OFFICIAL STATEMENT

$41,650,000
City of Glendale, Arizona
General Obligation Bonds
Series 2009B (Taxable Direct-Pay Build America Bonds)

GLENDALE

MATURITY SCHEDULE
(TAXABLE DIRECT-PAY BUILD AMERICA BONDS)

SERIAL BONDS

Years Maturing (July 1)	Principal Amount	Interest Rate*	Price or Yield*	CUSIP© (base 378280)
2011	$1,270,000	1.500%	1.340%	RR4
2012	1,280,000	2.250	2.100	RS2
2013	1,295,000	2.500	2.300	RT0
2014	1,315,000	3.000	2.770	RU7
2015	1,335,000	3.250	3.080	RV5
2016	1,880,000	3.800	3.630	RW3
2017	1,920,000	4.000	3.880	RX1
2018	1,970,000	4.250	4.210	RY9
2019	2,025,000	4.500	4.310	RZ6
2020	2,090,000	4.500	4.510	SA0
2021	2,155,000	4.625	4.660	SB8
2022	2,225,000	4.750	4.810	SC6
2023	2,300,000	4.875	4.910	SD4
2024	2,375,000	5.125	5.190	SE2
2025	2,460,000	5.375	5.390	SF9
2026	2,550,000	5.500	5.540	SG7
2027	2,645,000	5.625	5.640	SH5
2028	2,745,000	5.625	5.740	SJ1

$5,815,000 5.75% Term Bond due July 1, 2030. Priced to Yield 100%* CUSIP© No.: SL6

*As provided by Robert W. Baird & Co., Inc. the Initial Purchaser of the Bonds. See "UNDERWRITING," herein.

$41,650,000
City of Glendale, Arizona
General Obligation Bonds, Series 2009B
(Taxable Direct-Pay Build America Bonds)

NEW ISSUE – BOOK ENTRY ONLY

Ratings Received:
Moody's: Aa2
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 Bonds Series 2009B (the "Bonds") are to be issued by the City of Glendale, Arizona (the "City") for the purpose of making certain improvements within 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, 2010 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 or amount. See "THE BONDS – Security and Sources of Payment."

In the opinion of Bond Counsel, interest on the Bonds will not be excludable from gross income for federal income tax purposes. Owners of the Bonds will <u>not</u> receive a tax credit as a result of holding the Bonds. Bond Counsel is further of the opinion upon the date of issuance of the Bonds, assuming the Bonds to be and remain BAB's (as defined herein), that the interest thereon is exempt from income taxation under the laws of the State of Arizona. See "TAX CONSIDERATIONS OF THE BONDS" herein.

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 Preliminary 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 December 22, 2009.

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

Manuel D. Martinez , V. Mayor – Cholla District

H. Philip Lieberman – Cactus District

Steven E. Frate – Sahuaro District

David M. Goulet – Ocotillo District

Yvonne J Knaack – Barrel District

Joyce V. Clark – Yucca District

CITY ADMINISTRATIVE OFFICERS

Edward Beasley, City Manager
Pamela J. Kavanaugh, Assistant City Manager
Kenneth A. Reedy, Deputy City Manager
Cathy Gorham, Deputy City Manager
Horatio Skeete, Deputy City Manager
Jim Colson, Deputy City Manager
Craig Tindall, City Attorney
Pam Hanna, City Clerk
Diane Goke, Deputy Finance Director

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602-629-2865

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Boulder City, Nevada 89005
702-294-5100

SRJ Government Consultants, LLC
20118 N 67th Avenue, Suite 300-302
Glendale, AZ 85308
623-910-5647

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City of Glendale, Arizona
General Obligation Bonds
Series 2009B (Taxable Direct-Pay Build America Bonds)

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 $41,650,000 City of Glendale, Arizona, General Obligation Bonds, Series 2009B (the "Bonds"). The City will elect to receive subsidy payments directly from the United States of America (the "United States"). The owners of, and the owners of beneficial interest in, the Bonds will not receive any tax credit with respect to 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". Bank of New York Trust Company N.A. will act as the Registrar and Paying Agent for the Bonds. The fees being paid to Bond Counsel and the Financial Advisors are contingent upon the execution and delivery of the Bonds.

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. 2714 (the "Bond Ordinance") approved by the City Council on December 08, 2009. The Bonds are being issued for the purpose of acquisition, improvement and equipment of a variety of projects relating to: economic development, government facilities, public safety, flood control, and parks & recreation. 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, 2010, 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, 2020, will be subject to redemption before their respective maturities, at the option of the City, on or after January 1, 2020, 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 - The Bond maturing on July 1, 2030 will be subject to mandatory sinking fund redemption on July 1 of each of the years, by lot as described below, at the principal amounts thereof and accrued interest to the date fixed for redemption, without premium, as follows:

Bond Maturing July 1, 2030

Year	Principal Amount
2029	$2,850,000
2030 (maturity)	2,965,000

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 on a pro rata basis to each Owner in whose name such Bonds are registered on the Record Date immediately preceding a redemption date. "Pro rata" is determined, in connection with any such mandatory sinking fund redemption, in part, by multiplying the principal amount of the Bonds of such maturity to be redeemed on the applicable redemption date by a fraction, the numerator of which is equal to the principal amount of the Bonds of such maturity owned by an Owner, and the denominator of which is equal to the total amount of the Bonds of such maturity then outstanding immediately prior to such redemption date, and then rounding the product down to the next lower integral multiple of $5,000, provided that the portion of any Bond to be redeemed shall be in Authorized Denominations and all Bonds of a maturity to remain outstanding following any redemption shall be in Authorized Denominations.

Extraordinary Redemption - The Bonds are subject to extraordinary redemption prior to their respective maturities, at the option of the City, upon the occurrence of an Extraordinary Event from any source of available funds, as a whole or in part, by lot, at the Make-Whole Redemption Price (as defined below) upon such time as:

1. a material adverse change has occurred to Section 54AA or 6431 of the Code,
2. there is any guidance published by the Internal Revenue Service or the United States Treasury with respect to such Sections, or
3. any other determination by the Internal Revenue Service or the United States Treasury, which determination is not the result of a failure of the City to satisfy the requirements of the tax covenant applicable to the Bonds as set forth in the Bond Ordinance.

and as a result thereof, the BAB Credit (as defined below) expected to be received with respect to the Bonds is eliminated or reduced, as reasonably determined by the Acting Chief Financial Officer of the City, which determination shall be conclusive.

The "Make-Whole Redemption Price" means the amount equal to the greater of the following:

1. the issue price of the Bonds set forth on the cover page hereof (but not less than 100%) of the principal amount of the Bonds to be redeemed; or

2. the sum of the present value of the remaining scheduled payments of principal and interest on the Bonds to be redeemed to the maturity date of such Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year containing twelve 30-day months, at the Treasury Rate, plus 100 basis points, plus in each case accrued interest on the Bonds to be redeemed to the redemption date.

For the purpose of determining the Make-Whole Redemption Price, the following definitions apply:

"Treasury Rate" means, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation-indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Bonds to be redeemed; provided, however that if the period from the redemption date to the maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"BAB Credit" means the credit provided to the City pursuant to Section 6431 of the Tax Code.

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 or amount.

Use of Proceeds

The proceeds of the Bonds will be used to pay the costs of acquisition, improvement and equipment of a variety of projects (listed below) relating to: economic development, government facilities, public safety, flood control, and parks & recreation, including, without limitation, the payment of issuance expenses and other incidental expenses related to the issuance of the Bonds.

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.

PROJECTS TO BE FINANCED[1]

Proposed Projects	6% Limit[2]	20% Limit[2]	Voter Authorization
Economic Development	$1,785,000		1999 (Prop 2)
Government Facilities	4,525,000		1999 (Prop 4)
Public Safety		12,300,000	1999 (Prop 8)
Flood Control		14,075,000	1999 (Prop 3) & 2007 (Prop 4)
Parks & Recreation		8,965,000	1999 (Prop 9) & 2007 (Prop 5)
TOTAL	$6,310,000	$35,340,000	

[1] The premium, if any, received from the sale of the City's Bonds will be allocated to the listed projects on a pro rata basis. See "Sources and Uses of Funds", page 7.
[2] See Appendix A – City of Glendale, Arizona, "FINANCIAL DATA – Debt Limit Percentages and Outstanding Debt".

SOURCE: City of Glendale Finance Department

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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
2011	$1,270,000	$ 0	$1,270,000
2012	1,280,000	0	1,280,000
2013	1,295,000	0	1,295,000
2014	1,315,000	0	1,315,000
2015	1,150,000	185,000	1,335,000
2016	0	1,880,000	1,880,000
2017	0	1,920,000	1,920,000
2018	0	1,970,000	1,970,000
2019	0	2,025,000	2,025,000
2020	0	2,090,000	2,090,000
2021	0	2,155,000	2,155,000
2022	0	2,225,000	2,225,000
2023	0	2,300,000	2,300,000
2024	0	2,375,000	2,375,000
2025	0	2,460,000	2,460,000
2026	0	2,550,000	2,550,000
2027	0	2,645,000	2,645,000
2028	0	2,745,000	2,745,000
2029	0	2,850,000	2,850,000
2030	0	2,965,000	2,965,000
TOTAL	$6,310,000	$35,340,000	$41,650,000

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

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		$41,650,000.00
Original Issue Premium/(Discount)		9,534.20
	TOTAL	$41,659,534.20
USES:		
Project Fund		40,911,184.19
Costs of Issuance[1]		748,350.01
	TOTAL	$41,659,534.20

[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]		Outstanding General Obligation Water and Sewer Bonds[3]		The Bonds		Grand Total
	Principal	Interest	Principal	Interest	Principal	Interest[4]	
2010[5]	$14,470,000	$8,202,749	$860,000	$395,550	$0	$658,417	$24,586,716
2011	15,020,000	7,609,556	890,000	361,150	1,270,000	1,254,128	26,404,834
2012	15,640,000	6,991,375	925,000	325,550	1,280,000	1,241,745	26,403,670
2013	16,315,000	6,326,663	970,000	288,550	1,295,000	1,223,025	26,418,238
2014	17,035,000	5,610,969	1,020,000	240,050	1,315,000	1,201,982	26,423,000
2015	17,760,000	4,835,513	1,060,000	189,050	1,335,000	1,176,339	26,355,902
2016	15,005,000	4,034,481	1,100,000	136,050	1,880,000	1,148,137	23,303,668
2017	15,615,000	3,336,094	1,145,000	81,050	1,920,000	1,101,701	23,198,845
2018	16,305,000	2,595,781	1,190,000	23,800	1,970,000	1,051,781	23,136,362
2019	12,550,000	1,924,706	0	0	2,025,000	997,360	17,497,066
2020	9,830,000	1,325,006	0	0	2,090,000	938,129	14,183,135
2021	10,320,000	876,669	0	0	2,155,000	876,996	14,228,665
2022	8,080,000	376,750	0	0	2,225,000	812,212	11,493,962
2023	0	0	0	0	2,300,000	743,515	3,043,515
2024	0	0	0	0	2,375,000	670,633	3,045,633
2025	0	0	0	0	2,460,000	591,516	3,051,516
2026	0	0	0	0	2,550,000	505,570	3,055,570
2027	0	0	0	0	2,645,000	414,408	3,059,408
2028	0	0	0	0	2,745,000	317,700	3,062,700
2029	0	0	0	0	2,850,000	217,336	3,067,336
2030	0	0	0	0	2,965,000	110,817	3,075,817
TOTAL	$183,945,000	$54,046,312	$9,160,000	$2,040,800	$41,650,000	$17,253,447	$308,095,558

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 Illustrates debt service on outstanding 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.
4 Interest on the Bonds shown net of any subsidy received by the City from the United States.
5 Includes all debt service payments in fiscal year 2010.

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, 2008, the City has voter authorization to issue up to $404,489,000 of general obligation bonds as of June 30, 2008. 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.

Water & Sewer Bonds/Obligations

The City has applied for a loan from the Water Infrastructure Finance Authority of Arizona ("WIFA"), in the amount of $6.3 million. The governing board of WIFA will meet in early December to consider the application.

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. The City anticipates issuing approximately $96,130,000 (including the Bonds) in general obligation bonds over the next five years to fund various Capital Plan projects.

TAX CONSIDERATIONS OF THE BONDS

Designation of Series 2009B

The Bonds are designated as "Build America Bonds" ("BABs") for purposes of the American Recovery and Reinvestment Act of 2009, signed into law on February 17, 2009 (the "Recovery Act"). The City expects to receive a cash subsidy payment on or about each interest payment date equal to 35% of the interest payable on the Bonds (the "BAB Credit"). The City has covenanted to deposit all BAB Credits received into the Interest Account for the Bonds. The BAB Credit does not constitute a full faith and credit guarantee of the United States, but is required to be paid by the Treasury under the Recovery Act. The City is obligated to make all payments of principal of and interest on the Bonds whether or not it receives the BAB Credit pursuant to the Recovery Act. The City can give no assurances about future changes in legislation or Treasury regulations or the netting of other tax liabilities of the City against the expected subsidy payments which may affect the amount or timely receipt of such payments.

For the Bonds to be and remain BABs, the City must comply with certain covenants and the City must establish certain facts and expectations with respect to the Bonds, the use and investment of proceeds thereof and the use of property financed thereby. There are currently no procedures for requesting a BAB Credit after the 45th day prior to an interest payment date; therefore, if the City fails to file the necessary tax return in a timely fashion, it is possible that the City will not receive such BAB Credit. Also, a BAB Credit is subject to offset against certain amounts that may, for unrelated reasons, be owed by the City to an agency of the United States of America.

Taxable Interest on the Bonds

Interest on the Bonds will not be excludable from gross income of the owners thereof for federal income tax purposes. Bond Counsel is further of the opinion upon the date of issuance of the Bonds, assuming the Bonds to be and remain BAB's, that the interest thereon is exempt from income taxation under the laws of the State of Arizona. Bond Counsel expresses no opinion regarding any tax consequences of ownership of, or the receipt of interest payments on, the Bonds. Owners of the Bonds should consult their tax advisors with respect to any such tax consequences, including, without limitation, the treatment of interest in jurisdictions other than Arizona, the calculation and timing of inclusion of interest income, the tax consequences of dispositions of Bonds at a gain or loss and the determination of the amount thereof, rules applicable if Bonds are acquired at a premium or discount from their face amount (including without limitation the possible treatment of accrued market discount as ordinary income, deferral of certain interest deductions attributable to indebtedness incurred or continued to purchase or hold Bonds, and the amortization of market premium).

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on employee plans subject to ERISA ("ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons" (each a "Party in Interest")) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The fiduciary of a Plan that proposes to purchase and hold any Bonds should consider, among other things, whether such purchase and holding may involve (I) the direct or indirect extension of credit to a Party in Interest, (ii) the sale or exchange of any property between a Plan and a Party in Interest and (iii) the transfer to, or use by or for the benefit of, a Party in Interest, of any Plan assets. Depending on the identity of the Plan fiduciary making the decision to acquire or hold Bonds on behalf of a Plan and other factors, U.S. Department of Labor Prohibited Transaction Class Exemption ("PTCE") 75-1 (relating to certain broker-dealer transactions), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by an insurance company general account), or PTCE 96-23 (relating to transactions directed by an in-house professional asset manager) (collectively, the "Class Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code.

By its acceptance of a Bond, each purchaser will be deemed to have represented and warranted that either (I) no Plan assets have been used to purchase such Bond, or (ii) the Underwriter is not a Party in Interest with respect to the "plan assets" of any Plan used to purchase such Bond, or (iii) the purchase and holding of such Bonds is exempt from the prohibited transaction restrictions of ERISA and the Code pursuant to an administrative class exemption.

Each Plan fiduciary (and each fiduciary for a governmental or church plan subject to the rules similar to those imposed on Plans under ERISA) should consult with its legal advisor concerning an investment in any of the Bonds.

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. Arizona law also requires that with respect to bonds such as the Bonds, the net premium may not exceed the greater of two percent of the par value of the Bonds or $100,000. Pursuant to Arizona law, net premium is equal to the difference between the par amount of the Bonds and the issue price of the Bonds as determined pursuant to United States Treasury Regulations.

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 above. Any net premium received by the City will be applied in compliance with the limitations of Arizona law.

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, 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 "Aa2" 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, 2008 included in this Official Statement as Appendix B – City of Glendale, Arizona – Audited Financial Statements for Fiscal Year Ended June 30, 2008, 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, 2008.

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 Robert W. Baird & Co. Inc., at a price of $41,174,534.19 (equal to the principal amount of the Bonds, plus net original issue premium of $9,534.20 and less underwriting discount of $485,000.01).

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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, 2010 (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 Municipal Securities Rulemaking Board (the "MSRB") and with any state information depository established by the State. At present, no such information depository has been designated by the State. The Notices of Material Events will be filed by the City with the MSRB and with any state information depository established by the State. 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 and to any state information depository established by the State. 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 and to any state information depository established by the State. 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 Deputy 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, 2008. See Appendix B – City of Glendale, Arizona – Audited Financial Statements for Fiscal Year Ended June 30, 2008, for an excerpt from the June 30, 2008 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, 2008, 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 Deputy 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, 2008 contained in Appendix B, the City has completed the fiscal year ending June 30, 2009. When available, the Audited Financial Statements for Fiscal Year Ended June 30, 2009, 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 2008-09 FINANCIAL RESULTS".

ADDITIONAL INFORMATION

Additional information is available from the City of Glendale Deputy 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/ Edward 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 249,811 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 2009 population of 249,811. 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

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 Glendale City Council in 1990 and has served as Mayor since February 1993, having been most recently re-elected in 2008. She was most recently selected as Chair of the Valley metro Regional Public Transportation Authority (RPTA) Board of Directors. Mayor Scruggs has previously served as Chair of the Arizona Municipal Water Users Association (AMWUA) and the Maricopa Association of Governments Regional Council and Transportation Policy Committee. She also 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 serve on 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.

MANUEL D. MARTINEZ, *Vice Mayor* – was appointed to represent the Cholla District in October 1996 and was re-elected in March 1998, 2002 and 2006. He was named vice Mayor in January 2007. He currently serves as chair of the Council Government Services Committee. Vice Mayor Martinez is a member and past chair of the Maricopa Association of Governments (MAG) Human Services Coordinating Committee. Prior to joining the Council, Vice Mayor Martinez served a two-year term on the Glendale Commission on Neighborhoods and participated on the Glendale Magnetic Mile Committee. Vice Mayor Martinez is a lifelong resident of Glendale and a graduate of Glendale High School and Arizona State University where he received a degree in management. He 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 Administrator of Employment Security and Training. 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.

JOYCE V. CLARK, *Councilmember* – was elected to represent the Yucca District in May 2000 and was most recently re-elected in 2008. This is Councilmember Clark's third term as the elected representative for Glendale's Yucca District. 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. Between terms on the Council, Mrs. Clark remained active in the community and the Northwest Valley by serving as Co-Chairperson of the Luke Air Force Base Restoration Advisory Board. She continues that service as a member of the newly established Luke Air Force Base Citizens Advisory Board. Councilmember Clark also serves on the Board of the Western Maricopa County Enterprise Zone.

STEVEN E. FRATE, *Councilmember* – was elected to represent the Sahuaro District in March 2000 and was most recently re-elected in 2008. Prior to joining the Council, Mr. Frate served five years on the Glendale Parks and Recreation Commission, including one 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 Neighborhood Partnership Program. Councilmember Frate serves as Chairman of the Maricopa County Community Services Commission and was 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 was also appointed to serve on the Maricopa Association of Governments (MAG) Commuter Rail Stakeholders Group. He also serves on the Maricopa Association of Government's Continuum of Care Regional Committee on Homelessness, is Chairman of the Glendale Salvation Army Advisory Board, and is a member of the Glendale Rotary. Councilmember 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.

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 Chairman of the Code Review Committee and the Risk Management and Worker's Compensation Trust Board. 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. He is an adjunct faculty member for Grand Canyon University and the University of Phoenix. 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 for the past few years.

H. PHILIP LIEBERMAN, *Councilmember* – was elected Cactus District Councilmember in March 1992 and was most recently re-elected in 2008. In the past, he has served as chairman of the Alternative Transportation, Budget and the Utilities committees. Mr. Lieberman is a member of the National League of Cities Leadership Development Training Council and a member of the Human Development Committee and Vice Chair 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 Code Review 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 and the Glendale Chamber of Commerce. She has also served as Vice-Chairperson 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 Arizona Town Hall, Copperwood Elementary School Site Council and the State Farm Arizona Legislative Action Committee.

Key Administrative Staff

EDWARD BEASLEY, *City Manager* – Mr. Beasley was appointed as the City Manager of the City of Glendale, effective January 2002, prior to which, he served as the Assistant City Manager for the City. Mr. Beasley oversees all city operations and works closely with the City Council in carrying out its annual goals and policy directives. He is responsible for the internal operations of the City. Mr. Beasley previously held positions with Wyandotte County in Kansas City, Kansas as Assistant County Administrator; Pinal County, Arizona as an Assistant County Manager; the City of Eloy, Arizona as City Manager; and the City of Flagstaff, Arizona as Administrative Assistant to the City Manager. He also served as a legislative aide to Senator Thomas Eagleton of Missouri.

Mr. Beasley 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 a new Major League Baseball Spring Training Facility and development. Mr. Beasley was also instrumental in developing a proposal to secure the 2008 Super Bowl in the City of Glendale which has been touted as one of the best events ever due in large part to the level of commitment and service provided by Glendale management and staff. In addition to securing development and national acclaim as a sports and entertainment destination, Mr. Beasley has also devoted a significant amount of time and resources to providing development opportunities for the community and especially youth programs as evidenced by the City's partnership with the Arizona Interscholastic Association (AIA).

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. He participates in a number of governmental organizations, which include the National Forum for Black Public Administrators, Arizona City/County Management Association, and is a member and past Senior Regional Vice President for the International City/County Management Association. Mr. Beasley is also actively involved in the community as a mentor and coach.

Mr. Beasley was selected by Ebony magazine as one of the Nation's "Top 30 Young Leaders." Other awards received by Mr. Beasley include: the 2005 Martin Luther King Leadership Diversity Award; 2005 Maricopa County NAACP Roy Wilkins Freedom Award for outstanding leadership; the 2006 Arizona Business Magazine Economic Engines of Arizona award; and, most recently, the Superior Service Award for Individual Contributions from the American Society for Public Administrators for significant contributions toward excellence in public service.

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PAMELA J. KAVANAUGH, *Assistant City Manager* – Ms. Kavanaugh began her career at the City of Glendale in 1980 as the City's first management intern. Since that time she has held progressively more responsible positions, including assistant to the City Manager, Director of Council and Management Services, Deputy City Manager and her current position as Assistant City Manager. Ms. Kavanaugh has had the opportunity to develop several programs designed to enhance response to citizen needs, better inform them about their local government and encourage their successful participation. Examples of these include the Neighborhood Partnership program, Glendale University, Board and Commission training and advanced training for Commission Chairs and Vice Chairs. Ms. Kavanaugh holds a Bachelor of Arts degree in Political Science from Portland State University and a Master of Public Administration degree from Arizona State University. She is a member of several professional organizations to include the International City/County Management Association and is currently the President Elect for the Arizona City/County Management Association. Pam is a past recipient of the Superior Service Award from the American Society for Public Administration and also the Arizona City/County Management Association's Outstanding Assistant Award.

HORATIO SKEETE, *Deputy City Manager* – was appointed Deputy City Manager in 2004 and is in charge of the administrative services group, which includes the Human Resources, Finance, Budget and Information Technology Departments. Prior to this assignment, he was the Deputy City Manager over the Community Development Group in the City of Glendale. Some of the major projects he was responsible for included the Cardinals Stadium, Westgate Development, Zanjero Development, Cabela's, Northern Parkway, and development around Loop 303. Prior to coming to the City he was the City Manager for the City of Litchfield Park for five years. Mr. Skeete received his Bachelor of Science in Accounting from the Devry Institute of Technology. He obtained an MBA from the University of Phoenix. Horatio has also received the Certified Public Manager designation from Arizona State University.

DIANE GOKE, *Deputy Finance Director* – Ms. Goke is currently the Deputy Finance Director and has served in this position since December, 2005. From 2001-2005 Ms. Goke was the Finance Director for the Maricopa County Superintendent of Schools office, from 1995-2001 she was a senior accountant in the Maricopa County Finance Department. Ms. Goke has her Bachelor of Science from Arizona State University and is a Certified Public Accountant.

SHERRY M. SCHURHAMMER, *Director of the Management and Budget Department* – Ms. Schurhammer is currently the director of the Management and Budget Department and has served in this position since the summer of 2003. Ms. Schurhammer is responsible for the development and management of the City's operating and capital budgets for review by the City Council. She is also responsible for developing the City's revenue forecast and monitoring revenue receipts to ensure that revenues cover planned expenditures. Ms. Schurhammer began her career with the City in 1998 as a Senior Management Assistant. She has since served as acting director of the Utilities Department and Deputy Director of Field Operations. Ms. Schurhammer received her Bachelor of Arts degree in International Studies, cum laude, from American University and a Master of Science in Public Policy and Management, with distinction, from Carnegie Mellon University.

Employees

As of June 30, 2009, the City had approximately 1,960 full-time employees and a fiscal 2009 payroll of $136,622,561. 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 ("NHL") 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 NHL and the City of Glendale are both committed to keeping the team here and working with the new owners. 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.

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 2007and 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 2008 was 5.00% and the State of Arizona's unemployment average was 5.5%. 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
1998	4.50%	4.30%	2.80%	2.80%
1999	4.20	4.40	2.90	3.00
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
Aug 2008	6.10	6.40	5.50	5.70
Aug 2009	9.60	9.30	8.40	8.70

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, 2009

Employer	Service	Approximate Number of Employees
Luke Air Force Base	Military	8,037
Banner Thunderbird Health System	Health Care	2,500
Walmart	Retail	2,020
City of Glendale	Government	1,960
Glendale Union High School District	Education	1,862
Glendale Elementary School District	Education	1,684
Deer Valley Unified School district	Education	1,432
AAA	Insurance	1,323
Glendale Community College	Education	1,220
Younger Brothers Construction Co, Inc.	Manufacturing	850

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
2002	$127,085,547	$83,131,639	$9,322,234	$219,539,420
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

[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
2002	5,439
2003	6,299
2004	4,819
2005[2]	7,048
2006	6,909
2007	6,256
2008	6,931
2009	5,289

[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
2002	$5,750,850	$1,620,722	$86,044	$1,231,003	$8,688,619
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

[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
2002	83,396
2003	89,433
2004	100,345
2005	107,119
2006	86,419
2007	69,828
2008	44,678

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
2001	$41,574,267
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

[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 October, 2009

Calendar Year	Deplaned	Enplaned	Total
2002	17,934,012	17,613,420	35,547,432
2003	18,836,164	18,587,432	37,423,596
2004	19,953,750	19,551,148	39,504,898
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
Jan-Aug 2008	13,948,402	13,778,794	27,727,196
Jan-Aug 2009	12,750,687	12,734,962	25,485,649

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, 2009

Total Direct General Obligation Bonded Debt[1]	$225,595,000
Total Street and Highway User Revenue Bonded Debt[2]	23,910,000
Total Outstanding Water and Sewer Revenue Bonded Debt	282,061,406
Total Transportation Excise Tax Revenue Obligations	102,490,000
Total Other Excise Tax Revenue Obligations[3]	487,305,000
Primary Assessed Valuation[4]	1,857,623,601
Secondary Assessed Valuation[4]	2,130,907,408
Estimated Full Cash Value[5, 6]	20,635,556,972

[1] Includes the Bonds, $9,160,000 of general obligation bonds paid by revenues derived from the City's Water and Sewer Fund.

[2] Reflects outstanding street and highway user revenue bonds.

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

[4] 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.

[5] Fiscal year 2010 value.

[6] Provided by Maricopa County Assessor's Office.

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

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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, 2009

General Municipal Purpose Bonds		Water, Light, Sewer, Open Space and Park Bonds	
6% Limitation	$127,854,444	20% Limitation	$426,181,482
Less Direct Bonded Debt to be Outstanding[2]	(35,300,000)	Less Direct Bonded Debt to be Outstanding[2]	(199,455,000)
Unused 6% Borrowing Capacity	$92,554,444	Unused 20% Borrowing Capacity	$226,726,482

[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, 2009[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	2000	21,675,000	0	1,565,000	1,565,000
Various Purpose G.O. Bonds	2002	40,235,000	3,875,000	22,385,000	26,260,000
Various Purpose G.O. Bonds	2003	66,400,000	4,870,000	37,635,000	42,505,000
Various Purpose G.O. Bonds	2004	36,645,000	3,305,000	23,035,000	26,340,000
Various Purpose G.O. Bonds	2005	11,960,000	7,665,000	0	7,665,000
Various Purpose G.O. Bonds	2006	29,365,000	9,275,000	15,650,000	24,925,000
Refunding Bonds	2006	9,065,000	0	9,065,000	9,065,000
Various Purpose G.O. Bonds	2007	61,000,000	0	54,780,000	54,780,000
Various Purpose G.O. Bonds (This Issue)	2009	41,650,000	6,310,000	35,340,000	41,650,000
Total Direct General Obligation Bonded Debt			35,300,000	199,455,000	234,755,000
Less General Obligation Bonded Debt Supported from Revenues[3]					(9,160,000)
Net General Obligation Bonded Debt					$225,595,000
OUTSTANDING WATER AND SEWER REVENUE BONDED DEBT[4,5]					
Water and Sewer Bonds	2000	53,000,000			6,655,000
Water and Sewer Note Payable	2001	15,400,000			8,921,406
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			43,230,000
Water and Sewer Obligations	2008	65,500,000			63,255,000
Total Water and Sewer Revenue Bonded Debt					$282,061,406
OUTSTANDING STREET AND HIGHWAY USER REVENUE BONDED DEBT[6]					
Street & Highway User Bonds	2000	8,750,000			1,665,000
Street & Highway User Rev. and Ref. Bonds	2004	14,655,000			10,510,000
Street & Highway User Revenue Bonds	2006	15,745,000			11,735,000
Total Street and Highway User Revenue Bonded Debt					$23,910,000
OUTSTANDING TRANSPORTATION EXCISE TAX REVENUE BONDED DEBT					
Transportation Excise Tax Revenue Obligations	2007	109,110,000			102,490,000
Total Transportation Excise Tax Revenue Bonded Debt					102,490,000

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 $9,160,000 of bonds are paid by revenues derived from the City's Water and Sewer Fund.

4 Net revenues from the operation of the City's water and sewer system have been and will be servicing the debt requirements of $9,160,000 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.

5 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.

6 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, 2009
(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]	$225,595	100.0000%	$225,595
Peoria Unified School District No. 11	221,275	22.3000	49,344
Glendale Elementary School District No. 40	19,020	98.9844	18,827
Deer Valley Unified School District No. 97	177,125	20.0732	35,555
Alhambra Elementary School District No. 68	24,395	18.3476	4,476
Glendale Union High School District No. 205	97,635	23.5470	22,990
Maricopa County[5]	0	3.7625	0
Maricopa County Community College District[6]	727,390	3.7625	27,368
Phoenix Union High School District No. 210	286,790	1.3692	3,927
Pendergast Elementary School District No. 92	17,930	15.4854	2,777
Tolleson Union High School District No. 214	82,015	5.1412	4,217
Washington Elementary School District No. 6	89,490	3.0113	2,695
Dysart Unified School District No. 89	186,345	0.0107	20
Agua Fria Union High School District No. 216	51,475	0.4221	217
Litchfield Elementary School District No. 79	35,705	0.6223	222
TOTAL	$2,242,185		$398,229

[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 – $282,061,406; Street and Highway User Revenue Bonds – $23,910,000. Does not include $9,160,000 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 $287,555,000 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, 2009
(*Thousands*)

Fiscal Year	Annual Capital Lease Requirements[1]
2010	$2,771
2011	3,041
2012	5,392
2013	77
2014	80
2015-2019	103
Total	$11,464

SOURCE: City of Glendale Finance Department

As illustrated in Note IX.H in Appendix B – City of Glendale, Arizona – Audited Financial Statements for Fiscal Year Ended June 30, 2008, the City has other obligations in the amount of $9,045,000 outstanding as of June 30, 2008.

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).

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OUTSTANDING MUNICIPAL PROPERTY CORPORATION
AND PUBLIC FACILITIES CORPORATION BONDS
City of Glendale, Arizona
As of November 1, 2009

Issue	Year Issued	Original Amount	Balance Outstanding
Senior Lien Excise Tax Bonds			
Senior Lien Bonds Series 2003A	2003	$49,940,000	$47,245,000
Senior Lien Bonds (Taxable) Series 2003B	2003	105,260,000	96,590,000
Senior Lien Bonds Series 2004A	2004	10,880,000	7,710,000
Senior Lien Bond Series 2006A	2006	33,250,000	30,900,000
Senior Lien Bonds Series 2008A	2008	32,315,000	32,315,000
Senior Lien Bonds Series 2008B	2008	52,780,000	51,350,000
Senior Lien Bonds Series 2008C	2008	9,140,000	9,140,000
		Total Senior Lien Bonds	$275,250,000
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	$487,305,000

SOURCE: City of Glendale Finance Department

DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT RATIOS
City of Glendale, Arizona
As of November 1, 2009

	Per Capita Bonded Debt (2009 Population Estimate at 249,811)[1]	As % of City's 2009 Secondary Assessed Valuation	As a % of City's Estimated Full Cash Value
Net Direct General Obligation Bonded Debt[2] ($225,595,000)	$903.06	10.59%	1.09%
Net Direct and Overlapping General Obligation Bonded Debt[3] ($398,229,000)	$1,594.12	18.69%	1.93%

1 The population count is provided by the City of Glendale, Planning Department
2 Excludes approximately $9,160,000 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]
2005	21.0%	25.0%	10.0%	16.0%
2006	21.0	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

[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		2005-06 Secondary Assessed Valuation	2006-07 Secondary Assessed Valuation	2007-08 Secondary Assessed Valuation	2008-09 Secondary Assessed Valuation	2009-10 Secondary Assessed Valuation
1	Mining, Utilities, Commercial	$406,243,366	$475,523,161	$519,787,340	$636,036,904	$716,434,947
2	Agricultural & Vacant	41,109,906	57,754,756	64,940,091	83,911,429	91,164,792
3	Owner Occupied	690,156,470	695,611,467	1,050,479,128	1,231,142,909	1,071,763,668
4	Rented Residential, Residential Common Areas	126,603,653	136,711,715	185,360,922	234,184,008	244,340,546
5	Railroad, Private Car Companies, Flight Properties	3,676,862	3,951,690	4,407,199	4,988,339	4,462,358
6	Noncommercial Historic, Foreign Trade Zones	1,147,951	1,436,297	2,044,506	2,411,604	2,741,096
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		$1,268,938,208	$1,370,989,086	$1,827,019,186	$2,192,675,193	$2,130,907,407

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 18, 2009
(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
2003	$16,743	$16,289	97.29	$362	$16,651	99.45
2004	18,468	17,899	96.92	424	18,323	99.21
2005	19,534	19,011	97.32	392	19,403	99.33
2006	21,567	20,980	97.28	445	21,425	99.34
2007	23,423	22,721	97.00	527	23,248	99.25
2008	28,728	27,823	96.85	684	28,507	99.23
2009	33,927	32,411	95.53	297	32,709	96.41

[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] Beginning in fiscal 2002 commercial unsecured property is combined with the real property tax levy.
[3] 2009-2010 Taxes in Course of Collection: First installment due 10-1-09, delinquent 11-1-09; Second installment due 3-1-10, delinquent 5-1-10.

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 2010

Overlapping Jurisdiction	2010 Net Secondary A.V.	2010 Net Primary A.V.	2010 Total Tax Rates Per $100 A.V.
State of Arizona	$86,525,272,506	$74,780,095,377	$0.0000
Maricopa County	57,984,051,727	49,679,450,143	1.1629
Maricopa County Community College District	57,984,051,727	49,679,450,143	1.0520
Maricopa County Library District[1]	57,984,051,718	n/a	0.0353
Maricopa County Flood Control District[1]	54,862,329,172	n/a	0.1367
Maricopa County Fire District[1]	58,113,465,815	n/a	0.0057
Maricopa County Health Care District[1]	58,113,465,815	n/a	0.0914
Central Arizona Water Conservation District[1]	58,113,465,815	n/a	0.1000
West-Mec Vocational District	20,546,516,550	n/a	0.0500
Election District No. 7	1,210,056,158	n/a	0.0046
Deer Valley Unified S.D. No. 97	3,546,357,712	3,137,927,537	4.4894
Dysart Unified S.D. No. 89	1,695,138,550	1,534,221,043	5.0038
Peoria Unified S.D. No. 11	2,393,720,410	2,113,424,106	5.4540
Agua Fria Union H.S.D. No. 216	1,540,297,478	1,344,881,699	2.6949
Glendale Union H.S.D. No. 205	2,794,704,869	2,416,157,641	2.6041
Phoenix Union H.S.D. No. 210	8,292,780,584	6,883,041,905	2.9451
Tolleson Union H.S.D. No. 214	1,697,183,102	1,451,885,679	2.0963
Alhambra Elementary S.D. No. 68	620,205,958	520,597,876	5.1943
Cartwright Elementary S.D. No. 83	556,385,800	470,143,972	4.7499
Glendale Elementary S.D. No. 40	590,840,238	503,848,995	3.9860
Litchfield Elementary S.D. No. 79	988,320,957	875,411,148	2.6215
Pendergast Elementary S.D. No. 92	545,329,053	478,490,620	5.2024
Washington Elementary S.D. No. 6	2,203,864,631	1,912,308,646	3.0775
City of Glendale	2,130,907,407	1,857,623,601	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 2009 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 2010

Taxpayer	Type of Property	2010 Secondary Assessed Valuation	As % of City's Total Secondary Assessed Valuation
VHS of Arrowhead Inc.	Hospital	$21,213,395	0.9955%
Arizona Public Services Company	Electric Utility	18,475,282	0.8670%
New River Associates	Shopping Center/Mall	14,841,707	0.6965%
Entertainment Center Development LLC	Shopping	14,522,082	0.6815%
Wal-Mart Stores Inc.	Warehouse	14,198,154	0.6663%
JQH-Glendale Az Development LLC	Hotel	12,500,544	0.5866%
Qwest Corporation	Telecommunications	11,146,716	0.5231%
IED Glendale LLC	Mixed Residential/Commercial	9,561,362	0.4487%
Opus West Corporation	Office Space	7,886,081	0.3701%
Coyote Center Development LLC	Vacant Commercial Urban	6,699,663	0.3144%
	TOTAL	$131,044,986	6.1497%

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
2006	$1,268,938,208	$33,168,406,054
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

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, 2008, Comprehensive Annual Financial Report. The City received a Certificate of Achievement for Excellence in Financial Reporting from GFOA for its 2008 Comprehensive Annual Financial Report as well as in each of the 24 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, 2008, 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, 2008, 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 June 26, 2008, 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 $20 million at June 30, 2008, which includes amortization of the unfunded $195.3 million actuarial liability over 30 years.

SUMMARY OF CERTAIN FISCAL YEAR 2008-09 FINANCIAL RESULTS

Based upon unaudited budgeting-basis records of the City, fiscal year 2008-09 general fund expenditures of the City were $22.3 million, or approximately 12%, 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 $4.0 million, or approximately 6%, lower than the budgeted amount for 2008-09.

The $163.4 million total Fiscal Year 2008-09 general fund budgeting-basis revenues (unaudited) were $20.8 million lower than fiscal year 2007-08 revenues. (Note: The references below to percentage increases and decreases are compared to the Fiscal Year 2008-2009 actual results.) For Fiscal Year 2008-09, 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 $36.3 million (up 6.3%), primary ad valorem property taxes provided $4 million (up 2.6%), the "all other" category contributed $28.8 million (down 20.4%), City sales taxes consisted of $51.6 million (down 15.8%), State-shared sales taxes provided $19.3 million (down 13.1%), and HURF and In Lieu Taxes provided $14.6 million and $8.8 million, respectively (down 12.7% and 9.5%).

Each major expenditure category of the $166.1 million 2008-09 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, 2008

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

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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, 2008, 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, 2008, 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.

As described in Note I, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2008, which represents a change in accounting principle.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2008, on our consideration of City of Glendale, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 13 through 23 and pages 77 through 80 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information such as the introductory section, combining statements, other supplementary information and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Heinfeld, Meech & Co., P.C.

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

December 4, 2008

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, 2008. 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 2007-08 as follows:

- The City's total net assets increased $13,937 or 1.28%. The governmental net assets increased by $13,163 or 1.96%, and the business-type net assets increased by $774 or 0.19%.

- General revenues from governmental activities increased $18,431 or 9.83% and were 69.84% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions decreased $10,291 or 10.37%.

- The business-type activities total revenues increased by $1,799 or 1.69%.

- The total cost of all City programs increased by $50,807 or 15.02%.

- A major governmental fund, the general fund, had $166,963 in revenues, which is an increase of $9,172 or 5.81% 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 $157,217, which is a decrease of $5,520 or 3.39%. The fund balance increased $5,008 or 8.16%. This increase resulted mainly from sale of land near the new spring training baseball facility.

- The City issued by way of voter authorization: 1) $109,110 in transportation excise tax revenue bonds that will be used for transportation projects such as improvement of streets, intersections, and traffic signals, and 2) $65,500 in subordinate lien water and sewer revenue obligation bonds that will be used in the various improvements and extensions of existing water and sewer projects, replacement and rehabilitation of water lines throughout the city, and construction of water treatment plants and associated costs.

- In addition, the Municipal Property Corporation (MPC) issued $94,235 in excise tax revenue bonds. These bonds were used to refund and redeem outstanding excise tax revenue bonds from 2006.

Overview of the financial statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community services, community environment, street maintenance, and interest on long-term debt. The business-type activities of the City include water and sewer, landfill, sanitation, and housing.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 18 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.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Additional required supplementary information. Following the basic financial statements is Required Supplementary Information (RSI) that further explains and supports the financial information in the financial statements. RSI presents the budgetary comparison schedule for general fund and transportation special revenue fund.

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

Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a City's financial position. In the case of the City, assets exceeded liabilities by $1,102,416 as of June 30, 2008.

By far the largest portion of the City's net assets reflects its investment in capital assets (e.g., land, building, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

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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, 2008, and 2007
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 326,629	$ 303,981	$ 212,197	$ 192,072	$ 547,414	$ 496,053
Capital assets, net	1,133,123	1,025,808	554,561	518,153	1,679,096	1,543,961
Total assets	1,459,752	1,329,789	766,758	710,225	2,226,510	2,040,014
Current liabilities	54,246	57,813	12,792	18,295	67,038	76,108
Noncurrent liabilities	720,639	600,272	336,417	275,155	1,057,056	875,427
Total liabilities	774,885	658,085	349,209	293,450	1,124,094	951,535
Net assets:						
Invested in capital assets, net of related debt	499,322	446,828	297,329	249,569	796,651	696,397
Restricted	133,695	180,303	12,836	11,881	146,531	192,184
Unrestricted	51,850	44,573	107,384	155,325	159,234	199,898
Total net assets	$ 684,867	$ 671,704	$ 417,549	$ 416,775	$ 1,102,416	$ 1,088,479

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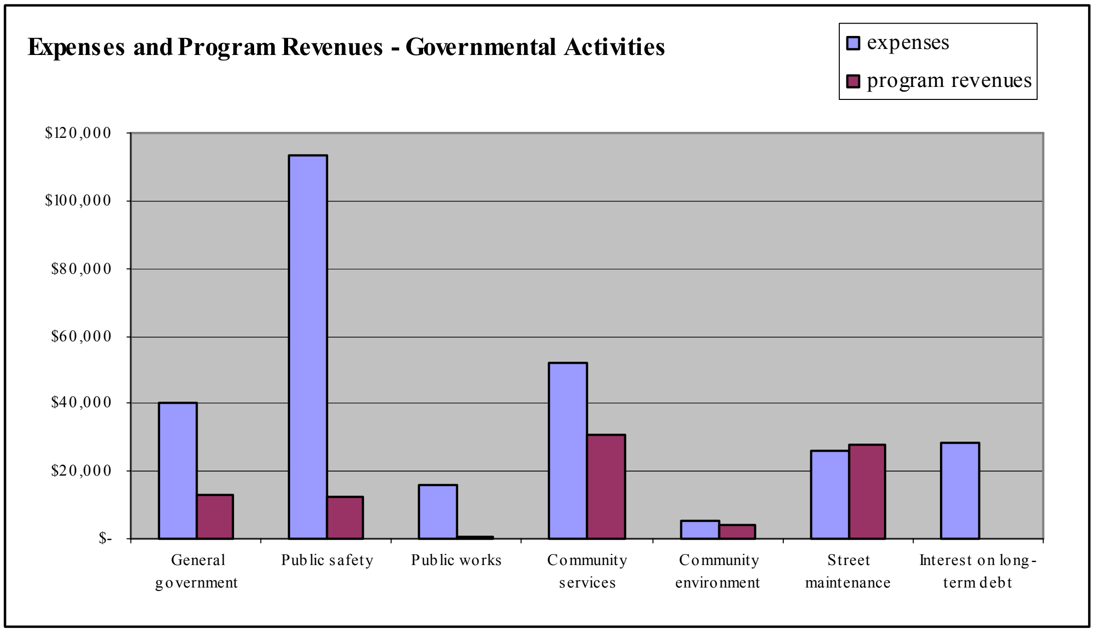
The following table presents a summary of the changes in net assets compared to prior year.

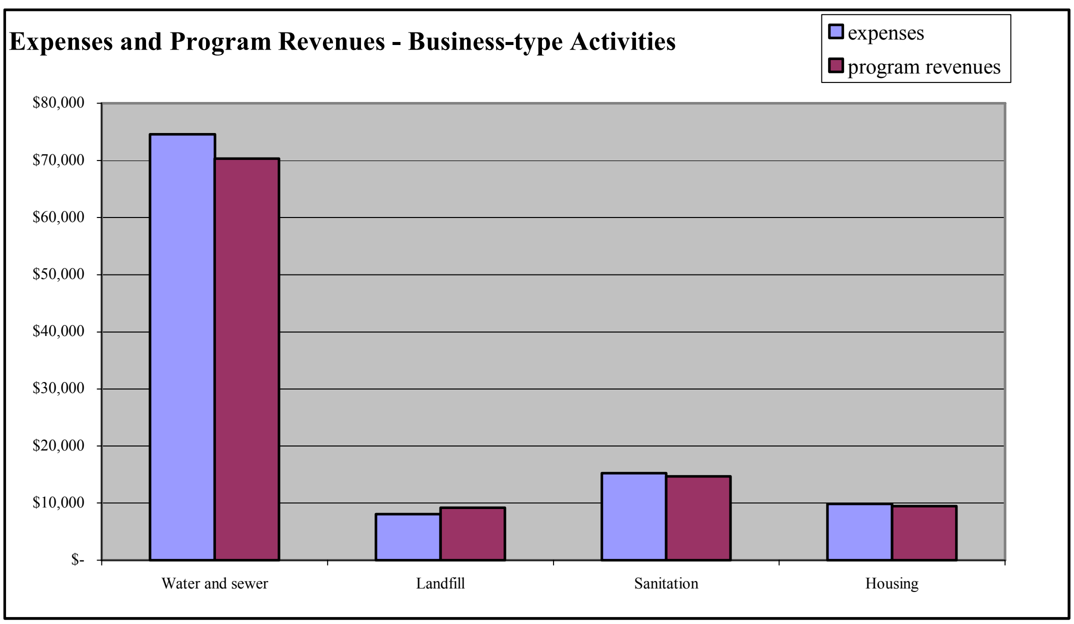
Changes in Net Assets
As of June 30, 2008, and 2007
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	$ 41,278	$ 36,438	$ 91,012	$ 87,182	$ 132,290	$ 123,620
Operating grants and contributions	33,191	36,566	8,348	8,254	41,539	44,820
Capital grants and contributions	14,491	26,247	4,346	5,125	18,837	31,372
Total program revenues	88,960	99,251	103,706	100,561	192,666	199,812
General revenues:						
Property taxes	28,826	23,085	-	-	28,826	23,085
Sales taxes	105,175	97,825	-	-	105,175	97,825
State shared sales tax	22,237	23,037	-	-	22,237	23,037
Urban revenue sharing (state shared income tax)	34,109	27,518	-	-	34,109	27,518
Auto in-lieu taxes	9,730	10,044	-	-	9,730	10,044
Investment earnings, unrestricted	4,742	5,557	4,044	5,381	8,786	10,938
Gain on disposal of capital assets	879	202	126	103	1,005	305
Miscellaneous	302	301	108	140	410	441
Total revenues	294,960	286,820	107,984	106,185	402,944	393,005
Expenses:						
General government	39,998	37,992	-	-	39,998	37,992
Public safety	113,285	92,405	-	-	113,285	92,405
Public works	16,006	14,816	-	-	16,006	14,816
Community services	52,185	45,481	-	-	52,185	45,481
Community environment	5,164	4,698	-	-	5,164	4,698
Street maintenance	26,175	24,906	-	-	26,175	24,906
Interest on long-term debt	28,475	23,551	-	-	28,475	23,551
Water and sewer	-	-	74,581	63,289	74,581	63,289
Landfill	-	-	8,067	8,264	8,067	8,264
Sanitation	-	-	15,209	13,847	15,209	13,847
Housing	-	-	9,862	8,951	9,862	8,951
Total expenses	281,288	243,849	107,719	94,351	389,007	338,200
Excess before transfers	13,672	42,971	265	11,834	13,937	54,805
Transfers in (out)	(509)	(364)	509	364	-	-
Increase in net assets	13,163	42,607	774	12,198	13,937	54,805
Net assets, beginning	671,704	629,097	416,775	404,577	1,088,479	1,033,674
Net assets, ending	$ 684,867	$ 671,704	$ 417,549	$ 416,775	$ 1,102,416	$ 1,088,479

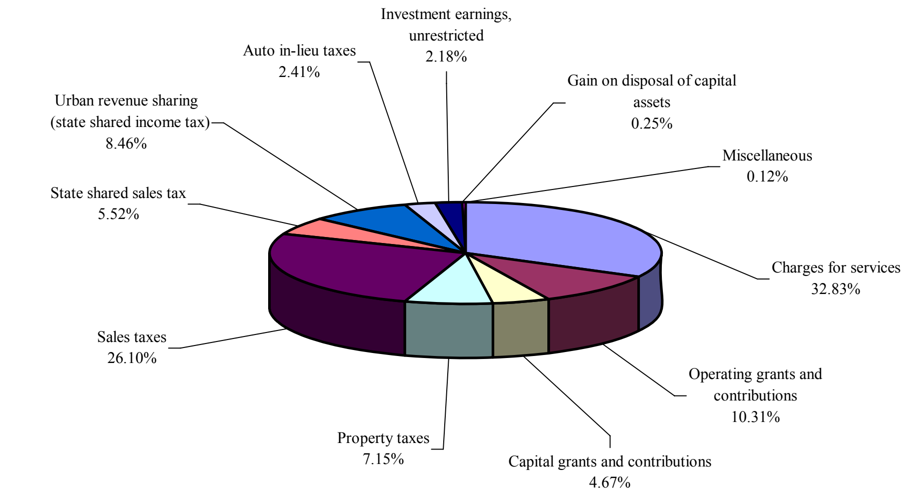
Changes in net assets. The increase in net assets for the governmental activities was primarily due to increased revenues from the development of Westgate City Center and Super Bowl. The slight increase in net assets, in comparison with the prior year, is a result of the slowing economy. The City's revenue from governmental activities for the fiscal year ended June 30, 2008, was $294,960. The cost of programs and services for governmental activities was $281,288.

The increase in net assets for the business activities was primarily due to landfill revenues exceeding expenses by $2,202. The City's revenue from business-type activities for the fiscal year ended June 30, 2008, was $107,984. The cost of programs and services was $107,719.

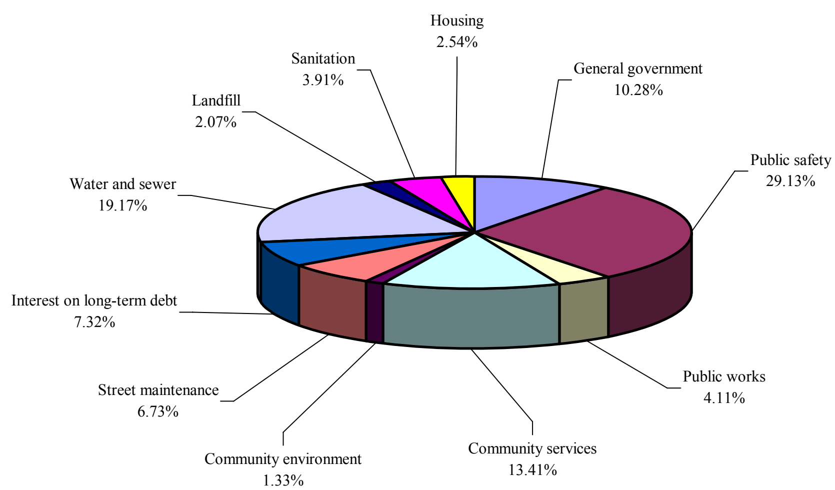

Expenses and Program Revenues - Governmental Activities
expenses
program revenues
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$-
General government
Public safety
Public works
Community services
Community environment
Street maintenance
Interest on long-term debt


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 2007-08



Functional Expenses Fiscal Year 2007-08



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 $219,463, an increase of $9,753 or 4.65% in comparison with the prior year. This increase resulted mainly from the sale of land near the new spring training baseball facility.

- *Unreserved undesignated fund balance*, which is available for spending at the City's discretion within a fund, was $120,691, an increase of $1,138 from the prior year.

- The City also had $31,355 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 fund balance designated for streets construction was used to pay for capital projects instead of issuing new debt.

- The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes, such as perpetual care for the City's cemetery, debt service, and development impact fees.

Summary of Reserved Fund Balances
by Fund Type
(in thousands)

General	$ 9,271
Special revenue	21,867
Debt service	30,336
Capital projects	545
Permanent	5,398
Total	$ 67,417

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 $57,117, while total fund balance reached $66,388. 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 36.33% of total general fund expenditures, while total fund balance represents 42.23% of that same amount.

The transportation fund accounts for the City's public transit program and transportation improvement projects. The fund saw an increase in fund balance of $71,570 for the fiscal year ended June 30, 2008. This increase is due to the issuance of transportation revenue bonds to fund continuing efforts to improve public transit, arterial streets, park and ride lots, and coordinated traffic signals.

The 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 was established in the fiscal year ending June 30, 2008, and at June 30 has a fund deficit of $34,833.

Excise tax revenue bonds were issued by the Public Facilities Corporation in October 2008 for $199,750, which covered the deficit.

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

Net assets of the enterprise funds and the internal service funds increased $1,328 or 0.31%. The enterprise funds' total net assets were 3.07% restricted and 40.69% unrestricted. 56.24% is invested in capital assets. Internal service funds were 100.0% unrestricted.

The water and sewer fund accounts for operations, maintenance and construction projects of City-owned water and sewer systems. The fund saw a decrease in net assets of $1,279 for the fiscal year ended June 30, 2008. This decrease is primarily due to the inclusion of other post-employment benefits expenses not previously recognized.

The internal service fund accounts for risk management, workers' compensation, and employee benefits provided to other departments. The fund saw an increase of $527 for the fiscal year ended June 30, 2008. This increase was due to an increase in self insurance premiums through employee benefits.

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 exceeded the final amended budget by $12,151 or 6.48%, primarily due to revenue received from the sale of land near the new spring training baseball facility.

- General fund expenditures were less than the final amended budget by $47,295 or 20.95%. This positive variance resulted in each major expenditure category 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, 2008, for its governmental-type activities was $1,133,123 and for the business-type activities was $554,561. 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:

- Completed construction of Oasis Water Campus, $63,785
- Retrofitting of Cholla Water Treatment Plant, $16,478
- Completed construction of regional public safety training facility, $53,039
- Began construction of spring training baseball facility, $34,833
- Completed downtown parking structure, $17,232
- Completed new park and ride lot at 99th and Glendale Avenues, $13,707

The following table is a summary of capital assets reflected in the June 30, 2008, 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, As Restated		Total Primary Government, As Restated	
	2008	2007	2008	2007	2008	2007
Construction in progress	$ 253,573	$ 251,824	$ 17,773	$ 89,120	$ 271,346	$ 340,944
Land	69,130	70,205	22,128	11,609	91,258	81,814
Water storage rights	-	-	8,588	6,628	8,588	6,628
Artwork	1,448	1,448	-	-	1,448	1,448
Buildings	188,800	141,068	8,175	8,485	196,975	149,553
Improvements other than buildings	73,256	70,571	45,286	21,246	118,542	91,817
Infrastructure-streets	425,946	373,865	-	-	425,946	373,865
Infrastructure-parks	51,889	50,029	-	-	51,889	50,029
Infrastructure-airport	8,025	7,844	-	-	8,025	7,844
Infrastructure-flood/storm drains	27,805	26,954	-	-	27,805	26,954
Water lines	-	-	73,918	73,613	73,918	73,613
Sewer lines	-	-	79,057	79,874	79,057	79,874
Water treatment plant	-	-	154,655	78,372	154,655	78,372
Sewer treatment plant	-	-	115,875	119,743	115,875	119,743
Meters and services	-	-	18,461	19,198	18,461	19,198
Fire hydrants	-	-	3,376	3,478	3,376	3,478
Machinery and equipment	14,881	15,515	814	799	15,695	16,314
Computer equipment	1,729	1,028	216	214	1,945	1,242
Software	132	191	-	-	132	191
Automotive equipment	16,509	15,266	6,239	5,774	22,748	21,040
Total	$ 1,133,123	$ 1,025,808	$ 554,561	$ 518,153	$ 1,687,684	$ 1,543,961

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 $982,476 compared to $825,056 last year, a 19.08% net increase. Of this amount, $223,660 comprises debt backed by the full faith and credit of the City.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
General obligation	$ 212,524	$ 224,234	11,136	12,115	$ 223,660	$ 236,349
Transportation revenue bond	109,110	-	-	-	109,110	-
Highway users revenue bonds	30,895	34,065	-	-	30,895	34,065
Municipal property corporation revenue bonds	298,050	293,530	-	-	298,050	293,530
Capital lease obligation	10,838	12,492	1,688	2,349	12,526	14,841
Water and sewer revenue bonds/obligations	-	-	288,950	229,130	288,950	229,130
Notes payable	9,045	6,279	10,240	10,862	19,285	17,141
Total	$ 670,462	$ 570,600	$ 312,014	$ 254,456	$ 982,476	$ 825,056

The City's total long-term debt increased by $157,420 from the prior year. A key factor in this increase was the issuance of subordinate lien water and sewer revenue obligations, refinancing of municipal property corporation bonds during the year, and issuance of transportation excise tax revenue obligation bonds.

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, 2008, was $66,263 and $215,247, 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 2008-09 budget is $925,000 (down 1.80% from 2007-08), including a $376,870 operating budget (an increase of 3.76% from 2008) and $391,890 in capital outlay (down 6.43% from 2008). The fiscal year 2008-09 budget includes $76,926 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 2008 was 4.40%, which is an increase from a year ago. This compares favorably to the state's average unemployment rate of 5.00% and the national average rate of 5.50%.

Request for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 5850 West Glendale Avenue, Suite 302, Glendale, Arizona 85301.

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BASIC FINANCIAL STATEMENTS

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City of Glendale, Arizona
Statement of Net Assets
June 30, 2008
(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and investments	$ 224,809	$ 73,578	$ 298,387
Receivables (net of allowance for uncollectibles)			
Property taxes	1,227	-	1,227
Accounts	13,425	10,350	23,775
Accrued interest	2,108	268	2,376
Intergovernmental receivable	9,109	483	9,592
Internal balances	1,085	(1,085)	-
Inventories and prepaid items	7,670	3,567	11,237
Restricted cash and investments	62,985	61,895	124,880
Capital assets:			
Non-depreciable	324,151	39,901	364,052
Depreciable (net)	808,972	514,660	1,323,632
Deferred receivable	4,211	-	4,211
Equity in joint venture	-	63,141	63,141
Total assets	1,459,752	766,758	2,226,510
LIABILITIES			
Vouchers payable	26,545	4,839	31,384
Accounts payable	953	90	1,043
Retainage payable	737	39	776
Accrued interest payable	13,342	6,595	19,937
Intergovernmental payable	413	214	627
Deposits	1,425	1,015	2,440
Unearned revenue	10,831	-	10,831
Noncurrent liabilities:			
Due within one year	47,069	11,071	58,140
Due in more than one year	673,570	325,346	998,916
Total liabilities	774,885	349,209	1,124,094
NET ASSETS			
Invested in capital assets, net of related debt	499,322	297,329	796,651
Restricted for:			
Capital projects	37,846	-	37,846
Debt service	29,720	1,203	30,923
Transportation	26,543	-	26,543
Highway and streets	2,415	-	2,415
Vehicle replacement	7,132	-	7,132
Development impact fee	19,349	-	19,349
Revenue bond retirement, replacement, and extension	-	9,790	9,790
Perpetual care - nonexpendable	5,478	-	5,478
Other purposes	5,212	1,843	7,055
Unrestricted	51,850	107,384	159,234
Total net assets	$ 684,867	$ 417,549	$ 1,102,416

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, 2008
(amounts expressed in thousands)

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 39,998	$ 12,132	$ 871	$ -
Public safety	113,285	5,744	4,856	1,890
Public works	16,006	543	232	-
Community services	52,185	22,859	4,203	3,578
Community environment	5,164	-	4,361	-
Street maintenance	26,175	-	18,668	9,023
Interest on long-term debt	28,475	-	-	-
Total governmental activities	281,288	41,278	33,191	14,491
Business-type activities:				
Water and sewer	74,581	66,316	-	4,022
Landfill	8,067	9,196	-	-
Sanitation	15,209	14,684	-	-
Housing	9,862	816	8,348	324
Total business-type activities	107,719	91,012	8,348	4,346
Total primary government	$ 389,007	$ 132,290	$ 41,539	$ 18,837

General revenues:
Taxes:
Property taxes levied for:
General purposes
Debt service
Sales taxes
Unrestricted state shared sales tax
Unrestricted urban revenue sharing (state shared income tax)
Auto in-lieu taxes
Investment earnings, unrestricted
Gain on disposal of capital assets
Miscellaneous
Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (26,995)	$ -	$ (26,995)
(100,795)	-	(100,795)
(15,231)	-	(15,231)
(21,545)	-	(21,545)
(803)	-	(803)
1,516	-	1,516
(28,475)	-	(28,475)
(192,328)	-	(192,328)
-	(4,243)	(4,243)
-	1,129	1,129
-	(525)	(525)
-	(374)	(374)
-	(4,013)	(4,013)
(192,328)	(4,013)	(196,341)
3,877	-	3,877
24,949	-	24,949
105,175	-	105,175
22,237	-	22,237
34,109	-	34,109
9,730	-	9,730
4,742	4,044	8,786
879	126	1,005
302	108	410
(509)	509	-
205,491	4,787	210,278
13,163	774	13,937
671,704	416,775	1,088,479
$ 684,867	$ 417,549	$ 1,102,416

City of Glendale, Arizona
Balance Sheet
Governmental Funds
June 30, 2008
(amounts expressed in thousands)

	Major Funds				
	General	Transportation	Public Facilites Corporation Construction	Other Non-major Governmental Funds	Total Governmental Funds
ASSETS					
Equity in pooled cash and investments	$ 38,930	$ 23,523	$ -	$ 144,563	$ 207,016
Receivables, net of allowance for doubtful accounts:					
Property taxes	169	-	-	1,058	1,227
Accounts	8,671	1,852	-	2,902	13,425
Accrued interest	1,382	461	-	265	2,108
Due from other funds	28,647	-	-	-	28,647
Intergovernmental receivable	2,264	3,294	-	3,551	9,109
Inventories and prepaid items	278	-	-	140	418
Restricted cash and investments	248	45,955	-	16,632	62,835
Deferred receivables	-	-	-	4,211	4,211
Total assets	$ 80,589	$ 75,085	$ -	$ 173,322	$ 328,996
LIABILITIES AND FUND BALANCE					
Liabilities:					
Vouchers payable	$ 7,891	$ 1,862	$ 7,632	$ 7,517	$ 24,902
Accounts payable	946	-	-	7	953
Retainage payable	10	637	-	90	737
Compensated absences - current	911	25	-	177	1,113
Intergovernmental payable	410	-	-	3	413
Due to other funds	-	-	27,201	1,414	28,615
Deposits	1,387	-	-	38	1,425
Matured interest payable	-	-	-	13,342	13,342
Deferred revenue	2,646	63	-	9,128	11,837
Matured bonds payable	-	-	-	26,196	26,196
Total liabilities	14,201	2,587	34,833	57,912	109,533
Fund Balances:					
Reserved (Note XV)	9,271	-	-	58,146	67,417
Unreserved:					
Designated (Note XV):					
General fund	12,660	-	-	-	12,660
Special revenue funds	-	-	-	696	696
Capital project funds	-	-	-	17,999	17,999
Undesignated, reported in:					
General fund	44,457	-	-	-	44,457
Special revenue funds	-	72,498	-	3,299	75,797
Capital projects funds	-	-	(34,833)	35,270	437
Total fund balances	66,388	72,498	(34,833)	115,410	219,463
Total liabilities and fund balances	$ 80,589	$ 75,085	$ -	$ 173,322	$ 328,996

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, 2008

(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		$ 219,463
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 1,470,234	
Less accumulated depreciation	(337,111)	
		1,133,123
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		8,258
Internal service funds are used by management to charge the costs of workers' compensation, risk management, and employee benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		7,428
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	(624,383)	
Notes payable	(9,045)	
Capital lease obligations	(10,838)	
Developer payable obligations	(1,679)	
Compensated absences	(13,580)	
OPEB obligations	(16,235)	
Unamortized premium on debt issuance	(8,035)	
Arbitrage rebate payable	(616)	
		(684,411)
Deferred revenue that is measurable but not yet available for governmental fund activities is recognized as revenue for governmental-wide activities.		1,006
Net assets of governmental activities		$ 684,867

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, 2008
(amounts expressed in thousands)

	Major Funds				
	General	Transportation	Public Facilities Corporation Construction	Other Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and special assessments	$ 68,014	$ 23,672	$ -	$ 42,060	$ 133,746
Licenses and permits	11,305	-	-	6,080	17,385
Intergovernmental	67,333	4,802	-	29,686	101,821
Charges for services	8,796	137	-	5,192	14,125
Fines and forfeitures	4,499	8	-	-	4,507
Investment income	4,286	1,963	-	3,737	9,986
Miscellaneous	2,730	64	-	2,121	4,915
Total revenues	166,963	30,646	-	88,876	286,485
EXPENDITURES					
Current:					
General government	22,402	-	-	2,962	25,364
Public safety	82,237	36	-	18,111	100,384
Public works	11,655	-	-	88	11,743
Community services	28,299	13,328	-	3,140	44,767
Community environment	561	-	-	4,411	4,972
Street maintenance	735	-	-	12,310	13,045
Miscellaneous	1,312	-	-	317	1,629
Debt service:					
Principal	1,903	-	-	30,248	32,151
Interest	873	-	-	31,421	32,294
Capital outlay	7,240	44,941	34,833	54,046	141,060
Total expenditures	157,217	58,305	34,833	157,054	407,409
Excess (deficiency) of revenues over (under) expenditures	9,746	(27,659)	(34,833)	(68,178)	(120,924)
OTHER FINANCING SOURCES (USES)					
Refunded bonds redeemed	-	-	-	(83,521)	(83,521)
Long-term debt issued	456	109,110	-	420	109,986
Refunding bonds issued	-	-	-	93,815	93,815
Premium on long-term debt issued	-	1,953	-	239	2,192
Proceeds from equipment disposal	8,712	2	-	-	8,714
Other uses:					
Transfers in	499	900	-	50,227	51,626
Transfers out	(14,405)	(12,736)	-	(24,994)	(52,135)
Total other financing sources and uses	(4,738)	99,229	-	36,186	130,677
Net change in fund balances	5,008	71,570	(34,833)	(31,992)	9,753
Fund balances, July 1	61,380	928	-	147,402	209,710
Fund balances, June 30	$ 66,388	$ 72,498	$ (34,833)	$ 115,410	$ 219,463

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, 2008

(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		$ 9,753
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 $141,060 exceeded depreciation of $35,643 for the current period.		105,417
The net effect of various transactions involving capital is to increase net assets.		
Capital contributions	$ 6,733	
Disposals	(8,714)	
Gain on sales	879	
		(1,102)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		1,645
The net effect of long-term debt issuance and the related transactions is to increase net assets.		
Bond premium	(2,192)	
Bonds issuance costs	2,852	
Refunding bonds issued	(93,815)	
Payment to refunded bonds escrow agent	83,521	
Principal paid	32,151	
Long-term debt issued	(109,986)	
Arbitrage rebate	(169)	
		(87,638)
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.		(1,293)
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.		(16,235)
Internal service funds are used by management to charge the costs of workers' compensation, risk management, and employee benefits individual funds.		(127)
The net revenue of certain activities as unearned revenue is reported in governmental activities.		9
Expenses on the statement of activities differ from governmental funds because of the portion not accrued on the governmental funds.		2,734
Change in net assets of governmental activities		$ 13,163

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, 2008
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major Funds Water and Sewer	Other Proprietary Funds	Total	
ASSETS				
Current assets:				
Equity in pooled cash and investments	$ 42,708	$ 30,870	$ 73,578	$ 17,793
Receivables:				
Accounts	8,567	2,119	10,686	-
Allowance for uncollectibles	(308)	(28)	(336)	-
Accrued interest	268	-	268	-
Intergovernment receivable	2	481	483	-
Inventories and prepaid items	3,563	4	3,567	47
Total current assets	54,800	33,446	88,246	17,840
Noncurrent assets:				
Restricted cash and investments	61,849	46	61,895	150
Capital assets:				
Capital assets	686,044	44,056	730,100	-
Accumulated depreciation	(153,579)	(21,960)	(175,539)	-
Capital assets, net	532,465	22,096	554,561	-
Equity in joint venture	63,141	-	63,141	-
Total noncurrent assets	657,455	22,142	679,597	150
Total assets	712,255	55,588	767,843	17,990
LIABILITIES				
Current liabilities:				
Vouchers payable	3,994	845	4,839	1,643
Accounts payable	77	13	90	-
Retainage payable	39	-	39	-
Compensated absences	1,248	540	1,788	-
Due to other funds	-	32	32	-
Intergovernment payable	214	-	214	-
Deposits	717	291	1,008	-
Unearned rent	-	7	7	-
Estimated claims payable	-	-	-	5,436
Current portion of long-term debt:				
General obligation bonds	810	199	1,009	-
Unamortized premium on debt issuance	414	-	414	-
Revenue bonds/obligations payable	6,605	-	6,605	-
Capital lease obligations	-	608	608	-
Other long-term debt	647	-	647	-
Interest payable	6,572	23	6,595	-
Total current liabilities	21,337	2,558	23,895	7,079
Noncurrent liabilities:				
Compensated absences	287	311	598	-
General obligation bonds	9,995	132	10,127	-
Unamortized premium on debt issuance	6,653	-	6,653	-
Revenue bonds/obligations payable	282,345	-	282,345	-
OPEB long-term obligations	2,190	1,304	3,494	-
Other long-term debt	-	37	37	-
Notes payable	9,593	-	9,593	-
Capital lease obligations	-	1,080	1,080	-
Claims payable	-	-	-	3,483
Estimated closure and post-closure costs	-	11,419	11,419	-
Total noncurrent liabilities	311,063	14,283	325,346	3,483
Total liabilities	332,400	16,841	349,241	10,562
NET ASSETS				
Invested in capital assets, net of related debt	277,251	20,078	297,329	-
Restricted for:				
Debt service	1,203	-	1,203	-
Revenue bond retirement, replacement and extension	9,790	-	9,790	-
Other purposes	433	1,410	1,843	-
Unrestricted	91,178	17,259	108,437	7,428
Total net assets	$ 379,855	$ 38,747	418,602	$ 7,428
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(1,053)	
Net assets of business-type activities			$ 417,549	

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, 2008

(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	$ 7	$ 8,348	$ 8,355	$ -
Metered water sales	35,539	-	35,539	-
Sewer service charges	25,152	-	25,152	-
Container service	-	4,972	4,972	-
Curb service	-	9,696	9,696	-
Landfill user fees	-	5,998	5,998	-
Self-insurance premium	-	-	-	24,767
Recycling sales	-	2,966	2,966	-
Other fees	1,859	943	2,802	46
Total operating revenues	62,557	32,923	95,480	24,813
Operating expenses:				
Water	19,149	-	19,149	-
Sewer	13,998	-	13,998	-
Landfill	-	6,169	6,169	-
Housing	-	9,316	9,316	-
Closure/post-closure care adjustment	-	442	442	-
Sanitation	-	13,448	13,448	-
Administrative and general	11,100	-	11,100	-
Insurance claims	-	-	-	24,966
Amortization and depreciation	14,568	2,360	16,928	-
Total operating expenses	58,815	31,735	90,550	24,966
Operating income (loss)	3,742	1,188	4,930	(153)
Nonoperating revenues (expenses):				
Impact fees	3,875	120	3,995	-
Investment income	3,058	1,194	4,252	680
Interest expense	(11,305)	(89)	(11,394)	-
Net loss from joint venture	(2,129)	-	(2,129)	-
Amortization of bond issuance cost	(123)	-	(123)	-
Gain on disposal of assets	35	91	126	-
OPEB expense	(2,190)	(1,304)	(3,494)	-
Intergovernmental - capital grants	-	324	324	-
Total nonoperating revenue (expenses)	(8,779)	336	(8,443)	680
			-	
Income before contributions and transfers	(5,037)	1,524	(3,513)	527
Capital contributions	3,805	-	3,805	-
Transfers in	-	561	561	-
Transfers out	(47)	(5)	(52)	-
Change in net assets	(1,279)	2,080	801	527
Total net assets - beginning	381,134	36,667		6,901
Total net assets - ending	$ 379,855	$ 38,747		$ 7,428
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(27)	
Change in net assets of business-type activities			$ 774	

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, 2008
(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	$ 61,847	$ 24,994	$ 86,841	$ 24,818
Cash received from federal government	-	8,091	8,091	-
Cash paid to suppliers:				
Internal city departments	(6,257)	(9,152)	(15,409)	-
External vendors	(29,721)	(11,015)	(40,736)	-
Cash paid for insurance and in settlement of claims	-	-	-	(23,548)
Cash paid to employees for services	(16,822)	(8,248)	(25,070)	-
Net cash provided (used) by operating activities	9,047	4,670	13,717	1,270
Cash flows from noncapital financing activities:				
Proceeds from sale of investments	-	8	8	-
Transfers in	-	561	561	-
Transfers out	(48)	(4)	(52)	-
Net cash provided (used) by noncapital financing activities	(48)	565	517	-
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	(35)	-	(35)	-
Proceeds from bonds sold	65,861	-	65,861	-
Principal payments on obligations	(7,577)	(850)	(8,427)	-
Acquisition of capital assets and rights	(57,514)	(2,344)	(59,858)	-
Impact fees	3,874	120	3,994	-
Interest payments on obligations	(10,140)	(99)	(10,239)	-
Capital grant proceeds	-	324	324	-
Net cash (used) by capital and related financing activities	(5,531)	(2,849)	(8,380)	-
Cash flows from investing activities:				
Interest received from investments	2,924	1,193	4,117	680
Net cash provided by investing activities	2,924	1,193	4,117	680
Net increase (decrease) in cash and cash equivalents during fiscal year	6,392	3,579	9,971	1,950
Cash and cash equivalents, July 1	98,165	27,337	125,502	15,993
Cash and cash equivalents, June 30	$ 104,557	$ 30,916	$ 135,473	$ 17,943

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major Funds Water and Sewer	Other Proprietary Funds	Total	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 3,742	$ 1,188	$ 4,930	$ (153)
Adjustments to reconcile operating income to net cash provided by operations:				
Amortization and depreciation	14,568	2,360	16,928	-
Changes in assets and liabilities:				
Accounts receivable	(694)	395	(299)	-
Intergovernmental receivable	7	(245)	(238)	-
Inventories and prepaid items	(1,162)	2	(1,160)	33
Vouchers and accounts payable	(7,098)	439	(6,659)	371
Accrued expenses	(582)	(5)	(587)	-
Intergovernmental payable	-	(12)	(12)	-
Due to other funds	-	13	13	-
Deposits	51	19	70	-
Unearned rent	-	2	2	-
Compensated absences	215	72	287	-
Claims payable	-	-	-	1,020
Estimated closure and post-closure costs	-	442	442	-
Net cash provided by operating activities	$ 9,047	$ 4,670	$ 13,717	$ 1,271
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	$ 42,708	$ 30,870	$ 73,578	$ 17,793
Restricted cash and investments	61,849	46	61,895	150
Total cash and cash equivalents	$ 104,557	$ 30,916	$ 135,473	$ 17,943
Noncash investing, capital, and financing activities:				
Contributions of capital assets	$ 3,805	$ -	$ 3,805	$ -
Loss on joint venture	(2,129)	-	(2,129)	-
Estimated closure and post-closure costs	-	442	442	-

Notes to the Financial Statements

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

Index

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 Statement (GASBS) 34 also requires that administrative service fees charged to other operating funds to support general services used by the other operating funds (like purchasing, accounting and administration) should be treated as reimbursement transactions and the revenue and expenditures/expenses reduced in the allocating fund. Transfers between funds are included in the results of both governmental and proprietary funds (as other sources/uses in governmental funds and as non-operating revenues/expenses in proprietary funds).

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

In the fiscal year 2008, the City adopted GASB Statement 45, “Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.” For additional information, please see Note XVII.

B. Reporting entity

The City of Glendale, Arizona (City) was incorporated June 18, 1910, under the provisions of Article 13, Sections 1 through 6 of the Constitution of Arizona and Title 9 of the Arizona Revised Statutes. It is governed by a Mayor elected at large, and six district council members. The City operates under a Council-Manager government. As required by GAAP, these financial statements present the government and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of a government's operations, so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in combined financial statements to emphasize that it is legally separate from the government. The City has no discretely presented component units.

Blended component units

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

D. Form of presentation – fund financial statements

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

Governmental funds

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is based upon determination of financial position and changes in financial position 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 citywide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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, 2008, the postage portion of the general fund supplies inventory was $53. 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 $11,394. In addition, $681 was included as part of the cost of capital assets under construction in connection with water and sewer projects.

(amounts expressed in thousands)

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

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 1814 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, 2008, is $2,120. 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, 2008, 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, 2008, 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.

(amounts expressed in thousands)

Property Tax Calendar	
Lien date	January 1, 2007
Levy (assessment) date (third Monday in August)	August 20, 2007
Due dates:	
First half of assessment	October 1, 2007
Second half of assessment	March 1, 2008
Penalties and interest added (collection dates):	
First half of assessment	November 1, 2007
Second half of assessment	May 1, 2008

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, 2008, is as follows:

Fund	Rate
General fund	$ 0.27
General obligation debt service fund	1.35
Total	$ 1.62

M. Compensated absences

Vacation time is accumulated up to a maximum of eight workweeks. Compensatory time is earned in lieu of cash payment for overtime and is accumulated up to a maximum of 80 hours. Both vacation and compensatory time can either be taken as time off from work, within certain limitations, or may be payable to employees upon termination or retirement. Sick leave is accumulated without limit and can be used in the event of an illness in the immediate family. Accumulated sick leave is convertible to a partial-cash benefit upon termination or retirement after five years of continuous service, or annually after one year of service, through an irrevocable declaration.

The current portion of the liability for compensated absences recorded in the governmental fund is equal to: 1) vacation and compensatory time taken and paid during the thirty days following the year ended June 30, 2008, 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.

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.

(amounts expressed in thousands)

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

R. Investments

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

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

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 2007-08 was $72.

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

For the year ended June 30, 2008, expenditures exceeded appropriations in the Other Special Revenue fund, Parks Bond Construction fund, and Housing fund (the legal level of budgetary control) by $1,772, $147, and $831, respectively. These over-expenditures were funded by beginning fund balance and operating transfers.

The City ended the fiscal year June 20, 2008, with a deficit fund balance in the following funds:

Public facilities corporation construction fund:	
The deficit was funded by a fiscal year 2009 bond sale, see footnote XIX.	$ 34,833
Police and fire sales tax fund:	
The deficit was funded by future sales tax collections.	247

(amounts expressed in thousands)

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 $60,480 and the bank balances were $62,126. The difference of $1,646 represents deposits in transit, outstanding checks and other reconciling items. Of the bank balance, $300 was insured by the Federal Depository Insurance Corporation (FDIC). The remaining bank balances were covered by $103,434 of collateral held by the City's agent in the City's name.

Investments

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

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

As of June 30, 2008, the City had the following investments:

	Investment Maturities (in years)			
Investment Type	0 - 1	1 - 2	2 - 3	Fair Value
Commercial paper	$ 34,524	$ -	$ -	$ 34,524
U.S. Agencies	225,131	15,097	5,033	245,261
Total investments	259,655	15,097	5,033	279,785
State LGIP total	57,514	-	-	57,514
Grand total investments	$ 317,169	$ 15,097	$ 5,033	337,299
Cash deposits				60,480
Other restricted cash				25,488
Total deposits and investments				$ 423,267

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, 2008, 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	87.66%	0.11
Commercial paper	P1	A-1+	12.34%	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	$ 96,759
FHLMC Total	U.S. Agencies	74,305
FNMA Total	U.S. Agencies	74,197

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

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(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, 2008, is as follows:

	Balances June 30, 2007	Additions	Transfers	Disposals	Balances June 30, 2008
Governmental activities					
Non-depreciable assets:					
Construction in progress	$ 251,824	$ 129,443	$ (127,694)	$ -	$ 253,573
Land	70,205	3,491	-	(4,566)	69,130
Artwork	1,448	-	-	-	1,448
Total non-depreciable assets	323,477	132,934	(127,694)	(4,566)	324,151
Depreciable assets:					
Buildings	184,416	-	53,039	-	237,455
Improvements other than buildings	131,029	404	8,108	(16)	139,525
Infrastructure - streets	513,433	4,904	60,480	-	578,817
Infrastructure - parks	63,908	159	4,178	-	68,245
Infrastructure - flood/storm drains	30,855	-	1,267	-	32,122
Infrastructure - airport	13,381	-	622	-	14,003
Machinery and equipment	31,520	3,009	-	(446)	34,083
Computer equipment	2,487	1,150	-	(102)	3,535
Software	735	29	-	(8)	756
Automotive equipment	34,728	5,110	-	(2,296)	37,542
Total depreciable assets at historical cost	1,006,492	14,765	127,694	(2,868)	1,146,083
Less accumulated depreciation for:					
Buildings	(43,348)	(5,307)	-	-	(48,655)
Improvements other than buildings	(60,458)	(5,822)	-	11	(66,269)
Infrastructure - streets	(139,568)	(13,303)	-	-	(152,871)
Infrastructure - parks	(13,879)	(2,477)	-	-	(16,356)
Infrastructure - flood/storm drains	(3,901)	(416)	-	-	(4,317)
Infrastructure - airport	(5,537)	(441)	-	-	(5,978)
Machinery and equipment	(16,005)	(3,609)	-	412	(19,202)
Computer equipment	(1,459)	(448)	-	101	(1,806)
Software	(544)	(88)	-	8	(624)
Automotive equipment	(19,462)	(3,732)	-	2,161	(21,033)
Total accumulated depreciation	(304,161)	(35,643)	-	2,693	(337,111)
Total depreciable assets, net	702,331	(20,878)	127,694	(175)	808,972
Governmental activities capital assets, net	$ 1,025,808	$ 112,056	$ -	$ (4,741)	$ 1,133,123

(amounts expressed in thousands)

	Balances June 30, 2008, as Restated	Additions	Disposals	Balances June 30, 2008
Business-type activities:				
Non-depreciable assets:				
Construction in progress - water and sewer	$ 88,557	$ 34,159	$ (106,104)	$ 16,612
Construction in progress - landfill	26	276	-	302
Construction in progress - housing authority	537	514	(192)	859
Land	11,609	10,519	-	22,128
Total non-depreciable assets	100,729	45,468	(106,296)	39,901
Depreciable assets:				
Buildings	14,085	129	-	14,214
Water storage rights	7,132	2,027	-	9,159
Improvements other than buildings	27,040	25,444	-	52,484
Water lines	100,052	2,313	-	102,365
Sewer lines	117,616	1,780	-	119,396
Water treatment plant	121,872	80,093	-	201,965
Sewer treatment plant	134,693	-	-	134,693
Meters and services	27,609	-	-	27,609
Fire hydrants	5,187	-	-	5,187
Machinery and equipment	3,942	302	(393)	3,851
Computer equipment	1,227	8	(314)	921
Automotive equipment	17,130	2,118	(893)	18,355
Total depreciable assets at historical cost	577,585	114,214	(1,600)	690,199
Less accumulated depreciation for:				
Buildings	(5,600)	(439)	-	(6,039)
Water storage rights	(504)	(67)	-	(571)
Improvements other than buildings	(5,794)	(1,404)	-	(7,198)
Water lines	(26,439)	(2,008)	-	(28,447)
Sewer lines	(37,742)	(2,597)	-	(40,339)
Water treatment plant	(43,500)	(3,810)	-	(47,310)
Sewer treatment plant	(14,950)	(3,868)	-	(18,818)
Meters and services	(8,411)	(737)	-	(9,148)
Fire hydrants	(1,709)	(102)	-	(1,811)
Machinery and equipment	(3,143)	(247)	353	(3,037)
Computer equipment	(1,013)	(5)	313	(705)
Automotive equipment	(11,356)	(1,644)	884	(12,116)
Total accumulated depreciation	(160,161)	(16,928)	1,550	(175,539)
Total depreciable assets, net	417,424	97,286	(50)	514,660
Business-type activities capital assets, net	$ 518,153	$ 142,754	$ (106,346)	$ 554,561

Note: Business-type activities beginning balance was restated to include water storage rights as a noncurrent depreciable capital asset.

(amounts expressed in thousands)

Depreciation was charged to functions/programs as follows:

Governmental activities:	
General	$ 11,410
Public safety	4,329
Public works	2,286
Street maintenance	12,245
Community services	5,337
Community environment	36
Total depreciation expense	$ 35,643

Business-type activities:	
Water and sewer	$ 14,568
Landfill	1,069
Sanitation	938
Housing	353
Total depreciation expense	$ 16,928

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, 2008. The projects include street construction, park facilities, spring training facility, 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	$ 73,958	$ 857
Community services	61,315	2,323
Public safety	24,588	3,760
Public works	81,172	17,985
Street maintenance	12,540	2,072
Water and sewer facilities	16,612	10,095
Landfill	302	138
Housing	859	-
Total primary government	$ 271,346	$ 37,230

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

Funds receiving insurance coverage pay monthly premiums to the workers' compensation fund based upon a budget model taking into consideration prior loss experience, staffing level, and the National Council on Compensation insurance workers' compensation manual rates.

Premium payments to insurance carriers are made directly from the workers' compensation fund. There have been no settlements paid in excess of insurance in any of the past three years.

C. Employee benefits

On July 1, 2000, the City established an employee benefits fund to meet future cost increases for health-related insurance.

Premiums are collected through contributions from employee paychecks and department budgets. Retirees and COBRA participants contribute 100% of premiums for their insurance benefit coverage. Premiums for the medical, vision, dental, and life insurance plans are determined prior to each renewal period by estimating the costs of claims and administration of the plan based on a variety of factors including: the demographics of the group, previous claims history, plan design changes and any new mandated benefits. These insurance benefits are provided through minimum premium and self-insured insurance plans. The City is responsible for the first $150 in medical claims per individual plan year. Any claims exceeding $150 are paid by the reinsurance plan.

Premiums 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 $8,919 as of June 30, 2008. Changes in the balances of claims liabilities during the past two years are as follows:

	Risk Management		Workers' Compensation		Employee Benefits	
	2008	2007	2008	2007	2008	2007
Unpaid claims, beginning of fiscal year	$ 3,747	$ 3,837	$ 2,098	$ 1,962	$ 2,055	$ 1,694
Current year claims and changes in estimate	2,031	1,153	681	1,126	20,253	18,300
Claims payments	(1,698)	(1,243)	(793)	(990)	(19,455)	(17,939)
Balance at fiscal year end	$ 4,080	$ 3,747	$ 1,986	$ 2,098	$ 2,853	$ 2,055

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 $738 for business-type activities and $1,654 for governmental activities. The future minimum lease obligation and net present value of lease payments at June 30, 2008, are as follows:

Year Ending June 30	Governmental Activities	Business-type Activities
2009	$ 2,398	$ 663
2010	2,264	524
2011	2,898	459
2012	5,253	155
2013	94	-
2014-2018	229	-
Total minimum lease payments	13,136	1,801
Less: Amount representing interest	(2,298)	(113)
Present value of net minimum lease payments	$ 10,838	$ 1,688

(amounts expressed in thousands)

The assets acquired through capital leases are as follows:

Class of Property	Governmental Activities	Business-type Activities
Equipment	$ 460	$ 250
Automotive equipment	2,975	7,490
Building	197	150
Other	5,492	2,389
	9,124	10,279
Less: Accumulated depreciation	(4,749)	(5,756)
Total	$ 4,375	$ 4,523

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 2007-08 were $594.

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 2009 and beyond. The carrying value of leased assets is $181,243 (cost of $231,176 less accumulated depreciation of $49,933). 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
2009	$ 1,383
2010	1,285
2011	1,044
2012	873
2013	715
2014 and beyond	17,571
Total	$ 22,871

VIII. Short-term debt

The City did not issue short-term debt for the year ended June 30, 2008.

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 $30,895 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 $32,090. The current year revenues of $16,647 paid the current year principal and interest amounts of $3,415 and $1,290, 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 $175,866. The current year revenues of $23,672 collected in the transportation special revenue fund, paid the current year principal and interest amounts of $4,075 and $3,255, 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 $288,950 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 $17,229 and $22,185, 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.

(amounts expressed in thousands)

Under the provisions of the purchase agreement, the City has pledged for the payment of the purchase price: 1) all net revenues derived by it from the municipal office complex and arena, and 2) all excise, transaction, privilege and franchise taxes which it currently collects, which it may collect or which are allocated to it by any other governmental unit or municipal corporation, except its share of such amounts which by state law, rule or regulation must be expended for other purposes. However, under no circumstances shall such pledge constitute a general obligation of the City or will the purchase price be payable from the proceeds of ad valorem taxes.

D. 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, 2008:

	June 30, 2007	Additions	Reductions	June 30, 2008	Amounts Due Within One Year
General obligation (G.O.) bonds	$ 224,234	$ -	$ (11,710)	$ 212,524	$ 14,786
Revenue bonds:					
Highway users revenue	34,065	-	(3,170)	30,895	3,415
Transportation bonds	-	109,110	-	109,110	4,075
Municipal property corporation	293,530	94,235	(89,715)	298,050	3,920
Total bonds payable	551,829	203,345	(104,595)	650,579	26,196
Notes payable:					
Notes payable	6,279	3,587	(821)	9,045	1,403
Total notes payable	6,279	3,587	(821)	9,045	1,403
Other long-term obligations:					
Capital lease obligations	12,492	-	(1,654)	10,838	1,665
OPEB obligations	-	16,235	-	16,235	-
Compensated absences	13,393	2,363	(1,063)	14,693	11,806
Claims and judgments	7,899	22,965	(21,945)	8,919	5,436
Unamortized premium on debt issuance	6,363	2,192	(520)	8,035	563
Developer payable obligations	1,570	109	-	1,679	-
Arbitrage rebate payable	447	169	-	616	-
Total other long-term obligations	42,164	44,033	(25,182)	61,015	19,470
Total	$ 600,272	$ 250,965	$ (130,598)	$ 720,639	$ 47,069

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 $720,639 in the total liabilities, $46,375 represents debt related to unspent bond proceeds ($45,955 restricted cash in transportation fund and $420 restricted cash in municipal property corporation construction fund) and $633,801 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, 2008:

	June 30, 2007	Additions	Reductions	June 30, 2008	Amounts Due Within One Year
Water and sewer G.O. bonds	$ 11,595	$ -	$ (790)	$ 10,805	$ 810
Landfill G.O. bonds	520	-	(189)	331	199
Water and sewer revenue/obligation bonds	229,130	65,500	(5,680)	288,950	6,605
Total bonds payable	241,245	65,500	(6,659)	300,086	7,614
Notes payable	10,862	-	(622)	10,240	647
Total notes payable	10,862	-	(622)	10,240	647
Capital lease obligations	2,349	-	(661)	1,688	608
Estimated closure and post-closure costs	10,977	442	-	11,419	-
Unamortized premium on debt issuance	7,110	361	(404)	7,067	414
OPEB obligations	-	3,494	-	3,494	-
Compensated absences	2,098	334	(46)	2,386	1,788
Housing noncurrent liabilities	30	7	-	37	-
Arbitrage rebate payable	484	-	(484)	-	-
Total other long-term obligations	23,048	4,638	(1,595)	26,091	2,810
Total	$ 275,155	$ 70,138	$ (8,876)	$ 336,417	$ 11,071

Of the $336,417 in total liabilities, $61,849 represents debt related to unspent bond proceeds and $257,232 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.

E. 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)

F. Bonds payable

Bonds payable at June 30, 2008, 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, 2008
G.O. bonds payable from secondary assessed property taxes					
Various	4.15-4.60	1998	2008	12,000	1,465
Various	5.00-5.40	2000	2015	20,215	4,124
Various	2.50-5.00	2002	2022	40,235	29,170
Various	1.50-5.00	2003	2022	52,525	39,335
Various	3.00-5.00	2004	2019	36,645	30,410
Various	3.50-4.00	2005	2015	11,960	9,890
Refunding	5.00-5.00	2006	2015	9,065	9,065
Various	4.00-5.00	2006	2021	29,365	28,065
Various	4.00-5.00	2007	2022	61,000	61,000
Total					212,524
Revenue bonds payable from highway user revenue funds					
Streets	5.00-5.37	2000	2010	8,750	4,735
Streets	2.50-4.00	2004	2014	14,655	11,630
Streets	4.00-5.00	2006	2016	15,745	14,530
Total					30,895
Revenue bonds payable from the 0.5% transportation sales tax					
Transportation excise tax	4.00-5.00	2008	2032	109,110	109,110
Municipal property corporation payable from general fund lease payments					
Refunding	4.25-4.90	2000	2009	12,615	3,380
MPC excise tax	5.00-5.38	2003	2033	5,055	5,055
MPC excise tax 2003A	2.50-5.00	2003	2024	49,940	49,625
MPC excise tax 2003B	1.46-5.58	2003	2033	105,260	96,840
MPC refunding	4.70-4.70	2004	2033	7,250	7,250
MPC excise tax 2004A	2.00-5.00	2004	2014	10,880	8,415
MPC excise tax 2006A	4.00-5.00	2006	2026	33,250	33,250
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					298,050
Total bonds payable recorded in governmental activities					650,579
Less current portion					(26,196)
Long-term portion of bonds payable recorded in governmental activities					$ 624,383

(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, 2008
G.O. bonds payable from landfill fund					
Landfill	5.00-5.40	2000	2015	$ 1,460	$ 331
Total					331
G.O. bonds payable from water and sewer fund					
Water and sewer	1.50-5.00	2003	2022	13,875	10,805
Total					10,805
Revenue bonds/obligations payable from water and sewer fund					
Various	4.75-5.75	2000	2010	53,000	18,950
Various	4.00-5.00	2004	2023	80,000	80,000
Various	4.00-5.25	2006	2026	80,000	80,000
Various	4.25-5.00	2007	2028	44,500	44,500
Various	3.00-5.00	2008	2028	65,500	65,500
Total					288,950
Total bonds payable recorded in business-type activities					300,086
Less current portion					(7,614)
Long-term portion of bonds payable recorded in business-type activities					$ 292,472

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, 2008, is as follows:

	6%	20%
Capacity to incur bonded debt	$ 109,621	$ 365,404
Less: Bonded debt applicable to limit	(43,358)	(150,157)
Unused bonded debt capacity	$ 66,263	$ 215,247

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)

G. Bonds authorized, issued and unissued

Bonds authorized but not fully issued as of July 1, 2008, are shown below:

G.O. Bonds	Authorized Amount	Issued through June 30, 2008	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)

H. Other debt (notes, long-term)

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

Downtown Glendale Building Purchase - The $1,779 note dated June 5, 2000, is an assumed loan payable in 98 installments at an interest rate of 9.00% with the final pyament due on or before September 1, 2008.	$	100
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.		1,080
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.		3,131
6822-6832 North 58th Avenue Land and Improvements Purchase - The $431,500 note dated September 5, 2007, is payable in three annual payments at an interest rate of 2.5% with the final pyament due on or before July 15, 2009.		306
6820 North 58th Avenue Land and Improvements Purchase - The $187,500 note dated September 5, 2007, is payable in five annual payments at an interest rate of 2.5% with the final payment due on or before July 15, 2011.		150
Total notes payable recorded in governmental activities		9,045
Less current portion		(1,403)
Long-term portion of notes payable recorded in governmental activities	$	7,642

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

Cholla Water Treatment Plant Solids Handling Facilities - The maximum available under the loan is $15,400 of which $12,598 was drawn down and recorded as a liability as of June 30, 2004. The loan is scheduled to be paid in annual installments over 20 years with an interest rate of 4.40%. Principal and interest are payable from the water and sewer fund.	$	10,240
Total notes payable recorded in business-type activities		10,240
Less current portion		(647)
Long-term portion of notes payable recorded in business-type activities	$	9,593

(amounts expressed in thousands)

I. Debt service requirements

Fiscal Year Ending	Highway Users Revenue Bonds	Landfill G.O. Bonds	Transportation Bonds	Municipal Property Corporation Bonds	Various Purposes G.O. Bonds	Various Purposes Notes Payable	Water and Sewer G.O. Bonds	Water and Sewer Notes Payable	Water and Sewer Revenue Bonds/ Obligations	Total
2009	$ 4,696	$ 139	$ 7,328	$ 21,940	$ 22,543	$ 1,924	$ 1,263	$ 1,034	$ 22,525	$ 83,392
2010	4,699	-	7,329	20,401	22,673	1,813	1,256	1,034	22,528	81,733
2011	4,690	-	7,328	21,186	22,630	2,117	1,251	1,034	22,532	82,768
2012	4,696	-	7,328	21,317	22,631	2,557	1,251	1,034	22,530	83,344
2013	4,699	-	7,326	21,357	22,642	2,382	1,259	1,034	22,526	83,225
2014	4,686	-	7,326	21,371	22,646	-	1,260	1,034	22,526	80,849
2015	1,953	-	7,326	19,552	22,595	-	1,249	1,034	22,528	76,237
2016	1,971	-	7,326	19,665	19,039	-	1,236	1,034	22,530	72,801
2017	-	-	7,327	22,031	18,951	-	1,226	1,034	22,524	73,093
2018	-	-	7,330	22,086	18,901	-	1,214	1,034	22,530	73,095
2019	-	-	7,328	22,142	14,475	-	-	1,034	22,524	67,503
2020	-	-	7,326	22,195	11,155	-	-	667	22,529	63,872
2021	-	-	7,329	22,258	11,197	-	-	6	22,527	63,317
2022	-	-	7,329	22,307	8,456	-	-	-	22,528	60,620
2023	-	-	7,328	22,363	-	-	-	-	23,661	53,352
2024	-	-	7,328	23,010	-	-	-	-	23,659	53,997
2025	-	-	7,328	23,064	-	-	-	-	23,652	54,044
2026	-	-	7,330	23,123	-	-	-	-	23,656	54,109
2027	-	-	7,329	20,525	-	-	-	-	16,491	44,345
2028	-	-	7,331	20,585	-	-	-	-	12,757	40,673
2029	-	-	7,328	19,778	-	-	-	-	-	27,106
2030	-	-	7,326	20,717	-	-	-	-	-	28,043
2031	-	-	7,327	20,778	-	-	-	-	-	28,105
2032	-	-	7,325	20,837	-	-	-	-	-	28,162
2033	-	-	-	13,634	-	-	-	-	-	13,634
2034	-	-	-	8,563	-	-	-	-	-	8,563
Total	32,090	139	175,866	536,785	260,534	10,793	12,465	12,047	439,263	1,479,982
Less interest	4,610	7	70,831	242,655	62,796	1,748	2,470	2,454	156,918	544,489
Principal	$ 27,480	$ 132	$ 105,035	$ 294,130	$ 197,738	$ 9,045	$ 9,995	$ 9,593	$ 282,345	$ 935,493

The following table discloses the debt service requirements as of June 30, 2008, 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
2009	$ 38,729	$ 44,663	$ 83,392
2010	39,014	42,719	81,733
2011	41,741	41,027	82,768
2012	44,081	39,263	83,344
2013	45,846	37,379	83,225
2014-2018	219,532	156,543	376,075
2019-2023	202,365	106,299	308,664
2024-2028	188,880	58,288	247,168
2029-2033	106,940	18,110	125,050
2034	8,365	198	8,563
Total	$ 935,493	$ 544,489	$ 1,479,982

(amounts expressed in thousands)

J. New bonds

On November 6, 2007, the City issued $109,110 in excise tax revenue obligation bonds to fund various transportation improvements which are contained in the City's Capital Improvement Plan. The bonds mature on various dates starting 2008 through 2028 with various interest rates of 4.00% to 5.00%. The bonds are not general obligations of the City, but are limited obligations of the City and are payable as to both principal and interest solely from and secured by a pledge of various revenues derived by the City from collection of a dedicated 0.5% excise tax for transportation infrastructure.

On March 19, 2008, the City issued $65,500 in subordinate lien water and sewer revenue obligation bonds to fund the construction of various water and sewer improvements in the City, including an upgrade and expansion of the 91st Avenue Regional Wastewater Treatment Plant and upgrades at the Cholla Water Treatment Plant. The bonds mature on various dates starting 2009 through 2028 with various interest rates of 3.00% to 5.00%. The bonds are not general obligations of the City, but are limited obligations of the City and are payable as both principal and interest solely from and secured by a subordinate pledge of net revenues of the system.

On June 5, 2008, the City issued $94,235 in Municipal Property Corporation taxable and tax-exempt excise tax revenue bonds to redeem outstanding subordinate excise tax revenue bonds, series 2006B. The bonds mature on various dates starting 2001 through 2033 with various interest rates of 3.00% to 6.157%. The bonds are not general obligations of the City, but are a limited obligation of the Corporation and City payable solely from and are secured by a pledge of the City's unrestricted excise taxes.

X. Landfill obligations

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

The landfill closure and post-closure care liability at June 30, 2008, calculated below, represents the cumulative amount reported to date based on the use of estimated capacity of the landfill.

	North Cell	South Cell
Capacity (cubic yards)	32,100	22,594
Capacity used to date	-	17,776
Percentage of capacity used	0%	79%
Total closure and post-closure costs in present dollars:		
as of June 30, 2008	$ 15,500	$ 14,514
as of June 30, 2007	$ 15,258	$ 14,288
Closure and post-closure care costs: Amount remaining to be recognized		
as of June 30, 2008	$ 15,500	$ 3,095
Liability recognized as of June 30, 2008	$ -	$ 11,419

(amounts expressed in thousands)

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2007-08. 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 36 years.

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

XI. Interfund transactions

A. Interfund receivables

Interfund balances at June 30, 2008, consisted of the following:

	Due To	Due From
Major governmental funds:		
General	$ 28,647	$ -
Public facilities corporation	-	27,201
Non-major governmental funds:		
Community development block grants fund	-	209
Police and fire sales tax fund	-	1,205
Non-major enterprise funds:		
Housing fund	-	32
Total	$ 28,647	$ 28,647

The interfund balances at June 30, 2008, 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, 2008, are expected to be repaid within one year.

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(amounts expressed in thousands)

B. Interfund transfers

Interfund transfers for the year ended June 30, 2008, consisted of the following:

Transfers to general fund from:	
Transportation fund	$ 130
Non-major governmental funds	
Developmental impact fees fund	36
Streets construction fund	206
Fire and police construction fund	43
Parks bond construction fund	5
Other construction fund	27
Water and sewer enterprise fund	47
Non-major enterprise fund	
Landfill enterprise fund	5
Total transfers to general fund	499
Transfer to transportation fund from:	
General fund	900
Total transfer to transporation fund	900
Transfer to non-major special revenue fund from:	
General fund	2,012
Total transfer to non-major special revenue fund	2,012
Transfers to non-major debt service funds from:	
General fund	10,932
Transportation fund	8,330
Non-major governmental funds	
Highway users gas tax fund	3,715
Other special revenue fund	4,841
Municipal property corporation construction fund	3,479
Fire and police capital projects fund	12,642
Total transfers to non-major debt service funds	43,939
Transfer to non-major capital project fund from:	
Transportation fund	4,276
Total transfer to non-major capital project fund	4,276
Transfer to non-major enterprise funds from:	
General fund	561
Total transfer to non-major enterprise funds	561
Grand total all transfers	$ 52,187

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.

(amounts expressed in thousands)

The interfund transfers are all classified as transfers and are included in the results of operations of both governmental and proprietary funds. There were no significant transfers during fiscal year 2008 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

XII. Encumbrances

The Arizona Revised Statutes allow cities to encumber unused appropriations for up to sixty days after the end of the fiscal year. However, effective July 1, 1987, the City adopted a policy of not recognizing encumbrances at year-end. All appropriations lapse on the last day of the fiscal year. Any outstanding commitments that the City intends to honor are rebudgeted in the new fiscal year. At June 30, 2008, the City intended to honor $39,271 of outstanding encumbrances in the new year.

XIII. Equity in joint venture

The City, along with the cities of Phoenix, Mesa, Scottsdale and Tempe participates in the Sub-Regional Operating Group (SROG), a joint venture. SROG constructs, operates and maintains jointly used facilities including the 91st Avenue Waste Water Treatment Plant (Plant) and certain sewage transportation facilities. The City of Phoenix acts as lead agency, and as such, is responsible for the planning, budgeting, construction, operation and maintenance of the Plant. In addition, the City of Phoenix provides all management personnel and financing arrangements and accepts federal grants on behalf of the participants.

Each participant pays for its costs of operation and maintenance based on relative sewage flows and strengths and for purchased capacity in plant and related transportation facilities based on ownership. The City accounts for its approximate 8.59% investment using the equity method in the water and sewer fund. For the year ended June 30, 2008, the City recognized a loss of $2,129. 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, 2008, (unaudited) is as follows:

Assets	
Current assets	$ 70,447
Capital assets, net of accumulated depreciation	796,149
Total assets	866,596
Liabilities	60,939
Net assets	$ 805,657
Total revenues	$ 170,890
Total expenses	(67,887)
Increase in net assets	$ 103,003

(amounts expressed in thousands)

Calculation of the City's equity:		
City's share of SROG equity	$	58,745
(Total equity of $805,657 plus unrealized loss of $2,320 less assets not owned by the City of $124,107 multiplied by 8.59%)		
Net capitalized interest on the City's records		3,851
City contributions not yet received by SROG		545
Total City equity	$	63,141

Change in the City's equity:		
Capital contributed to the joint venture	$	10,488
Net loss on joint venture		(2,129)
Net increase in equity	$	8,359

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.

<u>**General Fund Type**</u>

Reserved for inventory Amount available only for expenditure (i.e., consumption of existing supplies inventories that have already been purchased).	$	249
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.		63
Reserved for court security Security surcharges collected by the City Court are required by ordinance to be spent solely on court security.		52

(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).	$	53
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.		202
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.		164
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.		3,196
Reserved for vehicle/equipment replacement For future scheduled replacement of existing equipment and vehicles.		5,292
Total reserved for general fund type	$	9,271
Designated for computer replacement For future schedule replacement of existing personal computers.	$	3,650
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.		270
Designated for cable television station Amount to be used only for expenditure by the City's cable television station from net revenues collected by Cable from special activities.		77
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.		88
Designated for other public facilities projects To operate and improve equipment and personal property by public facilities corporation for spring training baseball facility.		8,372
Designated for telephone For payment of future telephone charges and maintenance.		203
Total designated for general fund type	$	12,660

(amounts expressed in thousands)

Special Revenue Fund Type
NON-MAJOR GOVERNMENTAL FUNDS
Reserved for inventory

Amount available only for expenditure (i.e., consumption of existing supplies inventories that have already been purchased).	$ 140

Reserved for development impact fees
The development impact fees are covered by Chapter 28, Article VI of the Municipal Code. Development impact fees are used exclusively to provide the necessary public facilities and services to development. Residential development impact fees may be spent only in the district (residential development district, not political district) in which they were collected. This reserve is categorized as follows:

Parks and recreation:	
Citywide parks	$ 89
Citywide recreation facilities	1,333
Citywide open space & trails	163
District No. 1	438
District No. 2	183
District No. 3	15
Library:	
Buildings	2,568
Books	210
Library	3,202
Fire protection facilities	1,090
Police facilities	1,822
Transportation	6,851
General government	1,385
Total reserved for development impact fees	19,349

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	2,064
Federal	129
Total reserved for drug enforcement	2,193

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.	185
Total reserved for special revenue fund type	$ 21,867

NON-MAJOR GOVERNMENTAL FUNDS
Designated for home program

For community development block grant home program activities.	$ 124

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.	572
Total designated for special revenue fund type	$ 696

(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.

General obligation debt service	$ 14,350
Municipal property corporation	15,865
Highway users	121
Total reserved for debt service fund type	$ 30,336

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.	$ 545
Total reserved for capital projects fund type	$ 545
Designated for street G.O. bond projects Accounts for the construction of street lights, traffic signals, street landscaping, streets and parking funded by authorization approved by voters on March 10, 1987, and November 2, 1999.	$ 8,880
Designated for HURF bond projects Accounts for the construction of streets and sidewalks. Funding is provided through bonds issued under an authorization approved by voters on March 10, 1987.	7,552
Designated for economic development Accounts for G.O. bond funds used to promote new private sector job creation through development and redevelopment in the City. Funding is provided under an authorization approved by voters on November 2, 1999.	529
Designated for open space/trails Accounts for G.O. bond funds used to plan and acquire land and interests for the preservation of open space; and planning, acquiring and constructing multi-use trails and linear parks. Funding is provided under an authorization approved by voters on November 2, 1999.	1,038
Total designated for capital projects fund type	$ 17,999

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.	$ 181
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.	1,022

(amounts expressed in thousands)

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.	$ 9,790
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	11,426
NON-MAJOR PROPRIETARY FUNDS Net assets held by the housing fund may only be used for that purpose.	1,410
Total restricted for enterprise fund type	$ 12,836
<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.	$ 5,398
Total reserved for permanent fund type	$ 5,398

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, 2008, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 9.60% (8.05% 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, 2008, 2007, and 2006 were $14,420, $12,697 and $9,310, respectively, which were equal to the required contributions for the year.

Agent Plans. For the year ended June 30, 2008, 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 15.76% and 15.27% 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 20.21% 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, 2008, 2007, and 2006 were $69, $59, and $39, 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.

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, 2008, the date of the most recent available actuarial valuation, and related information follow.

(amounts expressed in thousands)

	Fire	Police
Contribution rates:		
City	15.76%	15.27%
Plan members	7.65%	7.65%
Annual pension cost	$2,518	$4,155
Actuarial cost method	Projected unit credit	Projected unit credit
Actuarial assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases*	5.50% - 8.50%	5.50% - 8.50%
Includes inflation at*	5.00%	5.00%
Amortization method	Level % closed for unfunded actuarial accrued liability, open for excess	Level % closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	28 years for unfunded actuarial accrued liability, 20 years for excess	28 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value	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, 2008, follows.

Contributions required and contributions made

Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation
Police			
2008	$ 4,132	100.0 %	$ -
2007	$ 3,270	100.0 %	$ -
2006	$ 2,991	100.0 %	$ -
Fire			
2008	$ 2,897	100.0 %	$ -
2007	$ 1,812	100.0 %	$ -
2006	$ 842	100.0 %	$ -

Includes insurance premium tax, where applicable.

E. Required supplementary information

Funded status. The funded status of the PSPRS plans as of the most recent valuation date, June 30, 2008, 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.

(amounts expressed in thousands)

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, 2008:

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						
2008	$ 79,540	$ 129,649	$ 50,109	61.4%	$ 27,904	179.6%
2007	$ 75,860	$ 128,670	$ 52,810	59.0%	$ 25,375	208.1%
2006	$ 77,968	$ 110,181	$ 32,213	70.8%	$ 22,052	146.1%

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						
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%
2006	$ 60,772	$ 74,401	$ 13,629	81.7%	$ 13,518	100.8%

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, 2008, a total amount of $2,822 was contributed to the plan by active retirees in the form of current premiums of which $4,135 was paid out for retiree costs. The required contributions were 2.6% of covered payroll.

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. Note, the City is a Phase I government and as such June 30, 2008, is the first year reporting under GASB Statement 45.

(amounts expressed in thousands)

Normal cost	$ 13,258
Minimum amortization of unfunded actuarial liability (UAL)	6,975
Interest adjustment to year end	809
Annual required contribution	21,042
ARC adjustment	-
Interest adjustment to net obligation	-
OPEB cost	21,042
Contributions made	(1,313)
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	$ 19,729

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 was as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed
2008	$21,042	6.3%

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	$ 195,300
UAL	$ 195,300
Funded ratio	- %
Annual covered payroll	$ 109,391
Ratio of UAL to annual covered payroll	178.5%

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 4.0% pay as you go discount rate and a 3.5% 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 2007-08 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

On October 22, 2008, the City of Glendale Western Loop 101 Public Facilities Corporation (PFC) issued third lien excise tax revenue bonds: $137,495 in tax exempt series 2008A, $48,670 in tax exempt series 2008B, and $13,585 in taxable series 2008C. Proceeds will be used to repay funds advanced by the City of Glendale general fund as well as finance future costs related to a Major League Baseball spring training stadium and related infrastructure. Revenue for repayment of the bonds will come from rental payments by the City under the lease agreement. The obligation of the City to make rental payments under the lease agreement is a limited obligation and not a general obligation of the City and is payable solely from and secured by a pledge of the City's unrestricted excise tax revenues.

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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, 2008

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (budgetary basis)	Positive (Negative)
Budgetary fund balance, July 1, 2007	$ 60,442	$ 60,442	$ 62,682	$ 2,240
RESOURCES (INFLOWS):				
Taxes	74,228	68,778	68,014	(764)
Licenses and permits	13,164	11,275	11,305	30
Intergovernmental	69,586	68,376	67,333	(1,043)
Charges for services	29,557	30,201	32,364	2,163
Fines and forfeitures	3,707	3,974	4,499	525
Investment income (loss)	521	1,846	4,621	2,775
Proceeds from disposal of assets	-	269	327	58
Miscellaneous	2,872	2,744	11,151	8,407
Total revenues	193,635	187,463	199,614	12,151
Add: Transfers in	635	635	3,697	3,062
Less: Transfers out	(20,936)	(20,937)	(17,603)	3,334
Amounts available for appropriation	233,776	227,603	248,390	20,787
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government	37,224	37,737	30,500	7,237
Public safety	89,653	86,586	81,770	4,816
Public works	26,228	26,809	26,050	759
Community services	36,597	36,109	28,780	7,329
Community environment	647	633	561	72
Street maintenance	24	971	735	1,004
Contingencies	18,613	18,780	-	18,780
Miscellaneous	2,391	2,268	1,312	956
Debt service:				
Principal	1,903	1,903	1,903	-
Interest	1,184	1,184	873	311
Capital outlay	12,869	12,802	6,771	6,031
Total charges to appropriations	227,333	225,782	179,255	47,295
Budgetary fund balance, June 30, 2008	$ 6,443	$ 1,821	$ 69,135	$ 67,314

(Continued)

City of Glendale, Arizona

Budgetary Comparison Schedule (continued)

General Fund

For the Fiscal Year Ended June 30, 2008

(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.	$ 248,390
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(62,682)
Market adjustment on restricted investments not available for appropriation.	(335)
Internal charges for services provided.	(23,567)
Proceeds from disposal of assets.	(8,699)
Miscellaneous revenue not reported GAAP basis.	(50)
Less: Transfers in.	(3,697)
Add: Transfers out.	17,603
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 166,963
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 179,255
Capital outlay funded by long-term debt.	456
Salaries payable.	(6,921)
Trade in value of vehicle.	13
Change in prepaid assets or inventory.	(7)
Internal charges for services provided.	(15,579)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 157,217

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, 2008

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (budgetary basis)	Positive (Negative)
Budgetary fund balance, July 1, 2007	$ 8,877	$ 8,877	$ 1,092	$ (7,785)
RESOURCES (INFLOWS):				
Taxes	27,613	21,852	23,672	1,820
Intergovernmental	16,142	6,038	4,802	(1,236)
Charges for services	200	111	137	26
Investments	1,000	236	1,287	1,051
Proceeds from disposal of assets	-	2	2	-
Long term debt issued	90,000	109,110	109,110	-
Premium on long-term debt	-	1,953	1,953	-
Fines and forfeitures	-	2	8	6
Miscellaneous Revenues	327	-	63	63
Total revenues	135,282	139,304	141,034	1,730
Add: Transfers in	108,059	108,059	2,018	(106,041)
Less: Transfers out	(108,770)	(108,842)	(13,854)	94,988
Amounts available for appropriation	143,448	147,398	130,290	(17,108)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Community services	19,346	19,219	13,351	5,868
Public safety	-	-	36	(36)
Capital outlay	124,102	117,450	44,941	72,509
Total charges to appropriations	143,448	136,669	58,328	78,341
Budgetary fund balance, June 30, 2008	$ -	$ 10,729	$ 71,962	$ 61,233

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.	$ 130,290
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(1,092)
Proceeds from disposal of assets.	(2)
Long-term debt issued.	(109,110)
Premium on long-term debt issued.	(1,953)
Unrealized investment income.	677
Less: Transfers in.	(2,018)
Add: Transfers out.	13,854
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 30,646

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 58,328
Change in compensated absences liability.	(51)
Salaries payable.	28
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 58,305

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. A budgetary comparison schedule for the public facilities corporation is not included in the required supplementary information because it was not budgeted for in fiscal year 2008. 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 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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[BOND ISSUANCE DATE]

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 Bonds, Series 2009B (Taxable Direct-Pay Build America Bonds), in the amount of $41,650,000 (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:

$41,650,000
City of Glendale, Arizona
General Obligation Bonds,
Series 2009B (Taxable Direct-Pay Build America Bonds)

Maturity Date	Principal Amount	Interest Rate
07/01/2011	$1,270,000	1.500%
07/01/2012	1,280,000	2.250
07/01/2013	1,295,000	2.500
07/01/2014	1,315,000	3.000
07/01/2015	1,335,000	3.250
07/01/2016	1,880,000	3.800
07/01/2017	1,920,000	4.000
07/01/2018	1,970,000	4.250
07/01/2019	2,025,000	4.500
07/01/2020	2,090,000	4.500
07/01/2021	2,155,000	4.625
07/01/2022	2,225,000	4.750
07/01/2023	2,300,000	4.875
07/01/2024	2,375,000	5.125
07/01/2025	2,460,000	5.375
07/01/2026	2,550,000	5.500
07/01/2027	2,645,000	5.625
07/01/2028	2,745,000	5.625
07/01/2030	5,815,000	5.750

The Bonds being issued for the purposes authorized at an election held in and for the City on November 2, 1999 and May 15, 2007.

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.

We are of the opinion that interest on the Bonds is includible in gross income of the owners thereof for federal income tax purpose and therefore is not exempt from present federal income taxation. Ownership of the Taxable Bonds may result in other federal or State of Arizona income tax consequences to certain taxpayers and we express no opinion regarding any such collateral consequences arising with respect to the Taxable 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, AZ ("CITY")

$41,650,000
City of Glendale, Arizona
General Obligation Bonds
Series 2009

FORM OF 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. 2714 approved on December 08, 2009 (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*

"*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 $41,650,000 General Obligation Bonds, Series 2009B (Taxable Direct-Pay Build America Bonds).

"*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 MSRB. As of the date of this Disclosure Undertaking, information regarding submissions 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 December 08, 2009, (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) to the MSRB through EMMA. The City is required to deliver such information in such manner and by such time so that such entities receive 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 to the MSRB 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 to the MSRB 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. *Duty to Update EMMA*. The City shall determine, in the manner it deems appropriate, the address of EMMA or such alternate repository specified by the MSRB each time it is required to file information with such entities.

7. *Consequences of Failure of the City to Provide Information*. The City shall give notice in a timely manner to the MSRB 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.

8. *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.

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. *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 such event occurs, to the MSRB through EMMA.

10. *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.

11. *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.

12. *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.

13. *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.

14. *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.

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

CITY OF GLENDALE, ARIZONA

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

Date: December 22, 2009.

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 to EMMA, or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB; the Final Official Statement need not be available from each NRMSIR, the SID or the Commission. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to 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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