBER OF PASSENGERS ARRIVING AND DEPARTING
SKY HARBOR INTERNATIONAL AIRPORT
As of June 30, 2010

Calendar Year	Deplaned	Enplaned	Total
2005	20,795,239	20,408,832	41,204,071
2006	20,892,649	20,544,088	41,436,737
2007	21,208,743	20,920,228	42,128,971
2008	20,074,700	19,816,493	39,891,193
2009	18,971,263	18,853,719	37,824,982
Jan-Jun 2009	9,452,924	9,513,941	18,966,865
Jan-Jun 2010	9,675,093	9,755,588	19,430,681

SOURCE: City of Phoenix Aviation Department

Education

The City is home to four major institutions of higher education. Glendale Community College is one of the campuses which comprise the Maricopa County Community College District. The College offers a curriculum leading to an Associate of Arts degree. The American Graduate School of International Management (Thunderbird) is a privately-owned graduate-level institution offering a curriculum leading to a Masters of International Management degree.

Midwestern University has a 143-acre campus located in Glendale. This university specializes in health care education, providing programs that range from osteopathic medicine to cardiovascular science. Midwestern is in the midst of a $140 million expansion and expects to have 2,600 students once the expansion is complete in 2014.

The Arizona State University West campus is a 300-acre campus located on Glendale's eastern border. In 2003, the campus added a 400-student dormitory complex, the first on-campus housing for students. Over 400 business classes are offered at the campus for junior and senior students. In addition, a complete Masters of Business Administration program is available.

Residents of the City are also served by numerous elementary schools, junior high schools and high schools.

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FINANCIAL DATA

CURRENT YEAR STATISTICS
City of Glendale, Arizona
As of November 1, 2010

Total Direct General Obligation Bonded Debt[1]	$218,860,000
Total Street and Highway User Revenue Bonded Debt[2]	20,180,000
Total Outstanding Water and Sewer Revenue Bonded Debt[3]	303,739,916
Total Transportation Excise Tax Revenue Obligations	99,815,000
Total Other Excise Tax Revenue Obligations[4]	481,705,000
Primary Assessed Valuation[5]	1,653,702,774
Secondary Assessed Valuation[5]	1,753,569,411
Estimated Full Cash Value[6, 7]	17,333,074,126

1 Includes the Bonds. Includes $8,300,000 of general obligation bonds paid by revenues derived from the City's Water and Sewer Fund. Includes the Refunding Project.

2 Reflects outstanding street and highway user revenue bonds.

3 On March 19, 2010, the City entered into a loan contract with the Arizona Water Infrastructure Financing Authority for a loan of no greater than $6,340,000. As of October 1, 2010, the City has drawn $3,200,000.

4 See table "OUTSTANDING MUNICIPAL PROPERTY CORPORATION AND PUBLIC FACILITIES CORPORATION BONDS" on page A-22

5 Arizona legislation divides property taxes into two categories, primary and secondary. Secondary property taxes are those taxes and assessments imposed to pay principal and interest on bonded indebtedness and certain other obligations, those imposed for special districts other than school districts and those imposed to exceed a budget, expenditure or tax limitation pursuant to voter approval. Primary property taxes are all ad valorem taxes other than secondary property taxes. Annual increases in the valuation of certain types of property for primary property tax purposes and the amount of primary property taxes which may be levied in any year are subject to certain limitations. These limitations do not apply with respect to secondary property taxes.

6 Fiscal year 2011 value.

7 Provided by Arizona Department of Revenue.

SOURCE: City of Glendale, Arizona Finance Department; the Maricopa County Treasurer's Office, the Maricopa County Assessor's Office, the Arizona Department of Revenue

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Debt Limit Percentages and Outstanding Debt

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, and streets and transportation facilities and for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities,. (In the case of unified school districts the limit is 30% of secondary assessed valuation.)

DIRECT BOND DEBT, LEGAL LIMITATION AND UNUSED BORROWING CAPACITY [1]
City of Glendale, Arizona
November 1, 2010

General Municipal Purpose Bonds		Water, Light, Sewer, Open Space and Park Bonds	
6% Limitation	$105,214,165	20% Limitation	$350,713,882
Less Direct Bonded Debt to be Outstanding[2]	(25,639,242)	Less Direct Bonded Debt to be Outstanding[2]	(193,220,758)
Unused 6% Borrowing Capacity	$79,574,923	Unused 20% Borrowing Capacity	$157,493,124

[1] Excludes debt service fund balances.
[2] Includes the Bonds.

SOURCE: City of Glendale, Arizona

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OUTSTANDING BONDED INDEBTEDNESS
City of Glendale, Arizona
As of November 1, 2010[1]

	Year Issued	Original Amount	Outstanding Portion Subject to 6% Limit	Outstanding Portion Subject to 20% Limit	Total Principal Outstanding
DIRECT GENERAL OBLIGATION BONDED DEBT[2]					
Various Purpose G.O. Bonds[3]	2002	$40,235,000	$1,600,000	$0	$1,600,000[3]
Various Purpose G.O. Bonds[3]	2003	66,400,000	1,735,000	21,035,000	22,770,000[3]
Various Purpose G.O. Bonds	2004	36,645,000	1,155,000	23,035,000	24,190,000
Various Purpose G.O. Bonds	2005	11,960,000	6,495,000	0	6,495,000
Various Purpose G.O. Bonds	2006	29,365,000	7,615,000	15,650,000	23,265,000
Refunding Bonds	2006	9,065,000	0	9,065,000	9,065,000
Various Purpose G.O. Bonds	2007	61,000,000	0	51,525,000	51,525,000
Various Purpose G.O. Bonds	2009	41,650,000	6,310,000	35,340,000	41,650,000
Refunding Bonds (This Issue)	2010	38,300,000	729,242	37,570,758	38,300,000
Total Direct General Obligation Bonded Debt			$25,639,242	$193,220,758	$218,860,000
Less General Obligation Bonded Debt Supported from Revenues[4]					(8,300,000)
Net General Obligation Bonded Debt					$210,560,000
OUTSTANDING WATER AND SEWER REVENUE BONDED DEBT[5,6]					
Water and Sewer Note Payable	2001	15,400,000			8,224,916
Water and Sewer Obligations	2003	80,000,000			80,000,000
Water and Sewer Obligations	2006	80,000,000			80,000,000
Water and Sewer Obligations	2007	44,500,000			42,550,000
Water and Sewer Obligations	2008	65,500,000			60,940,000
Water and Sewer Note Payable[7]	2010	6,340,000			6,340,000
Water and Sewer Obligations (Proposed)	2010	25,685,000			25,685,000
Total Water and Sewer Revenue Bonded Debt					$303,739,916
OUTSTANDING STREET AND HIGHWAY USER REVENUE BONDED DEBT[8]					
Street & Highway User Rev. and Ref. Bonds	2004	14,655,000			9,930,000
Street & Highway User Revenue Bonds	2006	15,745,000			10,250,000
Total Street and Highway User Revenue Bonded Debt					$20,180,000
OUTSTANDING TRANSPORTATION EXCISE TAX REVENUE BONDED DEBT					
Transportation Excise Tax Revenue Obligations	2007	109,110,000			99,815,000
Total Transportation Excise Tax Revenue Bonded Debt					99,815,000

1 Does not include debt paid from unrestricted City excise taxes, which are not a debt of the City. See table "OUTSTANDING MUNICIPAL PROPERTY CORPORATION AND PUBLIC FACILITIES CORPORATION BONDS" on page A-22.

2 Excludes previously refunded general obligation bonds, the payment of which has been provided for with funds and investments held in irrevocable trust accounts.

3 Reflects impact of the Refunding Project.

4 $8,300,000 of bonds are paid by revenues derived from the City's Water and Sewer Fund.

5 Net revenues from the operation of the City's water and sewer system have been and will be servicing the debt requirements of $8,300,000 aggregate principal amount of water and sewer general obligation bonds. In the event that such revenues should prove to be insufficient or the City elects not to pay debt service requirements on the general obligation bonds from revenues, this debt would become payable from ad valorem taxes.

6 Excludes previously refunded Water and Sewer Revenue Bonds the payment of which has been provided for with funds and investments held in irrevocable trust accounts.

7 As of October 1, 2010, only $3,200,000 has been drawn on the 2010 WIFA Note.

8 Excludes previously refunded Street and Highway User Revenue Bonds, the payment of which has been provided for with funds and investments held in irrevocable trust accounts.

SOURCE: City of Glendale, Arizona

DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT[1]
City of Glendale, Arizona
As of June 30, 2010
(000's)

	Properties Applicable to City of Glendale[2]		
Overlapping Jurisdiction	Net Debt Outstanding[3]	Percentage Applicable to Glendale	Amount Applicable to Glendale
City of Glendale [4]	$210,560	100.0000%	$210,560
Peoria Unified School District No. 11	192,000	22.5545	43,305
Glendale Elementary School District No. 40	14,030	99.0034	13,890
Deer Valley Unified School District No. 97	181,315	19.5213	35,395
Alhambra Elementary School District No. 68	20,885	18.1843	3,798
Glendale Union High School District No. 205	87,505	23.2295	20,327
Maricopa County[5]	0	3.6750	0
Maricopa County Community College District[6]	653,040	3.6750	23,999
Phoenix Union High School District No. 210	266,380	1.3608	3,625
Pendergast Elementary School District No. 92	27,265	22.0486	6,012
Tolleson Union High School District No. 214	79,520	7.0845	5,634
Washington Elementary School District No. 6	76,855	2.9150	2,240
Dysart Unified School District No. 89	185,215	0.0932	173
Agua Fria Union High School District No. 216	48,410	0.0747	36
Litchfield Elementary School District No. 79	31,950	0.1164	37
TOTAL	$2,074,930		$369,030

[1] Does not include the obligations of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project under construction by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the United States Department of the Interior. The United States and CAWCD have an agreement to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits for amounts paid by CAWCD to the United States against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.65 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 665,224 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of the CAP at no additional cost to be non-interest bearing. These percentages will be fixed for the entire 50-year repayment period, which commenced October 1, 1993. Effectiveness of the agreement is subject to a number of conditions including settlement of certain Indian community water claims and other water claims and will require certain State of Arizona and Federal legislation. If the conditions are not met within three years, the parties could extend such deadline or the agreement will terminate and either party may petition U.S. District Court to resume litigation. It is not possible to predict whether the Agreement will be effective or if the litigation will be resumed or the outcome of any such litigation. CAWCD is a water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties.

- Footnotes continued on following page -

It was formed for the express purpose of paying administrative costs and expenses of CAP and to assist in the repayment to the United States of the capital costs of CAP. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property in the CAWCD. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation. The CAWCD has levied a tax of $0.10 per $100 of assessed valuation for the 2008-2009 fiscal year. (See Arizona Revised Statutes, Section 45-3715.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

[2] Proportion applicable to the City is computed on the ratio of secondary assessed valuation for the overlapping entity to the amount of such valuation which is within the City in fiscal year 2008.

[3] Includes total general obligation bonds outstanding. Does not include presently authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future.

[4] Includes proposed and outstanding general obligation debt as of November 1, 2009; does not include proposed or outstanding City Bonds in the following amounts: Water and Sewer Revenue Bonds / Obligations – $303,739,916; Street and Highway User Revenue Bonds – $23,910,000. Does not include $8,300,000 City of Glendale, Arizona Water and Sewer Systems General Obligation Bonds whose debt service requirements are being paid from water and sewer system revenues. Should the revenues of the operation of the water and sewer systems prove to be insufficient to pay the indebtedness or should the City elect to change its payment policy on water and sewer general obligation bonds, this debt would and must be paid from ad valorem taxes. Does not include $281,955,000 City of Glendale Municipal Property Corporation Bonds outstanding. Does not include $199,750,000 Western Loop 101 Public Facilities Corporation Bonds outstanding.

[5] Does not include Maricopa County certificates of participation. Does not include Maricopa County Stadium District revenue bonds which are special obligations of the District and are payable solely from pledged revenue.

[6] Does not include Maricopa County Community College District revenue bonds.

SOURCE: City of Glendale Finance Department

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OTHER INDEBTEDNESS AND OBLIGATIONS

City of Glendale, Arizona

Lease Purchase Financing

The City has entered into lease-purchase agreements for the acquisition of vehicles, landfill equipment, computer equipment and other equipment. These agreements are renewable annually at the option of the City, with payments due thereunder to be annually budgeted and encumbered in the City's General Fund, or in the case of certain sanitation equipment, in the Sanitation Enterprise Fund. Assuming that these agreements are not terminated or prepaid, the City's annual budget requirements to service these agreements would be as follows:

LEASE-PURCHASE AGREEMENTS
City of Glendale, Arizona
As of June 30, 2010
(*Thousands*)

Fiscal Year	Annual Capital Lease Requirements[1]
2011	3,354
2012	5,406
2013	91
2014	82
2015	52
2016-2020	51
Total	$9,036

SOURCE: City of Glendale Finance Department

As illustrated in Note IX.I in Appendix B – City of Glendale, Arizona – Audited Financial Statements for Fiscal Year Ended June 30, 2009, the City has other obligations in the amount of $7,637,000 outstanding as of June 30, 2009.

Municipal Property Corporation and Public Facilities Corporation Bonds

In 1982, the Municipal Property Corporation ("MPC"), a nonprofit corporation, issued bonds to finance the construction of a new municipal office complex. On October 19, 1982, the City entered into a lease purchase agreement with the MPC, whereby the City is purchasing the constructed municipal office complex from MPC. An amount equal to the MPC debt service and related miscellaneous fees, is payable to the MPC in monthly installments by the City, which commenced in July 1, 1983. As described below the City and the MPC have entered into additional agreements for both parity and subordinate lien bonds, secured by certain excise tax revenues paid to the MPC by the City under lease agreements. 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.

In 2008, the Western Loop 101 Public Facilities Corporation ("PFC"), a nonprofit corporation, issued bonds to finance the construction of a Major League Baseball spring training facility for use by the Los Angeles Dodgers and Chicago White Sox. The bonds are secured by a third lien on the City's unrestricted excise taxes. The pledge of excise taxes is subordinate to those pledges made by the MPC described above as well as the pledge to the Arizona Sports and Tourism Authority of certain excise tax revenues generated by the NFL stadium and nearby property.

In addition, the City has made certain commitments towards financing certain infrastructure and amenities for an NFL stadium. The City's commitment is a subordinate pledge of its unrestricted excise taxes in an amount equal to that generated by the NFL stadium and certain other property surrounding the NFL stadium. The table on the following page illustrates the outstanding MPC and PFC debt (exclusive of the NFL stadium pledge).

The NHL, current owner of the Coyotes professional hockey franchise, is considering the sale of the Coyotes to an investor group led by PEAK6 Investments ("PEAK6"). Such sale is expected to occur by December 31, 2010. In conjunction with the purchase of the Coyotes by PEAK6, the City expects to purchase from PEAK6 certain parking rights and associated revenues. The purchase price for the parking rights to be paid by the City is expected to be approximately $100,000,000. The City anticipates that revenue obligations will be issued, secured principally by parking revenues and possibly excise taxes of the City, to fund such purchase price.

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OUTSTANDING MUNICIPAL PROPERTY CORPORATION
AND PUBLIC FACILITIES CORPORATION BONDS
City of Glendale, Arizona
As of November 1, 2010

Issue	Year Issued	Original Amount	Balance Outstanding
Senior Lien Excise Tax Bonds			
Senior Lien Bonds Series 2003A	2003	$49,940,000	$45,730,000
Senior Lien Bonds (Taxable) Series 2003B	2003	105,260,000	96,370,000
Senior Lien Bonds Series 2004A	2004	10,880,000	6,860,000
Senior Lien Bond Series 2006A	2006	33,250,000	29,655,000
Senior Lien Bonds Series 2008A	2008	32,315,000	32,315,000
Senior Lien Bonds Series 2008B	2008	52,780,000	51,285,000
Senior Lien Bonds Series 2008C	2008	9,140,000	7,435,000
		Total Senior Lien Bonds	$269,650,000
Subordinate Lien Excise Tax Bonds			
Subordinate Lien Bonds Series 2002B	2002	5,055,000	5,055,000
Subordinate Lien Refunding Bonds Series 2003D	2003	7,250,000	7,250,000
		Total Subordinate Lien Bonds	$12,305,000
Public Facilities Corporation Third Lien Excise Tax Bonds			
Third Lien Bonds Series 2008A	2008	137,495,000	137,495,000
Third Lien Bonds Series 2008B	2008	48,670,000	48,670,000
Third Lien Bonds Series 2008C	2008	13,585,000	13,585,000
		Total Third Lien Bonds	199,750,000
		GRAND TOTAL	$481,705,000

SOURCE: City of Glendale Finance Department

DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT RATIOS
City of Glendale, Arizona
As of October 1, 2010

	Per Capita Bonded Debt (2010 Population Estimate at 250,222)[1]	As % of City's 2010 Secondary Assessed Valuation	As a % of City's Estimated Full Cash Value
Net Direct General Obligation Bonded Debt[2] ($210,560,000)	$841.49	12.01%	1.21%
Net Direct and Overlapping General Obligation Bonded Debt[3] ($369,030,000)	$1,474.81	21.04%	2.13%

1 The population count is provided by the City of Glendale, Planning Department. See table "POPULATION STATISTICS" on page A-1
2 Excludes approximately $8,300,000 of general obligation bonds paid, or to be paid, by revenues derived from the City's Water and Sewer Fund. Includes the Bonds.
3 Overlapping debt from "DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT" on page A-18.

SOURCE: City of Glendale, Maricopa County Treasurer's Office; compiled by JNA Consulting Group, LLC

PROPERTY TAXES

Arizona Property Tax System

Arizona's property tax system was substantially revised by 1980 amendments to the Arizona Constitution and implementing legislation. Two separate tax systems were created: a Primary system for taxes levied to pay current operation and maintenance expenses; and a Secondary system for taxes levied to pay principal and interest on bonded indebtedness, special district assessments and tax overrides, as well as for the determination of the maximum permissible bonded indebtedness. There are specific provisions under each system governing determination of the Primary limited property value, the Secondary full cash value of property, the basis of assessment and the maximum annual tax levies on certain types of property and by certain taxing authorities.

Under the Primary system, the limited property value is the basis for determining primary property taxes of locally assessed real property (residential, commercial, industrial, agricultural and unimproved property) which may never exceed the full cash value and may increase by more than 10% per year only under certain circumstances. This limitation does not apply to mines, utilities and railroads which are assessed by the State. Under the Secondary system, there is no limitation on annual increases in full cash value of any property. This is comparable to Arizona's prior system of property taxation.

The basis of assessment for all property classifications is shown below. The percentage assessment factor for each property classification is applied to the Primary limited property value and Secondary full cash value of each property to determine Primary and Secondary assessed valuation for tax levy purposes.

BASIS OF PROPERTY ASSESSMENTS[1]

Tax Years	Railroad, Private Car Co. & Airline Flight Property[2]	Mines, Utilities, Commercial & Industrial[3,4]	Owner Occupied and Rented Residential	Agriculture & Vacant Land[3]
2006	22.0%	24.5%	10.0%	16.0%
2007	21.0	24.0	10.0	16.0
2008	20.0	23.0	10.0	16.0
2009	18.0	22.0	10.0	16.0
2010	17.0	21.0	10.0	16.0

1 Additional classes of property exist, but seldom amount to a significant portion of total valuation. These classes consist of non-commercial historic property; aerospace manufacturing property in a re-use zone; property in a foreign trade zone; environmental technology property for the first twenty years from the date placed in service; commercial historic property; commercial historic residential property; producing oil, gas and geothermal resource interests and leasehold or other possessory interest in certain public property.

2 The percentage is calculated annually based on the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash value of such properties.

3 For years after 1984, the percentage assessment factor for Primary tax purposes is to be determined annually equal to the ratio of the total assessed valuation for Primary tax purposes of mining, utilities, commercial and industrial properties to the total limited property value of such properties. The percentage assessment factor for Secondary tax purposes is to equal the ratio of the total assessed valuation for Secondary tax purposes of such properties to the total full cash value of such properties.

4 The Arizona State Legislature passed legislation in 2005 that decreases the percentage of property tax assessment for commercial property by ½ percent per year beginning tax year 2006 and ending 2015.

SOURCE: State and County Abstract of the Assessment Role, State of Arizona, Department of Revenue

Under the Primary system, annual tax levies are limited based on the nature of the property being taxed and the nature of the taxing authority. Taxes levied for Primary purposes on residential property only are limited to 1% of the full cash value of such property. In addition, taxes levied for Primary purposes on all types of property by counties, cities, towns and community college districts are limited to a maximum increase of 2% over the prior year's levy, plus any amount directly attributable to new construction and annexation and involuntary tort judgments. The 2% limitation does not apply to taxes levied for Primary purposes on behalf of local school districts. Under the Secondary system, annual tax levies for bonded indebtedness and special district assessments are unlimited.

For the last five years, a breakdown of the secondary assessed valuation by property classification for the City is shown below:

SECONDARY ASSESSED VALUATION BY PROPERTY CLASSIFICATION
City of Glendale, Arizona

	Class	2006-07 Secondary Assessed Valuation	2007-08 Secondary Assessed Valuation	2008-09 Secondary Assessed Valuation	2009-10 Secondary Assessed Valuation	2010-11 Secondary Assessed Valuation
1	Mining, Utilities, Commercial	$475,523,161	$519,787,340	$636,036,904	$716,434,947	$705,222,240
2	Agricultural & Vacant	57,754,756	64,940,091	83,911,429	91,164,792	82,019,663
3	Owner Occupied	695,611,467	1,050,479,128	1,231,142,909	1,071,763,668	752,539,243
4	Rented Residential, Residential Common Areas	136,711,715	185,360,922	234,184,008	244,340,546	207,240,186
5	Railroad, Private Car Companies, Flight Properties	3,951,690	4,407,199	4,988,339	4,462,358	4,314,766
6	Noncommercial Historic, Foreign Trade Zones	1,436,297	2,044,506	2,411,604	2,741,096	2,233,313
7	Commercial Historic	0	0	0	0	0
8	Residential Historic	0	0	0	0	0
9	Improvements on federal, state, county or municipal property	0	0	0	0	0
TOTALS		$1,370,989,086	$1,827,019,186	$2,192,675,193	$2,130,907,407	$1,753,569,411

SOURCE: State of Arizona, Department of Revenue

Tax Procedures

Determination of Full Cash Value. Most property is valued by the various county assessors including Maricopa County, the county assessor for Maricopa County (the "Assessor"), with the Arizona Department of Revenue valuing centrally assessed properties such as gas, water and electrical utilities, pipelines, mines, local and long distance telephone companies and airline flight property.

Full cash value is statutorily defined to mean "that value determined as prescribed by statute" or if no statutory method is prescribed it is "synonymous with market value." "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally include the market approach, the cost approach and the income approach. As a general matter, the Assessor uses the cost approach for commercial/industrial property and a sales data (market) approach for residential property. Arizona law allows taxpayers to appeal the Assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

County assessors, upon meeting certain conditions, may value residential, agricultural and vacant land at the same full cash valuation for up to three years. The Assessor currently values existing properties on a two-year cycle.

Arizona law provides for a property valuation “freeze” for certain residential property owners sixty-five years of age and older. Owners of residential property may obtain such freeze against valuation increases (the “Property Valuation Protection Option”) if the owner’s total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the “Social Security Income Benefit Rate.” The property owner must apply for the Property Valuation Protection Option and, if approved by the Assessor, must renew the application every three years. If the property is sold to a person who does not qualify, the valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Delinquent Tax Procedures

The Property taxes due the City are billed, along with State, County, School District and other taxes, in September of the calendar tax year and are payable in two installments, October 1 and March 1 and become delinquent on November 1 and May 1. Delinquent taxes are subject to an interest penalty of 16% per annum pro-rated monthly as of the first day of the month. After the close of the tax collection period, the County Treasurer prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the property at the tax sale, the title to such property is vested in the State and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent and current taxes.

A successful bidder at the tax lien sale may then pay subsequent taxes. After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the County Treasurer to deliver a Treasurer's Deed to the certificate holder as prescribed by law. Alternatively the purchaser may wait for six years from the sale and request a Treasurer's Deed without bringing a court action.

It should be noted that in the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code, the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly non interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are over secured and then possibly only on the pro-rated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect ad valorem taxes on property of a taxpayer within the City. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on the property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy would be stayed pursuant to the Bankruptcy Code. While the stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances and, therefore, the timeliness of post bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds.

REAL AND SECURED PROPERTY TAXES LEVIED AND COLLECTED[1]
City of Glendale, Arizona
As of September 13, 2010
(000's)

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2006	$21,432	$20,980	97.89	$446	$21,426	99.97
2007	23,249	22,721	97.73	516	23,237	99.95
2008	28,529	27,823	97.53	688	28,511	99.94
2009	33,549	32,411	96.61	1,084	33,495	99.84
2010	33,473	32,260	96.38	314	32,574	97.31
2011[2]	27,534	194	0.70	0	194	0.70

[1] Taxes are certified to and collected by the Maricopa County Treasurer. Taxes in support of debt service are levied by the Maricopa County Board of Supervisors as required by Arizona Revised Statutes. Delinquent taxes are subject to an interest and penalty charge of 16% per annum which is pro-rated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County General Fund.

[2] 2010-2011 Taxes in Course of Collection: First installment due 10-1-10, delinquent 11-1-10; Second installment due 3-1-11, delinquent 5-1-11.

SOURCE: Maricopa County Treasurer's Office

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ASSESSED VALUATIONS AND TAX RATES

Arizona legislation limits increases in assessed valuations of residential properties, to limit total property taxes levied by counties, cities, towns, community college districts and school districts, to establish maximum limits on annual expenditures by counties, cities, towns, community college districts and school districts subject to adjustments for population and cost of living changes. There is no provision, however, which limits the amount of taxes which may be levied or expended to pay debt service on existing or future general obligation bond issues.

DIRECT AND OVERLAPPING ASSESSED VALUATIONS AND TOTAL TAX RATES
Per $100 Assessed Valuation
Fiscal Year 2011

Overlapping Jurisdiction	2011 Net Secondary A.V.	2011 Net Primary A.V.	2011 Total Tax Rates Per $100 A.V.
State of Arizona	$75,664,423,588	$71,379,821,611	$0.0000
Maricopa County	49,707,952,123	46,842,818,990	1.2409
Maricopa County Community College District	49,662,543,618	46,842,818,990	0.9728
Maricopa County Library District[1]	49,707,952,123	n/a	0.0412
Maricopa County Flood Control District[1]	45,681,391,282	n/a	0.1489
Maricopa County Fire District[1]	49,707,952,123	n/a	0.0066
Maricopa County Health Care District[1]	49,662,543,618	n/a	0.1122
Central Arizona Water Conservation District[1]	49,581,305,918	n/a	0.1000
West-Mec Vocational District	17,364,694,623	n/a	0.0500
Election District No. 7	1,050,543,032	n/a	0.0073
Deer Valley Unified S.D. No. 97	2,961,841,899	2,824,573,037	5.3353
Dysart Unified S.D. No. 89	1,415,499,746	1,338,365,085	5.2573
Peoria Unified S.D. No. 11	2,083,413,066	1,972,750,936	5.3293
Agua Fria Union H.S.D. No. 216	1,282,258,275	1,204,621,692	2.4528
Glendale Union H.S.D. No. 205	2,216,354,284	2,120,524,071	2.6823
Phoenix Union H.S.D. No. 210	7,071,398,209	6,515,132,540	3.2488
Tolleson Union H.S.D. No. 214	1,409,361,433	1,285,072,668	2.7229
Alhambra Elementary S.D. No. 68	492,554,914	451,375,355	3.2198
Cartwright Elementary S.D. No. 83	363,349,836	339,532,765	6.5107
Glendale Elementary S.D. No. 40	440,936,237	413,931,640	4.7737
Litchfield Elementary S.D. No. 79	782,205,291	754,076,852	2.9130
Pendergast Elementary S.D. No. 92	411,048,329	383,110,443	5.7960
Washington Elementary S.D. No. 6	1,775,418,048	1,706,592,432	3.8333
City of Glendale	1,653,702,774	1,753,569,411	1.7200

[1] The assessed valuation of the Flood Control District does not include the personal property assessed valuation of Maricopa County. All levies for library districts, hospital districts, fire districts and flood control districts are levied on the secondary assessed valuation, as shown here.

SOURCE: Maricopa County 2010 Tax Levy, State of Arizona, Department of Revenue, the Maricopa County Assessor's Office, the Maricopa County Treasurer's Office

ASSESSED VALUATION OF MAJOR TAXPAYERS
City of Glendale, Arizona
Fiscal Year 2011

Taxpayer	Type of Property	2011 Secondary Assessed Valuation	As % of City's Total Secondary Assessed Valuation
VHS of Arrowhead, Inc.	Hopsital	$19,552,801	1.1150%
Arizona Public Service Company	Electric Utility	18,151,158	1.0351%
New River Associates	Shopping Center/Mall	14,339,096	0.8177%
Entertainment Center Development LLC	Shopping	13,860,000	0.7904%
Wal-Mart Stores, Inc.	Shopping	13,642,191	0.7780%
JQH-Glendale Az Development LLC	Hotel	10,080,000	0.5748%
RCFC Zanjero Falls LLC	Retail/Office	9,241,123	0.5270%
Lexington Glendale LLC	Manufacturing	8,553,643	0.4878%
Qwest Corporation (US West)	Telecommunications	8,238,343	0.4698%
Conair Corporation	Manufacturing	8,195,815	0.4674%
	TOTAL	$123,854,170	7.0630%

Special Note: The Salt River Project Agricultural Improvement and Power District assessed valuation is not reflected in the total assessed valuation of the City of Glendale. The Project is subject to a "voluntary contribution" in lieu of ad valorem taxation.

SOURCE: City of Glendale

COMPARATIVE SECONDARY ASSESSED VALUATION HISTORIES

Fiscal Year	City of Glendale	Maricopa County
2007	$1,370,989,076	$36,321,338,787
2008	1,827,019,187	49,534,573,826
2009	2,193,675,193	58,303,635,287
2010	2,130,907,408	57,984,051,718
2011	1,753,569,411	49,707,952,123

SOURCE: City of Glendale; Maricopa County Treasurer's Office; Maricopa County Assessor's Office

OTHER FINANCIAL MATTERS

Introduction

The City's fiscal year is from July 1 through June 30.

The Deputy City Manager over the Administrative Services Group is responsible for Finance, Management and Budget, and Information Technology Departments. The Chief Financial Officer is responsible for accounting, accounts payable, payroll, revenue collection, debt management, licensing, investments, tax auditing, materials management (purchasing) and materials control. The Economic Development Director is responsible for additional growth in the community. The Management and Budget Director is responsible for budget preparation and monitoring. The Information and Technology Director is responsible for computer-related planning, evaluation and installation of hardware and software throughout the City.

Expenditure Limitation

Commencing in fiscal year 1982-83, the City became subject to the annual expenditure limitation which is set by the Arizona Economic Estimates Commission. This limitation is based on the City's actual expenditures for fiscal year 1979-80, with this base adjusted annually to reflect population, cost of living and boundary changes. Certain expenditures are specifically exempt from the limit, such as expenditures made from federal funds and bond sale proceeds, as well as debt service payments. The limitation can be exceeded for certain emergency expenditures or if approved by the voters. The constitutional provisions which relate to the expenditure limitation provide three processes to exceed the spending limit: a local home rule option; a permanent base adjustment; and a one-time override.

On March 16, 1982, the voters of the City approved a local home-rule option proposition referred to them by the City Council to exceed the statutorily imposed expenditure limit in all areas of City operations in the 1982-83 fiscal year and the three succeeding fiscal years to the extent of revenues anticipated to be received by the City. Successive authorizations to exceed the statutory limitation for four year periods were approved on March 1986, on March 1990 and on March 1994. On February 24, 1998 the City Council adopted a Resolution proposing an extension of the Alternative Local Expenditure Limitation tests for four more years and was approved by voters at the May 19, 1998 General Election. From July 1982 to June 2002, the City was subject to the home-rule option. The City is now subject to the State imposed expenditure limitation of which the City is in full compliance. On May 16, 2000, voters approved a permanent base adjustment to the 1980 expenditure limitation thereby increasing it from $21.5 million to $68 million (in 1980 dollars). This base year is adjusted by an inflation and population factor from year to year. The approval of this permanent adjustment by the voters will have no effect on sales and property taxes.

Operating Budget Process

The budget process emphasizes the City's objective of making the budget not only a financial plan but also a policy document, operations guide and a communications device as recommended by the Government Finance Officers Association ("GFOA"). GFOA has awarded the City's 2009 budget its "Distinguished Budget Presentation," the 23rd year the City has received this award.

The budget process involves identifying, for each department, distinct services provided to the public or to other city departments. For each service product the responsible department then determines: (i) the base budget consisting of recurring costs from the current fiscal year; and (ii) supplemental requests representing increases in services or new services. When these two levels have been determined, each department prioritizes its preferences for supplemental requests only. Each Deputy City Manager, who supervises a group of related departments, prioritizes service products as a whole for their respective groups. After a budget balancing meeting with the City Manager and the management team (which consists of the City Manager, the Assistant City Manager, the Deputy City Managers, the City Attorney, Budget Director and the Police and Fire Chiefs) a balanced budget, which includes the new supplementals, is presented to the City Council. The City Council will then review the proposed supplementals during special workshop sessions. The Council will approve or deny the requests at that time. Budget adoption by the City Council occurs in late June following public hearings on the City Manager's proposed budget.

City budgeting for a fiscal year formally begins with the preparation of the budget. It is subsequently adopted, after a public hearing, by July 1 for the fiscal year. The budget must contain the information indicated above and a tax levy is made in accordance therewith.

Financial Reports and Examination of Accounts

Annually, independent certified public accountants audit the financial records as required by state law and the Charter. See Appendix B – City of Glendale, Arizona – Audited Financial Statements for Fiscal Year Ended June 30, 2008 for the basic financial statements from the City's June 30, 2009, Comprehensive Annual Financial Report. The City received a Certificate of Achievement for Excellence in Financial Reporting from GFOA for its 2009 Comprehensive Annual Financial Report as well as in each of the 25 preceding years.

Insurance

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

Funds receiving insurance coverage pay monthly premiums to the risk management fund based upon an actuarial review. 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.

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. See Appendix B – City of Glendale, Arizona – Audited Financial Statements for Fiscal Year Ended June 30, 2009, Note VI.B for further information.

Employee Retirement Systems, Pension Plans and Other Post Employment Benefits

The City participates in three retirement plans for City personnel. The Arizona State Retirement System is a defined benefit plan that covers general employees of the City and is governed by the Arizona State Retirement System Board. The Public Safety Personnel Retirement System is a defined benefit plan that covers eligible fire and police personnel of the City and the Elected Officials Retirement Plan is a defined benefit plan that covers elected officials and judges of certain state and local governments. The City's annual other post employment benefits cost is calculated based on the annual required contribution of the employer, and amount actuarially determined in accordance with parameters of GASB 45. See Appendix B – City of Glendale, Arizona – Audited Financial Statements for Fiscal Year Ended June 30, 2009, Note XVI.A for more information regarding these retirement plans and the City's contributions.

Other than the retirement plans, the City is not required to 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, and at the same rates. Active employees' rates are subsidized by the City as their employer. The City engaged an actuary to perform calculations of the City's liability with respect to other post-employment benefits. In its report dated August 31, 2010, the actuary determined that the City's liability for other post-employment benefits that Governmental Accounting Standards Board Statement 45 requires the City to include in its comprehensive annual financial statement balance sheet was approximately $29 million at June 30, 2010, which includes amortization of the unfunded $106.5 million actuarial liability over 29 years.

SUMMARY OF CERTAIN FISCAL YEAR 2009-10 FINANCIAL RESULTS

Based upon unaudited budgeting-basis records of the City, fiscal year 2009-10 general fund expenditures of the City were $10 million, or approximately 6%, lower than the amount budgeted for such expenditures. The portion of general fund revenues of the City revenues collected by the State and distributed to the City (including Highway User Revenue Fund ("HURF") revenues and motor vehicle in lieu tax ("In Lieu Tax") were $4.7 million, or approximately 6%, lower than the budgeted amount for 2009-10.

The $153.2 million total Fiscal Year 2009-10 general fund budgeting-basis revenues (unaudited) were $10.2 million lower than fiscal year 2008-09 revenues. (Note: The references below to percentage increases and decreases are compared to the Fiscal Year 2008-2009 actual results.) For Fiscal Year 2009-10, state-shared income taxes (which are distributed on a statutory formula based upon personal and corporate income tax collections for two preceding fiscal years) consisted of $31.3 million (down 13.7%), primary ad valorem property taxes provided $4.2 million (up 4.7%), the "all other" category contributed $27.5 million (down 4.7%), City sales taxes consisted of $50.5 million (down 2.1%), State-shared sales taxes provided $17.8 million (down 7.9%), and HURF and In Lieu Taxes provided $13.8 million and $8.1 million, respectively (down 5.5% and 7.7%).

Each major expenditure category of the $151.5 million 2009-10 general fund budgeting-basis expenditures (including personnel, non-personnel, lease payments and cash funded capital costs) came in below budgeted levels. The City believes that the diversification of its economic base over the last several years, with a focus on high-quality commercial, institutional and office developments and with less reliance on residential construction, will help sustain it through this economic downturn. The City continued to receive revenues from several development-related projects during the year, including improvements to the Thunderbird Road Medical Corridor, Thunderbird Graduate School of Global Management, Midwestern University, and Arrowhead Community Hospital.

APPENDIX B

CITY OF GLENDALE, ARIZONA
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR
ENDED JUNE 30, 2009

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

3033 N. Central Avenue, Suite 300
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Tel (602) 277-9449
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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, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glendale, Arizona as of June 30, 2009, 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.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2009, 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 and statistical sections 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

December 1, 2009

MANAGEMENT'S DISCUSSION & ANALYSIS

(Required Supplementary Information)

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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, 2009. 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 MD&A, provide these significant key financial highlights for 2008-09 as follows:

- The City's total net assets decreased $20,495 or 1.90%. The governmental net assets decreased by $17,461 or 2.54%, and the business-type net assets decreased by $3,034 or 0.73%.

- General revenues from governmental activities decreased $7,172 or 3.48% and were 76.05% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions decreased $26,335 or 29.60%.

- The business-type activities total revenues decreased by $3,221 or 2.98%.

- The total cost of all City programs decreased by $2,296 or .59%.

- A major governmental fund, the general fund, had $147,224 in revenues, which is a decrease of $19,739 or 11.82% 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 $156,292, which is a decrease of $925 or .58%. The fund balance decreased $13,758 or 20.72%. This decrease was due to the slow economy, which affects not only our City sales tax, but state shared revenues.

- The Western Loop 101 Public Facilities Corporation issued $199,750 in excise tax revenue bonds. These bonds were used to finance Camelback Ranch-Glendale, a spring training ballpark.

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 accrual basis of accounting is used for government-wide financial statements.

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community services, community environment, 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 use the modified accrual basis of accounting and 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 19 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 15 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 information for the water and sewer, and data from the other three enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major enterprise funds are provided in the form of combining statements and schedules. Conversely, all three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

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 $1,081,921 as of June 30, 2009.

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 are 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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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, 2009, and 2008
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 349,783	$ 326,629	$ 189,374	$ 212,197	$ 539,157	$ 538,826
Capital assets, net	1,279,423	1,133,123	570,621	554,561	1,850,044	1,687,684
Total assets	1,629,206	1,459,752	759,995	766,758	2,389,201	2,226,510
Current liabilities	71,107	54,246	14,501	12,792	85,608	67,038
Noncurrent liabilities	890,693	720,639	330,979	336,417	1,221,672	1,057,056
Total liabilities	961,800	774,885	345,480	349,209	1,307,280	1,124,094
Net assets:						
Invested in capital assets, net of related debt	471,484	499,322	286,452	297,329	757,936	796,651
Restricted	144,422	133,695	13,249	12,836	157,671	146,531
Unrestricted	51,500	51,850	114,814	107,384	166,314	159,234
Total net assets	$ 667,406	$ 684,867	$ 414,515	$ 417,549	$ 1,081,921	$ 1,102,416

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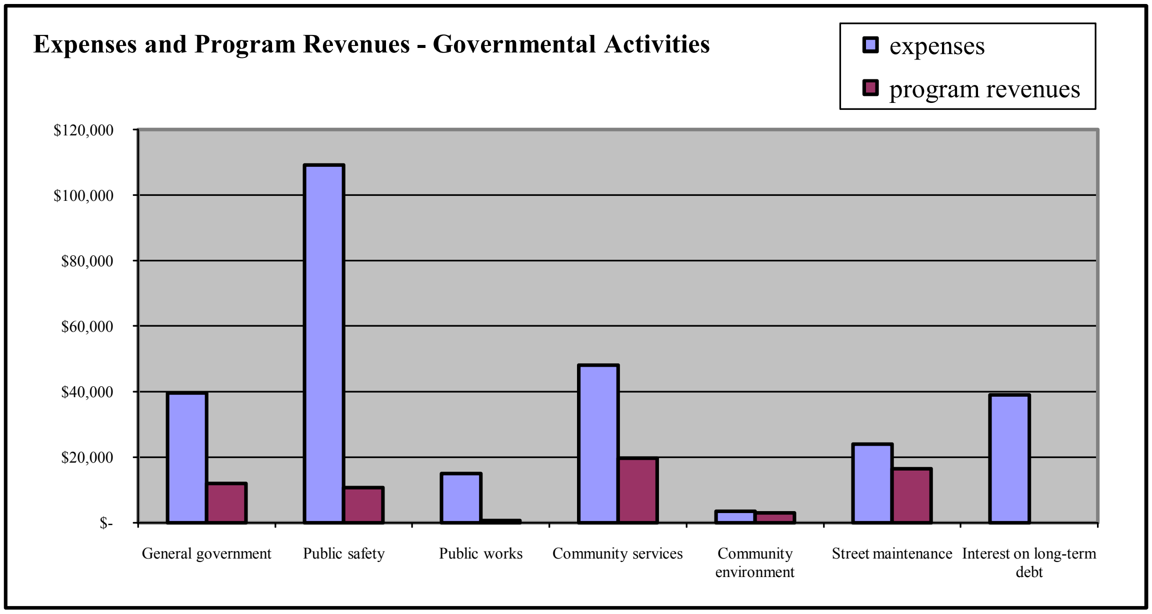
The following table presents a summary of the changes in net assets compared to prior year.

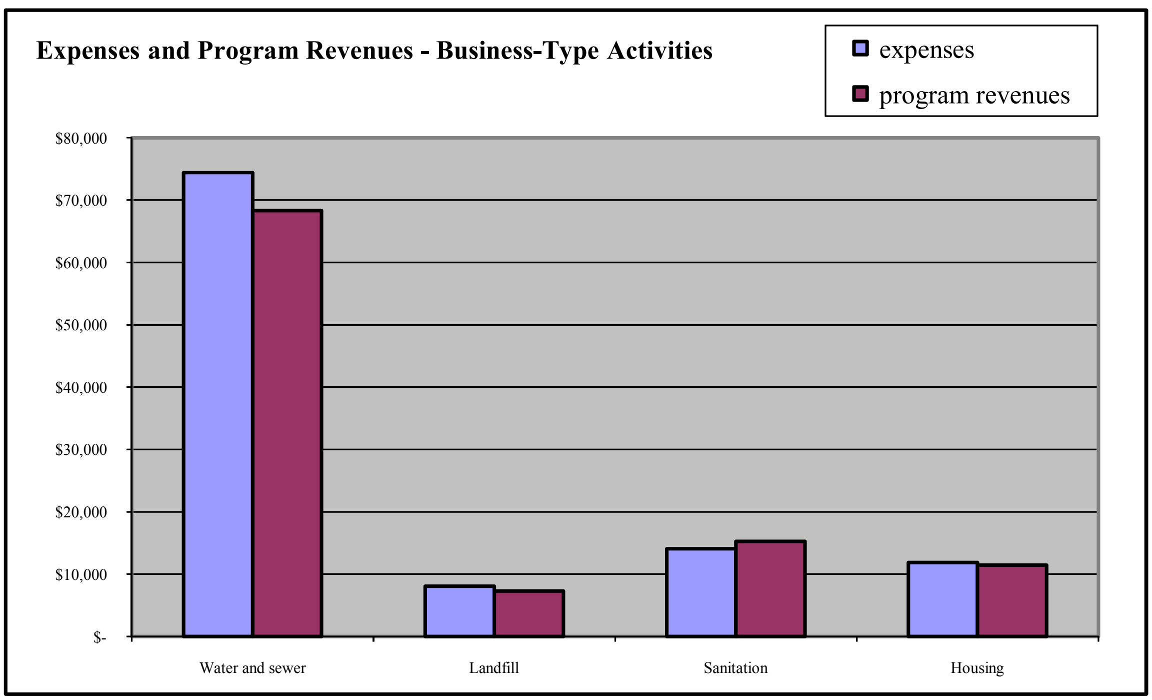
Changes in Net Assets
As of June 30, 2009, and 2008
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	$ 35,879	$ 41,278	$ 92,414	$ 91,012	$ 128,293	$ 132,290
Operating grants and contributions	24,146	33,191	8,701	8,348	32,847	41,539
Capital grants and contributions	2,600	14,491	1,207	4,346	3,807	18,837
Total program revenues	62,625	88,960	102,322	103,706	164,947	192,666
General revenues:						
Property taxes	32,890	28,826	-	-	32,890	28,826
Sales taxes	97,054	105,175	-	-	97,054	105,175
State shared sales tax	19,321	22,237	-	-	19,321	22,237
Urban revenue sharing (state shared income tax)	36,267	34,109	-	-	36,267	34,109
Auto in-lieu taxes	8,808	9,730	-	-	8,808	9,730
Investment earnings, unrestricted	1,668	4,742	2,069	4,044	3,737	8,786
Gain/(loss) on disposal of capital assets	(52)	879	282	126	230	1,005
Miscellaneous	2,872	302	90	108	2,962	410
Total revenues	261,453	294,960	104,763	107,984	366,216	402,944
Expenses:						
General government	39,545	39,998	-	-	39,545	39,998
Public safety	109,136	113,285	-	-	109,136	113,285
Public works	15,040	16,006	-	-	15,040	16,006
Community services	48,143	52,185	-	-	48,143	52,185
Community environment	3,539	5,164	-	-	3,539	5,164
Street maintenance	23,978	26,175	-	-	23,978	26,175
Interest on long-term debt	38,982	28,475	-	-	38,982	28,475
Water and sewer	-	-	74,424	74,581	74,424	74,581
Landfill	-	-	8,045	8,067	8,045	8,067
Sanitation	-	-	14,039	15,209	14,039	15,209
Housing	-	-	11,840	9,862	11,840	9,862
Total expenses	278,363	281,288	108,348	107,719	386,711	389,007
Excess before transfers	(16,910)	13,672	(3,585)	265	(20,495)	13,937
Transfers in (out)	(551)	(509)	551	509	-	-
Increase (decrease) in net assets	(17,461)	13,163	(3,034)	774	(20,495)	13,937
Net assets, beginning	684,867	671,704	417,549	416,775	1,102,416	1,088,479
Net assets, ending	$ 667,406	$ 684,867	$ 414,515	$ 417,549	$ 1,081,921	$ 1,102,416

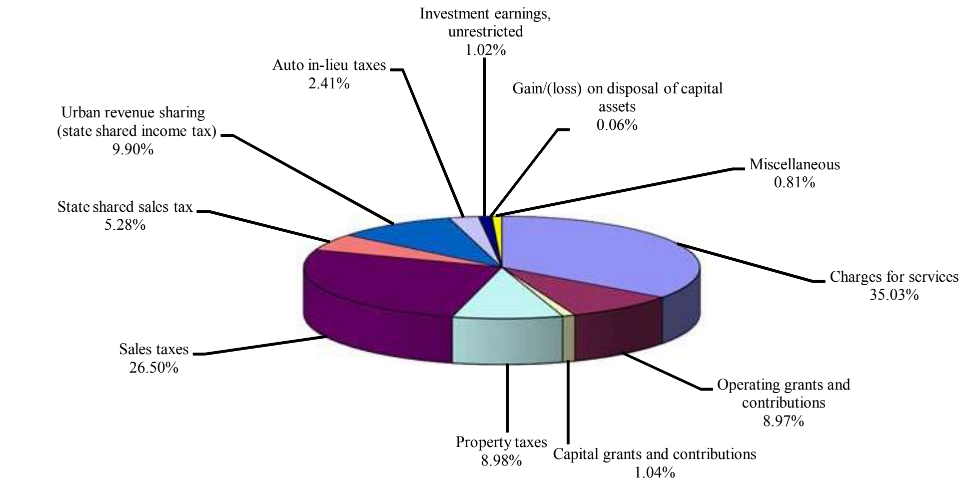
Changes in net assets. The decrease in net assets for the governmental activities was primarily due to the slow down in the economy, which affects not only our City sales tax, but state shared revenues. The City's revenue from governmental activities for the fiscal year ended June 30, 2009, was $261,453. The cost of programs and services for governmental activities was $278,363.

The decrease in net assets of $3,034 for the business activities was primarily due to the slow down in the economy. The City's revenue from business-type activities for the fiscal year ended June 30, 2009, was $104,763. The cost of programs and services was $108,348.

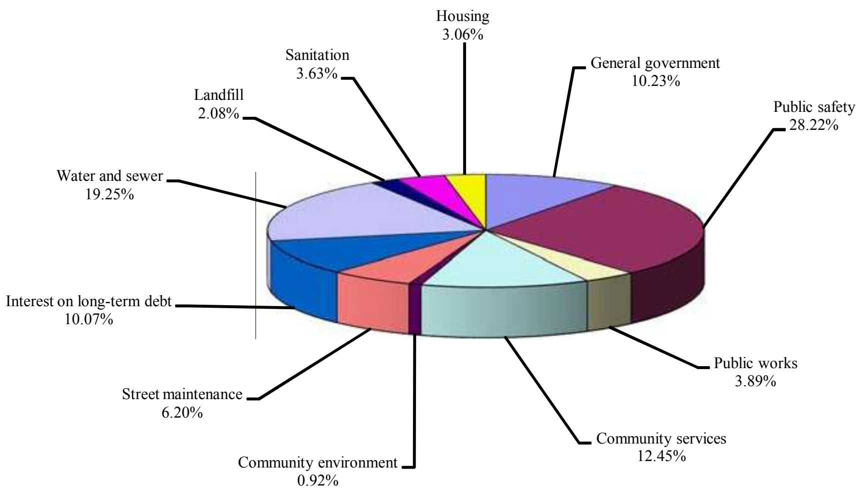

Expenses and Program Revenues - Governmental Activities
expenses
program revenues
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$-
General government
Public safety
Public works
Community services
Community environment
Street maintenance
Interest on long-term debt


Expenses and Program Revenues - Business-Type Activities
expenses
program revenues
$80,000
$70,000
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$-
Water and sewer
Landfill
Sanitation
Housing

Revenue Sources Fiscal Year 2008-09



Functional Expenses Fiscal Year 2008-09



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 $221,625, an increase of $2,162 or .99% in comparison with the prior year.

- *Unreserved undesignated fund balance*, which is available for spending at the City's discretion within a fund, was $107,500, a decrease of $13,191 from the prior year.

- The City also had $19,709 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. Unreserved, designated fund balance showed a decrease from the prior year due primarily to an increase in street construction projects activity in the fund balance designated for streets construction.

- 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	$ 10,450
Special revenue	16,503
Debt service	61,478
Capital projects	466
Permanent	5,519
Total	$ 94,416

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 $42,180, while total fund balance reached $52,630. 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 26.99% of total general fund expenditures, while total fund balance represents 33.67% of that same amount.

The transportation fund accounts for the City's public transit program and transportation improvement projects. The fund saw a decrease in fund balance of $21,847 for the fiscal year ended June 30, 2009. This decrease is due to the expenditure of transportation revenue bonds to fund continuing efforts to improve public transit, arterial streets, park and ride lots, and coordinated traffic signals.

The Western Loop 101 Public Facilities Corporation construction fund accounts for the resources used to finance public projects such as the new spring training baseball facility at the northwest corner of 107th Avenue and Camelback Road. The fund had a fund balance of $14,395 at June 30, 2009. Excise tax revenue bonds were issued by the Western Loop 101 Public Facilities Corporation in October 2008 for $199,750.

The general obligation debt service fund accounts for the resources received from a secondary property tax levy used to repay general obligation debt. The fund had a balance of $22,658 at June 30, 2009. This represents an increase of $8,308 due to anticipated future debt service issuances.

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

Net assets of the enterprise funds and the internal service funds decreased $1,948 or 0.46%. The enterprise funds' total net assets were 3.19% restricted and 27.84% unrestricted. 68.97% is invested in capital assets. Internal service funds were 100.00% unrestricted.

The water and sewer fund accounts for operations, maintenance and construction projects of City-owned water and sewer systems. The fund saw a decrease in net assets of $4,738 for the fiscal year ended June 30, 2009. This decrease is primarily due to the decrease of restricted cash due to expenditures of bond funds and a decrease in water consumption due to foreclosures and the economy.

The internal service fund accounts for risk management, workers' compensation, and employee benefits provided to other departments. The fund saw an increase of $1,303 for the fiscal year ended June 30, 2009. This increase was due to a decrease in claims payable.

General fund budgetary highlights

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

- Investment revenue decreased this year as a result of the economic pressures currently prevalent in our economy.

- General fund revenues were below the final budget by $5,327 or 3.03%, primarily due to decrease in excise tax revenue.

- General fund expenditures were less than the final budget by $44,965 or 20.15%. This positive variance resulted because of the major expenditure categories ending the year under budget.

Capital asset and debt administration

Capital assets. The City's investment in capital assets (net of accumulated depreciation) as of June 30, 2009, for its governmental-type activities was $1,279,423 and for the business-type activities was $570,621. 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:

- City-wide pipeline replacements, $7,279
- Completed construction of spring training baseball facility, which includes infrastructure, $138,143
- Replacement of fire trucks, $2,475

The following table is a summary of capital assets reflected in the June 30, 2009, financial statements as compared to last year's financial statements.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Construction in progress	$ 288,509	$ 253,573	$ 38,116	$ 17,773	$ 326,625	$ 271,346
Land	73,697	69,130	26,297	22,128	99,994	91,258
Water storage rights	-	-	8,521	8,588	8,521	8,588
Artwork	1,436	1,448	-	-	1,436	1,448
Buildings	294,894	188,800	8,090	8,175	302,984	196,975
Improvements other than buildings	82,994	73,256	44,109	45,286	127,103	118,542
Infrastructure-streets	411,116	425,946	-	-	411,116	425,946
Infrastructure-parks	49,270	51,889	-	-	49,270	51,889
Infrastructure-airport	7,563	8,025	-	-	7,563	8,025
Infrastructure-flood/storm drains	27,395	27,805	-	-	27,395	27,805
Water lines	-	-	79,699	73,918	79,699	73,918
Sewer lines	-	-	76,490	79,057	76,490	79,057
Water treatment plant	-	-	148,154	154,655	148,154	154,655
Sewer treatment plant	-	-	112,007	115,875	112,007	115,875
Meters and services	-	-	17,734	18,461	17,734	18,461
Fire hydrants	-	-	3,274	3,376	3,274	3,376
Machinery and equipment	21,909	14,881	620	814	22,529	15,695
Computer equipment	1,510	1,729	212	216	1,722	1,945
Software	229	132	-	-	229	132
Automotive equipment	18,901	16,509	7,298	6,239	26,199	22,748
Total	$ 1,279,423	$ 1,133,123	$ 570,621	$ 554,561	$ 1,850,044	$ 1,687,684

The estimated cost to complete current construction projects is $10,856.

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 $1,146,823 compared to $982,476 last year, a 16.73% net increase.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
General obligation	$ 197,738	$ 212,524	$ 10,127	$ 11,136	$ 207,865	$ 223,660
Transportation revenue bond	105,035	109,110	-	-	105,035	109,110
Highway users revenue bonds	27,480	30,895	-	-	27,480	30,895
Municipal Property Corporation revenue bonds	294,130	298,050	-	-	294,130	298,050
Western Loop 101 Public Facilities Corporation	199,750	-			199,750	
Capital lease obligation	9,076	10,838	1,080	1,688	10,156	12,526
Water and sewer revenue bonds/obligations	-	-	282,345	288,950	282,345	288,950
Notes payable	7,637	9,045	12,425	10,240	20,062	19,285
Total	$ 840,846	$ 670,462	$ 305,977	$ 312,014	$ 1,146,823	$ 982,476

The City's total long-term debt increased by $164,347 from the prior year. A key factor in this increase was the issuance of Western Loop 101 Public Facilities Corporation bonds for the financing of the spring training baseball facility.

The City maintains an "AA" underlying rating from Standard & Poor's and an "Aa2" underlying rating from Moody's for general obligation debt. The subordinate lien water and sewer revenue bonds are rated "A1" by Moody's and "AA" by Standard & Poor's. Transportation bonds were assigned an underlying rating of "AA" by Standard & Poor's and "A1" by Moody's.

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, 2009, was $99,500 and $300,409, 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 2009-10 budget is $775,000 (down 16.22% from 2008-09), including a $341,269 operating budget (a decrease of 9.45% from 2009) and $291,583 in capital outlay (down 25.60% from 2009). The fiscal year 2009-10 budget includes $61,584 contingency appropriation to cover emergency expenses or revenue shortages.

- As noted in prior years, Arizona cities are dependent on sales taxes and other economically sensitive revenues and are susceptible to slowdowns in the economy. This is especially true in the current economic climate not only of Arizona, but of the entire nation. The City has implemented cost saving measures and will continue to seek ways to maintain quality services while not exceeding a smaller pool of revenues.

- The City's unemployment rate for June 2009 was 8.40%, which is an increase from a year ago. This compares favorably to the state's average unemployment rate of 9.10% and the national average rate of 9.50%.

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 Deputy Finance Director, 5850 West Glendale Avenue, Suite 302, Glendale, Arizona 85301.

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BASIC FINANCIAL STATEMENTS

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City of Glendale, Arizona
Statement of Net Assets
June 30, 2009
(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in pooled cash and investments	$ 186,864	$ 76,648	$ 263,512
Receivables (net of allowance for uncollectibles)			
Property taxes	1,643	-	1,643
Accounts	15,968	11,412	27,380
Accrued interest	578	-	578
Intergovernmental receivable	7,570	377	7,947
Internal balances	913	(913)	-
Inventories and prepaid items	11,570	5,593	17,163
Restricted cash and investments	116,101	28,499	144,600
Capital assets:			
Non-depreciable	363,642	64,413	428,055
Depreciable (net)	915,781	506,208	1,421,989
Deferred receivable	8,576	-	8,576
Equity in joint venture	-	67,758	67,758
Total assets	1,629,206	759,995	2,389,201
LIABILITIES			
Vouchers payable	16,343	6,032	22,375
Accounts payable	5,841	114	5,955
Retainage payable	505	55	560
Accrued interest payable	23,573	6,997	30,570
Intergovernmental payable	923	223	1,146
Deposits	1,638	1,072	2,710
Unearned revenue	22,284	8	22,292
Noncurrent liabilities:			
Due within one year	47,460	14,426	61,886
Due in more than one year	843,233	316,553	1,159,786
Total liabilities	961,800	345,480	1,307,280
NET ASSETS			
Invested in capital assets, net of related debt	471,484	286,452	757,936
Restricted for:			
Capital projects	19,340	-	19,340
Debt service	61,810	1,190	63,000
Transportation	24,771	-	24,771
Highway and streets	2,680	-	2,680
Vehicle replacement	6,230	-	6,230
Development impact fee	13,540	-	13,540
Revenue bond retirement, replacement, and extension	-	10,649	10,649
Perpetual care - nonexpendable	5,597	-	5,597
Other purposes	10,454	1,410	11,864
Unrestricted	51,500	114,814	166,314
Total net assets	$ 667,406	$ 414,515	$ 1,081,921

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, 2009
(amounts expressed in thousands)

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	$ 39,545	$ 11,879	$ 139	$ -
Public safety	109,136	4,670	5,667	350
Public works	15,040	588	138	-
Community services	48,143	15,661	2,288	1,767
Community environment	3,539	3,045	-	-
Street maintenance	23,978	36	15,914	483
Interest on long-term debt	38,982	-	-	-
Total governmental activities	278,363	35,879	24,146	2,600
Business-type activities:				
Water and sewer	74,424	67,810	-	482
Landfill	8,045	7,304	-	-
Sanitation	14,039	15,258	-	-
Housing	11,840	2,042	8,701	725
Total business-type activities	108,348	92,414	8,701	1,207
Total primary government	$ 386,711	$ 128,293	$ 32,847	$ 3,807

General revenues:
Taxes:
Property taxes levied for:
General purposes
Debt service
Sales taxes
Unrestricted state shared sales tax
Unrestricted urban revenue sharing (state shared income tax)
Auto in-lieu taxes
Investment earnings, unrestricted
Gain (loss) on disposal of capital assets
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
$ (27,527)	$ -	$ (27,527)
(98,449)	-	(98,449)
(14,314)	-	(14,314)
(28,427)	-	(28,427)
(494)	-	(494)
(7,545)	-	(7,545)
(38,982)	-	(38,982)
(215,738)	-	(215,738)
-	(6,132)	(6,132)
-	(741)	(741)
-	1,219	1,219
-	(372)	(372)
-	(6,026)	(6,026)
(215,738)	(6,026)	(221,764)
3,983	-	3,983
28,907	-	28,907
97,054	-	97,054
19,321	-	19,321
36,267	-	36,267
8,808	-	8,808
1,668	2,069	3,737
(52)	282	230
2,872	90	2,962
(551)	551	-
198,277	2,992	201,269
(17,461)	(3,034)	(20,495)
684,867	417,549	1,102,416
$ 667,406	$ 414,515	$ 1,081,921

City of Glendale, Arizona
Balance Sheet
Governmental Funds
June 30, 2009
(amounts expressed in thousands)

	Major Funds					
	General	Transportation	Western Loop 101 Public Facilites Corporation Construction	General Obligation Debt Service	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Equity in pooled cash and investments	$ 52,065	$ 25,893	$ 44	$ 40,558	$ 53,503	$ 172,063
Receivables, net of allowance for doubtful accounts:						
Property taxes	205	-	-	1,438	-	1,643
Accounts	7,925	1,627	3,399	-	2,998	15,949
Accrued interest	526	-	-	-	52	578
Due from other funds	3,967	-	-	-	-	3,967
Intergovernmental receivable	2,416	922	-	-	4,232	7,570
Inventories and prepaid items	277	-	-	-	135	412
Restricted cash and investments	86	25,880	17,891	-	70,639	114,496
Deferred receivables	-	-	-	-	8,576	8,576
Total assets	$ 67,467	$ 54,322	$ 21,334	$ 41,996	$ 140,135	$ 325,254
LIABILITIES AND FUND BALANCE						
Liabilities:						
Vouchers payable	$ 7,798	$ 1,347	$ -	$ -	$ 5,434	$ 14,579
Accounts payable	269	2,119	3,443	-	10	5,841
Retainage payable	-	100	-	-	405	505
Compensated absences - current	1,374	57	-	-	165	1,596
Intergovernmental payable	918	-	-	-	5	923
Due to other funds	-	-	97	-	3,793	3,890
Deposits	1,631	-	-	-	7	1,638
Matured interest payable	-	-	-	4,375	19,198	23,573
Deferred revenue	2,847	48	3,399	1,170	17,137	24,601
Matured bonds payable	-	-	-	13,793	12,690	26,483
Total liabilities	14,837	3,671	6,939	19,338	58,844	103,629
Fund Balances:						
Reserved (Note XV)	10,450	-	-	22,658	61,308	94,416
Unreserved:						
Designated (Note XV):						
General fund	12,770	-	-	-	-	12,770
Special revenue funds	-	-	-	-	528	528
Capital project funds	-	-	-	-	6,411	6,411
Undesignated, reported in:						
General fund	29,410	-	-	-	-	29,410
Special revenue funds	-	50,651	-	-	6,376	57,027
Capital projects funds	-	-	14,395	-	6,668	21,063
Total fund balances	52,630	50,651	14,395	22,658	81,291	221,625
Total liabilities and fund balances	$ 67,467	$ 54,322	$ 21,334	$ 41,996	$ 140,135	$ 325,254

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, 2009
(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		$ 221,625
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 1,653,516	
Less accumulated depreciation	(374,093)	
		1,279,423
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		11,932
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.		8,731
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	(797,650)	
Notes payable	(7,637)	
Capital lease obligations	(9,076)	
Developer payable obligations	(1,961)	
Compensated absences	(14,857)	
OPEB obligations	(15,785)	
Unamortized premium on debt issuance	(9,324)	
Arbitrage rebate payable	(332)	
		(856,622)
Deferred revenue that is measurable but not yet available for governmental fund activities is recognized as revenue for governmental-wide activities.		2,317
Net assets of governmental activities		$ 667,406

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, 2009
(amounts expressed in thousands)

	Major Funds					
	General	Transportation	Western Loop 101 Public Facilities Corporation Construction	General Obligation Debt Service	Other Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
Taxes and special assessments	$ 58,761	$ 20,875	$ -	$ 29,054	$ 21,429	$ 130,119
Licenses and permits	9,006	-	-	-	1,497	10,503
Intergovernmental	64,710	2,581	-	-	24,351	91,642
Charges for services	7,133	131	-	-	2,617	9,881
Fines and forfeitures	4,031	33	-	-	-	4,064
Investment income	1,430	1,283	10	-	1,082	3,805
Miscellaneous	2,153	1,000	2,537	-	3,656	9,346
Total revenues	147,224	25,903	2,547	29,054	54,632	259,360
EXPENDITURES						
Current:						
General government	23,867	-	1,265	-	916	26,048
Public safety	83,110	-	-	-	20,514	103,624
Public works	10,944	-	-	-	128	11,072
Community services	26,854	12,410	-	-	3,030	42,294
Community environment	365	-	-	-	3,113	3,478
Street maintenance	841	-	-	-	11,060	11,901
Miscellaneous	1,624	-	-	14	28	1,666
Debt service:						
Principal	2,400	-	-	12,153	15,117	29,670
Interest	505	-	-	8,579	30,487	39,571
Capital outlay	5,782	28,063	103,319	-	49,011	186,175
Total expenditures	156,292	40,473	104,584	20,746	133,404	455,499
(Deficiency) of revenues (under) expenditures	(9,068)	(14,570)	(102,037)	8,308	(78,772)	(196,139)
OTHER FINANCING SOURCES (USES)						
Discount on long-term debt	-	-	(3,136)	-	-	(3,136)
Long-term debt issued	-	-	152,507	-	47,243	199,750
Premium on long-term debt issued	-	-	1,894	-	-	1,894
Proceeds from equipment disposal	289	12	-	-	43	344
Other uses:						
Transfers in	617	1,147	-	-	20,150	21,914
Transfers out	(5,596)	(8,436)	-	-	(8,433)	(22,465)
Total other financing sources and uses	(4,690)	(7,277)	151,265	-	59,003	198,301
Net change in fund balances	(13,758)	(21,847)	49,228	8,308	(19,769)	2,162
Fund balances, July 1	66,388	72,498	(34,833)	14,350	101,060	219,463
Fund balances, June 30	$ 52,630	$ 50,651	$ 14,395	$ 22,658	$ 81,291	$ 221,625

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, 2009

(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		$ 2,162
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 $186,175 exceeded depreciation of $39,963 for the current period.		146,212
The net effect of various transactions involving capital is to increase net assets.		
Capital contributions	$ 483	
Disposals	(344)	
Gain (loss) on sales	(52)	
		87
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		2,287
The net effect of long-term debt issuance and the related transactions is to increase net assets.		
Bond premium	(1,894)	
Bond discount	3,136	
Bonds issuance costs	1,265	
Principal paid	29,670	
Long-term debt issued	(199,750)	
Arbitrage rebate	284	
		(167,289)
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.		(1,272)
Other post employment benefits reported in the statement of activities do not require the use of current financial resoruces and therefore, are not reported as expenditures in governmental funds.		450
Internal service funds are used by management to charge the costs of workers' compensation, risk management, and employee benefits to individual funds.		713
Expenses on the statement of activities differ from governmental funds because of the portion not accrued on the governmental funds.		(811)
Change in net assets of governmental activities		$ (17,461)

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, 2009
(amounts expressed in thousands)

	Business-Type Activities - Enterprise Funds			Governmental
		Other		Activities -
	Major Funds	Proprietary		Internal
	Water and Sewer	Funds	Total	Service Funds
ASSETS				
Current assets:				
Equity in pooled cash and investments	$ 45,336	$ 31,312	$ 76,648	$ 14,801
Receivables:				
Accounts	9,588	2,211	11,799	19
Allowance for uncollectibles	(359)	(28)	(387)	-
Due from other funds	-	1,189	1,189	-
Intergovernment receivable	-	377	377	-
Inventories and prepaid items	5,587	6	5,593	62
Total current assets	60,152	35,067	95,219	14,882
Noncurrent assets:				
Restricted cash and investments	28,457	42	28,499	1,605
Capital assets:				
Capital assets	718,831	46,584	765,415	-
Accumulated depreciation	(172,225)	(22,569)	(194,794)	-
Capital assets, net	546,606	24,015	570,621	-
Equity in joint venture	67,758	-	67,758	-
Total noncurrent assets	642,821	24,057	666,878	1,605
Total assets	702,973	59,124	762,097	16,487
LIABILITIES				
Current liabilities:				
Vouchers payable	4,513	1,519	6,032	1,764
Accounts payable	71	43	114	-
Retainage payable	55	-	55	-
Compensated absences	1,376	597	1,973	-
Due to other funds	-	1,266	1,266	-
Intergovernment payable	223	-	223	-
Deposits	770	302	1,072	-
Unearned rent	-	8	8	-
Estimated claims payable	-	-	-	4,280
Current portion of long-term debt:				
General obligation bonds	835	132	967	-
Unamortized premium on debt issuance	414	-	414	-
Revenue bonds/obligations payable	9,205	-	9,205	-
Capital lease obligations	-	488	488	-
Other long-term debt	1,379	-	1,379	-
Interest payable	6,984	13	6,997	-
Total current liabilities	25,825	4,368	30,193	6,044
Noncurrent liabilities:				
Compensated absences	320	337	657	-
General obligation bonds	9,160	-	9,160	-
Unamortized premium on debt issuance	6,235	-	6,235	-
Revenue bonds/obligations payable	273,140	-	273,140	-
OPEB long-term obligations	2,130	1,270	3,400	-
Other long-term debt	-	42	42	-
Notes payable	11,046	-	11,046	-
Capital lease obligations	-	592	592	-
Claims payable	-	-	-	1,712
Estimated closure and post-closure costs	-	12,281	12,281	-
Total noncurrent liabilities	302,031	14,522	316,553	1,712
Total liabilities	327,856	18,890	346,746	7,756
NET ASSETS				
Invested in capital assets, net of related debt	263,649	22,803	286,452	-
Restricted for:				
Debt service	1,190	-	1,190	-
Revenue bond retirement, replacement and extension	10,649	-	10,649	-
Other purposes	433	977	1,410	-
Unrestricted	99,196	16,454	115,650	8,731
Total net assets	$ 375,117	$ 40,234	415,351	$ 8,731
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(836)	
Net assets of business-type activities			$ 414,515	

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, 2009

(amounts expressed in thousands)

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major Funds Water and Sewer	Other Proprietary Funds	Total	
Operating revenues:				
Intergovernmental	$ 1	$ 8,701	$ 8,702	$ -
Metered water sales	37,361	-	37,361	-
Sewer service charges	26,798	-	26,798	-
Container service	-	4,816	4,816	-
Curb service	-	10,437	10,437	-
Landfill user fees	-	5,621	5,621	-
Self-insurance premium	-	-	-	23,264
Recycling sales	-	1,594	1,594	-
Other fees	2,107	2,116	4,223	223
Total operating revenues	66,267	33,285	99,552	23,487
Operating expenses:				
Water	18,206	-	18,206	-
Sewer	12,684	-	12,684	-
Landfill	-	6,172	6,172	-
Housing	-	11,505	11,505	-
Closure/post-closure care adjustment	-	862	862	-
Sanitation	-	13,090	13,090	-
Administrative and general	9,285	-	9,285	-
Insurance claims	-	-	-	22,554
Amortization and depreciation	19,152	2,393	21,545	-
Total operating expenses	59,327	34,022	93,349	22,554
Operating income (loss)	6,940	(737)	6,203	933
Nonoperating revenues (expenses):				
Impact fees	1,632	21	1,653	-
Investment income	1,401	659	2,060	370
Interest expense	(13,068)	(56)	(13,124)	-
Net loss from joint venture	(2,013)	-	(2,013)	-
Amortization of bond issuance cost	(169)	-	(169)	-
Gain on disposal of assets	45	237	282	-
OPEB expense	59	34	93	-
Total nonoperating revenue (expenses)	(12,113)	895	(11,218)	370
			-	
Income (loss) before contributions and transfers	(5,173)	158	(5,015)	1,303
Capital contributions	488	725	1,213	-
Transfers in	-	604	604	-
Transfers out	(53)	-	(53)	-
Change in net assets	(4,738)	1,487	(3,251)	1,303
Total net assets - beginning	379,855	38,747		7,428
Total net assets - ending	$ 375,117	$ 40,234		$ 8,731
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			217	
Change in net assets of business-type activities			$ (3,034)	

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, 2009
(amounts expressed in thousands)

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major Funds Water and Sewer	Other Proprietary Funds	Total	
Cash flows from operating activities:				
Cash received from customers	$ 63,558	$ 23,311	$ 86,869	$ 23,466
Cash received from federal government	-	8,805	8,805	-
Cash paid to suppliers:				
Internal city departments	(6,122)	(7,747)	(13,869)	-
External vendors	(16,506)	(12,921)	(29,427)	-
Cash paid for insurance and in settlement of claims	-	-	-	(25,373)
Cash paid to employees for services	(17,078)	(8,076)	(25,154)	-
Net cash provided (used) by operating activities	23,852	3,372	27,224	(1,907)
Cash flows from noncapital financing activities:				
Proceeds from sale of investments	-	5	5	-
Transfers in	-	604	604	-
Transfers out	(53)	-	(53)	-
Net cash provided (used) by noncapital financing activities	(53)	609	556	-
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	45	-	45	-
Principal payments on obligations	(5,229)	(807)	(6,036)	-
Acquisition of capital assets and rights	(39,437)	(4,075)	(43,512)	-
Impact fees	1,632	21	1,653	-
Interest payments on obligations	(13,242)	(66)	(13,308)	-
Capital grant proceeds	-	725	725	-
Net cash (used) by capital and related financing activities	(56,231)	(4,202)	(60,433)	-
Cash flows from investing activities:				
Interest received from investments	1,668	659	2,327	370
Net cash provided by investing activities	1,668	659	2,327	370
Net increase (decrease) in cash and cash equivalents during fiscal year	(30,764)	438	(30,326)	(1,537)
Cash and cash equivalents, July 1	104,557	30,916	135,473	17,943
Cash and cash equivalents, June 30	$ 73,793	$ 31,354	$ 105,147	$ 16,406

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

	Business-Type Activities - Enterprise Funds			Governmental
	Major Funds	Other Proprietary		Activities - Internal
	Water and Sewer	Funds	Total	Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 6,940	$ (737)	$ 6,203	$ 933
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:				
Amortization and depreciation	19,152	2,393	21,545	-
Changes in assets and liabilities:				
Accounts receivable	(970)	(93)	(1,063)	(19)
Intergovernmental receivable	2	(1,085)	(1,083)	-
Inventories and prepaid items	(2,024)	(3)	(2,027)	(15)
Vouchers and accounts payable	514	704	1,218	121
Accrued expenses	24	-	24	-
Due to other funds	-	1,234	1,234	-
Deposits	53	12	65	-
Unearned rent	-	1	1	-
Compensated absences	161	84	245	-
Claims payable	-	-	-	(2,927)
Estimated closure and post-closure costs	-	862	862	-
Net cash provided (used) by operating activities	$ 23,852	$ 3,372	$ 27,224	$ (1,907)
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	$ 45,336	$ 31,312	$ 76,648	$ 14,801
Restricted cash and investments	28,457	42	28,499	1,605
Total cash and cash equivalents	$ 73,793	$ 31,354	$ 105,147	$ 16,406
Noncash investing, capital, and financing activities:				
Contributions of capital assets	$ 488	$ -	$ 488	$ -
Loss on joint venture	(2,013)	-	(2,013)	-
Estimated closure and post-closure costs	-	862	862	-

(amounts expressed in thousands)

Notes to the Financial Statements

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

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I. Summary of significant accounting policies

A. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary City and its component units. *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 (GASB) Statement 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 and its component units, entities 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.

<u>Blended component units</u>

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 tax return with the Internal Revenue Service. Copies of the tax return are available from the City's Finance Department.

City of Glendale, Arizona, Western Loop 101 Public Facilities Corporation (PFC) is a non-profit corporation organized under the laws of the State of Arizona to assist the City to finance, construct and equip a spring training baseball facility for two major league teams and all other related infrastructure. The Board of Directors of the PFC, appointed by the City Council, consists of four City employees and one private citizen. The Board of Directors is responsible for authorizing debt (obligations) of the PFC. The City Council also approves the debt of the PFC. Although the PFC is a legally separate entity from the City, the PFC is reported as if it is part of the primary government because its sole purpose is to finance and construct public facilities of the City. The PFC does not issue separate audited financial statements. The PFC does file a tax return with the Internal Revenue Service. Copies of the tax return are available from the City's Finance Department.

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

The *Western Loop 101 Public Facilities Corporation (PFC) construction fund* accounts for the construction and equipping of a spring training baseball facility and related infrastructure. The facility and infrastructure are financed by PFC issued excise tax revenue bonds.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following internal service funds:

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

D. Form of presentation – fund financial statements

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

Proprietary funds

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

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

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

E. Measurement focus and basis of accounting

The City-wide 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 except as described below in relation to grants. 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 because of their availability 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.

Grant revenues are recognized when all eligibility requirements are met, not necessarily when received. Grant monies that have been received but are as yet unearned are carried forward as deferred revenue. However, earned but not yet received grant monies are recognized as revenue and carried forward as a receivables. This practice is defined and supported by GASB Statement 33, as it pertains to “government-mandated nonexchange transactions,” paragraphs 19-25.

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.

(amounts expressed in thousands)

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, 2009, the postage portion of the general fund supplies inventory was $11. 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.

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 $13,124. In addition, $502 was included as part of the cost of capital assets under construction in connection with water and sewer projects.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Life (Years)
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

(amounts expressed in thousands)

Capital assets transferred between funds are transferred at their carrying 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 1,814 acre-feet of water each year through 2099. These rights, costing $2,692, 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, 2009, is $2,053. In addition, the City will be responsible for paying for the cost of water delivered each year.

The City participates in the Plan Six cost sharing agreement to construct the Waddell Dam on the Agua Fria River and modify the Roosevelt and Stewart Mountain Dams on the Salt River. The parties to this agreement include the United States government, State of Arizona, Central Arizona Water Conservation District, Salt River Project, and the cities of Phoenix, Chandler, Glendale, Mesa, Scottsdale, Tempe and Tucson. The federal government has determined that this agreement does not constitute a joint venture. As of June 30, 2009, 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.

The City purchased Central Arizona Project water rights as part of the Salt River Pima-Maricopa Indian Community Water Rights Settlement in November 2007. These rights, as of June 30, 2009, costing $2,027, are a permanent right and are considered to have an indefinite useful life.

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, 2008
Levy (assessment) date (third Monday in August)	August 20, 2008
Due dates:	
First half of assessment	October 1, 2008
Second half of assessment	March 1, 2009
Penalties and interest added (collection dates):	
First half of assessment	November 1, 2008
Second half of assessment	May 1, 2009

(amounts expressed in thousands)

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, 2009, is as follows:

Fund	Rate
General fund	$ 0.24
General obligation debt service fund	1.35
Total	$ 1.59

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 120 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. Employees who have ten or more years of service will receive upon retirement 100% of up to 160 hours of vacation accrued. Any remaining vacation time above 160 hours will be 100% contributed to a mandatory Retiree Health Savings plan for the employee. Sick leave is accumulated without limit and can be used in the event of an illness in the immediate family. Accumulated sick leave can be converted to a cash benefit on a biannual basis for employees based on one third of the average hourly rate the last 36 months. Employees must maintain a minimum sick leave balance on the books. Employees who retire and have ten or more years of service will have 40% of their average hourly wage the last 36 months of their accrued sick time contributed to a mandatory Retiree Health Savings plan. Employees who have 5 or more years of service will receive one third of their average hourly wage last 36 months in cash payout.

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, 2009, 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. All of the outstanding vacation, compensatory time, and sick leave are recorded as a liability on the government-wide financial statements, and the proprietary fund financial statements, according to payment policy.

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.

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.

(amounts expressed in thousands)

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.

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 2008-09 was $184.

II. Compliance - Excess of expenditures over appropriations/deficits in fund equity

For the year ended June 30, 2009, expenditures exceeded appropriations in the housing fund by $3,279. These over-expenditures were funded by beginning fund balance and operating transfers.

The City ended the fiscal year June 20, 2009, with a deficit fund balance in the following funds:

Fire and police construction fund	
The deficit was funded by a fiscal year 2010 bond sale, see footnote XIX.	$ 3,226

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 $77,806 and the bank balances were $82,663. The difference of $4,856 represents deposits in transit, outstanding checks and other reconciling items. Of the bank balance, $500 was insured by the Federal Depository Insurance Corporation (FDIC). The remaining bank balances were covered by $102,255 of collateral held by the City's agent in the City's name.

Investments

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

(amounts expressed in thousands)

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

As of June 30, 2009, the City had the following investments:

	Investment Maturities (in years)			
Investment Type	0 - 1	1 - 2	2 - 3	Fair Value
U.S. Agencies	$ 196,708	$ -	$ -	$ 196,708
Total investments	196,708	-	-	196,708
State LGIP total	34,633	-	-	34,633
Grand total investments	$ 231,341	$ -	$ -	231,341
Cash deposits				77,806
Other restricted cash				98,965
Total deposits and investments				$ 408,112

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, 2009, the City's investments were rated by Moody's Investor Service and Standard & Poor's as follows:

Investment Type	Moody's Rating	S&P Rating	% of Investments	Weighted Average Maturity (Years)
U.S. Agencies	Aaa	AAA	100.00%	0.08

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:

Issuer	Investment Type	Amount
FHLB Total	U.S. Agencies	$ 115,586
FHLMC Total	U.S. Agencies	36,628
FNMA Total	U.S. Agencies	34,134

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.

(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, 2009, is as follows:

	Balances June 30, 2008	Additions	Transfers	Disposals	Balances June 30, 2009
Governmental activities					
Non-depreciable assets:					
Construction in progress	$ 253,573	$ 69,769	$ (34,833)	$ -	$ 288,509
Land	69,130	4,567	-	-	73,697
Artwork	1,448	-	-	(12)	1,436
Total non-depreciable assets	324,151	74,336	(34,833)	(12)	363,642
Depreciable assets:					
Buildings	237,455	84,440	28,291	-	350,186
Improvements other than buildings	139,525	11,718	3,951	(160)	155,034
Infrastructure - streets	578,817	650	-	(195)	579,272
Infrastructure - parks	68,245	-	-	-	68,245
Infrastructure - flood/storm drains	32,122	24	-	-	32,146
Infrastructure - airport	14,003	-	-	-	14,003
Machinery and equipment	34,083	8,408	2,553	(404)	44,640
Computer equipment	3,535	420	27	(20)	3,962
Software	756	175	-	-	931
Automotive equipment	37,542	6,674	11	(2,772)	41,455
Total depreciable assets at historical cost	1,146,083	112,509	34,833	(3,551)	1,289,874
Less accumulated depreciation for:					
Buildings	(48,655)	(6,637)	-	-	(55,292)
Improvements other than buildings	(66,269)	(5,924)	-	153	(72,040)
Infrastructure - streets	(152,871)	(15,285)	-	-	(168,156)
Infrastructure - parks	(16,356)	(2,619)	-	-	(18,975)
Infrastructure - flood/storm drains	(4,317)	(434)	-	-	(4,751)
Infrastructure - airport	(5,978)	(462)	-	-	(6,440)
Machinery and equipment	(19,202)	(3,933)	-	404	(22,731)
Computer equipment	(1,806)	(671)	-	25	(2,452)
Software	(624)	(78)	-	-	(702)
Automotive equipment	(21,033)	(3,920)	-	2,399	(22,554)
Total accumulated depreciation	(337,111)	(39,963)	-	2,981	(374,093)
Total depreciable assets, net	808,972	72,546	34,833	(570)	915,781
Governmental activities capital assets, net	$ 1,133,123	$ 146,882	$ -	$ (582)	$ 1,279,423

(amounts expressed in thousands)

	Balances June 30, 2008	Additions	Disposals	Balances June 30, 2009
Business-Type activities:				
Non-depreciable assets:				
Construction in progress - water and sewer	$ 16,612	$ 28,564	$ (9,299)	$ 35,877
Construction in progress - landfill	302	605	-	907
Construction in progress - housing authority	859	1,001	(528)	1,332
Land	22,128	4,169	-	26,297
Total non-depreciable assets	39,901	34,339	(9,827)	64,413
Depreciable assets:				
Buildings	14,214	360	-	14,574
Water storage rights	9,159	-	-	9,159
Improvements other than buildings	52,484	1,506	-	53,990
Water lines	102,365	7,870	-	110,235
Sewer lines	119,396	90	-	119,486
Water treatment plant	201,965	489	-	202,454
Sewer treatment plant	134,693	-	-	134,693
Meters and services	27,609	-	-	27,609
Fire hydrants	5,187	-	-	5,187
Machinery and equipment	3,851	21	(73)	3,799
Computer equipment	921	3	-	924
Automotive equipment	18,355	2,759	(2,225)	18,889
Total depreciable assets at historical cost	690,199	13,098	(2,298)	700,999
Less accumulated depreciation for:				
Buildings	(6,039)	(445)	-	(6,484)
Water storage rights	(571)	(67)	-	(638)
Improvements other than buildings	(7,198)	(2,683)	-	(9,881)
Water lines	(28,447)	(2,089)	-	(30,536)
Sewer lines	(40,339)	(2,657)	-	(42,996)
Water treatment plant	(47,310)	(6,990)	-	(54,300)
Sewer treatment plant	(18,818)	(3,868)	-	(22,686)
Meters and services	(9,148)	(727)	-	(9,875)
Fire hydrants	(1,811)	(102)	-	(1,913)
Machinery and equipment	(3,037)	(215)	73	(3,179)
Computer equipment	(705)	(7)	-	(712)
Automotive equipment	(12,116)	(1,695)	2,220	(11,591)
Total accumulated depreciation	(175,539)	(21,545)	2,293	(194,791)
Total depreciable assets, net	514,660	(8,447)	(5)	506,208
Business-Type activities capital assets, net	$ 554,561	$ 25,892	$ (9,832)	$ 570,621

(amounts expressed in thousands)

Depreciation was charged to functions/programs as follows:

Governmental activities:	
General	$ 12,099
Public safety	6,099
Public works	3,703
Street maintenance	12,274
Community services	5,752
Community environment	36
Total depreciation expense	$ 39,963

Business-Type activities:	
Water and sewer	$ 19,152
Landfill	1,026
Sanitation	996
Housing	371
Total depreciation expense	$ 21,545

Included in the water and sewer depreciation amount is $67 amortization of water storage rights.

V. Construction and other significant commitments

The City has active construction projects as of June 30, 2009. The projects include street construction, park facilities, and the construction of additional water and sewer facilities. At year-end the government's commitments with contractors are as follows:

Project	Spent-to-Date	Construction Commitment
General government	$ 76,993	$ 57
Community services	32,661	172
Public safety	39,339	-
Public works	117,567	2,739
Street maintenance	21,949	4,116
Water and sewer facilities	35,878	3,753
Landfill	906	19
Housing	1,332	-
Total primary government	$ 326,625	$ 10,856

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.

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 $600 for each workers' compensation claim and purchases commercial insurance for claims in excess of $600.

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 per plan year. Claims exceeding $150 for an individual are paid by the reinsurance plan.

Premiums for the minimum premium medical plan 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.

(amounts expressed in thousands)

D. Estimated liability

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

Liabilities include an amount for claims that have been incurred but not reported, the effects of specific, incremental claim adjustment expenses, and other allocated claim adjustment expenses. The City's workers' compensation self-insurance program liability includes recoveries related to subrogation. Salvage and subrogation are immaterial to both risk management and employee benefits self-insurance programs and are not incorporated into the liability. 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 $5,992 as of June 30, 2009. Changes in the balances of claims liabilities during the past two years are as follows:

	Risk Management		Workers' Compensation		Employee Benefits	
	2009	2008	2009	2008	2009	2008
Unpaid claims, beginning of fiscal year	$ 4,080	$ 3,747	$ 1,986	$ 2,098	$ 2,853	$ 2,055
Current year claims and changes in estimate	(957)	2,031	558	681	19,670	20,253
Claims payments	186	(1,698)	(815)	(793)	(21,569)	(19,455)
Balance at fiscal year end	$ 3,309	$ 4,080	$ 1,729	$ 1,986	$ 954	$ 2,853

VII. Leases

A. Capital leases

The City's capital lease activity consists principally of leasing various types of heavy equipment for 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. Leases vary in terms from 5 years for sanitation vehicles, 7-9 years for fire trucks to 10 years for real property. Current year expenditures are $608 for business-type activities and $1,762 for governmental activities. The future minimum lease obligation and net present value of lease payments at June 30, 2009, are as follows:

Year Ending June 30	Governmental Activities	Business-Type Activities
2010	$ 2,247	$ 523
2011	2,882	459
2012	5,237	155
2013	77	-
2014	80	-
2015-2018	103	-
Total minimum lease payments	10,626	1,137
Less: Amount representing interest	(1,550)	(57)
Present value of net minimum lease payments	$ 9,076	$ 1,080

(amounts expressed in thousands)

The assets acquired through capital leases are as follows:

Class of Property	Governmental Activities	Business-Type Activities
Equipment	$ 439	$ 249
Automotive equipment	2,975	7,474
Building	197	150
Other	5,492	2,389
	9,103	10,262
Less: Accumulated depreciation	(5,029)	(6,597)
Total	$ 4,074	$ 3,665

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 2008-09 were $670.

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 2010 and beyond. The carrying value of leased assets is $172,747 (cost of $231,176 less accumulated depreciation of $58,429). 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
2010	$ 1,116
2011	927
2012	871
2013	707
2014	634
2015 and beyond	16,669
Total	$ 20,924

VIII. Short-term debt

The City did not issue short-term debt for the year ended June 30, 2009.

IX. Long-term debt

A. General obligation bonds

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

B. Revenue bonds

Highway Users Revenue Bonds (HURF) are used to construct street and highway projects. The $27,480 HURF bonds outstanding are special obligations of the City and are secured by taxes, fees, charges or other monies collected by the state and returned to the City pursuant to Title 28, Chapter 18, Article 2, A.R.S. as amended. A special revenue fund called highway users gas tax fund has been set up by the City to collect HURF revenues from the state and transferred to the debt service fund to pay for HURF principal and interest. The total principal and interest remaining on the bonds to be paid is $27,394. The current year revenues of $14,575 paid the current year principal and interest amounts of $3,570 and $1,126, respectively. The State Legislature has in the past and may in the future alter the type and/or rate of taxes, fees, and charges as well as allocation of such monies.

The transportation revenue bonds are special revenue obligations of the City and are used to construct various transportation projects such as roadway widening, intersection improvements, and right-of-way acquisitions. The City has pledged and the debt service payments are secured by a 0.50% transportation excise tax approved by voters on November 6, 2001. The total principal and interest to be paid to a trustee under a trust agreement is $168,539. The current year revenues of $20,875 collected in the transportation special revenue fund, paid the current year principal and interest amounts of $2,545 and $4,782, respectively.

The water and sewer revenue bonds/obligations have been issued for the construction, acquisition, and equipping of water and sewer facilities and related systems and infrastructure. The $282,345 in outstanding obligations are special revenue obligations and are pledged and secured solely by the net revenues of the system. The net revenues of the system consist of revenues collected from customers including development impact fees less such necessary expenses of operation, maintenance, and repair of the system excluding depreciation and debt service. The current year principal and interest on the bonds and current year net revenues of the system were $22,525 and $27,724, respectively.

C. Municipal Property Corporation (MPC) bonds

In 1982, 2002, 2003, 2006, and 2008 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. In June 2008, the City entered into a lease agreement with the MPC to issue bonds to refund outstanding 2006B 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.

(amounts expressed in thousands)

D. Western Loop 101 Public Facility Corporation (PFC) bonds

In 2008, the PFC, a non-profit corporation, issued bonds to finance the acquisition and construction of a new spring training baseball facility for Major League Baseball and infrastructure. The bonds are a special obligation of the City and are payable solely from and secured by a pledge of the City's unrestricted excise taxes. A portion of the bonds was reserved to pay capitalized interest on the bonds to October 30, 2011. Thereafter, an amount equal to the PFC debt service and related miscellaneous fees, is payable in installments by the City.

The pledge of unrestricted excise taxes under the lease agreement to secure the payment of principal and interest on the 2008 bonds is junior and subordinate to the City's pledge of unrestricted excise taxes under an existing lease agreement (the "MPC Lease Agreement") between the City and the MPC, which secures the payment of principal and interest on the outstanding bonds of the MPC.

The 2008 bonds and the obligation of the City to make rental payments under the lease agreement each constitute a limited obligation of the Corporation and the City, respectively, and neither constitutes a general obligation of the Corporation of the City.

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, 2009:

	June 30, 2008	Additions	Reductions	June 30, 2009	Amounts Due Within One Year
General obligation (GO) bonds	$ 212,524	$ -	$ (14,786)	$ 197,738	$ 13,793
Revenue bonds:					
Highway users revenue	30,895	-	(3,415)	27,480	3,570
Transportation bonds	109,110	-	(4,075)	105,035	2,545
Municipal Property Corporation	298,050	-	(3,920)	294,130	6,575
Public Facilities Corporation	-	199,750	-	199,750	-
Total bonds payable	650,579	199,750	(26,196)	824,133	26,483
Notes payable:					
Notes payable	9,045	-	(1,408)	7,637	1,349
Total notes payable	9,045	-	(1,408)	7,637	1,349
Other long-term obligations:					
Capital lease obligations	10,838	-	(1,762)	9,076	1,618
OPEB obligations	16,235	-	(450)	15,785	-
Compensated absences	14,693	12,127	(10,367)	16,453	13,104
Claims and judgments	8,919	19,271	(22,198)	5,992	4,280
Unamortized premium on debt issuance	8,035	1,894	(605)	9,324	626
Developer payable obligations	1,679	282	-	1,961	-
Arbitrage rebate payable	616	-	(284)	332	-
Total other long-term obligations	61,015	33,574	(35,666)	58,923	19,628
Total	$ 720,639	$ 233,324	$ (63,270)	$ 890,693	$ 47,460

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. Of the $890,693 in the total liabilities, $44,192 represents debt related to unspent bond proceeds ($25,880 restricted cash in transportation fund, $17,891 restricted cash in Western Loop 101 Public Facilities Corporation construction fund and $421 restricted cash in Municipal Property Corporation construction fund) and $807,939 is related to net assets invested in capital assets. Other obligations not included in the calculation of net assets invested in capital assets are OPEB obligations, compensated absences, claims and judgments, and arbitrage rebate payable.

(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, 2009:

	June 30, 2008	Additions	Reductions	June 30, 2009	Amounts Due Within One Year
Water and sewer G.O. bonds	$ 10,805	$ -	$ (810)	$ 9,995	$ 835
Landfill G.O. bonds	331	-	(199)	132	132
Water and sewer revenue/obligation bonds	288,950	-	(6,605)	282,345	9,205
Total bonds payable	300,086	-	(7,614)	292,472	10,172
Notes payable	10,240	3,540	(1,355)	12,425	1,379
Total notes payable	10,240	3,540	(1,355)	12,425	1,379
Capital lease obligations	1,688	-	(608)	1,080	488
Estimated closure and post-closure costs	11,419	862	-	12,281	-
Unamortized premium on debt issuance	7,067	-	(418)	6,649	414
OPEB obligations	3,494	-	(94)	3,400	-
Compensated absences	2,386	1,852	(1,608)	2,630	1,973
Housing noncurrent liabilities	37	5	-	42	-
Total other long-term obligations	26,091	2,719	(2,728)	26,082	2,875
Total	$ 336,417	$ 6,259	$ (11,697)	$ 330,979	$ 14,426

Of the $330,979 in total liabilities, $28,457 represents debt related to unspent bond proceeds and $284,169 is related to net assets invested in capital assets. Other obligations not included in the calculation of net assets invested in capital assets are estimated closure and post-closure costs, OPEB obligations, compensated absences, and housing noncurrent liabilities.

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.

Issue Refunded	Date Refunded	Remaining Balance
General Obligation Bonds Series 2000	April 11, 2006	$9,255

(amounts expressed in thousands)

G. Bonds payable

Bonds payable at June 30, 2009, are comprised of the following:

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

Purpose	Interest Rate	Issued Fiscal Year Ending June 30	Year Series Matures	Amount of Original Issue	Bonds Outstanding June 30, 2009
G.O. bonds payable from secondary assessed property taxes					
Various	5.00-5.40	2000	2015	$ 20,215	$ 2,918
Various	2.50-5.00	2002	2022	40,235	27,740
Various	1.50-5.00	2003	2022	52,525	36,380
Various	3.00-5.00	2004	2019	36,645	28,405
Various	3.50-4.00	2005	2015	11,960	8,795
Refunding	5.00-5.00	2006	2015	9,065	9,065
Various	4.00-5.00	2006	2021	29,365	26,525
Various	4.00-5.00	2007	2022	61,000	57,910
Total					197,738
Revenue bonds payable from highway users revenue funds					
Streets	5.00-5.37	2000	2010	8,750	3,240
Streets	2.50-4.00	2004	2014	14,655	11,080
Streets	4.00-5.00	2006	2016	15,745	13,160
Total					27,480
Revenue bonds payable from the 0.5% transportation sales tax					
Transportation excise tax	4.00-5.00	2008	2032	109,110	105,035
Municipal Property Corporation payable from general fund lease payments					
Refunding	4.25-4.90	2000	2009	12,615	1,735
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	48,705
MPC excise tax 2003B	1.46-5.58	2003	2033	105,260	96,735
MPC refunding	4.70-4.70	2004	2033	7,250	7,250
MPC excise tax 2004A	2.00-5.00	2004	2014	10,880	8,315
MPC excise tax 2006A	4.00-5.00	2006	2026	33,250	32,100
MPC excise tax 2008A	3.00-5.00	2008	2032	32,315	32,315
MPC excise tax 2008B	5.45-6.16	2008	2033	52,780	52,780
MPC excise tax 2008C	4.00-5.02	2008	2015	9,140	9,140
Total					294,130
Public Facility Corporation payable from general fund lease payments					
PFC excise tax 2008A	5.75-7.00	2008	2038	137,495	137,495
PFC excise tax 2008B	5.00-7.00	2008	2038	48,670	48,670
PFC excise tax 2008C	7.50	2008	2017	13,585	13,585
Total					199,750
Total bonds payable recorded in governmental activities					824,133
Less current portion					(26,483)
Long-term portion of bonds payable recorded in governmental activities					$ 797,650

(amounts expressed in thousands)

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

Purpose	Interest Rate	Issued Fiscal Year Ending June 30	Year Series Matures	Amount of Original Issue	Bonds Outstanding June 30, 2009
G.O. bonds payable from landfill fund					
Landfill	5.00-5.40	2000	2015	$ 1,460	$ 132
Total					132
G.O. bonds payable from water and sewer fund					
Water and sewer	1.50-5.00	2003	2022	13,875	9,995
Total					9,995
Revenue bonds/obligations payable from water and sewer fund					
Various	4.75-5.75	2000	2010	53,000	12,965
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	43,880
Various	3.00-5.00	2008	2028	65,500	65,500
Total					282,345
Total bonds payable recorded in business-type activities					292,472
Less current portion					(10,172)
Long-term portion of bonds payable recorded in business-type activities					$ 282,300

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, 2009, is as follows:

	6%	20%
Capacity to incur bonded debt	$ 131,621	$ 438,735
Less: Bonded debt applicable to limit	(32,121)	(138,326)
Unused bonded debt capacity	$ 99,500	$ 300,409

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.

(amounts expressed in thousands)

H. Bonds authorized, issued and unissued

Bonds authorized but not fully issued as of July 1, 2009, are shown below:

G.O. Bonds	Authorized Amount	Issued through June 30, 2009	Authorized but Unissued
Voter authorized October 20, 1981			
Operations center	$ 6,750	$ 550	$ 6,200
Voter authorized March 10, 1987			
Library	9,698	8,000	1,698
Voter authorized November 2, 1999			
Cultural facility[1]	18,215	4,494	13,721
Economic development	50,500	16,088	34,412
Flood control	38,860	35,307	3,553
Governmental facilities[1]	40,910	12,385	28,525
Landfill development[1]	17,000	1,460	15,540
Library	15,398	-	15,398
Open spaces	53,700	3,175	50,525
Parks and recreation	57,188	49,741	7,447
Public safety	64,801	50,666	14,135
Transit[1]	6,935	185	6,750
Voter authorized May 15, 2007			
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
Revenue bonds			
Voter authorized March 10, 1987			
Water and sewer	$ 56,000	$ 49,657	$ 6,343
Voter authorized November 2, 1999			
Water and sewer[1]	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.

(amounts expressed in thousands)

I. Other debt (notes, long-term)

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

Northern Crossing Land Purchase - The $14,500 note dated November 15, 2002, is payable in nine annual installments at a variable interest rate based on LIBOR 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.		540
Repayment of State Aviation grant funds - The $3,131 note dated October 9, 2007, is payable in ten bi-annual installments at an interest rate of 4.31% with the final payment due on or before December 31, 2012.		2,557
6822-6832 North 58th Avenue Land and Improvements Purchase - The $431 note dated September 5, 2007, is payable in three annual payments at an interest rate of 2.50% with the final pyament due on or before July 15, 2009.		157
6820 North 58th Avenue Land and Improvements Purchase - The $187 note dated September 5, 2007, is payable in five annual payments at an interest rate of 2.50% with the final payment due on or before July 15, 2011.		105
Total notes payable recorded in governmental activities		7,637
Less current portion		(1,349)
Long-term portion of notes payable recorded in governmental activities	$	6,288

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.	$	9,593
Groundwater treatment plant's future site of 11.48 acres at 99th and Northern Avenues. The $3,540 note is payable in five annual installments at an interest rate of 5.00% with the final payment due on or before April 1, 2013.		2,832
Total notes payable recorded in business-type activities		12,425
Less current portion		(1,379)
Long-term portion of notes payable recorded in business-type activities	$	11,046

(amounts expressed in thousands)

J. Debt service requirements

					Various Purposes		Water and Sewer			
Fiscal Year Ending	HURF Bonds	Transportation Bonds	MPC Bonds	PFC Bonds	GO Bonds	Notes Payable	GO Bonds	Notes Payable	Revenue Bonds/ Obligations	Total
2010	$ 4,699	$ 7,330	$ 20,401	$ 13,011	$ 22,673	$ 1,831	$ 1,256	$ 1,034	$ 22,528	$ 94,763
2011	4,690	7,328	21,186	13,011	22,630	2,131	1,251	1,848	22,532	96,607
2012	4,696	7,327	21,317	13,011	22,631	2,519	1,251	1,813	22,530	97,095
2013	4,699	7,326	21,357	13,011	22,642	2,382	1,259	1,778	22,526	96,980
2014	4,686	7,326	21,372	15,951	22,646	-	1,260	1,034	22,526	96,801
2015	1,953	7,326	19,552	17,765	22,596	-	1,249	1,034	22,528	94,003
2016	1,971	7,326	19,665	17,657	19,039	-	1,236	1,034	22,530	90,458
2017	-	7,327	22,031	15,294	18,951	-	1,226	1,034	22,524	88,387
2018	-	7,330	22,086	15,234	18,901	-	1,214	1,034	22,530	88,329
2019	-	7,328	22,142	15,180	14,475	-	-	1,034	22,524	82,683
2020	-	7,326	22,195	15,127	11,155	-	-	667	22,529	78,999
2021	-	7,329	22,258	15,066	11,197	-	-	-	22,527	78,377
2022	-	7,329	22,307	15,017	8,457	-	-	-	22,528	75,638
2023	-	7,328	22,363	14,958	-	-	-	-	23,661	68,310
2024	-	7,328	23,010	14,310	-	-	-	-	23,659	68,307
2025	-	7,328	23,064	14,256	-	-	-	-	23,652	68,300
2026	-	7,330	23,122	14,202	-	-	-	-	23,656	68,310
2027	-	7,329	20,525	16,798	-	-	-	-	16,491	61,143
2028	-	7,331	20,585	16,738	-	-	-	-	12,758	57,412
2029	-	7,328	19,778	17,542	-	-	-	-	-	44,648
2030	-	7,326	20,717	16,604	-	-	-	-	-	44,647
2031	-	7,327	20,778	16,544	-	-	-	-	-	44,649
2032	-	7,325	20,837	16,486	-	-	-	-	-	44,648
2033	-	-	13,633	16,313	-	-	-	-	-	29,946
2034	-	-	8,563	18,340	-	-	-	-	-	26,903
2035	-	-	-	21,767	-	-	-	-	-	21,767
2036	-	-	-	21,764	-	-	-	-	-	21,764
2037	-	-	-	21,765	-	-	-	-	-	21,765
2038	-	-	-	21,760	-	-	-	-	-	21,760
Total	27,394	168,538	514,844	474,482	237,993	8,863	11,202	13,344	416,739	1,873,399
Less interest	3,484	66,048	227,289	274,732	54,048	1,226	2,042	2,298	143,599	774,766
Principal	$ 23,910	$ 102,490	$ 287,555	$ 199,750	$ 183,945	$ 7,637	$ 9,160	$ 11,046	$ 273,140	$ 1,098,633

The following table discloses the debt service requirements as of June 30, 2009, 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
2010	$ 39,030	$ 55,731	$ 94,761
2011	42,463	54,144	96,607
2012	44,751	52,344	97,095
2013	46,554	50,426	96,980
2014	48,423	48,378	96,801
2015-2019	236,801	207,059	443,860
2020-2024	218,051	151,580	369,631
2025-2029	203,243	96,570	299,813
2030-2034	144,331	46,463	190,794
2035-2038	74,986	12,071	87,057
Total	$ 1,098,633	$ 774,766	$ 1,873,399

(amounts expressed in thousands)

K. New bonds

On October 1, 2008, the City issued $199,750 in Western Loop 101 Public Facilities Corporation taxable and tax-exempt third lien subordinate excise tax revenue bonds to fund the acquisition and construction of a new spring training baseball facility for Major League Baseball and infrastructure. The bonds mature on various dates starting 2017 through 2038 with various interest rates of 5.00% to 7.50%. The bonds are not general obligations of the city, but are a limited obligation of the Corporation and the City, and are payable solely from and secured by a pledge of the City's unrestricted excise taxes.

X. Landfill obligations

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

The landfill closure and post-closure care liability at June 30, 2009, calculated below, represents the cumulative amount reported to date based on the use of estimated capacity of the landfill. Due to change in master plan, the south cell capacity decreased from 22,594 to 21,666 in fiscal year 2009.

	North Cell	South Cell
Capacity (cubic yards)	32,100	21,666
Capacity used to date	-	18,126
Percentage of capacity used	-	84%
Total closure and post-closure costs in present dollars:		
as of June 30, 2009	$ 15,676	$ 14,679
as of June 30, 2008	$ 15,500	$ 14,514
Closure and post-closure care costs: Amount remaining to be recognized		
as of June 30, 2009	$ 15,676	$ 2,398
Liability recognized as of June 30, 2009	$ -	$ 12,281

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2008-09. 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 41 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.

(amounts expressed in thousands)

XI. Interfund transactions

A. Interfund receivables

Interfund balances at June 30, 2009, consisted of the following:

	Due To	Due From
Major governmental funds:		
General	$ 3,967	$ -
Western Loop 101 Public Facilities Corporation construction fund	-	97
Non-major governmental funds:		
Community development block grants fund	-	337
Police and fire construction	-	1,294
Municipal Property Corporation debt service	-	2,162
Non-major enterprise funds:		
Landfill fund	1,189	-
Sanitation fund	-	1,189
Housing fund	-	77
Total	$ 5,156	$ 5,156

The interfund balances at June 30, 2009, 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, 2009, are expected to be repaid within one year, except sanitation and landfill funds which are to be repaid over five years.

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(amounts expressed in thousands)

B. Interfund transfers

Interfund transfers for the year ended June 30, 2009, consisted of the following:

Transfers to general fund from:	
Transportation fund	$ 107
Non-major governmental funds	
Fire and police construction fund	316
Parks bond construction fund	1
Other construction fund	140
Water and sewer enterprise fund	53
Total transfers to general fund	617
Transfer to transportation fund from:	
General fund	900
Non-major governmental funds	
Other contruction fund	247
Total transfer to transporation fund	1,147
Transfer to non-major special revenue fund from:	
General fund	1,591
Total transfer to non-major special revenue fund	1,591
Transfers to non-major debt service funds from:	
General fund	2,501
Transportation fund	8,329
Non-major governmental funds	
Highway users gas tax fund	3,707
Other special revenue fund	4,022
Total transfers to non-major debt service funds	18,559
Transfer to non-major enterprise funds from:	
General fund	604
Total transfer to non-major enterprise funds	604
Grand total all transfers	$ 22,518

Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The interfund transfers are all classified as transfers and are included in the results of operations of both governmental and proprietary funds. There were no significant transfers during fiscal year 2009 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

(amounts expressed in thousands)

XII. Encumbrances

The Arizona Revised Statutes allow cities to encumber unused appropriations for up to sixty days after the end of the fiscal year. However, effective July 1, 1987, the City adopted a policy of not recognizing encumbrances at year-end. All appropriations lapse on the last day of the fiscal year. Any outstanding commitments that the City intends to honor are rebudgeted in the new fiscal year. There are no outstanding encumbrances as of June 30, 2009.

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, 2009, the City recognized a loss of $2,013. 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, 2009, (unaudited) is as follows:

Assets	
Current assets	$ 63,642
Capital assets, net of accumulated depreciation	900,813
Total assets	964,455
Liabilities	53,259
Net assets	$ 911,196
Total revenues	$ 173,417
Total expenses	(67,878)
Increase in net assets	$ 105,539

(amounts expressed in thousands)

Calculation of the City's equity:		
City's share of SROG equity	$	64,618
(Total equity of $911,196 plus unrealized loss of $2,153 less assets not owned by the City of $161,103 multiplied by 8.59%)		
Net capitalized interest on the City's records		2,729
City contributions not yet received by SROG		411
Total City equity	$	67,758

Change in the City's equity:		
Capital contributed to the joint venture	$	6,630
Net loss on joint venture		(2,013)
Net increase in equity	$	4,617

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).	$	200
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.		53
Reserved for court security Security surcharges collected by the City Court are required by ordinance to be spent solely on court security.		29

(amounts expressed in thousands)

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).	$ 41
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.	276
Reserved for public safety training facility This is a training center that was built with partners to provide fire and police departments with the tools required to train fire and police personnel and conduct continuing education.	69
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.	3,552
Reserved for vehicle/equipment replacement For future scheduled replacement of existing equipment and vehicles.	6,230
Total reserved for general fund type	$ 10,450
Designated for computer replacement For future schedule replacement of existing personal computers.	$ 3,662
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.	254
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.	79
Designated for other public facilities projects To operate and improve equipment and personal property by Western Loop 101 Public Facilities Corporation for spring training baseball facility.	8,372
Designated for telephone For payment of future telephone charges and maintenance.	403
Total designated for general fund type	$ 12,770

(amounts expressed in thousands)

<u>**Special Revenue Fund Type**</u>
NON-MAJOR GOVERNMENTAL FUNDS
Reserved for inventory

Amount available only for expenditure (i.e., consumption of existing supplies inventories that have already been purchased).	$ 97
Reserved for development impact fees	
The development impact fees are covered by Chapter 28, Article VI of the Municipal Code. Development impact fees are used exclusively to provide the necessary public facilities and services to development. Residential development impact fees may be spent only in the district (residential development district, not political district) in which they were collected. This reserve is categorized as follows:	
Parks and recreation:	
City-wide parks	132
City-wide recreation facilities	1,405
City-wide open space & trails	268
District No. 1	79
District No. 2	152
District No. 3	46
Library:	
Buildings	1,716
Books	44
Library	3,290
Fire protection facilities	620
Police facilities	1,561
Transportation	4,257
General government	(30)
Total reserved for development impact fees	13,540
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	2,478
Federal	221
Total reserved for drug enforcement	2,699
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.	167
Total reserved for special revenue fund type	$ 16,503

NON-MAJOR GOVERNMENTAL FUNDS
Designated for home program

For community development block grant home program activities.	$ 82
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.	446
Total designated for special revenue fund type	$ 528

(amounts expressed in thousands)

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.

Western Loop 101 Public Facilities Corporation debt services	$ 38,533
General obligation debt service (major fund)	22,658
Municipal Property Corporation	157
Highway users	130
Total reserved for debt service fund type	$ 61,478

Capital Projects Fund Type

NON-MAJOR GOVERNMENTAL FUNDS

Reserved for capital projects

Certain assets have been reserved for repairs to historical Sahuaro Ranch and Manistee Ranch.	$ 466
Total reserved for capital projects fund type	$ 466

Designated for street GO bond projects Accounts for the construction of street lights, traffic signals, street landscaping, streets and parking funded by authorization approved by voters on March 10, 1987, and November 2, 1999.	$ 4,895
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.	255
Designated for economic development Accounts for GO 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.	305
Designated for open space/trails Accounts for GO 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.	956
Total designated for capital projects fund type	$ 6,411

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.	$ 169

(amounts expressed in thousands)

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.	$ 1,021
Restricted for revenue bond retirement/replacement and extension	
Two percent of net water revenues must, by bond ordinance, be reserved for the replacement and extension of the City's water distribution system, or for the retirement of water revenue bonds. The reservation is only required to the extent that the reserve equals two percent of the value of net fixed assets of the water and sewer fund.	10,649
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.	433
Total water and sewer	12,272
NON-MAJOR PROPRIETARY FUNDS	
Net assets held by the housing fund may only be used for that purpose.	977
Total restricted for enterprise fund type	$ 13,249
<u>Permanent Fund Type</u>	
NON-MAJOR GOVERNMENTAL FUNDS	
Reserved for cemetery perpetual care	
Funds are reserved by ordinance for future cemetery maintenance and operational expenses.	$ 5,519
Total reserved for permanent fund type	$ 5,519

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 retirement benefits are generally paid at a percentage, based on years of service, of the retiree's average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are generally paid as a flat dollar amount per month towards the retiree's health care insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The *Arizona State Retirement System* (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan; a cost-sharing multiple-employer defined benefit health insurance premium plan; and a cost-sharing multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. 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.

(amounts expressed in thousands)

The *Elected Officials Retirement Plan* (EORP) is a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium plan that covers State of Arizona and City elected officials and judges, and elected officials of participating cities. The EORP is administered by The Fund Manager of PSPRS according to the provisions of ARS Title 38, Chapter 5, Article 3. Because the health insurance premium plan benefit of the EORP is not established as a formal trust, it is reported in accordance with GASB Statement No. 45 as an agent multiple-employer plan. Accordingly, the disclosures that follow reflect the EORP as if it were an agent multiple-employer plan.

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	PSPRS or EORP
3300 North Central Avenue	3010 East Camelback Road #200
Phoenix, Arizona 85012-0250	Phoenix, Arizona 85016
(602) 240-2000 or (800) 621-3778	(602) 255-5575

C. Funding policy

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

Cost Sharing Plans. For the year ended June 30, 2009, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 9.45% (7.90% for retirement, 1.05% for health insurance premiums, 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, 2009, 2008, and 2007 were $14,595, $14,420, and $12,697, respectively, which were equal to the required contributions for the year.

Agent Plans. For the year ended June 30, 2009, 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 19.75% and 21.15% for Fire and Police, respectively. The health insurance premium portion of the contribution rate for fire members was actuarially set at 3.85 percent of covered payroll.

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 28.00% 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, 2009, 2008, and 2007 were $88, $69, and $59, respectively, which were equal to the required contributions for the year.

Annual Pension Cost (APC). Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(amounts expressed in thousands)

Projections of benefits are based on 1) the plans as understood by the City and plans' members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the City and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The City's pension cost for Fire and Police for the year ended June 30, 2009, the date of the most recent available actuarial valuation, and related information follow.

	Fire	Police
Contribution rates:		
City	18.28%	20.68%
Plan members	7.65%	7.65%
Annual pension cost	$3,096	$6,268
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*	5.50%	5.50%
Amortization method	Level % closed for unfunded actuarial accrued liability, open for excess	Level % closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	27 years for unfunded actuarial accrued liability, 20 years for excess	27 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7 year smoothed market value	7 year smoothed market value

* Does not include payroll of members participating in the deferred retirement option plan (if any).

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, 2009, follows.

Contributions required and contributions made

Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation
Police			
2009	$ 6,303	100.0 %	$ -
2008	$ 4,132	100.0 %	$ -
2007	$ 3,270	100.0 %	$ -
Fire			
2009	$ 3,921	100.0 %	$ -
2008	$ 2,897	100.0 %	$ -
2007	$ 1,812	100.0 %	$ -

Includes insurance premium tax, where applicable.

(amounts expressed in thousands)

E. Required supplementary information

Funded status. The funded status of the PSPRS plans as of the most recent valuation date, June 30, 2009, along with the actuarial assumptions and methods used in those valuations follow. For this valuation, which was prior to the implementation of GASB Statement Nos. 43 and 45, the pension and health insurance benefit amounts were aggregated. In future years when GASB Statement Nos. 43 and 45 measurements are made and reported, these benefits will be disaggregated and reported separately.

The EORP, by statute, is a cost-sharing plan. However, because of its statutory construction, in accordance with GASB Statement No. 43, paragraphs 5 and 41, the EORP is reported for such purposes as an agent multiple-employer plan. The Fund Manager obtains an actuarial valuation for the EORP on its statutory basis as a cost-sharing plan and, therefore, actuarial information for the City as a participating government, is not available.

Analysis of funding progress excluding health insurance subsidy beginning June 30, 2009:

Valuation Date June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
Police						
2009	$ 85,636	$ 133,674	$ 48,038	64.1%	$ 29,546	162.6%
2008	$ 79,540	$ 129,649	$ 50,109	64.1%	$ 27,904	179.6%
2007	$ 75,860	$ 128,670	$ 52,810	59.0%	$ 25,375	208.1%

Valuation Date June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
Fire						
2009	$ 69,763	$ 86,316	$ 16,553	80.8%	$ 17,179	96.4%
2008	$ 63,615	$ 85,494	$ 21,879	74.4%	$ 18,592	117.7%
2007	$ 58,882	$ 83,023	$ 24,141	70.9%	$ 16,029	150.6%

XVII. Other Post-Employment Benefits (OPEB)

A. Plan description

The City of Glendale post-employment healthcare plan is a single-employer defined benefit plan administered by the City of Glendale. The plan provides medical, dental, and vision coverage for eligible retirees and their dependents. Retirees can also continue their basic life insurance benefit. The Mayor and Council have authority each budget year to establish, eliminate, or amend benefit provisions through the annual budget process. A separate report is not provided as the plan financial information is included in the governmental-wide basis and proprietary funds as part of the City of Glendale reporting entity.

B. Funding policy

The City pays for and reports retiree benefits on a pay as you go basis, which is the practice of paying for these benefits as they become due each year. Contributions to the plan by retirees are established at the beginning of each fiscal year through the annual budget process. For the fiscal year ending June 30, 2009, and June 30, 2008, a total amount of $2,930 and $2,812 was contributed to the plan by active retirees, respectively, in the form of current premiums of which $4,509 and $4,135 was paid out for retirees, respectively, in the form of current premiums of which $4,509 and $4,135 was paid out for retiree costs, respectively. The required contributions were 2.68% and 2.57% of covered payroll respectively.

(amounts expressed in thousands)

C. Annual OPEB cost and net OPEB obligation

The City of Glendale's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and any changes in the net OPEB obligation as of June 30, 2009.

Normal cost	$ 6,987
Minimum amortization of unfunded actuarial liability (UAL)	3,617
Interest adjustment to year end	424
Annual required contribution	11,028
ARC adjustment	(346)
Interest adjustment to net obligation	388
OPEB cost	11,070
Contributions made	(1,579)
Net OPEB obligation beginning of year	9,694
Net OPEB obligation end of year	$ 19,185

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008, the transition year, and 2009 are as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed
2008	$11,017	10.07%
2009	11,070	10.11

D. Funding status

The City's funding status for OPEB is as follows:

Actuarial valuation date	July 1, 2007
Actuarial value of assets	$ -
Actuarial accrued liability	$ 101,281
UAL	$ 101,281
Funded ratio	- %
Annual covered payroll	$ 109,391
Ratio of UAL to annual covered payroll	92.6%

E. Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

For the July 1, 2007, actuarial valuation the actuarial cost method used is the entry age normal method. A 4.00% pay as you go discount rate and a 3.50% rate increase for annual payroll was used. No actuarial valuation of assets was done as there were no assets at the valuation date. The amortization method is level percent of payroll amortized over 30 years and the period is open. The healthcare cost trend rate used in the actuarial assumptions averaged 7.25% for the medical and dental plans for the 2008-09 fiscal year.

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. 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

The Phoenix Coyotes of the National Hockey League (NHL) are the anchor tenant in the City owned Jobing.com arena. The owner of the Coyotes, Jerry Moyes, filed for bankruptcy on May 5, 2009. After a lengthy battle in court, and the failed bid of a buyer who wanted to move the team to Canada, the NHL bought the Coyotes on November 3, 2009. The NHL is currently looking to sell the team to a candidate that is dedicated to keeping the team in Glendale and making the franchise a profitable venture. Since the team moved to its home in Glendale, attendance has been solid. The NHL and the City of Glendale are both committed to keeping the team here and working with the new owners. Since the opening of the arena in December 2003, it has hosted some of the biggest names in entertainment including Bon Jovi, Bruce Springsteen, Christina Aguilera, The Eagles, Elton John, Faith Hill & Tim McGraw, Hannah Montana, Madonna, Mannheim Steamroller, Paul McCartney, The Rolling Stones, Stevie Wonder, Tom Petty & the Heartbreakers, U2 and Van Halen. Westgate City Center, the development of restaurants and retail shopping next to the arena, has flourished since its opening. Westgate City Center is home to AMC theaters, The Yard House and Margaritaville.

In December 2009, the City will issue $43 million in general obligation bonds. The proceeds will be used to fund several projects in parks, public safety, flood control and government facilities. The bonds will be repaid by the City's secondary property tax. The bonds will be sold as "Build America Bonds," under The Recovery and Reinvestment Act of 2009, in which the federal government reimburses 35% of the interest cost of the bonds.

REQUIRED SUPPLEMENTARY INFORMATION

(other than MD&A)

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City of Glendale, Arizona
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (budgetary basis)	Positive (Negative)
Budgetary fund balance, July 1, 2008	$ 54,797	$ 54,797	$ 69,135	$ 14,338
RESOURCES (INFLOWS):				
Taxes	71,905	60,316	58,761	(1,555)
Licenses and permits	11,577	8,652	9,006	354
Intergovernmental	69,407	70,046	64,710	(5,336)
Charges for services	30,470	29,432	29,777	345
Fines and forfeitures	4,008	4,188	4,031	(157)
Investment income (loss)	1,208	587	1,679	1,092
Proceeds from disposal of assets	268	303	290	(13)
Miscellaneous	3,913	2,210	2,153	(57)
Total revenues	192,756	175,734	170,407	(5,327)
Add: Transfers in	3,174	3,174	4,151	977
Less: Transfers out	(19,917)	(19,917)	(9,130)	10,787
Amounts available for appropriation	230,810	213,788	234,563	20,775
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government	38,689	39,264	32,445	6,819
Public safety	88,205	87,406	82,778	4,628
Public works	27,868	27,179	24,479	2,700
Community services	35,301	34,255	26,989	7,266
Community environment	658	362	365	(3)
Street maintenance	791	868	841	27
Contingencies	14,057	17,952	-	17,952
Miscellaneous	2,383	2,481	1,624	857
Debt service:				
Principal	1,729	1,729	2,400	(671)
Interest	1,096	535	505	30
Capital outlay	11,656	11,117	5,757	5,360
Total charges to appropriations	222,433	223,148	178,183	44,965
Budgetary fund balance, June 30, 2009	$ 8,377	$ (9,360)	$ 56,380	$ 65,740

(Continued)

City of Glendale, Arizona
Budgetary Comparison Schedule (continued)
General Fund
For the Fiscal Year Ended June 30, 2009
(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.	$ 234,563
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.	(69,135)
Market adjustment on restricted investments not available for appropriation.	(249)
Internal charges for services provided.	(22,644)
Proceeds from disposal of assets.	(290)
Less: Transfers in.	(4,151)
Add: Transfers out.	9,130
Total revenues as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 147,224
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 178,183
Differences - budget to GAAP:	
Capital outlay funded by long-term debt.	25
Internal charges for services provided.	(21,916)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 156,292

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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (budgetary basis)	Positive (Negative)
Budgetary fund balance, July 1, 2008	$ 73,960	$ 73,960	$ 71,962	$ (1,998)
RESOURCES (INFLOWS):				
Taxes	24,852	20,000	20,875	875
Intergovernmental	1,809	1,040	2,581	1,541
Charges for services	107	155	131	(24)
Investments	1,167	2,260	1,939	(321)
Proceeds from disposal of assets	-	-	12	12
Long-term debt issued	11,000	-	-	-
Fines and forfeitures	-	-	33	33
Miscellaneous revenues	38,584	1,316	1,000	2,316
Total revenues	77,519	24,771	26,571	1,800
Add: Transfers in	11,446	11,446	2,188	(9,258)
Less: Transfers out	(19,561)	(19,561)	(9,477)	10,084
Amounts available for appropriation	143,364	90,616	91,244	628
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Community services	20,588	20,103	12,352	7,751
Capital outlay	119,385	119,183	28,063	91,120
Total charges to appropriations	139,973	139,286	40,415	98,871
Budgetary fund balance, June 30, 2009	$ 3,391	$ (48,670)	$ 50,829	$ 99,499

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.	$ 91,244
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.	(71,962)
Proceeds from disposal of assets.	(12)
Unrealized investment income.	(656)
Less: Transfers in.	(2,188)
Add: Transfers out.	9,477
Total revenues as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 25,903
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 40,415
Differences - budget to GAAP:	
Salaries payable.	58
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 40,473

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

I. Budgetary basis of accounting

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

II. Budgetary information

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

1. Prior to the first of June of each year, the City Manager submits to the Mayor and Council a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed operating and capital expenditures and the means of financing them.
2. The projected beginning budgeted fund balances for each fund are based on preliminary estimates of the June 30th ending actual budget basis fund balances rather than the June 30th ending budgeted fund balances. These two amounts will differ because of differences in actual results for the year versus planned results and by unused contingency appropriations.
3. Prior to July 1, after receiving comments in a public hearing, a tentative budget is adopted by the City Council, which fixes an upper-dollar limit for all funds combined, beyond which the City may not increase appropriations. After two weeks of legal advertising, the City Council legally adopts a final budget ordinance, which fixes appropriations for each fund, except for the nonexpendable trust fund.
4. Budget basis expenditures may not exceed appropriations for each fund, except in conjunction with the transfer of contingency funds. Contingency funds are appropriated for several funds as identified in the budget basis schedules and may only be transferred with City Council approval. The City Council may reallocate appropriations through amendment, but may not increase total appropriations above the total budget, which was legally adopted for the fiscal year.
5. The Director of Budget and Management 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 except the Western Loop 101 Public Facilities Corporation.

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.

APPENDIX C

FORM OF BOND COUNSEL OPINION

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[FORM OF BOND COUNSEL OPINION]

November 30, 2010

We hereby certify that we have examined certified copy of the proceedings of the Council of the City of Glendale, Maricopa County, Arizona, passed preliminary to the issue by said City of its General Obligation Refunding Bonds, Series 2010 in the amount of $38,300,000 (the "Bonds"), in fully registered form, dated as of the date of delivery in the denomination of $5,000 each or authorized whole multiples thereof, maturing on July 1 of each of the years, in the amounts and bearing interest at the respective rates per annum as follows:

$38,300,000
City of Glendale, Arizona
General Obligation Refunding Bonds,
Series 2010

Maturity Date (July 1)	Principal Amount	Interest Rate
2014	$2,475,000	4.000%
2015	5,645,000	4.000
2016	6,500,000	4.000
2017	6,750,000	4.000
2018	2,100,000	5.000
2019	4,300,000	5.000
2020	3,950,000	5.000
2021	3,210,000	5.000
2022	3,370,000	4.000

The Bonds are being issued to refund certain general obligation bonds of the City.

The Bonds are subject to redemption prior to their stated maturities as follows:

The Bonds maturing on and after July 1, 2021 are subject to prior redemption, at the option of the City, on and after January 1, 2021 in whole or in part at any time from any maturity selected by the City and by lot within a maturity at a price equal to the principal amount of each Bonds, or portion thereof, as redeemed, and accrued interest thereon to the redemption date without premium.

Based on such examination we are of the opinion that said proceedings show lawful authority for the issuance of the Bonds under the laws of the State of Arizona now in force.

We further certify that we have examined the forms of Bond prescribed for said issue and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon said City of Glendale and all taxable property in said City is subject to the levy of taxes without limitation as to rate, but limited to a total amount not greater than the total aggregate principal and interest to become due on the bonds being refunded with proceeds of the sale of the Refunding Bonds (the "Bonds Being Refunded") from the date of issuance of the Bonds to the final date of maturity of the Bonds Being Refunded. The net proceeds of the Bonds have been invested in obligations issued by or guaranteed by the United States government which mature with interest so as to provide funds to pay when due, or called for redemption, the Bonds Being Refunded together with interest thereon and redemption premiums, if any, and such proceeds and obligations have been deposited in the respective principal and interest redemption funds, and shall be held in trust for the payment of, the Bonds Being Refunded with interest and redemption premiums, if any, on maturity or upon an available redemption date. The owners of the Bonds must rely on the sufficiency of such funds and securities held irrevocably in the trust for payment of the Bonds Being Refunded. The issuance of the Bonds shall in no way infringe upon the rights of the holders of the Bonds Being Refunded to rely upon a tax levy for the payment of principal and interest on the Bonds Being Refunded if such funds and securities prove insufficient.

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the City must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The City has covenanted in the ordinance authorizing issuance of the Bonds to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. (Subject to the limitations in the last paragraph hereof, the City has full legal power and authority to comply with such covenants.) Under existing statutes, regulations, rulings and court decisions, subject to the assumption stated in the last sentence of this paragraph, we are also of the opinion that interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is exempt from income taxation under the laws of the State of Arizona, so long as the interest is excluded from gross income for federal income tax purposes. Pursuant to the Code, however, portions of the interest on the Bonds earned by certain corporations (as defined for federal income tax purposes) may be taken into account in determining adjusted current earnings for purposes of computing alternative minimum tax imposed on such corporations and may be subject to a branch profits tax imposed on certain of such corporations which are foreign corporations doing business in the United States and to a tax imposed on excess net passive income of such corporations which are S corporations. We express no opinion regarding other federal tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the Bonds. In rendering the opinion expressed above, we have assumed continuing compliance with the tax covenants referred to above that must be met after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal tax purposes.

In rendering the opinions expressed above, we have relied upon the certificate of even date herewith of the City with respect to certain material facts solely within the City's knowledge relating to the application of the proceeds of the Bonds.

The rights of the owners of the Bonds and the enforceability of those rights may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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CITY OF GLENDALE ("CITY")

$38,300,000
CITY OF GLENDALE, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2010

CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the City of Glendale, Arizona (the "City") in connection with the issuance of its Bonds (as defined below). The Bonds are being issued pursuant to the City's Ordinance No. 2748 approved on October 26, 2010 (the "Ordinance"). In consideration of the issuance of the Bonds by the City and the purchase of such Bonds by the beneficial owners thereof, the City covenants and agrees as follows:

1. Purpose of this Undertaking. This Undertaking is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Issuer represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. Definitions. The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

"Annual Information" means the financial information and operating data set forth in Exhibit I.

"Annual Information Disclosure" means the dissemination of disclosure concerning Annual Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the audited financial statements of the City prepared pursuant to the standards and as described in Exhibit I.

"Bonds" means the $38,300,000 General Obligation Refunding Bonds, Series 2010.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent's successors and assigns.

"EMMA" means the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board. As of the date of this Undertaking, information regarding submission to EMMA is available at http://emma.msrb.org/submission.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Material Event" means the occurrence of any of the Events with respect to the Bonds set forth in Exhibit II that is material, as materiality is interpreted under the Exchange Act.

"Material Events Disclosure" means dissemination of a notice of a Material Event as set forth in Section 5.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

"Rule" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"State" means the State of Arizona.

"Undertaking" means the obligations of the City pursuant to Sections 4 and 5 hereof.

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 378280. The Final Official Statement relating to the Bonds is dated November 16, 2010, (the "Final Official Statement").

4. Annual Information Disclosure. Subject to Section 9 of this Undertaking, the City shall disseminate its Annual Information and its Audited Financial Statement, if any, (in the form and by the dates set forth in Exhibit I) through EMMA. The City is required to deliver such information in such manner and by such time so that EMMA receives the information on the date specified.

If any part of the Annual Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided through EMMA shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. Material Events Disclosure. Subject to Section 9 of this Undertaking, the City hereby covenants that it will disseminate in a timely manner Material Events Disclosure through EMMA. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance.

6. Consequences of Failure of the City to Provide Information. The City shall given notice in a timely manner through EMMA, of any failure to provide Annual Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Undertaking. A default under this Undertaking shall not be an Event of Default under the Ordinance. The sole remedy under this Undertaking in the event of any failure of the City to comply with this Undertaking shall be an action to compel performance.

7. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the City by certified resolution authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived,

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted;

(b) This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined by a counsel or other entity unaffiliated with the City.

8. Termination of Undertaking. The Undertaking of the City shall be terminated hereunder if the City shall no longer have liability for any obligation on or relating to repayment of the Bonds under the Ordinance. The City shall give notice in a timely manner if this Section is applicable through EMMA.

The Annual Financial Information containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the generally accepted accounting principles ("GAAP") to be followed in preparing financial statements and such changes are material, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles in the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. If the accounting principles of the City change or the Fiscal Year of the City changes, the City shall file a notice of such change in the same manner as for a notice of material event.

9. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

10. Additional Information. Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Undertaking. If the City chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Undertaking, the City shall have no obligation under this Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Material Event.

11. Beneficiaries. This Undertaking has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. Recordkeeping. The City shall maintain records of all Annual Information Disclosure and Material Events Disclosure including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. Subject to Appropriation. Pursuant to Arizona law, the City's undertaking to provide information under this Disclosure Certificate is subject to appropriation to cover the costs of preparing and mailing the Annual Report and notices of material events to each Repository. Should funds that would enable the City to provide the information required to be disclosed hereunder not be appropriated, then notice of such fact will be made in a timely manner to each Repository.

14. Governing Law. This Undertaking shall be governed by the laws of the State.

CITY OF GLENDALE, ARIZONA

By: ______________________________
Its: Finance Director
Address: 5850 West Glendale Avenue
Glendale, Arizona

Date: November 30, 2010

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

"Annual Financial Information" means financial information and operating data of the type contained in the Official Statement under the following captions:

CAPTION/TABLE	PAGE
Current Year Statistics	A-15
Direct Bond Debt, Legal Limitation and Unused Borrowing Capacity	A-16
Outstanding Bonded Indebtedness	A-17
Lease-Purchase Agreements	A-20
Secondary Assessed Valuation by Property Classification	A-25
Real and Secured Property Taxes Levied and Collected	A-27
Assessed Valuation of Major Taxpayers	A-29

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted through EMMA. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided through EMMA, on or before February 1 of each year for information as of the previous June 30 (unless otherwise specified). Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included and the Audited Financial Statements shall be subsequently provided within 30 days after their availability to the City.

Audited Financial Statements will be prepared according to GAAP standards, as applied to governmental units as modified by State law.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the City will disseminate a notice of such change as required by Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE BOND AND PARITY OBLIGATIONS
FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity provider, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds or Parity Obligations.
7. Modifications to the rights of security holders.
8. Bond calls.
9. Defeasances.
10. Release, substitution or sale of property securing repayment.
11. Rating changes.

APPENDIX E

BOOK-ONLY-ENTRY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

The Bonds will be available only in book-entry form in the principal amount of $5,000 or any integral multiple thereof. DTC will act as the initial securities depository for the Bonds. The ownership of one fully registered Bond for each maturity, as set forth on the inside cover of this Official Statement, in the aggregate principal amount of such maturity coming due thereon, will be registered in the name of Cede & Co., as nominee for DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Bonds will be made to Cede& Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Registrar and Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The Issuer and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purpose of payment of the principal of or interest or premium, if any, on the Bonds, giving any notice permitted or required to be given to registered owners under the Bond Ordinance, including any notice of redemption, registering the transfer of Bonds, obtaining any consent or other action to be taken by registered owners and for all other purposes whatsoever, and will not be affected by any notice to the contrary. The Issuer and the Paying Agent will not have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC Direct Participant, Indirect Participant or other person not shown on the records of the Registrar as being a registered owner with respect to: the accuracy of any records maintained by DTC, any DTC Direct Participant or Indirect Participant regarding ownership interests in the Bonds; the payment by DTC, any DTC Direct Participant or Indirect Participant of any amount in respect of the principal of or interest or premium, if any, on the Bonds; the delivery to any DTC Direct Participant, Indirect Participant or any Beneficial Owner of any notice which is permitted or required to be given to registered owners under the Bond Ordinance, including any notice of redemption; the selection by DTC, any DTC Direct Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by DTC as a registered owner.

As long as the DTC book-entry system is used for the Bonds, the Registrar will give any notice of redemption or any other notices required to be given to registered owners of Bonds only to DTC or its nominee. Any failure of DTC to advise any DTC Direct Participant, of any DTC Direct Participant to notify any Indirect Participant, of any DTC Direct Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on such notice.

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