OFFICIAL STATEMENT

NEW ISSUES – BOOK-ENTRY ONLY FORM **RATINGS: See "Ratings" herein**

In the opinion of Greenberg Traurig, LLP, Special Counsel, assuming continuing compliance with certain tax covenants and the accuracy of certain representations of the City, under existing statutes, regulations, rulings and court decisions, the portion of each installment payment made by the City pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by Owners of the Obligations (the "Interest Portion") will be excludable from gross income for federal income tax purposes. The Interest Portion will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such Interest Portion will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. The Interest Portion will be exempt from income taxation under the laws of the State of Arizona so long as the Interest Portion is excludable from gross income for federal income tax purposes. See "TAX MATTERS – General" herein for a description of certain other federal tax consequences of ownership of the Obligations. See also "TAX MATTERS – Original Issue Discount and Original Issue Premium" herein.

CITY OF GLENDALE, ARIZONA

$33,830,000
Senior Excise Tax Revenue Refunding Obligations
Series 2016

Dated: Date of Initial Delivery **Due: July 1, as shown on the inside front cover page**

The Senior Excise Tax Revenue Refunding Obligations, Series 2016 (the "2016 Obligations") will be executed and delivered to provide funds to (i) refund the Bonds Being Refunded (as defined herein) issued on behalf of the City of Glendale, Arizona (the "City") and (ii) pay costs relating to the execution and delivery of the 2016 Obligations. See "PLAN OF REFUNDING" herein.

The 2016 Obligations will be dated as of the date of their initial delivery thereof, will mature on July 1 of the years and in the amounts shown on the inside cover hereof and will bear interest from their dated date, at the rates per annum shown on the inside cover hereof. Interest on the 2016 Obligations will be payable on January 1 and July 1 of each year (each, an "Interest Payment Date"), commencing on July 1, 2016.

The 2016 Obligations will be issuable only in fully registered form and, when issued, will be available to purchasers in the denominations described above, only through the book-entry system maintained by The Depository Trust Company, New York, New York ("DTC"). The 2016 Obligations will be registered initially in the name of Cede & Co., as nominee for DTC. Beneficial interests in the 2016 Obligations will be available to purchasers in amounts of $5,000 of principal of a series due on a specific payment date and any integral multiple thereof. While the 2016 Obligations are in the book-entry system, no physical delivery of such obligations will be made to ultimate purchasers thereof and all payments of principal, premium, if any, and interest, related to such obligations will be made directly by the Trustee to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of such obligations, as described herein.

The 2016 Obligations will represent undivided, proportionate interests in the installment payments to be made by the City pursuant to a Second Purchase Agreement, to be dated as of June 1, 2016 (the "Purchase Agreement") between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (together with and successors in that capacity, the "Trustee"). The 2016 Obligations will be executed and delivered pursuant to a Second Trust Agreement, to be dated as of June 1, 2016 between the City and the Trustee (the "Trust Agreement"). The City's obligation under the Purchase Agreement is a special, limited revenue obligation of the City and is payable from and is secured by a pledge of the City's Unrestricted Excise Taxes, as described herein. The pledge for the 2016 Obligations is on a parity with the $249,435,000 aggregate principal amount of the City's Senior Bonds (as defined herein) to be outstanding following delivery of the 2016 Obligations and bonds or other obligations issued on a parity therewith (collectively with the 2016 Obligations, "Senior Excise Tax Obligations"). Such lien is senior and prior to the lien on Unrestricted Excise Taxes pledged to the payment of $189,890,000 of Subordinate Excise Tax Obligations (as defined herein) to be outstanding following delivery of the 2016 Obligations and the pledge of certain Unrestricted Excise Taxes to the Arizona Sports and Tourism Authority and bonds or other obligations issued on a parity therewith, which lien is junior and subordinate to the lien on Unrestricted Excise Taxes pledged to the payment of the Senior Excise Tax Obligations, including the 2016 Obligations. See "SECURITY AND SOURCES OF PAYMENT OF THE 2016 OBLIGATIONS" herein. THE 2016 OBLIGATIONS WILL BE SPECIAL, LIMITED REVENUE OBLIGATIONS OF THE CITY AND WILL BE PAYABLE SOLELY FROM THE SOURCES DESCRIBED HEREIN. THE 2016 OBLIGATIONS WILL NOT BE GENERAL OBLIGATIONS OF THE CITY OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF, AND THE FULL FAITH AND CREDIT OF THE CITY, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF WILL NOT BE PLEDGED FOR THE PAYMENT OF THE 2016 OBLIGATIONS.

The 2016 Obligations are subject to prepayment prior to their stated payment dates as described herein. See "THE 2016 OLBIGATIONS – Prepayment Provisions" herein.

SEE PAYMENT SCHEDULE AND OTHER INFORMATION ON INSIDE FRONT COVER PAGE

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including particularly the matters discussed under the caption "CERTAIN BONDHOLDER'S RISKS," to obtain information essential to the making of an informed investment decision.

The 2016 Obligations are offered, when, as and if certain conditions are satisfied and subject to the legal opinion of Greenberg Traurig, LLP, Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by Greenberg Traurig, LLP and by the City Attorney of the City. Certain legal matters will be passed upon solely for the Underwriter by Kutak Rock LLP. It is expected that the 2016 Obligations will be available for delivery through the facilities of DTC in New York, New York, on or about June 1, 2016.

MORGAN STANLEY

April 25, 2016

CITY OF GLENDALE, ARIZONA

PAYMENT SCHEDULE

$33,830,000
Senior Excise Tax Revenue Refunding Obligations, Series 2016

Payment Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP[1] (Base 378307)
2019	$1,515,000	3.00%	0.98%	BH4
2020	1,560,000	3.00	1.13	BG6
2021	1,610,000	3.00	1.32	AT9
2022	1,655,000	3.00	1.49	AU6
2023	1,700,000	4.00	1.63	AV4
2024	1,760,000	5.00	1.80	AW2
2025	1,850,000	5.00	1.96	AX0
2026	1,945,000	5.00	2.12	AY8
2027	2,040,000	5.00	2.27 [2]	AZ5
2028	2,145,000	5.00	2.38[2]	BA9
2029	2,245,000	4.00	2.60 [2]	BB7
2030	2,340,000	4.00	2.71 [2]	BC5
2031	2,435,000	5.00	2.57 [2]	BD3
2032	1,425,000	5.00	2.63 [2]	BE1
2033	7,605,000	3.00	3.14	BF8

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Underwriter (as defined herein), the Financial Advisor (as defined herein) or their agents or counsel take responsibility for the accuracy of such numbers.

(2) Yield calculated to July 1, 2026, first optional prepayment date.

CITY OF GLENDALE, ARIZONA

MAYOR AND COUNCIL

Jerry Weiers – Mayor

Bart Turner – Councilmember, Barrel District
Lauren Tolmachoff – Councilmember, Cholla District
Ray Malnar – Councilmember, Sahuaro District
Ian Hugh – Vice Mayor, Cactus District
Jamie Aldama – Councilmember, Ocotillo District
Sammy Chavira – Councilmember, Yucca District

CITY ADMINISTRATIVE OFFICERS

Kevin R. Phelps, City Manager

Jennifer Campbell, Assistant City Manager

Thomas F. Duensing, CPA, Assistant City Manager

Michael Bailey, City Attorney

Pam Hanna, City Clerk

Vicki L. Rios, CPA, Interim Finance and Technology Director

SPECIAL SERVICES

SPECIAL COUNSEL

Greenberg Traurig, LLP
Phoenix, Arizona

FINANCIAL ADVISOR

RBC Capital Markets, LLC
Phoenix, Arizona

TRUSTEE AND DEPOSITORY TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

This Official Statement, which includes the cover page, the inside front cover page and the Appendices hereto, does not constitute an offering of any security other than the original offering of the 2016 Obligations identified on the inside front cover page hereof. No dealer, broker, salesperson or other person has been authorized by the City of Glendale, Arizona (the "City"), RBC Capital Markets, LLC (the "Financial Advisor") or the underwriter identified on the cover page hereof (the "Underwriter") to give any information or to make any representations other than as 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 any of the foregoing.

The information contained in this Official Statement has been obtained from the City and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by, any of the foregoing. The presentation of such information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. All forecasts, projections, assumptions, opinions or estimates are "forward looking statements," which must be read with an abundance of caution and which may not be realized or may not occur in the future. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since the date hereof.

The City, Financial Advisor, Underwriter, Underwriter's counsel and Special Counsel are not actuaries, nor have any of them performed any actuarial or other analysis of the City's unfunded liabilities under the Arizona State Retirement System, Arizona Public Safety Personnel Retirement System or the Elected Officials Retirement Plan.

In accordance with, and as part of, their responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction, the Underwriter has reviewed the information in this Official Statement, but does not guarantee the accuracy or completeness of such information. The delivery of this Official Statement shall not imply that the information herein is correct as of any time subsequent to the date hereof.

The information contained in Appendix F – "BOOK-ENTRY-ONLY SYSTEM" has been furnished by The Depository Trust Company and no representation has been made by the City or the Underwriter, or any of their counsel or agents, as to the accuracy or completeness of such information.

The issuance and sale of the 2016 Obligations have not been registered under the Federal Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities; nor has the issue been qualified under the Securities Act of Arizona, in reliance upon various exemptions in such Act. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The City has undertaken to provide continuing disclosure with respect to the 2016 Obligations as required by Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE" and Appendix E – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

In connection with this offering, the Underwriter may allow concessions or discounts from the initial public offering prices to dealers and others, and the Underwriter may overallot or engage in transactions intended to stabilize the prices of the 2016 Obligations at levels above those which might otherwise prevail in the open market in order to facilitate their distribution. Such stabilization, if commenced, may be discontinued at any time.

The Bank of New York Mellon Trust Company, N.A., in its capacities as Trustee and Depository Trustee, has not participated in the preparation of this Official Statement and assumes no responsibility for its content.

A wide variety of other information, including financial information, concerning the City is available from publications and websites of the City and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of, or incorporated into, this Official Statement, except as expressly noted herein.

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CITY OF GLENDALE, ARIZONA

$33,830,000
Senior Excise Tax Revenue Refunding Obligations
Series 2016

INTRODUCTION

This Official Statement, including the cover page, inside front cover page and Appendices hereto (this "Official Statement"), is provided to furnish certain information with respect to the execution and delivery of the Senior Excise Tax Revenue Refunding Obligations, Series 2016 (the "2016 Obligations"). The 2016 Obligations will represent undivided proportionate interests in installment payments (the "Payments") to be made by the City of Glendale, Arizona (the "City"), pursuant to a Second Purchase Agreement to be dated as of June 1, 2016 (the "Purchase Agreement"), between the City, as buyer, and The Bank of New York Mellon Trust Company, N.A. in its capacity as trustee (together with any successors in such capacity, the "Trustee"), as seller. The City is purchasing the Residual Rights (as defined herein) in certain properties financed with the proceeds of the Bonds Being Refunded (the "Refinanced Projects").

The 2016 Obligations will be executed and delivered pursuant to a Second Trust Agreement, dated as of June 1, 2016 (the "Trust Agreement") between the City and the Trustee. Certain of the Trustee's interests under the Purchase Agreement, including, without limitation, the right to receive and collect the Payments and the right to enforce the City's obligations to make the Payments under the Purchase Agreement, will be held by the Trustee for the benefit of the registered owners of the Obligations.

Net proceeds of the 2016 Obligations will be used to (i) refund the Bonds Being Refunded (as defined herein), and (ii) pay the costs related to the execution and delivery of the 2016 Obligations. See "PLAN OF REFUNDING" herein.

The City's obligation under the Purchase Agreement is a special, limited revenue obligation of the City and is payable from and is secured by a pledge of the City's Unrestricted Excise Taxes, which are generally all excise, transaction privilege, franchise and income taxes which the City now collects, which it may collect in the future, and which are allocated or apportioned to the City by the State of Arizona (the "State"), or any political subdivision thereof, or by any other governmental unit or agency, other than Restricted Excise Taxes, which are *not* being pledged by the City. "Restricted Excise Taxes" are (i) the City's share of any excise, transaction privilege, franchise and income taxes which under Arizona law must be expended for other purposes, such as the motor vehicle fuel tax, and (ii) excise taxes, transaction privilege, franchise and income taxes of the City collected now or hereafter which have been approved at an election within the City and restricted to certain uses, such as the City's existing Public Safety Tax and Transportation Tax (as such terms are defined under "SECURITY AND SOURCES OF PAYMENT OF THE 2016 OBLIGATIONS – Sources for Payments - Categories of Excise Taxes - *City Transaction Privilege (Sales) Taxes*").

The pledge for the 2016 Obligations is on a parity with the $249,435,000 aggregate principal amount of the Senior Bonds (as defined below) to be outstanding following delivery of the 2016 Obligations and bonds or other obligations issued on a parity therewith, which lien is senior and prior to the lien on Unrestricted Excise Taxes pledged to the payment of the Subordinate Excise Tax Obligations (defined below) to be outstanding in the aggregate principal amount of $189,890,000 following delivery of the 2016 Obligations, the pledge of certain Unrestricted Excise Taxes to the Arizona Sports and Tourism Authority, and bonds or other obligations issued on a parity therewith. See "SECURITY AND SOURCES OF PAYMENT OF THE 2016 OBLIGATIONS" herein.

THE 2016 OBLIGATIONS AND THE OBLIGATION OF THE CITY TO MAKE PAYMENTS EACH CONSTITUTE A LIMITED OBLIGATION OF THE CITY, AND NEITHER CONSTITUTES A GENERAL OBLIGATION OF THE CITY WITHIN THE MEANING OF THE CONSTITUTION OR LAWS OF THE STATE.

THE CITY'S OBLIGATION TO MAKE PAYMENTS IS NOT SUBJECT TO ANNUAL APPROPRIATION OR BUDGETING BY THE CITY NOR IS SUCH OBLIGATION SUBJECT TO ANY CONSTITUTIONAL OR STATUTORY LIMITATION ON EXPENDITURES.

The Refinanced Projects do not secure the City's obligation to make Payments under the Purchase Agreement. Neither the Trustee nor the registered Owners of any 2016 Obligation will have any right to exclude the City from the Refinanced Projects as a remedy upon the occurrence of an event of default under the Purchase Agreement, nor to have the Refinanced Projects sold. Neither the Trustee nor the registered Owners of the 2016 Obligations will have any interest in revenues derived from the Refinanced Projects, except to the extent that they constitute Unrestricted Excise Taxes, or any property interest in the Refinanced Projects.

Unless and until discontinued, the 2016 Obligations will be held in book-entry form by The Depository Trust Company, New York, New York ("DTC"), a registered securities depository, and beneficial interests therein may only be purchased and sold, and payments of principal of, premium, if any, and interest on the 2016 Obligations will be made only to beneficial owners (the "Beneficial Owners"), through participants in the DTC system. Beneficial interests in the 2016 Obligations will be available to purchasers in amounts of $5,000 of principal of a series due on a specific payment date and any integral multiple thereof. So long as Cede & Co. is the registered Owner of the 2016 Obligations, as nominee for DTC, references in this Official Statement to "Owner" or registered Owners of the 2016 Obligations (other than with respect to the 2016 Obligations under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such 2016 Obligations. See Appendix F - "BOOK-ENTRY-ONLY SYSTEM" HEREIN.

Certain capitalized terms used herein are defined under Appendix C - "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT AND THE PURCHASE AGREEMENT - Definitions of Certain Terms."

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

As used in this Official Statement, "Debt Service" means principal, premium, if any, and interest related to the 2016 Obligations; and "State" or "Arizona" means the State of Arizona.

This Official Statement contains descriptions of the 2016 Obligations, the Purchase Agreement and the Trust Agreement. The descriptions of the 2016 Obligations, the Purchase Agreement and the Trust Agreement and other documents described in this Official Statement do not purport to be definitive or comprehensive, all references to those documents are qualified in their entirety by reference to the form of those documents, and copies of drafts thereof are available from the City prior to the delivery of the 2016 Obligations.

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The following table sets forth the Senior Excise Tax Obligations and Subordinate Excise Tax Obligations (each as defined herein) to be outstanding following execution and delivery of the 2016 Obligations.

TABLE 1
Excise Tax Obligations to be Outstanding
City of Glendale, Arizona

Issue	Year Issued	Original Amount	Amount Outstanding
Senior Excise Tax Obligations			
Senior Lien Bonds (Taxable Series 2003B)	2003	$105,260,000	$1,480,000
Senior Lien Bonds (Series 2008A)	2008	32,315,000	31,980,000
Senior Lien Bonds (Series 2008B)	2008	52,780,000	47,490,000
Senior Lien Bonds (Series 2012A)	2012	8,665,000	8,665,000
Senior Lien Refunding Bonds (Series 2012B)	2012	39,620,000	39,620,000
Senior Lien Refunding Obligations (Series 2015A)	2015	100,430,000	100,430,000
Senior Lien Refunding Obligations (Taxable Series 2015B)	2015	13,700,000	13,700,000
Total Existing Senior Excise Tax Obligations Outstanding			$243,365,000
Plus: 2016 Obligations			33,830,000
Less: Senior Bonds Being Refunded[(1)]			(27,760,000)
Total Senior Excise Tax Obligations to be Outstanding			$249,435,000
Subordinate Excise Tax Obligations [(2)]			
Subordinate Lien Refunding Bonds (Series 2003D)	2003	$ 7,250,000	$ 7,250,000
Subordinate Lien Refunding Bonds (Series 2012C)	2012	183,405,000	183,405,000
Subordinate Lien Refunding Bonds (Taxable Series 2012D)	2012	16,850,000	6,485,000
Total Existing Subordinate Lien Obligations Outstanding			$197,140,000
Less: Subordinate Bonds Being Refunded[(1)]			(7,250,000)
Total Subordinate Lien Obligations to be Outstanding			$189,890,000
Grand Total			$439,325,000

(1) See “PLAN OF REFUNDING” herein.

(2) Does not include City payment obligations to the Arizona Sports and Tourism Authority in an amount equal to, but not exceeding, the Unrestricted Excise Taxes derived by the City from transactions associated with the hereinafter-described Multipurpose Facility. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2016 OBLIGATIONS – General – *Subordinate Excise Tax Obligations*” herein.

SOURCE: City Finance Department.

THE 2016 OBLIGATIONS

General Provisions

The 2016 Obligations will be dated as of the date of their initial delivery, and will bear interest payable semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing July 1, 2016, until their stated payment dates or prior prepayment, at the rates set forth on the inside cover page of this Official Statement. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

As described in Appendix F - "BOOK-ENTRY-ONLY SYSTEM," the 2016 Obligations, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. So long as DTC, or its nominee Cede & Co., is the registered owner of all the 2016 Obligations, all payments on the 2016 Obligations and notices regarding the 2016 Obligations will be made directly to DTC.

Subject to the provisions summarized in Appendix F - "BOOK-ENTRY-ONLY SYSTEM," the principal of and premium, if any, on each 2016 Obligation will be payable at the designated office of the Trustee. Interest represented by the 2016 Obligations will be paid on each Interest Payment Date by check drawn on the Trustee mailed on or before the Interest Payment Date to the registered owners as shown on the records of the Trustee as of the fifteenth day of the month immediately preceding such Interest Payment Date or, if such date is not a business day, on the next succeeding business day (the "Regular Record Date") or the Trustee may agree with a registered Owner of $1,000,000 or more in aggregate principal amount of the 2016 Obligations for another form of payment.

If the Trustee fails to make payments or provision for payment of interest on the 2016 Obligations when due on any Interest Payment Date, that interest shall cease to be payable to the registered Owner of such 2016 Obligations as of the applicable Regular Record Date, and when moneys become available for payment of that interest, the Trustee shall establish a Special Record Date for the payment of that interest, which shall be at least ten days prior to the proposed interest payment date, and notice of such Special Record Date shall be mailed to each registered Owner at least ten days prior to the Special Record Date.

Each 2016 Obligation will accrue interest from the Interest Payment Date next preceding the date of its execution, unless: (1) executed on an Interest Payment Date or after a Regular Record Date but before the following Interest Payment Date, in which case interest accrues from such Interest Payment Date, (2) executed on the date of initial delivery or prior to July 1, 2016, in which case interest accrues from its dated date, or (3) payment of interest is in default, in which case interest is payable from the last date to which interest has been paid or, if none, its dated date.

Prepayment Provisions

Optional Prepayment of the 2016 Obligations. The 2016 Obligations maturing on and prior to July 1, 2026 will not be subject to prepayment prior to their stated payment dates. The 2016 Obligations maturing on and after July 1, 2027 will be subject to optional prepayment prior to their stated payment dates, at the direction of the City, in whole or in part in denominations of $5,000 or integral multiples thereof from 2016 Obligations of specific payment dates selected by the City and within any stated payment date by lot as described below, on July 1, 2026 and on any date thereafter, at a prepayment price equal to the principal amount of 2016 Obligations being prepaid plus accrued interest to the date fixed for prepayment, without premium.

Notice and Procedures for Prepayment

Selection of 2016 Obligations to be Prepaid. For purposes of any prepayment of less than all 2016 Obligations of a single stated payment date and subject to the provisions described in Appendix F – "BOOK-ENTRY-ONLY SYSTEM," the particular 2016 Obligations to be prepaid will be selected randomly by the Trustee by such method of lottery as the Trustee deems fair and appropriate.

The Trustee will cause notice of such prepayment to be given to the registered Owner of any 2016 Obligation designated for prepayment (so long as the book-entry-only system is in effect, only Cede & Co.), at the address last appearing upon the Register by mailing a copy of the prepayment notice by first-class mail, express delivery service or other means which may evidence receipt, not less than thirty (30) days prior to the prepayment date. No defect affecting any 2016 Obligation, whether in the notice of prepayment or the delivery thereof (including any failure to mail such notice), shall affect the validity of the prepayment proceedings for any other 2016 Obligations.

Notice having been properly given, the 2016 Obligations, as applicable, shall become due and payable on the prepayment date so designated and, upon presentation and surrender thereof at the place specified in the prepayment notice, the prepayment price of such 2016 Obligations shall be paid. If on the prepayment date sufficient moneys are held by the Trustee to pay the prepayment price, then and after the prepayment date interest on the 2016 Obligations, as applicable, shall cease to accrue.

A notice of optional prepayment may contain a statement that the prepayment is conditional upon receipt by the Trustee of funds on or before the date fixed for prepayment sufficient to pay the prepayment price of the 2016 Obligations so called for prepayment, and that if such funds are not available, such prepayment shall be cancelled by written notice to owners of the 2016 Obligations called for prepayment in the same manner as the original prepayment notice was mailed.

Defeasance

If the Trustee (i) pays all of the outstanding 2016 Obligations, when due, or (ii) at or prior to the stated payment dates of all 2016 Obligations, has received in trust moneys or Defeasance Obligations which are sufficient to pay the principal of, premium, if any, and interest on such 2016 Obligations, the lien of the Trust Agreement shall terminate with respect to such 2016 Obligations, except for the obligation of the Trustee to make Payments represented by such 2016 Obligations. See Appendix C - "SUMMARY OF THE CERTAIN PROVISIONS OF THE TRUST AGREEMENT AND THE PURCHASE AGREEMENT – Trust Agreement - Release of Trust Agreement and Defeasance."

PLAN OF REFUNDING

The proceeds received from the sale of the 2016 Obligations, net of amounts used to pay costs of issuance, will be deposited into an irrevocable trust account (the "Depository Trust") held by The Bank of New York Mellon Trust Company, N.A., as depository trustee (in such capacity, the "Depository Trustee") pursuant to a Depository Trust Agreement (the "Depository Trust Agreement") by and among the City, the Depository Trustee and the City of Glendale Municipal Property Corporation (the "Corporation") as the issuer of the Bonds Being Refunded. Amounts held in the Depository Trust, other than those to be used to redeem the Subordinate Bonds identified below (the "Subordinate Bonds Being Refunded") will be invested in obligations issued by or unconditionally guaranteed by the United States of America ("Government Obligations"), maturing in amounts and bearing interest at rates which are calculated to be sufficient to pay the interest on and the principal or redemption price of the following outstanding Senior Bonds (the "Senior Bonds Being Refunded" and, together with the Subordinate Bonds Being Refunded, the "Bonds Being Refunded") issued by the Corporation on behalf of the City.

SCHEDULE OF MATURITIES AND PRINCIPAL AMOUNTS OF BONDS BEING REFUNDED BY THE 2016 OBLIGATIONS

Bonds Being Refunded with Proceeds of the Series 2016 Obligations

Issue Series	Maturity Date	Coupon	Principal Amount Outstanding	Obligations to be Refunded	Redemption Price	Redemption Date	CUSIP®
Senior Series 2008A	07/01/2019	4.000%	$1,530,000	$1,530,000	100%	07/01/2018	378294 DD1
	07/01/2020	4.000%	1,590,000	1,590,000	100	07/01/2018	378294 DE9
	07/01/2021	4.125%	1,655,000	1,655,000	100	07/01/2018	378294 DF6
	07/01/2022	4.250%	1,725,000	1,725,000	100	07/01/2018	378294 DG4
	07/01/2028	5.000%	12,155,000	12,155,000	100	07/01/2018	378294 DH2(1)
	07/01/2032	4.500%	9,105,000	9,105,000	100	07/01/2018	378294 DJ8(2)
Subordinate Series 2003D	08/01/2033	4.700%	$7,250,000	$7,250,000	100%	06/15/2016	040625J55(3)

(1) Term bond with a final maturity on July 1, 2028.
(2) Term bond with a final maturity on July 1, 2032.
(3) The CUSIP® is assigned to the Arizona Municipal Finance Program of 1992, Refunding Certificates of Participation, Series 16.

Upon delivery of the 2016 Obligations and the deposit of funds into the Depository Trust, the Bonds Being Refunded will no longer be considered outstanding under their respective indentures and will no longer be secured by Unrestricted Excise Taxes.

The Bonds Being Refunded are being refunded in order to achieve debt service savings and to lower the City's annual payments required under the below-described Senior Agreements and Subordinate Agreements.

MATHEMATICAL VERIFICATION

Concurrently with the delivery of the 2016 Obligations, Grant Thornton LLP (the "Verification Agent"), a firm of independent certified public accountants, will deliver to the City and the Trustee its verification report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of computations related to the 2016 Obligations and the Bonds Being Refunded. Such computations were prepared using certain information provided by the Financial Advisor, on behalf of the City, relating to (a) the sufficiency of the anticipated receipts from the Government Obligations, to pay, when redeemed or prepaid, the principal, interest and applicable premiums, if any, on the Bonds Being Refunded and (b) the yield on the 2016 Obligations and the yield on the investments held in the Depository Trust for payment of the Bonds Being Refunded with proceeds of the 2016 Obligations.

The report of the Verification Agent will state that the scope of its engagement was limited to verifying the mathematical accuracy of the computations contained in schedules provided to it by Grant Thornton LLP and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

SOURCES AND USES OF FUNDS

Monies received from the issuance and sale of the 2016 Obligations will be applied as follows:

Sources of Funds:	
Principal Amount	$33,830,000.00
Net Original Issue Premium	4,370,643.05
Total Sources	$38,200,643.05
Uses of Funds:	
Deposit to Depository Trust	$37,847,065.29
Costs of Issuance[1]	353.577.76
Total Uses	$38,200,643.05

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[1] Including underwriting, legal and advisory fees, printing costs, rating fees and other miscellaneous expenses relating to the execution and delivery of the 2016 Obligations.

SECURITY AND SOURCES OF PAYMENT FOR THE 2016 OBLIGATIONS

General

The 2016 Obligations will be special, limited revenue obligations, taking the form of undivided proportionate interests in the Payments. The obligation of the City to make the Payments will be limited to payment from Unrestricted Excise Taxes and will in no circumstance constitute a general obligation or a pledge of the full faith and credit of the City or the State or any political subdivisions thereof, or require the levy of, or be payable from the proceeds of any *ad valorem* property taxes. As set forth in the Purchase Agreement, the City may choose to, but is not required to, make Payments from other legally available funds of the City.

Senior Excise Tax Obligations. Such pledge of Unrestricted Excise Taxes for the 2016 Obligations is on a parity with the senior lien pledge thereof to secure the following outstanding bonds issued by the Corporation (collectively, the “Senior Bonds”): the Corporation’s Excise Tax Revenue Refunding Bonds, Taxable Series 2003B (the “2003B Bonds”), Excise Tax Revenue Bonds, Series 2008A (the “2008A Bonds”), Excise Tax Revenue Bonds, Taxable Series 2008B (the “2008B Bonds,” together with the 2008A Bonds, the “2008 Bonds”), Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012A (the “2012A Bonds”), Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012B (the “2012B Bonds”), Senior Excise Tax Revenue Refunding Obligations, Series 2015A (the “2015A Obligations”) and Senior Excise Tax Revenue Refunding Obligations, Taxable Series 2015B (the “Taxable 2015B Obligations,” and together with the 2015A Obligations, the “2015 Obligations”) which will be outstanding in the aggregate principal amount of $249,435,000 following the delivery of the 2016 Obligations, and bonds or other obligations issued or incurred in the future on a parity therewith (collectively with the 2016 Obligations, the “Senior Excise Tax Obligations”), as provided in the respective agreements authorizing or relating to the issuance of Senior Excise Tax Obligations (collectively, the “Senior Agreements”). See, “Table 1 – Excise Tax Obligations to be Outstanding” herein. The lien on Unrestricted Excise Taxes is senior and prior to the lien on Unrestricted Excise Taxes pledged to the payment of the Subordinate Excise Tax Obligations described below.

Subordinate Excise Tax Obligations. Such pledge of Unrestricted Excise Taxes for the 2016 Obligations is senior to the subordinate lien pledge to secure the following outstanding bonds issued by the Corporation (collectively, the “Subordinate Bonds”): the Corporation’s Subordinate Lien Excise Tax Revenue Bonds, Series 2003D (the “2003D Subordinate Excise Tax Bonds”), Subordinate Lien Excise Tax Revenue Refunding Bonds, Series 2012C (the “2012C Subordinate Excise Tax Bonds”) and Taxable Series 2012D Refunding Bonds (the “2012D Subordinate Excise Tax Bonds” and, together with the 2012C Subordinate Excise Tax Bonds, the “Subordinate 2012 Bonds”), which will be outstanding in the aggregate principal amount of $189,890,000 immediately after giving effect to the defeasance of the Bonds Being Refunded, and the City’s pledge of certain Unrestricted Excise Taxes to the Arizona Sports and Tourism Authority (“AzSTA”) as described below, and bonds or other obligations issued or incurred in the future on a parity therewith (collectively, the “Subordinate Excise Tax Obligations”), as provided in the respective agreements authorizing or relating to the issuance of Subordinate Excise Tax Obligations (collectively, the "Subordinate Agreements"). See, "Table 1 – Excise Tax Obligations to be Outstanding" herein. The lien on Unrestricted Excise Taxes for the Subordinate Excise Tax Obligations is subordinate and junior to the lien on Unrestricted Excise Taxes pledged to the payment of the Senior Excise Tax Obligations, including the 2016 Obligations. Pursuant to a Memorandum of Agreement, dated November 1, 2004, among the City, AzSTA and the Arizona Cardinals NFL Football Team, and in consideration for AzSTA financing certain infrastructure for a multipurpose facility located within the City and owned by AzSTA (the "Multipurpose Facility"), the City agreed to pay to AzSTA an amount equal to, but not exceeding, the Unrestricted Excise Taxes derived by the City from transactions associated with such Multipurpose Facility. The City's agreement to make such payments is secured by a subordinate lien pledge of Unrestricted Excise Taxes on a parity with the lien of the other Subordinate Excise Tax Obligations. The City's annual payments for fiscal years ended June 30, 2011, 2012, 2013, 2014 and 2015 were $816,388, $1,776,973, $2,154,463, $2,236,089 and $4,609,333, respectively. Amounts paid for fiscal year 2011 were lower primarily due to the National Football League strike. The City payment amounts began increasing in fiscal years 2013 and 2014 in part due to the 0.7% increase in the City's sale tax rate which became effective on June 12, 2012. See "Sources for Payments Under the Purchase Agreement – City's Transaction Privilege (Sales) Taxes."

The 2016 Obligations and the obligation of the City to make Payments under the Purchase Agreement are not a general obligation of the City, but are a special, limited revenue obligation of the City and are payable from and are secured by a senior lien pledge of the City's Unrestricted Excise Taxes. See "Sources for Payments Under the Purchase Agreement" below.

Payments

Under the Purchase Agreement and other respective Senior Agreements authorizing or relating to the issuance of Senior Excise Tax Obligations, the City will be required to make monthly payments from Unrestricted Excise Taxes sufficient to pay 1/6 of the amount representing interest due on the next interest payment date and 1/12 of the amount representing principal due on the next principal payment date on the Senior Excise Tax Obligations and upon satisfaction of the deposit requirements under the Senior Agreements, then 1/6 of the amount representing interest due on the next interest payment date and 1/12 of the amount representing principal due on the next principal payment date on Subordinate Excise Tax Obligations. In addition, the City may hereafter issue or incur additional excise tax obligations (the "Additional Senior Excise Tax Obligations"), either as additional bonds issued under the Senior Agreements or otherwise, which are payable from and secured by a pledge of Unrestricted Excise Taxes on a parity with the pledge of such taxes made for the outstanding Senior Excise Tax Obligations, as provided in the Senior Agreements, as described below under "Senior Agreement Covenants Pertaining to the Unrestricted Excise Taxes – *Senior Excise Tax Obligation Covenant Regarding Maintenance of Unrestricted Excise Taxes*" and "City's Right to Further Encumber Unrestricted Excise Taxes." The 2016 Obligations are senior and prior to the pledge of the City's Unrestricted Excise Taxes under the 2012C/D Lease Supplement for the Subordinate 2012 Bonds and the 2003 Subordinate Lease Agreement which secures the 2003D Subordinate Excise Tax Bonds, with a total aggregate principal amount of $189,890,000 that will be outstanding immediately after giving effect to the defeasance of the Bonds Being Refunded, and to AzSTA on a basis junior and subordinate to the pledge of Unrestricted Excise Taxes for Senior Excise Tax Obligations, and the City may hereafter issue or incur additional obligations (the "Additional Subordinate Excise Tax Obligations"), which are payable from and secured by a pledge of Unrestricted Excise Taxes on a parity with the pledge of such taxes made for the outstanding Subordinate Excise Tax Obligations and on a basis which is junior and subordinate to the lien on such taxes for Senior Excise Tax Obligations, as described below under "Purchase Agreement Covenants Pertaining to the Unrestricted Excise Taxes – *Subordinate Excise Tax Obligation Covenant Regarding Maintenance of Unrestricted Excise Taxes*" and "City's Right to Further Encumber Unrestricted Excise Taxes."

The Payments are secured by a senior lien claim and pledge by the City of all of the City's Unrestricted Excise Taxes, which comprise all excise, transaction privilege, franchise and income tax which it now collects, which it may collect in the future, or which are allocated or apportioned to the City by the State or any political subdivision thereof, or by any other governmental unit or agency, other than Restricted Excise Taxes, which are not being pledged by the City.

Debt Service Reserve Fund for Senior Excise Tax Obligations Only; No Current Funding

The Trust Agreement establishes a separate Reserve Fund for the payment of the 2016 Obligations. The Reserve Fund is not currently funded and will not be funded, nor will a Reserve Fund Surety Bond be in place, on the date of issuance of the 2016 Obligations. The Trust Agreement and the Purchase Agreement provide that the City will fund the Reserve Fund, or in the alternative, deliver a Reserve Fund Surety Bond to the Trustee, if the Unrestricted Excise Taxes collected by the City during the preceding fiscal year are less than three times the Maximum Annual Debt Service on the Senior Excise Tax Obligations. The City will determine, and provide the Trustee with a written statement of the amount of such coverage ratio prior to the January 1 following the end of each fiscal year and if the aforementioned coverage ratio of three times is not met, shall fund from Unrestricted Excise Taxes in twelve equal monthly installments on the 15th day of each month beginning January 15 until the Reserve Fund equals the Reserve Requirement (as hereinafter defined), or in the alternative, the City shall on such January 15, deliver to the Trustee a Reserve Fund Surety Bond with a value equal to the Reserve Requirement. The Reserve Requirement for 2016 Obligations shall mean the least of (i) 10% of the original principal amount of the 2016 Obligations; (ii) maximum annual debt service on the 2016 Obligations; and (iii) 125% of the average annual debt service on the 2016 Obligations. The Senior Agreements require funding of a reserve fund for the Senior Bonds under the same terms and conditions as the Trust Agreement, with the reserve requirement determined solely with respect to Senior Bonds secured by that reserve fund. Funding of a Reserve Fund for the 2016 Obligations or any other Senior Excise Tax Obligations will be made prior to funding of Bond Service Charges of Subordinate Excise Tax Obligations. The provisions set forth in the Trust Agreement related to the Reserve Fund for the 2016 Obligations will be effective only to the extent that a comparable requirement exists for any other outstanding Senior Bonds. Consequently, the City would not be required to fund a Reserve Fund once the currently outstanding Senior Bonds are no longer outstanding under the Senior Agreements. See "CERTAIN BONDHOLDER'S RISKS – Terms No Longer in Effect upon Payment of Currently Outstanding Excise Tax Obligations."

Covenants Under Senior Agreements Pertaining to the Unrestricted Excise Taxes

Senior Excise Tax Obligation Covenant Regarding Maintenance of Unrestricted Excise Taxes. The City covenants in the Purchase Agreement that the Unrestricted Excise Taxes it imposes will be retained and maintained so that the amount of all Unrestricted Excise Taxes received within and for the next preceding fiscal year, will be equal to at least three times the rental or other payment requirements payable on Senior Excise Tax Obligations in the current fiscal year. The City further covenants that if such receipts for any such preceding fiscal year shall not equal three times the rental or other payment requirements of the current fiscal year, or if at any time it appears that the current receipts will not be sufficient to meet the rental or other payment requirements for Senior Excise Tax Obligations in the current fiscal year, it will, in each case to the extent permitted by law, either impose new Unrestricted Excise Taxes or will increase the rate of such taxes currently imposed in order that (i) the current receipts will be sufficient to meet all current requirements under the Purchase Agreement for payments on the Senior Excise Tax Obligations, and (ii) the current year's receipts will be reasonably calculated to attain the level required for the succeeding fiscal year's requirements.

In connection with the City's foregoing covenants, the City's Charter presently provides that voter approval would be required for the City Council to impose new City transaction privilege taxes, but no such voter approval would be required for the City Council to increase the rates on City transaction privilege taxes then in effect.

Covenant Regarding Maintenance of Unrestricted Excise Taxes Under Subordinate Agreements. In addition, the City covenants in the current Subordinate Agreements that the Unrestricted Excise Taxes it imposes will be retained and maintained so that the amount of all Unrestricted Excise Taxes received within and for the next preceding fiscal year, will be equal to at least two times the combined total rentals or other payment requirements for Senior Excise Tax Obligations and Subordinate Excise Tax Obligations in the current fiscal year. The City further covenants therein that if receipts from Unrestricted Excise Taxes for any preceding fiscal year shall not equal two times the combined total rental requirements of the current fiscal year, or if at any time it appears that the current receipts will not be sufficient to meet the rental or other payment requirements for all Senior Excise Tax Obligations and Subordinate Excise Tax Obligations in the current fiscal year, the City will, to the extent permitted by law, either impose new Unrestricted Excise Taxes or will increase the rates of such taxes currently imposed in order that (i) the current receipts will be sufficient to meet all current requirements under the Senior Excise Tax Obligations and Subordinate Excise Tax Obligations, and (ii) the current year's receipts will be reasonably calculated to attain the level as required above for the succeeding fiscal year's rental or other payment requirements.

City's Right to Further Encumber Unrestricted Excise Taxes

In the Purchase Agreement and other current Senior Agreements, the City retains the right to issue or incur additional obligations payable from its Unrestricted Excise Taxes, whether as Additional Senior Excise Tax Obligations, Additional Subordinate Excise Tax Obligations or obligations subordinate to the Subordinate Excise Tax

Obligations ("Third Lien Obligations"), as described below. Such additional obligations may be incurred in connection with the issuance of Additional Senior Excise Tax Obligations or Additional Subordinate Excise Tax Obligation, as applicable, upon compliance with provisions of the Senior Agreements and the Subordinate Agreements for Additional Senior Excise Tax Obligations or Additional Subordinate Excise Tax Obligations, as applicable, and certain other conditions are met. However, under the Purchase Agreement and the other Senior Agreements, the City is permitted to issue or incur such additional excise tax obligations, whether as Additional Senior Excise Tax Obligations, Subordinate Excise Tax Obligations or Third Lien Obligations, under other documentation and without regard to the requirements of the provisions of the Senior Agreements and the Subordinate Agreements for the issuance of any such bonds, upon compliance with the requirements contained in the Purchase Agreement. See "Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT AND THE PURCHASE AGREEMENT – The Purchase Agreement".

Conditions for the Issuance of Additional Senior Excise Tax Obligations Under Senior Agreements. Under the Purchase Agreement and the other Senior Agreements, the City covenants that it will not further encumber Unrestricted Excise Taxes pledged to the payment of Senior Excise Tax Obligations, including the Senior Bonds and the 2016 Obligations, unless the Unrestricted Excise Taxes collected in the next preceding fiscal year amounted to at least three times the highest combined interest and principal requirements for any succeeding twelve (12) months' period for all Senior Excise Tax Obligations and any Additional Senior Excise Tax Obligations so proposed to be secured by a pledge of such Unrestricted Excise Taxes.

The City does not anticipate issuing any Additional Senior Lien Excise Tax Obligations prior to the end of calendar year 2017.

Conditions for the Issuance of Additional Excise Tax Obligations Under Subordinate Agreements. In addition, in the current Subordinate Agreements, the City covenants and agrees that, so long as any Subordinate Excise Tax Obligations remain Outstanding, it will not encumber the Unrestricted Excise Taxes on a basis equal to or superior to the lien granted in the Subordinate Agreements unless the Unrestricted Excise Taxes collected in the next preceding fiscal year amounted to at least two times the Maximum Annual Debt Service for any succeeding twelve (12) months' period for all Senior Excise Tax Obligations and Subordinate Excise Tax Obligations then outstanding and any Additional Senior Excise Tax Obligations or Additional Subordinate Excise Tax Obligations so proposed to be secured by a pledge of such Unrestricted Excise Taxes on a parity with the Senior Excise Tax Obligations or the Subordinate Excise Tax Obligations, as applicable.

Notwithstanding the foregoing, the City may incur additional Subordinate Excise Tax Obligations for refunding purposes without complying with the preceding sentence if the combined principal and interest requirements for Senior Excise Tax Obligations and Subordinate Excise Tax Obligations in each fiscal year are lower as a result of the refunding.

The City does not anticipate issuing any Additional Subordinate Lien Excise Tax Obligations prior to the end of calendar year 2017.

Third Lien Excise Tax Obligations. None of the Senior Agreements or the Subordinate Agreements place any restriction on the City's ability to issue or incur Third Lien Excise Tax Obligations payable from and secured by a pledge of Unrestricted Excise Taxes on a basis subordinate and junior to the pledge of such Unrestricted Excise Taxes securing the Senior Excise Tax Obligations and Subordinate Excise Tax Obligations. The City currently has no plans to issue or incur such Third Lien Excise Tax Obligations, and no such Third Lien Obligations are outstanding.

Events of Default; Acceleration of 2016 Obligations

The Trust Agreement and the other current Senior Agreements, as well as the current Subordinate Agreements provide that upon the occurrence and continuance of an Event of Default, as defined therein, the Trustee may, and upon the written request of the owners of at least twenty five percent (25%) in principal amount of each series of the Senior Excise Tax Obligations or Subordinate Excise Tax Obligations outstanding, as applicable, will, exercise certain remedies. See Appendix C - "SUMMARY OF THE CERTAIN PROVISIONS OF THE TRUST AGREEMENT AND THE PUCHASE AGREEMENT – Purchase Agreement – Default; Remedies upon Default - *Events of Default and Remedies- Senior Excise Tax Obligations*". These remedies include the acceleration of principal amounts of the Senior Excise Tax Obligations or Subordinate Excise Tax Obligations, as applicable, provided; however, the Subordinate Agreements provide that so long as the Senior Excise Tax Obligations have not been accelerated, the Subordinate Excise Tax Obligations will not be accelerated. The provisions set forth in the Purchase Agreement related to acceleration of the 2016 Obligations will be effective only to the extent that a comparable requirement exists for any other outstanding Senior Bonds. Consequently, the 2016 Obligations would not be subject to acceleration once the currently outstanding Senior Bonds are no longer outstanding under the Senior Agreements. The City has covenanted not to issue or incur Additional Senior Lien Obligations subject to acceleration as long as the 2015 Obligations or the 2016 Obligations are Outstanding.

Sources for Payments Under the Purchase Agreement

The source of revenues for making Payments under the Purchase Agreement is Unrestricted Excise Taxes of the City, which are more fully discussed below.

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City's Transaction Privilege (Sales) Taxes

The City's transaction privilege (sales) tax is levied by the City upon persons on account of their business activities within the City. The amount of tax due is calculated by applying the tax rate against the gross proceeds of sales of gross income derived from the business activities shown in the table below.

TABLE 2(a)
Transaction Privilege Taxes By Category

Category	Tax Rate
Advertising (local)	2.9%
Amusements	2.9
Construction Contracting	2.9
Hotel/Motel – 30 days or less	7.9[1]
Hotel/Motel – More than 30 days	2.9
Jet Fuel	$0.028 /gallon
Job Printing	2.9
Publishing	2.9
Rental, Leasing, Licensing of Real Property – Long-Term residential	2.2
Rental, Leasing, Licensing of Real Property – Commercial Licensing	2.9
Rental, Leasing, Licensing of Tangible Personal Property	2.9
Restaurant and Bars	3.9
Retail Sales – Items $5,000 and Less	2.9
Retail Sales – Single Item Costing Over $5,000	2.2
Retail Sales – Food for Home Consumption	2.5
Transportation and Towing	2.9
Telecommunications	6.1
Cable TV	0.0
Utilities	2.9
Use Tax – Items $5,000 and Less	2.9
Use Tax – Single Item Costing Over $5,000	2.2

(1) Consists of the 2.9% base tax rate plus a 5% transient lodging tax. 1.6% of the tax is restricted by State statutes to be used for the promotion of tourism (the "Restricted Portion of the Hotel Tax"). Accordingly, the Restricted Portion of the Hotel Tax does not constitute part of the Unrestricted Excise Taxes.

Source: City Finance Department

The City's transaction privilege tax rate is presently 2.9% across most categories. Of the total tax rate, 0.5% (one-half of one percent) approved on April 14, 1994 and September 11, 2007 is dedicated to public safety (the "Public Safety Tax") and 0.5% (one-half of one percent) approved on November 6, 2001 is dedicated to transportation (the "Transportation Tax"). Revenues from the Public Safety Tax, the Transportation Tax and the Restricted Portion of the Hotel Tax do *not* constitute part of the Unrestricted Excise Taxes which the City has pledged in the Purchase Agreement for payment of the 2016 Obligations. The City Council approved a 0.7% increase in the City's general transaction privilege (sales) tax rate on June 12, 2012, effective August 1, 2012 (the "0.7% Increase"), the revenues from which are included in Unrestricted Excise Taxes.

The City's Charter presently provides that voter approval is required for the City Council to impose new City transaction privilege taxes, but no such voter approval would be required for the City Council to increase the rates on City transaction privilege taxes then in effect.

An approximate breakdown by percentage of the City's transaction privilege (sales) tax collections, including those related to the Public Safety Tax and the Transportation Tax, which are not Unrestricted Excise Taxes, by major categories during fiscal years 2011 through 2015 are as follows:

TABLE 2(b)
Percentage of Transaction Privilege (Sales) Tax
Revenues by Category

	Fiscal Year Ended June 30				
Category	**2011**	**2012**	**2013**	**2014**	**2015**
Utilities	7%	7%	7%	7%	6%
Telecommunications	6%	5%	5%	4%	3%
Restaurants and Bars	11%	12%	11%	12%	12%
Amusements	2%	3%	2%	1%	4%
Rental Real Property	12%	12%	11%	11%	11%
Contracting	7%	5%	4%	6%	4%
Retail Sales	49%	52%	55%	55%	55%
Other	6%	4%	5%	4%	5%

Source: City Finance Department

Recent Legislative Changes Regarding Municipal Excise Taxes. The City, like most larger Arizona municipalities, currently administers the collection and enforcement of its own transaction privilege (sales) taxes, including Unrestricted Excise Taxes. Chapter 255, Laws of Arizona 2013 (commonly referred to by its original bill number, HB2111), made changes to the collection process for such taxes, as well as modifying certain categories of business activity, as described below.

Beginning January 1, 2016, the Arizona Department of Revenue ("ADOR") became the single point of administration for licensing, filing and payment of all State, county and municipal transaction privilege taxes. The law requires ADOR to establish and administer a single online portal so that taxpayers can pay all State, county or municipal transaction privilege taxes online. The City has entered into an intergovernmental agreement with ADOR in association with this transition. Under that agreement, the City will continue to collect City transaction privilege taxes until such time as the ADOR will assume that responsibility, which is currently expected to occur in early calendar year 2017.

The law allows ADOR, subject to statutory guidelines, to disclose confidential information related to transaction privilege taxes collected by the department from any jurisdiction to any county, city or town tax official if it relates to a taxpayer who is subject to an ADOR audit. The law stipulates that taxpayers are subject to a single audit, eliminating possible subsequent or joint audits by cities and towns. The law also stipulates a variety of requirements for the audit, most of which generally require ADOR's active involvement.

In addition, effective January 1, 2015, HB2111 also exempts from the "prime" construction contracting classification certain service contractors and design phase and professional services and modifies provisions regarding sourcing of certain transactions involving tangible personal property by providing that the sale of a motor vehicle to a nonresident delivered and intended for use outside of Arizona is exempt from state and municipal transaction privilege taxes, and removing an exemption for personal tangible property shipped or delivered directly to a location outside of the United States that is to be used in that location.

While no specific assurance can be given, the City does not expect the changes due to HB2111 to have a significant impact on the administration, collection or enforcement of the City's transaction privilege taxes, including the Unrestricted Excise Taxes, or amounts to be collected therefrom as the ADOR currently collects transaction privilege (sales) taxes for the State and many political subdivisions in the State. It is anticipated that businesses in the City will continue to collect and remit the required transaction privilege taxes, even though payments will begin flowing through the State to the City. The Arizona cities and towns affected by this legislation are working cooperatively with the ADOR to help achieve a smooth transition of tax administration. Additional information is available at https://www.azdor.gov/TPTSimplification.aspx.

<u>State Shared Sales Taxes</u>

Pursuant to statutory formula, cities and towns in the State receive a portion of the State-levied transaction privilege (sales) tax. The State transaction privilege (sales) tax is levied against the same categories of business activity as the City's transaction privilege (sales) tax with the exception of food sales, which the State exempts from the tax. As the table below indicates, the rate of taxation varies among the different types of business activities taxed, with the most common rate being 5.0% of the amount or volume of business transacted.

The aggregate amount distributed to all Arizona cities and towns is equal to 25% of the "distribution share" of revenues attributable to each category of taxable activity. Each city's or town's allocation of the revenues available to all cities and towns in the State is based on its population relative to the aggregate population of all cities and towns that is used for revenue sharing based on the latest census. State-levied transaction privilege (sales) taxes are collected by the State and are distributed monthly to cities and towns.

TABLE 3
State Sales Tax
Taxable Activities, Tax Rates and Distribution Share

Taxable Activities	Tax Rate	Distribution Base
Mining – Severance	2.5%	80%
Mining, Oil & Gas	3.6	32
Transportation & Towing	6.3	20
Utilities	6.3	20
Communications	6.3	20
Railroads & Aircraft	6.3	20
Publishing	6.3	20
Printing	6.3	20
Private Car/Pipelines	6.3	20
Contracting (prime)	6.3	20
Restaurants and Bars	6.3	40
Amusements	6.3	40
Rentals/Personal Property	6.3	40
Retail(1)	6.3	40
Hotel/Motel	7.3	50
Use	6.6	0
Jet Fuel (1st 10 million Gallons)	$0.0335/gallon	40

(1) Effective July 1, 1980, sales of food for home consumption were exempted from the tax.

The amount and continued receipt of State-shared sales taxes by the City could be adversely affected by future changes in law by the State Legislature. See "CERTAIN BONDHOLDER'S RISKS - Legislative Ability to Eliminate or Reduce State-Shared Taxes" below.

Sales Tax Increase for Education Funding Purposes. On November 7, 2000, Arizona voters passed Proposition 301, which increased the State's sales tax rate from 5% to 5.6%, effective June 1, 2001. Tax revenues received allocable to the 0.6% tax rate increase have been earmarked for educational purposes and are *not* included in the sales tax revenues shared by the State with the City.

State-Shared Income Taxes

Under current State law, cities and towns are preempted by the State from imposing a local income tax. Cities and towns are, however, entitled by statutory formula to typically receive 15.0% of the net revenues of the State personal and corporate income tax collections for the fiscal year which was two years prior to the current fiscal year. Distribution of such funds is made monthly based on the proportion of each city's or town's population to the total population of all incorporated cities and towns in the State as determined by the latest decennial or special census.

The State Legislature has at various times adjusted the distribution percentage. Currently, the percentage of state shared income tax received by cities and towns is 15.0%, but may be adjusted in future years. The amount and continued receipt of State-shared income taxes by the City could be adversely affected by future changes in law by the

State Legislature. See "CERTAIN BONDHOLDER'S RISKS - Legislative Ability to Eliminate or Reduce State-Shared Taxes" below.

The distribution of income tax revenue is also based upon the relation of the City's population to the total state population figure used for revenue sharing. Prior to the 2010 Census, the City had been receiving just under 5% of the State income tax and sales tax shared with cities and towns, but with the 2010 Census, the City now receives approximately 4.5% of these revenues shared with local governments.

The most significant component of State-shared revenue is income tax. It is primarily driven by personal income rather than business income as personal income tax receipts comprise about two-thirds of all the State's income tax receipts. Income tax revenue distributions to municipalities lag collection by the State by two years.

Other Excise Tax Revenues

Cities and towns in the State have exclusive control over public rights of way dedicated to the municipality and may grant franchise agreements to and impose franchise taxes on utilities using those rights of way. A franchise may be granted only with voter approval and the term of franchises is limited to 25 years. The City has granted franchises to and imposed franchise taxes on utility and cable television providers.

The City also imposes and collects fees for licenses and permits to engage in certain activities within the City and for the right to utilize certain City property, and imposes and collects fines and forfeitures for violations of State laws or City ordinances relating to traffic, parking, animal control and other offenses.

The following table sets forth a summary of the City's combined receipt of Unrestricted Excise Tax receipts for the last five fiscal years.

TABLE 4
City of Glendale
Unrestricted Excise Tax Receipts[1]

	Fiscal Year Ended June 30					Budget
	2011	**2012**	**2013[4]**	**2014[4]**	**2015[4]**	**2016[5]**
City Sales Tax Revenues[2,3]	$54,884,920	$56,138,067	$82,678,263	$88,764,000	$93,746,525	$98,695,608
State-Shared Sales Taxes	18,438,079	17,716,047	18,557,531	19,734,423	20,694,671	21,659,358
State-Shared Income Taxes	23,590,446	19,135,420	23,159,063	25,270,933	27,445,979	27,297,178
Other City Excise Tax Revenues	5,231,954	5,314,485	5,381,685	5,668.472	5,466,082	5,439,655
TOTAL	$102,145,399	$98,304,019	$129,776,542	$139,437,828	$147,353,257	$153,091,799
Percent Change	-5.43%	-3.76%	32.00%	7.40%	5.7%	3.9%

1. Figures for fiscal years 2011 through 2015 are derived from City's financial statements which are prepared on an accrual basis, after deduction of amounts derived from the Public Safety Tax and the Transportation Tax.
2. Represents Unrestricted Sales Tax Revenues and does not include Public Safety Tax or Transportation Tax.
3. Excludes Unrestricted Sales Tax Revenues generated around the Multipurpose Facility and remitted to the AzSTA per a 2004 agreement among the City, AzSTA, and the Arizona Cardinals. Also, excludes the Restricted Portion of the Hotel Tax which by State statute must be used for the promotion of tourism and which the City uses to fund the Glendale Convention and Visitors Bureau. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2015 BONDS – General – *Subordinate Excise Tax Obligations*" and Table 6 herein.
4. Includes the 0.7% Increase in the City's transaction privilege tax, effective August 1, 2012.
5. Reflects budget for fiscal year 2016. The information presented constitutes "forward looking statements" which must be read with an abundance of caution and may not be realized or may not occur in the future.

Source: City Finance Department.

DEBT SERVICE REQUIREMENTS

Senior Excise Tax Obligations

The annual debt service requirements for the Senior Excise Tax Obligations, including the Series 2016 Obligations, are set forth below.

TABLE 5(a)
Debt Service Requirements on Senior Excise Tax Obligations

Fiscal Year Ending June 30[1]	Outstanding Senior Bonds Debt Service	Less: Bonds Being Refunded	2016 Obligation Debt Service			Total Senior Excise Tax Obligations Debt Service
			Principal	Interest[2]	Total	
2016	$15,069,143	$641,928		$112,479	$112,479	$14,539,694
2017	17,237,537	1,283,856		1,349,750	1,349,750	17,303,431
2018	18,051,669	1,283,856		1,349,750	1,349,750	18,117,563
2019	22,303,045	2,813,856	$1,515,000	1,349,750	2,864,750	22,353,939
2020	21,062,221	2,812,656	1,560,000	1,304,300	2,864,300	21,113,864
2021	23,609,969	2,814,056	1,610,000	1,257,500	2,867,500	23,663,413
2022	23,298,364	2,815,788	1,655,000	1,209,200	2,864,200	23,346,777
2023	23,357,031	2,807,475	1,700,000	1,159,550	2,859,550	23,409,106
2024	24,004,860	2,802,975	1,760,000	1,091,550	2,851,550	24,053,435
2025	24,052,789	2,804,225	1,850,000	1,003,550	2,853,550	24,102,114
2026	24,117,264	2,805,725	1,945,000	911,050	2,856,050	24,167,589
2027	21,518,166	2,802,225	2,040,000	813,800	2,853,800	21,569,741
2028	21,573,024	2,803,725	2,145,000	711,800	2,856,800	21,626,099
2029	21,678,223	2,799,725	2,245,000	604,550	2,849,550	21,728,048
2030	21,735,847	2,802,175	2,340,000	514,750	2,854,750	21,788,422
2031	21,794,881	2,804,675	2,435,000	421,150	2,856,150	21,846,356
2032	21,853,043	1,672,000	1,425,000	299,400	1,724,400	21,905,443
2033	14,654,314		7,605,000	228,150	7,833,150	22,487,464

[1] The fiscal year ending June 30 includes the payment of principal and interest on the following day.
[2] The first interest payment date is July 1, 2016.

Senior and Subordinate Excise Tax Obligations

The annual debt service requirements for the Senior Excise Tax Obligations and Subordinate Excise Tax Obligations, including the Series 2016 Obligations, are set forth below.

TABLE 5(b)
Debt Service Requirements on Senior and Subordinate Excise Tax Obligations

Fiscal Year Ending June 30[1]	Senior Excise Tax Obligations Debt Service[2]	Subordinate Excise Tax Obligations Debt Service[3]	Total Excise Tax Obligations Debt Service
2016	$14,539,694	$4,431,596	$18,971,290
2017	17,303,431	8,863,193	26,166,623
2018	18,117,563	8,863,193	26,980,756
2019	22,353,939	10,908,193	33,262,131
2020	21,113,864	13,249,000	34,362,864
2021	23,663,413	12,630,250	36,293,663
2022	23,346,777	12,942,250	36,289,027
2023	23,409,106	12,883,750	36,292,856
2024	24,053,435	12,237,000	36,290,435
2025	24,102,114	12,186,000	36,288,114
2026	24,167,589	12,127,000	36,294,589
2027	21,569,741	14,720,000	36,289,741
2028	21,626,099	14,662,000	36,288,099
2029	21,728,048	14,563,500	36,291,548
2030	21,788,422	14,505,750	36,294,172
2031	21,846,356	14,446,000	36,292,356
2032	21,905,443	14,388,500	36,293,943
2033	22,487,464	14,337,250	36,824,714
2034		22,532,600	22,532,600
2035		22,533,050	22,533,050
2036		22,531,650	22,531,650
2037		22,531,850	22,531,850
2038		22,531,900	22,531,900

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[1] The fiscal year ending June 30 includes the payment of principal and interest on the following day.
[2] Net of Senior Bonds Being Refunded and after giving effect to the issuance of the 2016 Obligations.
[3] Net of Subordinate Bonds Being Refunded.

The following table sets forth the percentage of the City's aggregate lease and installment payment obligations under the Senior Agreements and the Subordinate Agreements secured by the Unrestricted Excise Tax collections.

TABLE 6
Unrestricted Excise Tax Revenues, Senior and Subordinate Excise Tax Obligations Debt Service Requirements and Debt Service Coverage

Fiscal Year Ending June 30[1]	Unrestricted Excise Tax Revenues	Total Senior Excise Tax Obligations Debt Service[2]	Coverage on Senior Excise Tax Obligations	Total Subordinate Excise Tax Obligations Debt Service[3]	Combined Senior and Subordinate Excise Tax Obligations Debt Service[4]	Combined Debt Service Coverage[5]
2016	$153,091,799	$14,539,694	10.52x	$4,431,596	$18,971,290	8.06x
2017		17,303,431	8.84x	8,863,193	26,166,623	5.85x
2018		18,117,563	8.44x	8,863,193	26,980,756	5.67x
2019		22,353,939	6.84x	10,908,193	33,262,131	4.60x
2020		21,113,864	7.25x	13,249,000	34,362,864	4.45x
2021		23,663,413	6.46x	12,630,250	36,293,663	4.21x
2022		23,346,777	6.55x	12,942,250	36,289,027	4.21x
2023		23,409,106	6.53x	12,883,750	36,292,856	4.21x
2024		24,053,435	6.36x	12,237,000	36,290,435	4.21x
2025		24,102,114	6.35x	12,186,000	36,288,114	4.21x
2026		24,167,589	6.33x	12,127,000	36,294,589	4.21x
2027		21,569,741	7.09x	14,720,000	36,289,741	4.21x
2028		21,626,099	7.07x	14,662,000	36,288,099	4.21x
2029		21,728,048	7.04x	14,563,500	36,291,548	4.21x
2030		21,788,422	7.02x	14,505,750	36,294,172	4.21x
2031		21,846,356	7.00x	14,446,000	36,292,356	4.21x
2032		21,905,443	6.98x	14,388,500	36,293,943	4.21x
2033		22,487,464	6.80x	14,337,250	36,824,714	4.15x
2034				22,532,600	22,532,600	6.79x
2035				22,533,050	22,533,050	6.79x
2036				22,531,650	22,531,650	6.79x
2037				22,531,850	22,531,850	6.79x
2038				22,531,900	22,531,900	6.79x

1. The fiscal year ending June 30 includes the payment of principal and interest on the following day.
2. Senior Debt Service from Table 5(a) "DEBT SERVICE REQUIREMENTS ON SENIOR EXCISE TAX OBLIGATIONS."
3. Subordinate Debt Service from Table 5(b) "DEBT SERVICE REQUIREMENTS ON SENIOR AND SUBORDINATE OBLIGATIONS."
4. Does not include estimated annual payments to AzSTA. Payments are limited, and equal, to the amount of Unrestricted Excise Tax revenue associated with AzSTA's Multipurpose Facility.
5. Coverage based upon annual debt service compared to estimated Unrestricted Excise Tax Revenues for fiscal year 2016. See "CERTAIN BONDHOLDER'S RISKS - Legislative Ability to Eliminate or Reduce State-Shared Taxes" herein.

RECENT BUDGET AND FINANCIAL DEVELOPMENTS

General Fund

On June 12, 2012, the City Council approved the 0.7% Increase in the City's transaction privilege (sales) tax rate. This increase, which was implemented on August 1, 2012, was due to expire on July 31, 2017. During the Fiscal Year 2015 budget process, there was significant planning centered on the detailed five-year financial forecast, and on June 24, 2014, the City Council acted to eliminate the termination date (or "sunset" provision), effectively making the 0.7% Increase permanent.

At June 30, 2015, the audited ending fund balance for the General Fund was $48.6 million. This ending fund balance reflects $9.2 million in restricted fund balance for police and fire services which were not included in the General Fund Activity prior to Fiscal Year 2015 as presented below. Audited cash and investments in the General Fund totaled $52.3 million compared to $48.6 million ending fund balance at June 30, 2014. The primary reason for the difference between the cash and investments balance and the fund balance is an encumbrance against the General Fund of $5.0 million in amounts payable to the National Hockey League in Fiscal Year 2017 as further discussed below under "Arizona Coyotes NHL Hockey Team; Management of City-Owned Arena."

The General Fund Activity table below, in conjunction with the narrative following the table, provides an overview of the General Fund audited financial results for Fiscal Years 2011 through 2015, and provides amounts estimated by the City for Fiscal Year 2016.

Table 7
City of Glendale, Arizona
General Fund Activity
(000's omitted)

	Audited					Estimated
Fiscal Year:	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**[4]
Revenues:						
Taxes & Assessments[1]	$59,435	$60,852	$87,849	$97,675	$127,297	$127,597
Licenses & Permits	8,547	9,172	9,598	9,833	8,867	8,820
Intergovernmental	50,644	44,780	50,040	54,005	57,165	58,370
Charges for Services	8,264	9,236	10,797	13,642	16,600	17,239
Other	19,815	11,613	6,143	7,167	8,961	8,741
Total	146,705	135,653	164,427	182,322	218,890	220,767
Expenditures:						
General Government	19,467	17,696	15,785	29,445	33,417	44,134
Public Safety	73,716	74,509	81,639	85,029	110,166	119,679
Public Works	8,708	7,635	7,822	7,444	8,637	12,385
Community Services	20,217	19,209	15,371	13,438	13,546	13,917
Debt	2,245	1,626	2,815	1,508	11,171	0
Capital Outlay	3,005	2,983	699	2,540	6,012	2,540
Other	1,814	2,362	3,196	2,712	4,621	5,000
Total	129,172	126,020	127,327	142,116	187,570	197,655
Other Fin. Sources/(Uses):						
Net Transfers	(20,746)	(21,267)	(22,895)	(30,878)	19,022	(21,817)
NHL Owners Fee	(25,000)	(25,000)	0	0	0	0
Other	450	650	643	480	266	0
Total	(45,296)	(45,617)	(22,252)	(30,398)	19,288	(21,817)
Beginning Balance (July 1)	39,433[2]	9,335[3]	(26,649)	(11,801)	(1,993)	48,615
Net Change in Fund Balance	(27,763)	(35,984)	14,848	9,808	50,608	1,295
Ending Balance (June 30)	$11,670	($26,649)	($11,801)	($1,993)	$48,615	$49,910
Unassigned Fund Balance	($5,414)	($29,565)	($14,438)	($4,835)	$28,409	$35,424

1 Reflects the 0.7% Increase effective August 1, 2012.
2 Restated fund balance on June 30, 2010 pursuant to Governmental Accounting Standards Board Statement No. 54.
3 Restated due to reassignment to the General Fund of a contractual payment by the City of approximately $2.3 million which had initially been charged against the City's Risk Management Fund.
4 The information presented constitutes "forward looking statements" which must be read with an abundance of caution and may not be realized or may not occur in the future. The information presented for Fiscal Year 2016 is based on estimated actuals through January 31, 2016.

The unassigned/unreserved fund balance for the City's General Fund was reduced by $86.7 million over the four-year period from Fiscal Year 2008 through Fiscal Year 2012. Fiscal Year 2013 saw the first year of a net increase in the fund balance but did not include the impacts of a newly negotiated Arena Management Agreement for the City-owned Gila River Arena described below, which had a net negative General Fund impact of approximately $8.5 million beginning in August 2013, or an increase in debt service related to the Camelback Ranch Major League Baseball Spring Training Facility, which had a General Fund negative impact of approximately $11.1 million.

The Fiscal Year 2014 adopted General Fund budget anticipated a planned spend-down of $14.3 million in fund balance and was the first fiscal year in which the General Fund fully funded the impacts of the Arena Management Agreement and the increased debt service costs related to the Camelback Ranch Major League Baseball Spring Training Facility. Despite these financial events, the Fiscal Year 2014 General Fund deficit was reduced by $9.8 million as illustrated in the General Fund Activity table above.

The Fiscal Year 2015 adopted General Fund budget anticipated a planned spend-down of $9.2 million in fund balance. This included one-time funding for anticipated Super Bowl XLIX expenditures totaling $2.1 million. The actual increase in fund balance totaled $50.6 million for fiscal year 2015. The significant increase in fund balance is attributable to a) a reclassification of the inter-fund advances between the General Fund and certain enterprise funds resulting in $39.3 million increase, b) transfers from the Police and Fire Sales Tax Special Revenue Fund totaling $11.1 million, c) revenues in excess of expenditures exceeding forecasted estimates by $9.5 million, and d) an early capital lease payoff resulting in a $9.2 million reduction of fund balance.

Effective August 1, 2012, the City's sales tax rate was increased by the 0.7% Increase to address the significant debt supported by the General Fund thus resulting in significant growth of taxes and assessments revenue beginning in Fiscal Year 2013. After factoring out the partial-year impact of the 0.7% Increase during Fiscal Year 2013, the actual sales tax revenue increased by approximately 5% in Fiscal Year 2014 from Fiscal Year 2013. The significant growth in taxes and assessments in Fiscal Year 2015 is due primarily to the inclusion of the Police and Fire Sales Tax Special Revenue Fund as a component of general fund. Factoring out the $22.5 million police and fire taxes and assessments revenue, the net taxes and assessments revenue totals $104.8 million, representing a 7.3% increase over the prior year.

The second largest revenue category in the General Fund is intergovernmental revenue. This consists primarily of State-Shared Sales Tax, State-Shared Income Tax, and State-Shared Motor Vehicle In-Lieu Tax. State Shared-Income Tax revenue declined by $7.7 million (25%) from Fiscal Year 2010 to Fiscal Year 2011. Revenues declined an additional $4.5 million (19%) in Fiscal Year 2012. These declines were the result of the nationwide economic downturn. It is important to note that State-Shared Income Tax revenues lag actual state income tax collections by two years. Thus, revenues the City received in Fiscal Year 2010 were based on the statewide collections of income tax in Fiscal Year 2008. In Fiscal Year 2013, State-Shared Income Tax revenues began recovering and revenue increases have been realized each fiscal year through Fiscal Year 2015. State-Shared Sales Tax revenues increased 0.9%, or $960,000, in Fiscal Year 2015. State-Shared Income Tax revenues increased 8.6%, or $2.2 million, in Fiscal Year 2015. Motor Vehicle In-Lieu taxes increased 7.1%, or $570,000, in Fiscal Year 2015. Per Arizona State law, the distribution of State-Shared Sales and State-Shared Income Tax revenue is based upon the relation of the City's population to the total State population while the distribution of Motor Vehicle In-Lieu revenue is based on the City's population in relation to the total incorporated population of Maricopa County.

Other Revenues have also remained relatively stable over the five-year period with the exception of two extraordinary items. The City received $12.0 million in Fiscal Year 2011 in settlement of a development agreement and $4.75 million in Fiscal Year 2012 as its share of a bankruptcy settlement with the then owner of the Coyotes.

Overall, General Fund expenditures were reduced from $140.8 million in Fiscal Year 2010 to $126.0 million in Fiscal Year 2012, a reduction of 10.5%. The growth in Fiscal Year 2014 expenditures is due primarily to the cost of the new Arena Management Agreement which totaled approximately $14.0 million, a partial contract year, and increased to $15.0 million for Fiscal Year 2015. Arena management costs for Fiscal Year 2016 are reduced to $6.5 million as described in greater detail below. Total expenditures in Fiscal Year 2015 increased 32%, or $45.5 million. This significant increase is due primarily to the inclusion of expenditures formally recognized in the Police and Fire Sales Tax Special Revenue Fund which are now recognized in the General Fund estimated excess of $25 million. Additionally, increases in debt service expenditures totaled $9.7 million due primarily to the early capital lease payoff and capital expenditures increased $3.5 million. Net transfers increased by $49.7 million due primarily to the reclassification of the inter-fund advances between the general fund and the enterprise funds totaling $39.3 million and transfers from the Police and Fire Sales Tax Special Revenue Fund totaling $11.1 million for the combination into the general fund.

The General Fund is made up of one primary fund and multiple Sub-Funds within the General Fund. The primary General Fund supports the Sub-Funds. The Fiscal Year 2015 General Fund budget process began with a detailed Five-Year Financial Forecast presented to the City Council in December 2014 and had an estimated fund balance reduction of $4.3 million for Fiscal Year 2015 in the primary fund. Through several months of City Council Budget Workshops, the City adopted a General Fund budgeted surplus of $3.6 million.

Of note, on January 27, 2015, the Arizona Superior Court entered a final judgment restoring pension benefit changes, effective July 2011, for beneficiaries in the Public Safety Personnel Retirement System (PSPRS). Although the effect of this change will not be realized until Fiscal Year 2017, the negative impact is anticipated to be in excess of $3 million per year to the General Fund.

Other Operating Funds

The other major operating funds include the Highway User Revenue Fund (HURF), Transportation, Police, and Fire Special Revenue Funds and the Water and Sewer, Sanitation, and Landfill Enterprise Funds (collectively, the "Other Enterprise Funds"). Similar to the General Fund, Five-Year Financial Forecasts were presented to the City Council in December 2014 for the other operating funds in preparation for the Fiscal Year 2015 budget process. These forecasts included revised Fiscal Year 2015 estimates. The actual Fiscal Year 2015 operating results outperformed the estimated results in each of these funds.

In future fiscal years, the financial planning for the Other Operating Funds of the City will include analyses of compliance with bond covenants for existing debt supported from these funds. In particular, rate reviews are planned in Fiscal Years 2016 or 2017 for the enterprise funds.

Arizona Coyotes NHL Hockey Team; Management of City-Owned Arena

The Arizona Coyotes of the National Hockey League (NHL) is the anchor tenant in the City-owned Arena. The NHL acquired the assets of the Coyotes in 2009 after the prior owner filed for bankruptcy and the City entered into an agreement with an NHL affiliate to manage the Arena. Pursuant to agreements between the City and the NHL, the Coyotes continued to use the Arena as its home-game venue during the 2010-11, 2011-12, and 2012-13 seasons, but home games in the Arena during the 2012-13 season were interrupted by a labor dispute. The City agreed to pay the NHL a total of $50 million for managing the Arena over this period. The first $25 million payment was made to the NHL in Fiscal Year 2011. The second $25 million was encumbered by the City in Fiscal Year 2012. From this amount, the City made a cash payment of $20 million into an escrow account for the NHL to draw down in four equal installments from Fiscal Year 2013 through Fiscal Year 2016. The final planned $5 million payment is to be paid from the encumbered amounts in the General Fund in Fiscal Year 2017. A total of $45 million of the overall $50 million cost was financed through inter-fund advances, which were subsequently reclassified in Fiscal Year 2015 to inter-fund transfers, as described below.

On July 2, 2013, an Arena Management Agreement with IceArizona (with its affiliates, the "Team Owner" or the "Arena Manager") was approved by the City Council with an effective date of August 5, 2013. This fifteen-year agreement required the City to pay the Arena Manager a total management fee of $15 million per year. Additionally, the Arena Management Agreement stated the City was to make capital improvement contributions of $500,000 per year through Fiscal Year 2019, growing to $1.0 million per year through Fiscal Year 2027. The City's annual management fee payments and capital improvement contributions were partially offset by the City's share of revenues generated at the Arena during the same period. The Fiscal Year 2014 (a partial fiscal year) and Fiscal Year 2015 net General Fund impact totaled $8.5 million and $8.9 million, respectively (management fees and capital improvement contributions offset by Arena Management Agreement revenues).

On June 10, 2015, the City Council directed the City Manager and City Attorney to cancel the Management Agreement. Subsequently, on July 24, 2015, City Council rescinded the June 10, 2015 Council action to cancel the agreement and adopted an ordinance directing the City Manager to enter into a First Amendment to the July 2013 Management Agreement. The amendment reduced the term of the agreement from fifteen years to four years with a June 30, 2017 termination date. Under the amendment, the City has the option to replace the Arena Manager at any time after June 30, 2016 with a 90 day notice with the professional hockey team occupying the facility through June 30, 2017.

The amended Management Agreement has a positive net General Fund impact estimated at $3.6 million for fiscal year 2016. This is calculated by reduced management fee of $8.5 million ($15 million original management fee less $6.5 million current management fee). The reduced management fee is offset by the $4.9 million of budgeted revenue now going to the Arena Manager.

Anticipating replacement of an Arena Manager on July 1, 2016, a Request for Proposal (RFP) was issued by the City on October 19, 2015 seeking proposals for Arena Management. On February 3, 2016, the City issued a Notice of Intent to Award the contract to AEG Facilities, a venue manager that owns, operates or consults with over 120 venues worldwide. On April 26, 2026, the City Council approved a new arena management agreement (the "2016 Management Agreement") with AEG Management Glendale, LLC (the "New Manager""). The 2016 Management Agreement has an initial five year term, with an additional five year renewal upon agreement of the parties. The City is required to pay from its General Fund three installments into the Arena's operating account totaling $5,600,000 annually. The New Manager will apply amounts in the operating account to pay expenses of operation and maintenance of the Arena. At the end of each fiscal year, if gross operating revenues less operating expenses ("EBITDA") is positive, such EBITDA shall be distributed as follows: the New Manager will receive the first $500,000, the City will receive the next $500,000, the parties will split evenly the next $2,000,000 and any additional EBITDA will be divided 75% to the 2016 Arena Manager and 25% to the City. Any City shared EBITDA will be deposited into its General Fund.

The 2016 Management Agreement provides for the City and AEG to negotiate in good faith if a) the Coyotes vacate the Arena, b) the economic terms of the new Coyotes agreement change, or c) the current naming rights is terminated or amended resulting in reduced fees. If the City and AEG are unable to agree on appropriate amendments to this Agreement within thirty (30) days, AEG has the right to terminate this Agreement.

Inter-Fund Advances

A total of $45 million in inter-fund advances were made to the General Fund in Fiscal Years 2011 and 2012, of which $40 million of the inter-fund advances came from certain enterprise funds and $5 million came from Sub-Funds of the General Fund. As the Sub-Funds are components of the General Fund, the $5 million of advances from the Sub-Funds are not part of the General Fund liability owed to other funds.

On April 14, 2015, the City Council adopted a resolution to reclassify the inter-fund advances between the General Fund and the affected enterprise funds to inter-fund transfers. This action reclassified the inter-fund advances in the City's general ledger to inter-fund transfers and removed the liability from the General Fund balance sheet; therefore, making the cash transfers permanent in nature. This transaction did not involve the transfer of cash between funds. The cash was recorded, via inter-fund advance, in Fiscal Year 2012 and Fiscal Year 2013. Currently, the City Council has the option to appropriate or not appropriate annual inter-fund transfers from the General Fund each fiscal year; however, the City Council has elected to make annual transfers to the enterprise funds to support their operations each year as part of each fiscal year budget process.

At present, the City does not anticipate making any future inter-fund advances or transfers from its enterprise funds. Any such advances require approval of the City Council.

CERTAIN BONDHOLDER'S RISKS

THE 2016 OBLIGATIONS ARE SUBJECT TO A NUMBER OF MATERIAL RISK FACTORS. THE FOLLOWING IS A DISCUSSION OF SOME, BUT NOT NECESSARILY ALL, OF THE POSSIBLE RISK FACTORS WHICH SHOULD BE CAREFULLY EVALUATED BY PROSPECTIVE PURCHASERS.

Economic Conditions in the City and the State

The 2016 Obligations are payable from and secured by a senior lien pledge of Unrestricted Excise Taxes, as described under "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 OBLIGATIONS" and "SOURCES FOR PAYMENTS UNDER THE PURCHASE AGREEMENT." The amount of Unrestricted Excise Taxes received by the City at any time is largely dependent upon the level of retail and other sales activity, which level is, in turn, dependent upon the level of economic activity in the City and in the State generally.

Starting with fiscal year 2008, the economy of the City and State went through a prolonged economic downturn that resulted in a series of decreases in annual receipts of Unrestricted Excise Taxes, and higher than historic unemployment rates and other economic indicators. While the economy of the City and State have improved in recent years, the economic recovery has been slower than expected, with projections for growth remaining below historical averages.

For additional information relating to historic and current economic conditions in the City, see "Table 4 -- City of Glendale Unrestricted Excise Tax Receipts" and Appendix A – "CITY OF GLENDALE, ARIZONA -- GENERAL AND FINANCIAL INFORMATION."

Legislative Ability to Eliminate or Reduce State-Shared Taxes

The State has shared transaction privilege tax receipts with Arizona cities and towns continuously since 1942 and shared income tax receipts continuously since 1972. However, the State Legislature may eliminate State-shared sales and income taxes and any other State-shared revenues or may change the amount and timing of State-shared sales and income taxes and any other State-shared revenues and is under no legal obligation to maintain the amount of State-shared sales and income taxes or any other State-shared revenues distributed to the City at any amount or level. Accordingly, the City is unable to maintain its State-shared sales and income taxes at any particular level for payment of the Senior Excise Tax Obligations or the Subordinate Excise Tax Obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 OBLIGATIONS – Purchase Agreement Covenants Pertaining to the Unrestricted Excise Taxes" regarding the City's covenants to maintain overall Unrestricted Excise Tax receipts at certain levels.

From time to time, bills are introduced in the Arizona Legislature to make changes to the formulas used to allot State-shared sales taxes and State revenue sharing or other potential changes, such as those described in the following paragraph. The possibility of changes in this regard are more likely to be adverse to the City when the State is experiencing financial difficulties. The City cannot determine whether any such measures will become law or how they might affect the revenues that comprise the Unrestricted Excise Taxes. In addition, initiative measures are circulated from time to time seeking to place on the ballot changes in Arizona law which repeal or modify State sales taxes and State income taxes (the major sources of funds for State revenue sharing). The City cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take or the outcome of any such election.

Legislation recently enacted, that will become effective ninety days after the end of the current legislative session, permits the State to withhold certain State-shared revenues from a city, town or county (a "Local Jurisdiction") if such Local Jurisdiction has passed an ordinance, regulation or other official action (a "Local Enactment") that violates State law or the State constitution, in the determination of the State Attorney General. Under the legislation, any member of the State Legislature may ask the State Attorney General to investigate a Local Enactment. On being notified of a determination by the State Attorney General, the Local Jurisdiction will have thirty days to resolve the violation as determined by the State Attorney General, or if not, the State Attorney General is required to notify the State Treasurer to withhold State-shared Sales Taxes and State-shared Income Taxes from such Local Jurisdiction until the State Attorney General determines that no violation of State law exists. In withholding any such distributions of such State-shared revenues, the State Treasurer may not withhold any amount that the affected Local Jurisdiction certifies to the State Attorney General and the State Treasurer as being necessary to make any required deposits or payments for debt service on bonds or other long-term obligations of such Local Jurisdiction that were issued or incurred before committing the violation.

The City is not aware of any current or proposed Local Enactment that would potentially violate State law. If the City received a determination that an adopted Local Enactment violated State law in the determination of the State Attorney General, the City expects it would take whatever actions may be necessary to address the issue within the thirty day period permitted by the legislation. Such actions would include notifying the State Attorney General and the State Treasurer of the amounts of State-shared Sales Taxes and State Shared Income Taxes necessary to make required deposits or debt service payments on the City's long-term obligations secured by such funds issued or incurred before the violation occurred and which could not be withheld.

Potential for Future Initiatives and Referenda Affecting Unrestricted Excise Taxes

Initiative measures are circulated from time to time seeking to submit to the voters changes in the legislative actions of the City Council, including those which would repeal or modify the City's transaction privilege and use taxes. For example, Proposition 457 was an initiative measure placed on the ballot at the November 6, 2012 general election seeking to amend the City Charter to require voter approval for increases to certain transaction privilege taxes, which its proponents contended would have repealed the 2012 0.7% increase if Proposition 457 had been approved. Proposition 457 was defeated by a wide margin; but see the following discussion with respect to the City's inability to predict future initiatives. Referenda are also possible for a limited time after a legislative action is taken by the City Council seeking to submit such legislative actions to approval by the voters.

The City believes that initiative or referendum measures are subject to constitutional limitations on impairment of contractual obligations and consequently, such measures could not repeal or reduce transaction privilege taxes legally in place at the time of issuance of obligations such as the 2016 Obligations to the extent that such transaction privilege taxes are necessary for the City to comply with the covenants described above under "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 OBLIGATIONS - Covenants Pertaining to the Unrestricted Excise Taxes." However, the City cannot predict if any future initiatives or referenda will actually be submitted to the voters, what form the measures may take, the outcome of any future election and whether such action would materially and adversely affect its ability to collect or increase Unrestricted Excise Taxes or subsequent judicial interpretations of the effect of the City Council's legislative actions.

Limitation of Remedies

Upon the occurrence of an Event of Default under the Trust Agreement or the Purchase Agreement, the Trustee, on behalf of the Owners of the 2016 Obligations is entitled to enforce the covenants and agreements of the City by specific performance or other legal or equitable remedy. Any judgment will, however, only be enforceable against the Unrestricted Excise Taxes and other funds held under the Trust Agreement in accordance with the senior lien priority assigned to the 2016 Obligations and not against any other funds or properties of the City.

The availability of remedies under the Trust Agreement and the Purchase Agreement may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; the application of equitable principles and the exercise of judicial discretion in appropriate cases; common law and statutes affecting the enforceability of contractual obligations generally; principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City. Due to the delays in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in obtaining judicial remedies to enforce the covenants and agreements of the City under the Indenture and the Purchase Agreement, to the extent enforceable, could result in delays in payment of Debt Service on the 2016 Obligations.

Terms no Longer in Effect upon Payment of Currently Outstanding Excise Tax Obligations.

The provisions set forth in the Trust Agreement and described above under "SECURITY AND SOURCES OF PAYMENT FOR THE 2016 OBLIGATIONS – Debt Service Reserve Fund for Senior Excise Tax Obligations Only; No Current Funding," related to the Reserve Fund for the 2016 Obligations will be effective only to the extent that a comparable requirement exists for the currently outstanding Senior Bonds. Consequently, the City would not be required to fund a Reserve Fund once the currently outstanding Senior Bonds are no longer outstanding under the Senior Agreements. The City reserves the right to issue or incur Additional Senior Excise Tax Obligations supported by a debt service reserve fund that is not available to the holders of the 2015 Obligations or the 2016 Obligations.

Furthermore, the provisions set forth in the Purchase Agreement related to acceleration of the 2016 Obligations will be effective only to the extent that a comparable requirement exists for any other currently outstanding Senior Bonds. Consequently, the2015 Obligations and the 2016 Obligations would not be subject to acceleration once the currently outstanding Senior Bonds are no longer outstanding under the Senior Agreements. The City covenants in the Purchase Agreement that it will not issue or incur Additional Senior Excise Tax Obligations subject to acceleration as long as the 2015 Obligations or the 2016 Obligations are Outstanding.

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. 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, possible 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 circumstance may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results.

City Charter Requirement for Voter Approval of Certain New Excise Taxes

As more fully described under SECURITY AND SOURCES OF PAYMENT FOR THE 2016 OBLIGATIONS – Covenants Under Senior Agreements Pertaining to the Unrestricted Excise Taxes," the City covenants in the Purchase Agreement that the Unrestricted Excise Taxes it imposes will be retained and maintained so that the amount of all Unrestricted Excise Taxes received within and for the next preceding fiscal year, will be equal to (a) with respect to Senior Excise Tax Obligations, at least three times the rental requirements payable on Senior Excise Tax Obligations in the current fiscal year and (b) with respect to the Subordinate Excise Tax Obligations, at least two times the combined total rental requirements on Senior Excise Tax Obligations and Subordinate Excise Tax Obligations, and that if such receipts for any such preceding fiscal year shall not equal those levels for the current fiscal year, or if at any time it appears that the current receipts will not be sufficient to meet the rental requirements for Senior Excise Tax Obligations or Subordinate Excise Tax Obligations in the current fiscal year, the City will, to the extent permitted by law, either impose new Unrestricted Excise Taxes or will increase the rate of such taxes currently imposed in order that (i) the current receipts will be sufficient to meet all current requirements under the Purchase Agreement for payments on the Senior Excise Tax Obligations and Subordinate Excise Tax Obligations, and (ii) the current year's receipts will be reasonably calculated to attain the level required for the succeeding fiscal year's requirements.

In connection with the City's foregoing covenants, purchasers of the 2016 Obligations should consider that the City's Charter presently provides that voter approval would be required for the City Council to impose new City transaction privilege taxes, but no such voter approval would be required for the City Council to increase the rates on City transaction privilege taxes then in effect.

LITIGATION

The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. The City Attorney has advised City management of the nature and extent of pending or threatened claims against the City. In the opinion of City management, such matters will not, either alone or in the aggregate, have a materially adverse effect on the City's financial position or its ability to comply with the requirements of the Purchase Agreement, including making timely Payments under the Purchase Agreement.

In addition to the matters discussed above, in April 2015, the City brought a lawsuit against Vieste LLC ("Vieste"), asking a Maricopa County Superior Court judge to interpret various provisions of a 2012 waste supply agreement. In the agreement, the City only promised to provide Vieste with its normally collected garbage as "feedstock" for a secondary recycling facility constructed and operated by Vieste. Vieste countersued the City seeking up to $200 million of damages, contending that the garbage the City provides to them for recycling must be pre-sorted to remove waste Vieste finds undesirable. The case is currently in the discovery stage with the expected trial no sooner than August 2016. In the City's opinion, substantive rulings have favored the City. Furthermore, much of the $200 million in claimed damages would be compensation to Vieste's third party investors, whose indirect or consequential claims are barred under the contract in the City's opinion. Vieste has requested only $8 million to retrofit the facility to properly process the city's normally collected garbage. The City is vigorously defending its legal position and believes it will prevail in this litigation. In the event a future ruling results in any liability for the City, such liability would be paid from the City's Landfill Enterprise Fund.

To the knowledge of 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 execution, delivery or performance of the

2016 Obligations or the Purchase Agreement by the City or contesting or questioning the proceedings and authority under which the 2016 Obligations and the Purchase Agreement will be executed or delivered, or the validity of the 2016 Obligations or the Purchase Agreement Certificates of appropriate representatives of the City to that effect will be executed at the time of the delivery of the 2016 Obligations.

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the City must continue to meet after the execution and delivery of the Obligations in order that the portion of each of the Payments made by the City pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Owners of the Obligations (the "Interest Portion") be and remain excludable from gross income of the holders thereof for federal income tax purposes. The City's failure to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the Obligations. The City has covenanted to take the actions required by the Code in order to maintain the excludability from gross income for federal income tax purposes of the Interest Portion and not to take any actions that would adversely affect that excludability.

In the opinion of Special Counsel, assuming continuing compliance by the City with the tax covenants referred to above and the accuracy of certain representations of the City, under existing statutes, regulations, rulings and court decisions, the Interest Portion will be excludable from gross income for federal income tax purposes. The Interest Portion will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, the Interest Portion will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Special Counsel is further of the opinion that the Interest Portion will be exempt from income taxation under the laws of the State of Arizona so long as the Interest Portion is excludable from gross income for federal income tax purposes.

Except as described above, Special Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the Interest Portion or the ownership or disposition of the Obligations. Prospective purchasers of Obligations should be aware that the ownership of Obligations may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Obligations or, in the case of a financial institution, that portion of the owner's interest expense allocable to the Interest Portion, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including the Interest Portion, (iii) the inclusion of the Interest Portion in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the Interest Portion in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, and (v) recipients of certain Social Security and Railroad Retirement benefits being required to take into account receipts and accrual of the Interest Portion in determining whether a portion of such benefits are included in gross income for federal income tax purposes.

From time to time, there are legislative proposals in Congress which, if enacted, could alter or amend one or more of the federal income tax matters referred to herein or adversely affect the market value of the Obligations. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Obligations), executed and delivered prior to enactment.

The discussion of tax matters in this Official Statement applies only in the case of purchasers of the Obligations at their original execution and delivery and at the respective prices indicated on the inside front cover page of this Official Statement. It does not address any other tax consequences, such as, among others, the consequence of the existence of any market discount to subsequent purchasers of the Obligations. Purchasers of the Obligations should consult their own tax advisers regarding their particular tax status or other tax considerations resulting from ownership of the Obligations.

Information Reporting and Backup Withholding

Interest paid on obligations such as the Obligations is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of the Interest Portion from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Obligations, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Obligations and proceeds from the sale of Obligations. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Obligations. This withholding generally applies if the owner of Obligations (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Obligations may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Original Issue Discount and Premium

Certain of the Obligations, as indicated on the inside front cover page of this Official Statement ("Discount Obligations"), were offered and will be sold to the public at an original issue discount ("Original Issue Discount"). Original Issue Discount is the excess of the stated prepayment price at payment (the principal amount) over the "issue price" of a Discount Obligation. The issue price of a Discount Obligation is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Obligations of the same payment date will be sold pursuant to that offering. For federal income tax purposes, Original Issue Discount accrues to the owner of a Discount Obligation over the period to payment date based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of Original Issue Discount that accrues during the period of ownership of a Discount Obligation (i) will be interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as the Interest Portion, and (ii) will be added to the owner's tax basis for purposes of determining gain or loss on the payment, prepayment, prior sale or other disposition of that Discount Obligation. A purchaser of a Discount Obligation in the initial public offering at the price for that Discount Obligation stated on the inside front cover of this Official Statement who holds that Discount Obligation to its payment date will realize no gain or loss upon the retirement of that Discount Obligation.

Certain of the Obligations, as indicated on the inside front cover page of this Official Statement (the "Premium Obligations"), were offered and will be sold to the public at a price in excess of their stated prepayment price at their payment date. That excess constitutes obligation premium. For federal income tax purposes, obligation premium is amortized over the period to the payment date of a Premium Obligation, based on the yield to the payment date of that Premium Obligation (or, in the case of a Premium Obligation callable prior to its stated payment date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Obligation), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that obligation premium is deductible by the owner of a Premium Obligation. For purposes of determining the owner's gain or loss on the sale, prepayment (including prepayment at its payment date) or other disposition of a Premium Obligation, the owner's tax basis in the Premium Obligation is reduced by the amount of obligation premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Obligation for an amount equal to or less than the amount paid by the owner for that Premium Obligation. A purchaser of a Premium Obligation in the initial public offering at the price for that Premium Obligation stated on the inside front cover of this Official Statement who holds that Premium Obligation to its payment date (or, in the case of a callable Premium Obligation, to its earlier call date that results in the lowest yield on that Premium Obligation) will realize no gain or loss upon the retirement of that Premium Obligation.

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

LEGAL MATTERS

Legal matters incident to the issuance of the 2016 Obligations and with regard to the status of the Interest Portion relating to the Obligations (see "TAX MATTERS") are subject to the legal opinions of Greenberg Traurig, LLP, Special Counsel. Signed copies of the opinions, dated and speaking only as of the date of delivery of the 2016 Obligations, will be delivered to the Underwriter. The proposed forms of the legal opinions are set forth as Appendix D. The legal opinions to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinions will speak only as of its date and subsequent distributions of it by recirculation of this Official Statement or otherwise shall create no implication that Special Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinions subsequent to its date. In rendering its opinions, Special Counsel will rely upon certificates and representations of facts to be contained in the transcript of proceedings which Special Counsel will not have independently verified.

The due authorization, execution, and delivery by the City, and the validity and enforceability against the City, of the Trust Agreement and the Purchase Agreement and certain other legal matters will be passed upon for the City by Greenberg Traurig, LLP, special counsel to the City, and by the City Attorney. Certain legal matters will be passed upon solely for the Underwriter by Kutak Rock LLP.

The legal opinions express the professional opinions of counsel rendering them, but are not binding on any court or other governmental agency and are not guarantees of a particular result.

CANCELLATION OF CONTRACTS

The provisions of Arizona Revised Statutes Section 38-511, as amended, provide that certain public bodies, including the City, may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the public body if any person significantly involved in the initiating, negotiating, securing, drafting or creating of the contract on behalf of the public body 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 to the contract with respect to the subject matter thereof. The cancellation shall be effective when written notice from the governing body of the public body is received by all other parties to the contract unless the notice specifies a later time. The City is a party to several contracts which are material to the payment of the 2016 Obligations, including the Purchase Agreement. The City and the Trustee each represent that it is not presently aware of any violation of such Section. Exercise of a remedy under A.R.S. Section 38-511, as amended, would adversely affect the Owners of the 2016 Obligations.

INDEPENDENT ACCOUNTANTS

The financial statements of the City as of June 30, 2015 and for its fiscal year then ended, which are included as Appendix B of this Official Statement, have been audited by CliftonLarsonAllen LLP, Independent Auditors, as stated in their report which appears in Appendix B. Such financial statements are the most recent audited financial statements available. The City neither requested nor obtained the consent of CliftonLarsonAllen LLP to include its report and CliftonLarsonAllen LLP has performed no procedures subsequent to rendering its opinion on the financial statements.

FINANCIAL ADVISOR

RBC Capital Markets, LLC is serving as Financial Advisor to the City in connection with the 2016 Obligations. The Financial Advisor may also receive a fee for conducting a competitive bidding process regarding the investment of certain proceeds of the 2016 Obligations. RBC Capital Markets, LLC has not 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 RBC Capital Markets, LLC respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

UNDERWRITING

The 2016 Obligations are being purchased for reoffering by Morgan Stanley & Co. LLC (the "Underwriter"). The Underwriter has agreed to purchase, subject to certain conditions, the 2016 Obligations at an aggregate purchase price of $38,075,026.81, consisting of the principal amount thereof plus a net reoffering premium of $4,370,643.05 and less an underwriter's discount of $125,616.24. The Underwriter will commit to purchase all of the 2016 Obligations if any are purchased. The 2016 Obligations are offered for sale initially at the approximate yields set forth on the inside front cover page of this Official Statement, which yields may be changed, from time to time, by the Underwriter. The 2016 Obligations may be offered and sold to certain dealers (including underwriters and dealers depositing the 2016 Obligations into investment trusts) at prices lower than the public offering price.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2016 Obligations.

CONTINUING DISCLOSURE

The City will covenant for the benefit of the beneficial owners of the 2016 Obligations to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2017 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The Annual Reports and the Notices of Listed Events will be filed by the City with the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board (the "MSRB"). The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is set forth in Appendix E - "FORM OF CONTINUING DISCLOSURE UNDERTAKING", attached hereto. These covenants have been made in order to assist the Underwriter in complying with S.E.C. 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 2016 Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability, liquidity, market price and marketability of the 2016 Obligations.

The City previously entered into continuing disclosure undertakings with respect to certain previously issued Senior Lien Excise Tax Obligations, Subordinate Lien Excise Tax Obligations, Third Lien Excise Tax Bonds, General Obligation Bonds, Senior Lien Water and Sewer Obligations, Subordinate Lien Water and Sewer Obligations, and Street and Highway User Revenue Bonds, which require the filing on or before February 1 of each year of Annual Reports consisting of audited financial statements ("Audited Financial Statements") and annual updates with respect to certain financial information and operating data related to the City ("Annual Financial Information"). During the previous five years, while the City has generally filed the majority of the information in its Annual Reports on a timely basis, the following filings were not made timely:

1. Annual Financial Information and Audited Financial Statements for the fiscal year ended June 30, 2011, due February 1, 2012, were not filed properly by CUSIP for the Subordinate Lien Excise Tax Obligations: Series 14 (2002) and Series 16 (2003). The City filed Audited Financial Statements and Annual Financial Information listed above on or prior to November 27, 2012 through EMMA.

2. Notice of a January 17, 2013 downgrade of Assured Guaranty Municipal Corp. ("AGM") by Moody's Investors Service was not filed properly by CUSIP for the Senior Excise Tax Bonds, Series 2008A and a March 18, 2014 upgrade of AGM by Standard & Poor's was not properly filed. Although the rating of Assured Guaranty Municipal Corp. is readily available through many publicly available resources, the City filed such notices on April 5, 2016 through EMMA.

3. Notice of a May 10, 2013 upgrade of National Public Finance Guarantee by Standard & Poor's was not filed. Although the rating of National Public Finance Guaranty is readily available through many publicly available resources, the City filed a notice of such rating upgrade on April 5, 2016 through EMMA.

In addition, the City has established procedures that it has employed, and intends to continue to employ, to make timely filings of the City's Annual Reports and Notices of Listed Events.

RATINGS

Moody's Investors Service ("Moody's") and Standard and Poor's Rating Services, a Standard & Poor's Ratings Services ("Standard and Poor's") have assigned the 2016 Obligations long-term ratings of "A2" and "AA+", respectively. Such ratings reflect only the views of such organization, and an explanation of the significance of such rating may be obtained only from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10041 and Standard and Poor's at 55 Water Street, New York, New York 10004. Each rating agency was provided with materials relating to the City and the 2016 Obligations and other relevant information, which includes information not included in this Official Statement, and, except as described below, no application has been made to any other rating agency for the purpose of obtaining a rating on the 2016 Obligations. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by Moody's or Standard and Poor's if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the 2016 Obligations.

CONCLUDING STATEMENT

The summaries or descriptions of provisions in the Trust Agreement and the Purchase Agreement contained herein and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions and do not summarize all the pertinent provisions of such documents. For further information, reference should be made to the complete documents, copies of which are available as described under "INTRODUCTION."

All projections, forecasts and other information in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. Neither this Official Statement nor any statements that may have been or that may be made orally or in writing are to be construed as part of a contract or agreement between the City or the Underwriter and the purchasers or holders of any of the 2016 Obligations.

The attached Appendices A through F are integral parts of this Official Statement and must be read together with all of the foregoing statements.

CITY OF GLENDALE, ARIZONA

By: /s/ Kevin R. Phelps
City Manager

APPENDIX A

CITY OF GLENDALE, ARIZONA
GENERAL AND FINANCIAL INFORMATION

General

The City of Glendale, Arizona (the "City" or "Glendale") is the fifth largest city by population in the State of Arizona and is located in the northwest portion of the Phoenix metropolitan area. The City is one of eight major cities comprising the greater Phoenix metropolitan area, which is Arizona's economic, political, and population center.

Founded in 1892 and incorporated in 1910, the City has an estimated 2015 population of 234,766. The following table illustrates Glendale's growth expressed by population statistics for the City along with the population statistics for Maricopa County, Arizona (the "County") and the State of Arizona, (the "State" or "Arizona") respectively.

Population Statistics

Year	City of Glendale	Maricopa County	State of Arizona
2015 Estimate (a)	234,766	4,076,438	6,758,251
2010 Census	226,721	3,817,117	6,392,017
2005 Special Census	242,369	3,700,516	6,044,985
2000 Census	218,812	3,072,149	5,130,632
1995 Special Census	172,684	2,355,900	4,307,150
1990 Census	148,134	2,122,101	3,665,305
1985 Special Census	122,392	1,829,500	3,187,000
1980 Census	97,172	1,509,262	2,716,333
1970 Census	36,228	971,228	1,775,399

(a) Population estimates as of July 1, 2015 (released December 2015) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

Source: U.S. Census Bureau; City 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.

Square Mile Statistics
City of Glendale, Arizona

Year	Square Miles
2014	59.98
2010	59.02
2000	54.60
1990	50.09
1980	39.94
1970	16.83
1960	3.80

Source: City Planning Department.

Municipal Government and Organization

The City 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. The City is also subject to certain 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.

Key Administrative Staff

Kevin R. Phelps, *City Manager* – Kevin Phelps brings more than 30 years of private sector experience and 18 years of government sector experience to the city's top management job. Mr. Phelps was appointed as Glendale's City Manager in February of 2016. For the past six years, Mr. Phelps has been the highest-ranking appointed official in Pierce County, Washington, an area that includes greater Tacoma and is Washington's second-largest county. Mr. Phelps was previously a deputy auditor in the Washington State Auditor's Office and served for seven years as an elected councilmember for the City of Tacoma. Prior to his tenure in government, Mr. Phelps spent decades in the private sector as founder and managing general partner of the Landmark Convention Center which is also in Tacoma, Washington.

Michael Bailey, *City Attorney* - Michael Bailey is the City Attorney. Mr. Bailey is licensed to practice law in Arizona and California. Mr. Bailey holds a bachelor's degree of Science in Business Administration and a Juris Doctorate from Chapman University. Additionally, Mr. Bailey holds a Masters in Public Administration from American Public University. Prior to serving Glendale, Mr. Bailey was the City Attorney for the City of Surprise, Arizona.

Tom Duensing, *Assistant City Manager* - Tom Duensing has over 25 years of government finance experience. Prior to his appointment as Assistant City Manager, Mr. Duensing served as the Finance and Technology Director for the City since October 2013. Prior to working in Glendale, he served at the City of Tempe and the City of Maricopa in various financial roles including Accounting Supervisor, Deputy Finance Director, City Auditor, Finance Director and Assistant City Manager. Mr. Duensing has also worked as an auditor in public accounting specializing in local government auditing and in the Arizona Governor's Office where he was responsible for grants administration. Mr. Duensing holds a B.S. in Accounting, a M.B.A., and is a Certified Public Accountant. He is a member of the Government Finance Officers Association of Arizona, the Government Finance Officers Association, the American Institute of Certified Public Accountants, and the Arizona Society of Certified Public Accountants. In October 2014, Mr. Duensing received the "Turnaround of the Year" Award from the Phoenix Business Journal's Outstanding CFO's (Chief Financial Officer) Program.

Vicki Rios, *Interim Finance and Technology Director* – Vicki Rios has 18 years of government finance experience. In May, 2015, Ms. Rios began serving the City as Interim Finance and Technology Director. She previously served as Assistant Finance Director. Prior to working in Glendale, Ms. Rios served as Deputy Finance Director and Interim Treasurer for the City of Phoenix and held progressively responsible positions with the City of Peoria, Arizona, including her most recent position as Revenue Manager. Since 2002, Ms. Rios has been an adjunct professor at Arizona State University and Glendale Community College. Ms. Rios is also the Chairperson of the Certification Advisory Committee for the Arizona State Board of Accountancy. She holds a Bachelor's degree, a Post-Baccalaureate Certificate in Accountancy, a M.B.A, and is a Certified Public Accountant. She is recognized as a Certified Public Finance Officer (CPFO) and is a member of the Government Finance Officers Association of Arizona and the Arizona Society of Certified Public Accountants.

Employees

As of June 30, 2015, the City had approximately 1,610 full-time and part-time employees and a fiscal 2015 gross payroll of $162.3 million. 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

As Arizona's sixth largest city with a population of over 234,000 and a median household income of $46,855, the City is an economic engine of the Greater Phoenix West Valley, bordering the City of Phoenix on its eastern/southern borders. From its beginnings as an early farming settlement in the 1880's, to a military center of excellence after World War II, it has now evolved into the major sports, healthcare, education and corporate employment center.

As a result of the City's strategic location within the County and the Phoenix metropolitan area, its economic efforts toward a business-friendly environment and its amenities and workforce attractiveness, the City has seen a number of significant business investments in recent years. City staff has helped facilitate the creation of more than 1,300 new jobs in Glendale between July 2015 and February 2016. In 2015 there was nearly two million square feet of new office, industrial and retail space constructed. In the last seven years, more than 12,500 jobs have been created in the City, with 8,560 jobs associated with new companies locating in Glendale and 4,025 jobs from existing companies in the City. Newly-located businesses in Glendale over the last seven years include: NPL (Northern Pipeline), Harvard Drug, American Furniture Warehouse, Redflex Traffic Systems, Progressive Finance, Terminix, The Pain Center of Arizona, Canyon State Bus, Dave & Busters, Dignity Health, Honor Health, Hensley Distribution, Avanti Windows, Empereon Marketing, New West Oil, Lockheed Martin, Glendale Ironwood Cancer Research Center, and Banner Health.

Several key economic corridors within the City include the Northern Economic Corridor, Historic Downtown, the 101 Economic Corridor and the Loop 303 Corridor.

Northern Economic Corridor.

The Northern Economic Corridor includes the following key elements:

<u>Arrowhead Towne Center/Bell Road Retail Corridor</u> – a mixed use master planned community with residential, employment, recreation, shopping and dining. Approximately 1/3 of the City's retail sales tax revenues are generated in this area.

<u>Midwestern University</u> – the 143-acre Glendale campus has been developed over the past decade. The campus offers state-of-the-art practice labs, lecture halls, and classrooms, as well as a comprehensive library and several outpatient clinics. The campus has over 3,300 graduate students and is the largest medical school in the State. Currently, the school offers the following six major programs: The Arizona College of Osteopathic Medicine, College of Pharmacy, College of Health Sciences, College of Optometry, College of Dental Medicine – Arizona and the College of Veterinary Medicine.

<u>Banner Thunderbird Medical Center</u> – currently the fourth largest hospital in the Phoenix metropolitan area with 561 licensed beds and nearly 3,000 employees.

<u>Honeywell Aerospace</u> – the Glendale facility of Honeywell Aerospace is one of the City's larger private employers with over 830 employees.

<u>CSAA/AAA Glendale Operations Center</u> – a major information technology and customer service center in the City with over 1,065 employees.

<u>Talavi Business Park</u> – home to Progressive Finance, Federated Insurance, Alaska USA Federal Credit Union, Phoenix Heart, Redflex Traffic Systems, CSAA/AAA and Cardiac Solutions.

Historic Downtown.

The City's Historic Downtown area includes:

<u>Glendale Civic Center</u> – located in the heart of historic downtown, the Glendale Civic Center offers 33,000 square feet of indoor and outdoor meeting space for corporate events, trade shows, weddings and private parties.

<u>Murphy Park/Caitlin Court</u> – includes areas labeled by the City as the "Downtown Dining District," "Arts and Culture District," "Old Towne Shopping District," and "Antiques Capital of Arizona."

Saguaro Ranch Park – one of the region's oldest and most magnificent ranches, the 17-acre Saguaro Ranch Park Historic Area features 13 original buildings, a rose garden, barnyard and historic orchards. Listed on the National Register of Historical Places and known as the "Showplace of the Valley," the Saguaro Ranch Park Historic Area offers activities, exhibits and guided tours.

101 Economic Corridor.

The 101 Economic Corridor includes the following key elements:

Westgate Entertainment District – Westgate Entertainment District offers a vibrant outdoor setting with unique water features, delivering an interactive shopping, dining and entertainment experience. It is anchored by the Gila River Arena, home to the Arizona Coyotes, and the University of Phoenix Stadium, home to the Arizona Cardinals. Some of the major businesses located within Westgate Entertainment District are:

(i) Gila River Arena owned by the City, Gila River Arena (the "Arena") is home to the National Hockey League's Arizona Coyotes (the "Coyotes").
(ii) Tanger Factory Outlets Westgate – broke ground in April 2012 and opened in November 2012; and expanded in 2014 to its current size. Located just west of the Westgate Entertainment District along the Loop 101 Freeway in the City's Sports and Entertainment District, the 454,000 square feet of space is home to approximately 90 top name-brand shops, such as Saks 5th Avenue OFF 5th, Abercrombie & Fitch, Banana Republic, Brooks Brothers, Michael Kors, Nike and Coach.
(iii) Cabela's - in addition to offering quality outdoor merchandise, the 160,000 square foot showroom is an educational and entertainment attraction, featuring a décor of museum-quality animal displays, huge aquariums and trophy animals interacting in realistic re-creations of their natural habitats.
(iv) University of Phoenix Stadium – the University of Phoenix Stadium is a multi-use facility which primarily hosts the NFL's Arizona Cardinals and the annual college football Fiesta Bowl. In addition, the facility hosted the NFL Super Bowl in 2008 and 2015, the College Football Playoff in 2016, the Bowl Collegiate Series Championship in 2007 and 2011, Wrestlemania in 2010, along with a multitude of concerts including The Rolling Stones and U2, The facility will host a multi-day international soccer tournament, Copa America Centenario, in June 2016 and the NCAA Men's Final Four college basketball championship in April 2017.

Dignity Health – St. Joseph's Westgate Medical Center, owned and operated by Dignity Health, is a not-for-profit, 24-bed inpatient hospital that opened in May 2014. The medical campus and hospital features new approaches to healthcare, including the innovative uses of materials to promote patient safety, patient satisfaction and medical efficiency. St. Joseph's Westgate provides two operating rooms, two procedure rooms, a 12-bed emergency room and 12 universal care beds. Services included general surgery, orthopedics, urology, gastrointestinal and endoscopy. Phase II includes a 60,000 square foot medical office building currently under construction.

Camelback Ranch – A state-of-the-art baseball facility like no other, Camelback Ranch - Glendale (Ariz.) is the Spring Training home of the Los Angeles Dodgers and Chicago White Sox. Located on 141 acres at 111th Avenue and Camelback Road, this Sonoran Desert-inspired, two-team facility offers baseball fans more than top-quality playing fields and facilities; the site also features picturesque walking trails, landscaped grounds and an orange grove. Guests will also enjoy water features and a fully stocked lake between the Dodgers and White Sox facilities.

Glendale's Future Economic Corridor – the Loop 303 Corridor.

Luke Air Force Base - Luke Air Force Base ("Luke") is one of Glendale's, and the West Valley's, primary economic drivers, located just east of the Loop 303 Freeway. Luke was officially annexed into the City in 1995 and is considered the economic center of both the Loop 303 corridor and the West Valley. The base population includes approximately 5,100 military members and Department of Defense civilians. With approximately 70,000 retired military members living in greater Phoenix, the base services a total population of nearly 80,000 people. Approximately 300 pilots train at Luke annually and proceed to combat assignments throughout the world. The 56th Fighter Wing also trains more than 350 maintenance technicians each year. The base has an economic impact estimated at $2.17 billion annually to the Arizona economy and recently celebrated the opening of its F-35 Lightning II Academic Training Center.

The new facility will provide state-of-the-art training for fighter pilots and continue Luke's mission to train the world's best fighter pilots. The F-35 is the world’s most advanced multi-role fighter and will replace aging fighter inventories in the Air Force, Navy and Marines.

Glendale 2025, the City’s General Plan, identifies future land uses for this area that are compatible with Luke Air Force Base and captures appropriate land uses adjacent to the Loop 303 Freeway. Much of the land in this area is located within the 65-decibel noise contours for Luke with the goal of continuing to protect Air Force operations.

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

Major Employers
City of Glendale, Arizona
as of February 2016

Employer	Service	Approximate Number of Employees
Luke Air Force Base	Military	5,100
Banner Thunderbird Health System	Health Care	3,000
Arrowhead Towne Center	Retail	2,650
Wal-Mart	Retail	2,175
Glendale Union High School District	Education	1,974
Glendale Community College	Education	1,948
Deer Valley Unified School District	Education	1,594
City of Glendale	Government	1,610
Glendale Elementary School District	Education	1,400
Tanger Outlet Westgate	Retail	1,200

Source: City of Glendale, Arizona (http://www.glendaleaz.com/EconomicDevelopment/MajorEmployers.cfm)

The following table compares the City’s unemployment averages with those of the United States, the State and the County for the periods shown.

Unemployment Averages

Year	United States	State of Arizona	Maricopa County	City of Glendale
2015 [(a)]	5.3%	6.1%	5.1%	5.5%
2014	6.2	6.8	5.9	6.3
2013	7.4	7.5	6.6	7.2
2012	8.1	8.3	7.3	8.2
2011	8.9	9.5	8.6	9.5

Source: Arizona Department of Administration, Employment and Population Statistics, CES/LAUS Unit; U.S. Department of Labor, Bureau of Labor Statistics.

Construction

The following tables depict building permit activity and value for residential and non-residential construction in the City. The City believes that construction activity within the City has stabilized in the range shown over the last four years and may have a slight downward trend as Glendale approaches build-out.

Value of Building Permits
City of Glendale, Arizona

Fiscal Year	Residential	Commercial & Industrial	Other[(a)]	Total
2015	$111,674,762	$78,155,864	$79,781,023	$269,611,649
2014	42,250,810	109,564,039	51,825,857	203,640,706
2013	81,624,695	110,568,843	79,288,170	271,481,707
2012	99,977,051	48,425,681	54,837,384	203,240,116
2011	39,397,373	71,663,689	6,712,915	117,773,972

(a) Comprised of a variety of sources including residential garages and carpools, swimming pools and spas, signs, demolitions and razings, and other miscellaneous sources.

Source: City Building Safety Department.

Building Permits[(a)]
City of Glendale, Arizona

Fiscal Year	Total Building Permits
2015	5,449
2014	4,799
2013	6,383
2012	5,304
2011	5,619

(a) The date on which the permit is issued is not to be construed as the date of construction.

Source: City Building Safety Department.

Sales Tax Revenue

The following City sales tax revenue is based on the City's sales and use tax collections from its general sales tax levy, together with the sales tax levy on restaurants and bars, hotels, construction, and communications. The revenues shown do not reflect sales tax revenues received by the City which are restricted to use for police, fire, transportation, and tourism promotion.

Sales Tax Revenue
City of Glendale, Arizona

Fiscal Year	Amount
2015	$93,687,452
2014	88,764,000
2013 (a)	82,678,263
2012	56,158,067
2011	54,884,920

(a) Reflects 11-months of collections of the 0.7% sales tax increase adopted by the City on June 12, 2012.

Source: City 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 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 the City's Sports and Entertainment District including venues such as the Arena and the University of Phoenix NFL stadium. Major transportation corridors that connect Glendale to the entire metropolitan region include historic Grand Avenue, the Loop 303 Freeway in the far west, the Loop 101 Freeway in the western and northern parts of the City, and the Northern Parkway, which is currently in phase two of construction, connecting several West Valley cities. Glendale is a member of Valley Metro, which provides mass transit, fixed rail services to certain portions of the Phoenix metropolitan area. Glendale Transit provides a wide range of convenient, low-cost transportation alternatives for Glendale citizens and visitors, including fixed-route bus service, Glendale Dial-A-Ride, Glendale Urban Shuttle (GUS) bus service, ADA service and a taxi-subsidy program.

Glendale also operates a municipal airport. Located just five miles west of downtown Glendale, five miles east of Luke Air Force Base, and 30 minutes northwest of downtown Phoenix, this 477-acre modern airport features a two-story, 18,000 square-foot terminal, a Federal Aviation Administration contract-tower, and complete airport services for general aviation and corporate jet traffic. 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 operator is located on the field with two grades of fuel and full maintenance is available.

Businesses and residents of the City are also served by Phoenix Sky Harbor International Airport. Sky Harbor Airport is among the busiest airports in the United States, providing passenger, freight and cargo air services both domestically and internationally.

Airlines Serving Sky Harbor International Airport
as of February 2016

Airline	
Air Canada	Hawaiian Airlines
Alaska Airlines	JetBlue Airways
American Airlines	Southwest Airlines
British Airways	Spirit Airlines
Boutique Air	Sun Country Airlines
Delta Airlines	United Airlines
Frontier Airlines	Volaris
Great Lakes Airlines	WestJet

Source: City of Phoenix, Aviation Department.

Number of Passengers Arriving and Departing
Sky Harbor International Airport

Calendar Year	Deplaned	Enplaned	Total
2015	22,004,320	22,001,885	44,006,205
2014	21,107,296	20,998,549	42,105,845
2013	20,174,643	20,166,971	40,341,614
2012	20,279,006	20,169,926	40,448,932
2011	20,380,496	20,211,799	40,592,295

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 that comprise the Maricopa County Community College District. The College offers a curriculum leading to an Associate of Arts 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 multiyear expansion and currently has over 3,100 students on the Glendale Campus.

The Arizona State University West campus is a 300-acre campus located on Glendale's eastern border. 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.

Thunderbird School of Global Management, a unit of Arizona State University Knowledge Enterprise, is a 148-acre campus that offers masters programs with a focus on global management, in addition to a large international executive education program and, beginning fall 2015, undergraduate programs. The Thunderbird School of Global Management was acquired by the Arizona State University in December 2014.

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

DEBT AND FINANCIAL DATA

Introduction

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

The Director of Finance and Technology is responsible for finance, management and budget, procurement, accounting, computer-related planning, evaluation and installation of hardware and software throughout the City. The Economic Development Director is responsible for attracting, retaining and expanding businesses and providing redevelopment and business assistance, which encompasses economic development, planning and building safety services.

Expenditure Limitation

Commencing in fiscal year 1982-83, the City became subject to an 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 in March 1986, in March 1990 and in 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, which 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 with 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.

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 2015 budget its "Distinguished Budget Presentation," the 23rd year the City has received this award. The 2016 budget has been submitted to GFOA. The annual and long-range budgeting process is shaped and guided by the four key foundation documents included in the annual budget document:

1. The annual operating budget
2. The 10-year capital plan
3. The 5-Year Forecast
4. The Financial Plan and Financial Policies

The annual budget document for Fiscal Year 2016 and the past few fiscal years are located at http://www.glendaleaz.com/budget/documents/FY15-16ProgramBudgetBook.pdf.

Prior to Fiscal Year 2014, the budget process involved an approach where each department received target allocations. The responsible department would then be given a "base budget target allocation", and when additional funding was available, supplemental requests were then made for increases in services or the addition of new services. Supplemental requests were not considered starting with the Fiscal Year 2010 budget and continuing through the development of the Fiscal Year 2014 budget. Fiscal Year 2015 was the first year the City utilized a "zero-based" budget approach. A zero-based approach means departments requested and justified all Fiscal Year 2015 appropriated funds and did not receive "base budget target allocations" at the beginning of the budget process.

The proposed budget is typically presented to the City Council in March and April for the upcoming fiscal year, with an emphasis on the City's largest operating fund, the General Fund, along with the proposed capital improvement plan. The state-defined budget adoption process occurs in May and June following public hearings on the City Manager's proposed budget. This process results in the City Council's formal adoption of the City's total budget for the upcoming fiscal year.

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 with State law. Additionally, the City has a formal Debt Management Plan and a 10-year capital improvement plan which are also incorporated in the budget process.

During the Fiscal Year 2016 budget process, the Mayor and Council adopted revised financial policies. In order to address financial stability, the fund balance policy for the General Fund was revised. The revised policy states "the minimum unrestricted (*the total amount of the committed, assigned, and unassigned*) fund balance in the General Fund shall total 25% of projected annual ongoing revenues."

Five-Year Financial Forecast

In December of 2013, the City initiated a comprehensive Five-Year Financial Forecast that is prepared for each of the City's major operating funds. The City updated that original Five-Year Forecast in December of 2014.

The Five-Year Financial Forecast is a planning tool which is designed to serve several purposes, including providing a long-term view of current-year budget decisions impacting the City, providing an estimate of fund balances and illustrating the sensitivity to revenue and expenditure changes over the forecasted periods. The City's financial forecast is based on realistic, yet conservative, revenue and expense estimates. The Five-Year Financial Forecast incorporates various revenue and expense assumptions that have not been formally approved by the City as of the date of the forecast. The forecast serves as a planning tool to guide the City's long-term financial decisions and to ensure financial stability. As a result, the dollar amounts presented in the forecast do not necessarily represent budget actions that the City will approve or anticipates approving in the future, including the changes in revenues and expenses or the resulting fund balances.

Capital Improvement Plan

Glendale's Capital Improvement Plan (the "Capital Plan") is a ten-year road map for creating, maintaining and rehabilitating Glendale's present and future infrastructure needs. The Capital Plan also represents a funding plan for capital expenditures. 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 Finance Department coordinates the city-wide process of revising and updating the Capital Plan.

The City Council reviews all of the existing and proposed projects, considers requests made by citizens and City boards and commissions, 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.

Financial Reports and Examination of Accounts

Annually, independent certified public accountants audit the financial records as required by State law and the City's Charter. See Appendix D – "AUDITED FINANCIAL STATEMENTS OF THE CITY OF GLENDALE, ARIZONA FOR FISCAL YEAR ENDED JUNE 30, 2015" for the financial statements from the City's June 30, 2015, Comprehensive Annual Financial Report. The City received a Certificate of Achievement for Excellence in Financial Reporting from GFOA for its 2015 Comprehensive Annual Financial Report as well as in each of the [31] preceding years.

PROPERTY TAX INFORMATION

Recent Constitutional and Statutory Changes Affecting Property Taxes

Beginning in fiscal Year 2015-16 and for each fiscal year thereafter, a voter-approved constitutional amendment and related enabling legislation imposes additional limits on the growth in taxable value of most real property and improvements, including mobile homes, used for levying ad valorem property taxes, including both primary and secondary ad valorem taxes. Primary ad valorem taxes are levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and certain special taxing districts as described below. Secondary ad valorem taxes are levied for debt retirement (e.g., debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts as described below.

Prior to Fiscal Year 2015-16, the value of real property and improvements, including mobile homes, used for levying primary ad valorem taxes was based on a limited property value described below ("Primary Property Tax Value") and the value used for levying secondary ad valorem taxes ("Secondary Property Tax Value") was based on full cash value ("Full Cash Value") described below. The Primary Property Tax Value for property increased by the greater of either 10% of the prior year's Primary Property Tax Value or 25% of the difference between the prior year's Primary Property Tax Value and the current year's Full Cash Value. There was no limit on the growth of Full Cash Value or Secondary Property Tax Value. See "Tax Procedure – Determination of Full Cash Value" herein. As more fully described below, property assessment ratios were then applied against these respective values, and property exempt from taxation was netted out of the valuation, to arrive at "Net Assessed Primary Value" and "Net Assessed Secondary Value". The tax rate imposed for primary tax and secondary tax purposes was then applied against the respective Net Assessed Primary or Secondary Value to determine the respective primary and secondary tax levy amounts.

Beginning with Fiscal Year 2015-16 and thereafter, both primary ad valorem taxes and secondary ad valorem taxes are levied based upon a revised limited property value (the "Limited Property Value"), which (i) for locally assessed property (as described below) in existence in the prior year that did not undergo modification through construction, destruction, split or change in use, is equal to the lesser of (a) the Full Cash Value of the property or (b) an amount five percent greater than the Limited Property Value of such property determined for the prior year and (ii) for centrally valued property (as described below) is equal to the Full Cash Value. Property that is subject to an equalization order that the State Legislature exempts from the above property tax limitation is also valued at Full Cash Value. There is no limit on the growth of Full Cash Value of such exempted or centrally assessed property. The property tax assessment ratios are then applied against the Limited Property Value, and property exempt from taxation is netted out of the Limited Property Value, to arrive at "Net Assessed Limited Property Value." The tax rates imposed for both primary tax and secondary tax purposes are then applied against the Net Assessed Limited Property Value to determine the respective primary and secondary tax levy amounts.

Because Fiscal Year 2015-16 is the first year for implementation of the constitutional amendment and use of Limited Property Values and Net Assessed Limited Property Values, there is currently no comparative data for such property values from prior fiscal years to present in this Official Statement. Accordingly, prior-year information is presented using the then-applicable, but now replaced valuation rules, including Net Assessed Primary Values and Net Assessed Secondary Values.

Additional changes may be made to the manner in which properties are valued for tax purposes and taxes are levied. The City cannot determine whether any such measures will become law or how they might affect property tax collections for the City. However, removing or amending limits on the growth rate of Limited Property Value for locally assessed property would require further amendment to the State Constitution.

Ad Valorem Taxes

General

For tax purposes in Arizona, real property is either valued by the Assessor of the County or by the Arizona Department of Revenue. Property valued by the Assessor of the County is referred to as "locally assessed" property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Arizona Department of Revenue is referred to as "centrally valued" property and includes: (1) property used in the business of patented or unpatented producing mines, mills and smelters; (2) producing oil, gas and geothermal interests; (3) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (4) aircraft regularly scheduled and operated by an aircraft company; (5) standing timber; (6) pipelines; and (7) personal property, except mobile home.

Primary Taxes

Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts, certain special taxing districts, and the State are primary taxes. These taxes are levied against the Net Assessed Limited Property Value of the taxing jurisdiction. The State does not currently levy ad valorem taxes but the State currently requires a county (including the County) to levy a "State equalization assistance property tax" to provide equalization assistance to school districts in such county which is used to offset the cost of State equalization to those school districts.

The amount of primary taxes levied by a county (including the County), city, town and community college district is constitutionally limited to a maximum increase of 2% over the maximum allowable prior year's levy limit amount plus any taxes on property not subject to tax in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). Each taxing entity's maximum allowable property tax levy limit amount was rebased to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in the prior year). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

Primary taxes on residential property only are constitutionally limited to 1% of the Limited Property Value of such property.

Secondary Taxes

Taxes levied for debt retirement (e.g., debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts are secondary taxes. These taxes are levied against the Net Assessed Limited Property Value. There is no limitation on annual levies for voter-approved bond indebtedness and certain special district assessments are also unlimited. Debt service on the Bonds is payable solely from secondary property taxes.

Tax Procedures

Tax Year

The Arizona tax year is defined as the calendar year, although tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year, when payment of the second installment of property taxes for the prior tax year becomes delinquent.

Determination of Full Cash Value

The first step in the tax process is the determination of the Full Cash Value of each parcel of real property within the State. 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 includes the market approach, the cost approach and the income approach. As a general matter, the various county assessors use a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the county assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

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

Arizona law provides for a property valuation "freeze" on Full Cash Value for certain residential property owners 65 years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Protection Option") if the owners' 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 Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the valuation reverts to its then-current Full Cash Value. Any freeze on increases in Full Cash Value will translate to the assessed value of the affected property as hereinafter described.

Following the determination of the Full Cash Value, the Assessor of the County then determines the Limited Property Value by applying any applicable property growth limitations as described under " Recent Constitutional and Statutory Changes Affecting Property Taxes" above.

Assessment Ratios

All property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) that is multiplied by the applicable Limited Property Value to obtain the assessed valuation. The appropriate property classification ratio is applied to the applicable Limited Property Value of each property parcel to determine the assessed valuation for such parcel. The current assessment ratios for each class of property are set forth in the following table.

Property Tax Assessment Ratios
Tax Years 2011 through 2016

	Assessment as Percentage of Taxable Value					
Property Classification (a)	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Mining, Utilities, Commercial and Industrial (b)	20%	20%	19.5%	19%	18.5%	18%
Agriculture and Vacant Land (b)	16%	16%	16%	16%	16%	15%
Owner Occupied Residential	10%	10%	10%	10%	10%	10%
Leased or Rented Residential	10%	10%	10%	10%	10%	10%
Railroad, Private Car Company and Airline Flight Property (c)	15%	15%	15%	16%	15%	14%

(a) Additional classes of property exist, but seldom amount to a significant portion of a taxing jurisdiction's total valuation.

(b) For tax year 2016, Full Cash Values, up to an amount established by law for each tax year, on commercial, industrial and agricultural personal property are exempt from taxation (for tax year 2016, such maximum amount is $146,973). This exemption is indexed annually for inflation. Any portion of the Full Cash Value in excess of that amount will be assessed at the applicable rate. The assessment ratio for mining, utility, commercial and industrial property will be reduced to 18% for tax year 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15% for tax year 2016 and thereafter.

(c) This percentage is determined annually to be equal to the ratio of (i) the total Limited Property Value 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.

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue

On or before the third Monday in August of each year, the Board of Supervisors of the County prepares the tax roll that sets forth the valuation by taxing district of all property in the County subject to taxation. The Assessor of the County is required to complete the assessment roll by December 15th of the year prior to the levy. This tax roll also shows the valuation and classification of each parcel of land located within the County for the tax year. The tax roll is then forwarded to the Treasurer. With the various budgetary procedures having been completed by the governmental entities, the appropriate primary and secondary tax rate for each jurisdiction is then applied to the Net Assessed Limited Property Value of each parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll as it existed on the date of the levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.

The property tax lien on real property attaches on January 1 of the fiscal year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years.

The State Legislature, from time to time, may change the manner in which taxes are levied, including changing the assessment ratios and property classifications. The City cannot determine whether any such measures will become law or how they might affect property tax collections for the City. However, removing or amending limits on the growth rate of Limited Property Value for locally assessed property would require further amendment to the State Constitution.

Delinquent Tax Procedures

The property taxes due the City are billed, along with State, County, and other taxes, in September of each year and are payable in two installments on the subsequent October 1 and March 1. The delinquent tax dates are November 1 and May 1 and delinquent taxes are subject to a penalty of 16% per annum unless the full year's taxes are paid by December 31. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) At the close of the tax collection period, the 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 tax lien at the sale, the tax lien is assigned to 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 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 Treasurer of the County to deliver a treasurer's deed to the certificate holder as prescribed by law.

It should be noted that in the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "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 noninterest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are over secured, and then possibly only on the prorated 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 a property of a bankrupt 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 automatic 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 a 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 condition 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. Neither the City nor the Underwriter has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the Treasurer is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the City's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

FINANCIAL INFORMATION FOR THE CITY

Property Valuations

The following tables list the various property valuations for the City for fiscal years 2015-16 and for 2014-15. As used herein, "Estimated Net Full Cash Value" is the Full Cash Value net of the estimated Full Cash Value of property exempt from taxation. For more information on constitutional and statutory changes in the taxable values of property beginning in fiscal year 2015-16 and thereafter, see "Recent Constitutional and Statutory Changes Affecting Property Taxes" above.

Property Valuations for Fiscal Year 2015-16

Estimated Net Full Cash Value (a)	$12,017,464,875
Net Assessed Limited Property Value	1,129,008,207

Property Valuations for Fiscal Year 2014-15

Estimated Net Full Cash Value (a)	$9,500,554,715
Net Assessed Secondary Value	1,148,164,650
Net Assessed Primary Value	1,095,616,087

(a) Full Cash Value net of the estimated value of property exempt from taxation.

Source: *Abstract by Tax Authority*, Maricopa County Assessor's Office.

Net Assessed Valuation Comparisons and Trends

The tables shown below indicate (a) for fiscal year 2015-16, the Net Assessed Limited Property Value for the City, the County and the State of Arizona, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years 2010-11 through 2014-15, changes in the then-applicable, but now-replaced Net Assessed Secondary Values of the City, the County and the State of Arizona.

Fiscal Year 2015-16
Net Assessed Limited Property Values

Fiscal Year	City of Glendale	Percent Increase/(Decrease) From 2014-15 Net Assessed Secondary Value	Maricopa County	Percent Increase/(Decrease) From 2014-15 Net Assessed Secondary Value	State of Arizona	Percent Increase/(Decrease) From 2014-15 Net Assessed Secondary Value
2015-16	$1,129,008,207	(1.66%)	$34,757,248,783	(0.92%)	$54,838,548,829	(0.93%)

Fiscal Years 2010-11 to 2014-15
Changes in Net Assessed Secondary Values

Fiscal Year	City of Glendale	Percent Change	Maricopa County	Percent Change	State of Arizona	Percent Change
2014-15	$1,148,164,650	9.26%	$35,079,646,593	8.84%	$55,352,051,074	5.24%
2013-14	1,050,893,890	(8.56%)	32,229,006,810	(6.31%)	52,594,377,492	(6.54%)
2012-13	1,149,264,817	(12.51%)	34,400,455,716	(11.25%)	56,271,814,583	(8.80%)
2011-12	1,313,557,625	(25.09%)	38,760,296,714	(22.02%)	61,700,292,915	(18.43%)
2010-11	1,753,569,411	(17.71%)	49,707,952,123	(14.35%)	75,643,290,656	(12.59%)

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and *Abstract of the Assessment Roll*, State of Arizona Department of Revenue.

City Net Assessed Valuation and Estimated Net Full Cash Value Comparison

The following tables indicate (a) for fiscal year 2015-16, the ratio between Net Assessed Limited Property Value and estimated Net Full Cash Value for the City, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years 2010-11 through 2014-15, the ratio between Net Assessed Secondary Values and estimated Net Full Cash Values for the City, using the then-applicable but now-replaced Net Assessed Secondary Values of the City. As used herein, “Estimated Net Full Cash Value” is the Full Cash Value net of the estimated Full Cash Value of property exempt from taxation.

Fiscal Year 2015-16
Ratio Between Net Assessed Limited Property Value and Estimated Net Full Cash Value

Fiscal Year	Net Assessed Limited Property Value	Estimated Net Full Cash Value (a)	Percent of Net Assessed Limited Property Value to Estimated Net Full Cash Value
2015-16	$1,129,008,207	$12,017,464,875	9.39%

Fiscal Years 2010-11 to 2014-15
Ratio Between Net Assessed Secondary Values and
Estimated Net Full Cash Values (a)

Fiscal Year	Net Assessed Secondary Value	Estimated Net Full Cash Value (b)	Percent of Net Assessed Secondary Value to Estimated Net Full Cash Value
2014-15	$1,148,164,650	$9,500,554,715	12.09%
2013-14	1,050,893,890	8,460,156,933	12.42%
2012-13	1,149,264,817	9,079,552,277	12.66%
2011-12	1,313,557,625	10,332,582,284	12.71%
2010-11	1,753,569,411	13,531,334,149	12.96%

(a) Full Cash Value net of the estimated value of property exempt from taxation.

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and *Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Assessed Valuation by Property Classification

The following tables are shown to indicate (a) for fiscal year 2015-16, the Net Assessed Limited Property Values by property classification for the City, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years 2010-11 through 2014-15, the Net Assessed Secondary Values by property classification for the City, using the then-applicable but now-replaced Net Assessed Secondary Values.

Fiscal Year 2015-16
Net Assessed Limited Property Values by Property Classification

Property Classification	2015-16 Net Assessed Limited Property Value	2015-16 Percent of Total
Mining, Utilities, Commercial	$385,851,099	34.18%
Agricultural & Vacant	34,836,064	3.09
Owner Occupied	504,560,952	44.69
Rented Residential, Residential Common Areas	198,564,493	17.59
Railroad, Private Car Companies, Flight Properties	3,371,856	0.30
Noncommercial Historic, Foreign Trade Zones	1,821,456	0.16
Improvements on federal, state, county or municipal property	2,287	0.00
	$1,129,008,207	100.00%

Fiscal Years 2010-11 through 2014-15
Net Assessed Secondary Values by Property Classification

	Net Assessed Secondary Value				
Property Classification	2010-11	2011-12	2012-13	2013-14	2014-15
Mining, Utilities, Commercial	$705,183,990	$523,112,818	$457,931,612	$399,921,841	$388,607,342
Agricultural & Vacant	82,019,663	51,691,663	34,511,646	29,886,641	38,792,733
Owner Occupied	752,539,243	570,472,083	508,535,638	452,907,081	515,232,088
Rented Residential, Residential Common Areas	207,240,186	161,780,917	141,682,436	162,535,615	200,044,976
Railroad, Private Car Companies, Flight Properties	4,353,016	4,054,796	4,178,098	3,346,730	3,629,388
Noncommercial Historic, Foreign Trade Zones	2,233,313	2,441,900	2,422,240	2,293,330	1,855,942
Improvements on federal, state, county or municipal property	0	3,447	3,145	2,650	2,179
	$1,753,569,411	$1,313,557,625	$1,149,264,817	$1,050,893,890	$1,148,164,650

Source: *Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Assessed Property Values of Major Taxpayers

The tables shown indicate (a) for fiscal year 2015-16, the major property taxpayers located within the City, an estimate of their 2015-16 Net Assessed Limited Property Value, utilizing new constitutional and statutory property valuation requirements, and their relative proportion of the total Net Assessed Limited Property Value for the City, and (b) for fiscal year 2014-15, the major property taxpayers located within the City, an estimate of their 2014-15 Net Assessed Secondary Value and their relative proportion of the total Net Assessed Secondary Value for the City using the then-applicable but now-replaced Net Assessed Secondary Values.

Fiscal Year 2015-16
Major Taxpayers

Taxpayer (a)	Type of Property	2015-16 Net Assessed Limited Property Values	As % of City's Net Assessed Limited Property Values
Arizona Public Service Company	Electric Utility	$17,801,442	1.58%
VHS of Arrowhead Inc.	Health Care	11,349,097	1.01
Arrowhead Towne Center LLC	Shopping Center	8,684,899	0.77
Wal-Mart Stores Inc.	Retail	7,320,748	0.65
New Westgate LLC	Office Buildings	7,145,234	0.63
Qwest Corporation	Telecommunications	6,492,784	0.58
JQH-Glendale AZ Development LLC	Hotel	5,365,000	0.48
American Furniture Warehouse Co.	Retail	5,331,675	0.47
Southwest Gas Corporation (T&D)	Gas Utility	4,678,333	0.41
Stadium Development LLC	Developer	4,535,871	0.40
	TOTAL	$78,705,083	6.97%

Fiscal Year 2014-15
Major Taxpayers

Taxpayer (a)(b)	Type of Property	2014-15 Net Assessed Secondary Values	As % of City's Net Assessed Secondary Values
Arizona Public Service Company	Electric Utility	$17,899,515	1.56%
VHS of Arrowhead Inc.	Health Care	11,534,968	1.00
Arrowhead Towne Center LLC	Shopping Center	9,624,526	0.84
Thunderbird School of Global Management (c)	Education	7,588,400	0.66
Wal-Mart Stores Inc.	Retail	7,180,160	0.63
Qwest Corporation	Telecommunications	6,421,764	0.56
New Westgate LLC	Office Buildings	6,079,476	0.53
JQH-Glendale AZ Development LLC	Hotel	5,700,000	0.50
Southwest Gas Corporation (T&D)	Gas Utility	4,852,106	0.42
Stadium Development LLC	Developer	4,436,709	0.39
	TOTAL	$81,317,624	7.08%

(a) The assessed valuation of property owned by the Salt River Project Agricultural Improvement and Power District ("SRP") is not included in the assessed valuation of the City in the prior table or in any other valuation information set forth in this Official Statement. Because of SRP's quasi-governmental nature, property owned by SRP is exempt from property taxation.

However, SRP may elect each year to make voluntary contributions in lieu of property taxes with respect to certain of its electrical facilities (the "SRP Electric Plant"). If SRP elects to make the in lieu contribution for the year, the full cash value of the SRP Electric Plant and the in lieu contribution amount is determined in the same manner as the full cash value and property taxes owed is determined for similar non-governmental public utility property, with certain special deductions.

If SRP elected not to make such contributions, the City would be required to contribute funds from other sources or levy an increased tax rate on all other taxable property to provide sufficient amounts to make timely payment of debt service on the Bonds. If after electing to make the in lieu contribution, SRP then failed to make the in lieu contribution when due, neither the Treasurer of the County nor the City have any recourse against the property of SRP.

Since 1964, when the in lieu contribution was originally authorized in State statute, SRP has never failed to make that election and contribution. The Fiscal Year 2015-16 in lieu assessed valuation of SRP within the City is $14,834,262, which represents approximately 1.31% of the combined Net Assessed Limited Property Value in the City. SRP's total estimated contribution in lieu of property tax payments is approximately $13,150,808 for Fiscal Year 2014-15.

(b) Some of these taxpayers or their parent companies are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected, copied and obtained at prescribed rates at Commission's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, NY 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at http://www.sec.gov. None of the City, the Financial Advisor, Bond Counsel, Underwriter's Counsel, or the Underwriter examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

(c) As of December 30, 2014, Thunderbird was acquired by Arizona State University and, as such, may no longer be subject to property taxation.

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Source: Maricopa County Treasurer's Office.

Record of Real and Secured Property Taxes Levied and Collected

Property taxes are levied and collected on property within the City and certified to by the Treasurer of the County on behalf of the City. The following table sets forth the tax collection record of the City for the current fiscal year and past five fiscal years.

		Collected to June 30 End of Tax Fiscal Year (a)		Total Collections (b)	
Fiscal Year	**Tax Levy(c)**	**Amount**	**Percent of Tax Levy**	**Amount**	**Percent of Tax Levy**
2015-16	$24,849,701	(d)	(d)	$14,109,524	56.78%
2014-15	24,429,111	$23,728,620	97.13%	23,997,094	98.23%
2013-14	23,942,746	23,490,204	98.11%	23,746,868	99.18%
2012-13	21,840,578	21,295,512	97.50%	21,462,916	98.27%
2011-12	20,787,346	20,089,536	96.64%	20,411,952	98.19%
2010-11	27,534,316	26,469,260	96.13%	26,944,248	97.86%

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(a) Reflects collections made through June 30, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due the first day of October and becomes delinquent on November 1; interest on delinquent November installments is waived if the full tax year's taxes are paid in full by December 31 of such tax year. The second installment becomes due the first day of the subsequent March and is delinquent on May 1. Interest at the rate of 16% per annum, which is prorated at a monthly rate of 1.33%, attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures, but are deposited in the County's General Fund.
(b) Reflects collections made through February 23, 2016, against current and prior levies.
(c) Tax levy amount shown is based on the original levy set by the County and does not reflect adjustments.
(d) In the process of collection.

Source: Maricopa County Treasurer's Office.

Tax Rate Data

The tax rates provided below reflect the total property tax rate levied by the City. As such, the rates are the sum of the tax rate for debt service payments and the tax rate for all other purposes. For fiscal year 2015-16, the tax rates are based on the Net Assessed Limited Property Value of the City, utilizing new constitutional and statutory property valuation requirements. For prior years, the primary tax was based on the Net Assessed Primary Value within the City and the secondary tax was based on the Net Assessed Secondary Value within the District.

Fiscal Year	City's Primary Tax Rate Per $100 Assessed	City's Secondary Tax Rate Per $100 Assessed	City's Total Tax Rate Per $100 Assessed
2015-16	$0.4898	$1.7067	$2.1965
2014-15	0.4896	1.6605	2.1501
2013-14	0.4974	1.7915	2.2889
2012-13	0.2252	1.6753	1.9005
2011-12	0.2252	1.3699	1.5951

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

Debt Limitation

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks and open space, transportation and public safety purposes may not exceed 20% of a city's Net Assessed Limited Property Value, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a city's Net Assessed Limited Property Value. In the following computation of the City's borrowing capacity, general obligation bonds that are to be supported from enterprise funds are included in the appropriate category.

Water, Sewer, Light, Parks and Open Space, Transportation and Public Safety Purpose Bonds		All Other General Obligation Bonds	
20% Constitutional Limitation	$225,801,641	6% Constitutional Limitation	$67,740,492
Direct General Obligation Bonds Outstanding (a)	126,305,000	Direct General Obligation Bonds Outstanding (a)	0
Unused 20% Limitation Borrowing Capacity	$99,496,641	Unused 6% Limitation Borrowing Capacity	$67,740,492

(a) Does not include approximately $31,000,000 in principal amount of General Obligation Bonds the City expects to issue in April 2016.

Outstanding Bonded Indebtedness

The following table lists the outstanding General Obligation Bonds for the City.

Direct General Obligation Bonded Debt

Purpose	Year Issued	Original Amount	Outstanding Portion Subject to 6% Limit (a)	Outstanding Portion Subject to 20% Limit (a)	Total Principal Outstanding (b)
Various Purpose	2003	$66,400,000	None	$4,335,000	$4,335,000
Various Purpose	2006	29,365,000	None	4,250,000	4,250,000
Various Purpose	2007	61,000,000	None	12,895,000	12,895,000
Various Purpose	2009	41,650,000	None	35,155,000	35,155,000
Refunding Bonds	2010	38,300,000	None	30,180,000	30,180,000
Refunding Bonds	2015	39,490,000	None	39,490,000	39,490,000
Total Direct General Obligation Bonded Debt					$126,305,000

(a) See "Debt Limitation" above.

(b) Does not include approximately $31,000,000 in principal amount of General Obligation Bonds the City expects to issue in April 2016.

Outstanding Water and Sewer Revenue Bonded Debt

The following table lists the outstanding Water and Sewer Revenue Bonds for the City, which are secured by and payable from revenues of the City's Water and Sewer Enterprise Fund.

Purpose	Year Issued	Original Amount	Total Principal Outstanding
Water and Sewer Obligations	2007	$44,500,000	$4,325,000
Water and Sewer Obligations	2008	65,500,000	8,860,000
Water and Sewer Obligations	2010	25,685,000	25,685,000
Water and Sewer Obligations	2012	77,635,000	71,620,000
Water and Sewer Obligations	2015	121,245,000	121,245,000
Total Water and Sewer Revenue Bonded Debt			$231,735,000

Outstanding Street and Highway User Revenue Bonded Debt

The following table lists the outstanding Street and Highway Bonds for the City, which are secured by and payable from certain street and highway revenues distributed by the State.

Purpose	Year Issued	Original Amount	Total Principal Outstanding
Street & Highway User Revenue Bonds	2006	$15,745,000	$1,895,000
Total Street and Highway User Revenue Bonded Debt			$1,895,000

Outstanding Transportation Excise Tax Revenue Bonded Debt

The following table lists the outstanding Transportation Excise Tax Revenue Obligations for the City, which are secured by and payable from a special sales tax levy for transportation purposes only.

Purpose	Year Issued	Original Amount	Total Principal Outstanding
Transportation Excise Tax Revenue Obligations	2007	$109,110,000	$25,655,000
Transportation Excise Tax Revenue Refunding Obligations	2015	55,635,000	55,340,000
Total Transportation Excise Tax Revenue Bonded Debt			$80,995,000

Annual Debt Service Requirements of General Obligation Bonded Debt Outstanding (a)(b)

The following table lists the annual debt service requirements of the City's outstanding general obligation debt.

Fiscal Year Ending	Outstanding General Obligation Debt Service Requirements		Direct Payments (c)	General Obligation Requirements(d)
	Principal	Interest		
2016	$18,460,000	$5,557,128	($576,188)	$23,440,939
2017	15,130,000	4,868,988	(552,885)	19,446,103
2018	13,990,000	4,239,625	(527,832)	17,701,793
2019	14,365,000	3,695,950	(500,521)	17,560,429
2020	14,960,000	3,068,225	(470,796)	17,557,429
2021	15,580,000	2,419,875	(440,117)	17,559,758
2022	12,930,000	1,751,106	(407,605)	14,273,501
2023	2,300,000	1,143,869	(373,130)	3,070,739
2024	2,375,000	1,031,744	(336,555)	3,070,189
2025	2,460,000	910,025	(296,850)	3,073,175
2026	2,550,000	777,800	(253,718)	3,074,082
2027	2,645,000	637,550	(207,969)	3,074,581
2028	2,745,000	488,769	(159,436)	3,074,332
2029	2,850,000	334,363	(109,069)	3,075,293
2030	2,965,000	170,488	(55,613)	3,079,874

(a) Rows may not add due to rounding.

(b) Does not include approximately $31,000,000 in principal amount of General Obligation Bonds the City expects to issue in April 2016.

(c) Reflects payments anticipated to be received by the City from the United States Treasury (the "Direct Payments") in association with the Series 2009B Bonds. These bonds were issued as "Build America Bonds," for which Direct Payments equal to 35% of the interest payments on such bonds are expected to be made by the federal government, subject to any reductions in such amounts made by the federal government. In federal fiscal year 2012-13 and each subsequent fiscal year to date, the federal government has reduced the Direct Payments and it is expected that such reductions will continue in the current and future years until altered by the federal government. The amounts shown reflect 2015-16 sequestration rate of 6.8% which results in Direct Payments equal to 32.62%.

(d) Does not reflect amounts held in reserve in the City's Debt Service Fund, which are restricted to only being used to pay debt service on the City's General Obligation Bonds. As of June 30, 2015, such amounts were $8.27 million (audited).

Net Direct and Overlapping General Obligation Bonded Debt

Overlapping bonded debt figures were compiled from information obtained from the Treasurer of the County and individual jurisdictions. A breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, Net Assessed Limited Property Value and combined tax rate per $100 of Net Assessed Limited Property Value follows. Outstanding bonded debt is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. The applicable percentage of each municipality's Net Assessed Limited Property Value which lies within the City's boundaries (see the "Approximate Percent" column below) was derived from information obtained from the Treasurer of the County.

Direct and Overlapping Jurisdiction	2015-16 Net Assessed Limited Property Value	Net Outstanding Bonded Debt (a)	Proportion Applicable to the City: Approx. Percent	Proportion Applicable to the City: Amount	2015-16 Combined Tax Rate Per $100 Assessed (b)
State of Arizona	$54,838,548,829	None	2.05%	None	$0.5054(c)
Maricopa County	34,623,670,323	None	3.26%	None	1.7273(d)
Maricopa Special Health Care District	34,623,670,323	$106,000,000	3.26%	$3,456,447	0.3021
Maricopa Community College District	34,623,670,323	593,820,000	3.26%	19,363,275	1.4940
Western Maricopa Education Center (West-Mec)	12,790,483,748	72,995,000	8.46%	6,177,154	0.0698
Washington Elementary School District No. 6	1,102,587,408	63,665,000	2.57%	1,636,846	5.7876
Glendale Elementary School District No. 40	247,931,010	28,590,000	99.19%	28,359,343	5.8421
Alhambra Elementary School District No. 68	263,982,473	None	18.52%	None	7.5285
Litchfield Elementary School District No. 79	661,374,248	42,475,000	0.11%	48,801	3.8352
Pendergast Elementary School District No. 92	267,608,181	30,220,000	26.84%	8,112,273	6.8808
Peoria Unified School District No. 11	1,475,721,803	226,970,000	19.86%	45,086,333	7.7757
Dysart Unified School District No. 89	1,105,193,855	160,327,000	0.08%	127,408	6.6768
Deer Valley Unified School District No. 97	2,206,516,556	219,410,000	20.01%	43,900,431	6.3240
Glendale Union High School District No. 205	1,350,518,418	102,665,000	20.31%	20,850,373	4.4561
Phoenix Union High School District No. 210	4,206,507,891	278,960,000	1.16%	3,242,690	4.9571
Tolleson Union High School District No. 214	937,650,210	35,800,000	7.66%	2,742,772	4.0051
Agua Fria Union High School District No. 216	976,335,529	66,855,000	0.08%	52,033	3.2667
City of Glendale (e)(f)	**1,129,008,207**	**126,305,000[b]**	**100.00%**	**126,305,000[b]**	**2.1965**
Total Net Direct and Overlapping General Obligation Bonded Debt				**$309,461,178[b]**	

(a) Includes general obligation bonds outstanding less general obligation bonds supported from enterprise revenues. Does not include the Salt River Project Agricultural Improvement and Power District general obligation bonded debt. Such debt has been refunded in advance of maturity and is secured for payment by government securities held in an irrevocable trust.

(b) Does not include approximately $31,000,000 in principal amount of General Obligation Bonds the City expects to issue in April 2016.

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April of 2003, the United States and CAWCD agreed 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 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 $1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 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 CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% is interest bearing and the remaining 27% is non-interest bearing. These percentages are fixed for the entire 50-year repayment period, which commenced October l, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. 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 within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of Net Assessed Limited Property Value, of which fourteen cents is being currently levied. (See Sections 48-3715 and 48-3715.02, Arizona Revised Statutes.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

The following table lists general obligation bonds that are authorized, but unissued, for each of the overlapping jurisdictions.

Jurisdiction	**Authorized But Unissued General Obligation Bonds**
City of Glendale	$362,839,000 (f)
Washington Elementary School District No. 6	25,500,000
Litchfield Elementary School District No. 79	29,000,000
Peoria Unified School District No. 11	82,800,000
Deer Valley Unified School District No. 97	103,315,000
Glendale Union High School District No. 205	70,000,000
Phoenix Union High School District No. 210	95,000,000
Agua Fria Union High School District No. 216	55,000,000
Maricopa County Special Health Care District	829,000,000

(b) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of the entity and the tax rate for all other purposes such as maintenance and operation and capital outlay which is based on the primary assessed valuation of the entity.

(c) Includes the "State Equalization Assistance Property Tax." The State Equalization Assistance Property Tax in fiscal year 2015-16 has been set at $0.5054 and is adjusted annually pursuant to Arizona Revised Statutes Section 41-1276. The monies received from this tax are distributed to school districts in the State.

(d) The tax rate includes the $1.3609 county tax rate, the $0.1592 tax rate of the Maricopa County Flood Control District, the $0.0556 tax rate of the Maricopa County Free Library District, the $0.1400 tax rate of the CAP, and the $0.0116 tax rate for the County's contribution to fire districts. It should be noted that the County Flood Control District does not levy taxes on real property.

(e) Includes outstanding general obligation debt as of March 1, 2016, does not include outstanding bonds and obligations issued by the City and payable from revenue sources other than property taxes.

(f) Does not reflect approximately $31,000,000 in principal amount of General Obligation Bonds the City expects to in April 2016.

Net Direct and Overlapping General Obligation Bonded Debt Ratios

The City's direct and overlapping general obligation bonded debt as described in above table is shown below on a per capita basis and as a percent of the City's Net Assessed Limited Property Value and estimated Net Full Cash Value. As used herein, "Estimated Net Full Cash Value" is the Full Cash Value net of the estimated Full Cash Value of property exempt from taxation.

	Per Capita Net Debt (Pop. @ 234,766 (b))	As Percent of City's 2015-16 Net Assessed Limited Property Value ($1,129,008,207)	As Percent of City's 2015-16 Estimated Net Full Cash Value ($12,017,464,875)
Net Direct General Obligation Bonded Debt ($126,305,000) (a)	$538.00	11.19%	1.05%
Net Direct and Overlapping General Obligation Bonded Debt ($309,461,178) (c)	$1,318.17	27.41%	2.58%

(a) Does not include approximately $31,000,000 in principal amount of General Obligation Bonds the City expects to issue in April 2016.

(b) The population count is provided by the City of Glendale Planning Department. See "POPULATION STATISTICS" table on page A-1.

(c) Overlapping debt from "DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT" table on page A-23.

Source: City of Glendale, Maricopa County Treasurer's Office.

OTHER INDEBTEDNESS AND OBLIGATIONS

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

Fiscal Year	Annual Capital Lease Requirements
2016	$53,565
2017	2,020
2018	2,020
2019	1,178
Total Minimum Lease Payments	58,783
Less: Amount Representing Interest	(2,273)
Present Value of Net Minimum Lease Payments	$56,510

Source: City Finance Department.

As stated in Note XI in Appendix D – "AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE CITY OF GLENDALE, ARIZONA FOR THE FISCAL YEAR ENDED JUNE 30, 2015", the City has other obligations in the amount of $14,760,000 outstanding as of June 30, 2015.

PENSION AND RETIREMENT PLANS

Employee Retirement Systems and Pension Plans and Other Post-Employment Benefits

The City contributes to three separate State owned and managed defined benefit pension plans for the benefit of all full-time employees and elected officials, of which two of the plans are described below. **Please refer to "Note XVIII" of Appendix D hereto for a more detailed description of these plans and the City contributions to the various plans**.

The Arizona State Retirement System ("ASRS"), a cost-sharing, multiple employer defined benefit plan, has reported increases in its unfunded liabilities. The most recent annual reports for the ASRS may be accessed at: https://www.azasrs.gov/content/annualreports. The increase in ASRS' unfunded liabilities is expected to result in increased future annual contribution to ASRS by the City and its employees.

For the year ended June 30, 2014, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 11.54% (11.30% for retirement and for health insurance premiums, and 0.24% long-term disability) of the members' annual covered payroll. The annual contribution for the fiscal year ending June 30, 2015 is 11.60% (11.48% retirement pension and health insurance premiums, 0.12% long-term disability). The annual contribution rate for the fiscal year ending June 30, 2016 is 11.47% (11.35% retirement pension and health insurance premiums, 0.12% long-term disability. The City's employer contributions to ASRS for the years ended June 30, 2015, 2014, and 2013 were $6.0 million, $6.3 million, and $6.3 million, respectively, which were equal to the required contributions for the year. The City's employee contributions to ASRS were equal to the employers required contributions.

Additionally, other enacted State legislation made changes to how ASRS operates, effective July 1, 2011, which includes requiring employers to pay an alternative contribution rate for retired employees of ASRS that return to work, changing the age at which an employee can retire without penalty based upon years of service, limiting permanent increases in retirement benefits and establishing a Defined Contribution and Retirement Study Committee (as defined in the legislation) that will review the feasibility and cost to changing the current defined benefit plan to a defined contribution plan.

The Arizona Public Safety Personnel Retirement System ("PSPRS"), an agent multiple-employer defined benefit plan that covers public safety personnel who are regularly assigned to hazardous duties, for which the Arizona State Legislature establishes and may amend active plan members' contribution rate, has reported increases in its unfunded liabilities. The most recent annual reports for the PSPRS may be accessed at http://www.psprs.com/sys_psprs/AnnualReports/cato_annual_rpts_psprs.htm. The increase in the PSPRS's unfunded liabilities is expected to result in increased future annual contributions to PSPRS by the City and its employees, however the specific impact on the City, or on the City's and its employees' future annual contributions to the PSPRS, cannot be determined at this time.

For the year ended June 30, 2015, active PSPRS members were required by statute to contribute 11.05% of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 25.21% for fire and 30.67% for police, the aggregate of which is the actuarially required amount. The PSPRS ACR rates for both Fire and Police were 17.07%. The health insurance premium portion of the contribution for fire and police members was computed as $125 and $280 for the year ended June 30, 2013, respectively.

Under PSPRS for the fiscal year ending June 30, 2016, the employee contribution rate is set by statute at and calculated at the lesser of 11.65%; or 33.3% of the sum of the member's contribution rate from the preceding fiscal year, plus the aggregate computed employer contribution rate; subject to a minimum employee contribution rate of 7.65%. The employer contribution rates are based upon an actuarial valuation. In addition, the City is required to pay an Alternate Contribution Rate for any PSPRS member who returns to work after July 20, 2011 and is required to participate in another state retirement system.

The City's PSPRS rate for police for the fiscal year ending June 30, 2016 is 36.95%. The City's PSPRS rate for fire for the fiscal year ending June 30, 2016 is 31.46%.

It should be noted that the PSPRS Board of Directors has adopted a three year contribution rate phase-in associated with the Arizona Supreme Court decision which determined that the reduction in the permanent benefit increase enacted by the State Legislature in 2011 (Senate Bill 1609) is unconstitutional. Had this contribution rate phase-in been adopted by the Council, the employer contribution rate for fiscal year ending 2016 would have been set at 34.01% for police and 28.99% for fire. Glendale City Council chose to contribute at the higher "no phase-in" contribution rates. Other litigation relating to the 2011 legislation remains outstanding. If the ultimate outcome overturns additional portions of the legislation, there will be further adverse impacts on the funded ration and the actuarially determined contribution rates.

> *New Reporting Requirements*. Governmental Accounting Standards Board ("GASB") Statement No. 67, Financial Reporting for Pension Plans, An Amendment of GASB Statement No. 25, is designed to improve financial reporting by state and local governmental pension plans. This statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

On February 16, 2016, the Governor of Arizona signed into law pension overhaul legislation which makes several changes to the PSPRS. The changes, which only affect new hires that start after July 1, 2017, will require new public employees to serve until the age of 55 before being eligible for full pension benefits. The new legislation will also cap pension benefits for new hires and split the cost of pensions 50/50 between employers and new employees, offer new hires the option of a 100% defined contribution plan and tie cost-of-living adjustments to the regional Consumer Price Index, with a cap of 2% (the "COLA Provision"). The COLA Provision will also apply to current members of the PSPRS if approved by the voters at an election scheduled for May 17, 2016.

Other Post-Employment Benefits

In fiscal year 2007-08, the City implemented GASB Statement No. 45, Accounting by Employers for Post-Employment Benefits Other than Pensions ("GASB 45"), which requires reporting the actuarially accrued cost of post-employment benefits, other than pension benefits ("OPEB"), such as health and life insurance for current and future retirees. Plan benefits covered by GASB 45 must be recognized as current costs over the working lifetime of employees, and to the extent such costs are not pre-funded, the reporting of such costs as a financial statement liability.

The City is not required to provide post-employment benefits other than pension 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 as active employees. Prior to June 30, 2014, the City also subsidized the cost of such participation by retirees and their family members. Beginning July 1, 2014, the City eliminated this provision and no longer pays any portion of the retiree or their family members' premiums. As such, the City has no direct cash outlay for OPEB, but does incur an implicit rate subsidy by allowing retirees and their family members to access the plans at the same rate as active employees. The City engaged an actuary to perform calculations of the City's liability with respect to its OPEB liability. In its report dated September 22, 2014, 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 $65.8 million at June 30, 2014, which includes amortization of the unfunded $69.5 million actuarial liability over 30 years.

OTHER FINANCIAL MATTERS

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.

City 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. City 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 D – "AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE CITY OF GLENDALE, ARIZONA OF THE FISCAL YEAR ENDED JUNE 30, 2015", Note VII.B for further information.

In the fall of 2012, the internal auditor of the city performed an audit on the Risk Management and Workers Compensation trust funds. The audit noted some payments out of the trust funds that may not have been appropriate uses of the trust funds. The City Manager met with the City Council to detail all findings in the audit in December, 2012. Subsequently, management addressed all of the audit findings and presented those results to the City Council in two meetings, November 19, 2013 and June 4, 2014. Currently, the Risk Management and Workers Compensation Funds are above the 55% confidence level.

AUDITED FINANCIAL STATEMENTS
OF THE
CITY OF GLENDALE, ARIZONA
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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City of Glendale, Arizona

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

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INTRODUCTORY SECTION

City of Glendale, Arizona

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

Mayor Jerry Weiers

Councilmembers

Ian Hugh - Vice Mayor, Cactus District

Bart Turner - Barrel District

Lauren Tolmachoff - Cholla District

Jamie Aldama - Ocotillo District

Gary D. Sherwood - Sahuaro District

Samuel U. Chavira - Yucca District

Management Staff

Dick Bowers - Acting City Manager

Tom Duensing, Interim Assistant City Manager

Prepared by Finance
Vicki Rios, Interim Finance and Technology Director

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City of Glendale, Arizona
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

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November 18, 2015

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Glendale, Arizona:

The Finance Division of the Finance and Technology Department is pleased to submit the City of Glendale, Arizona's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The City publishes the CAFR annually after the close of each fiscal year. The CAFR includes a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP). The financial statements are audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards (GAAS).

City Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, Management has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse; and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is designed to fairly represent the financial position of the operations of the various funds of the City.

This letter of transmittal is best reviewed in conjunction with the Management's Discussion and Analysis (MD&A) beginning on page 15. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements of the City.

Independent Audit

The City's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit reporting package.

Budgetary Controls

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City are required to submit requests for appropriation to the City Manager on or before the last week in December each year. Management uses these requests to develop a budget to propose to City Council for review and adoption. The Council is required to hold public hearings on the proposed budget and adopt the final budget by the first Monday in August. The legal level of budgetary control is the total budget of $642 million as adopted in FY14-15. Department heads may request transfers of appropriations within the same fund for his/her department. However, transfers of appropriations between funds require approval of the City Council and can only occur in the last quarter of the fiscal year. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted.

Arizona state law and Glendale City financial policies require that each annual city budget be a balanced budget. A balanced budget means total expenditures cannot exceed the budgeted period's total financial resources available. The adopted FY14-15 budget complies with the balanced budget requirement in all City funds. Additionally, the State of Arizona sets a limit on the expenditures of local jurisdictions. Compliance with these expenditure limitations is required. The City submits an audited expenditure limitation report as defined by the Uniform Expenditure Reporting System (A.R.S. Section 41-1279.07) along with audited financial statements to the State Auditor General within the required timeframe.

City of Glendale Profile

The City of Glendale, Arizona is the fifth largest city in the state with a population of approximately 234,000 people. Located in the northwestern part of the metropolitan Phoenix area and occupying approximately 59 square miles of land, the City is home to the Arizona Cardinals and the Arizona Coyotes. The City is also the owner of Camelback Ranch, the spring training facility for the Los Angeles Dodgers and the Chicago White Sox.

The City was incorporated in 1910 and has operated under the council-manager form of government since its incorporation. Policy-making and legislative authority are vested in the City Council which consists of the Mayor and six other members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, Clerk, Attorney, Municipal Judge and City Auditor (Internal). The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve four-year terms, with three Council members elected every two years. The Mayor is elected to serve a four-year term.

The City provides a full range of services including: police and fire protection; water, sewer, and sanitation services; the construction and maintenance of highways, streets, public facilities, and other infrastructure; and recreational activities and cultural events. Certain housing services are provided by the City's public housing authority, which functions, in essence, as a department of the City and therefore has been included as an integral part of the City's financial statements. The City also is financially accountable for two legally separate entities - the Municipal Property Corporation and Western Loop 101 Public Facilities Corporation, which are reported within the City's financial statements.

Economic Conditions and Strategies

Before reviewing the presented financial statements, it is important to consider the local and global economic factors that have impacted the City's financial position.

Primary Revenue Sources

The City relies on local and state shared sales tax as well as state shared income tax as primary revenue sources for the City's operating budget. In June 2012, the City Council approved a sales tax rate increase of .7% effective August 1, 2012. Local sales tax revenues increased 11.5% this fiscal year when compared to the last fiscal year. The growth can be attributed to the improving economy, economic development activities, and major events held at the City such as the Super Bowl and Pro Bowl. In addition, the city's state shared sales tax revenues increased 4.9% and state shared income tax revenues increased 10.8%.

Workforce and Unemployment

Glendale's unemployment rate for the month of June 2015 was 5.4% which is lower than the statewide unemployment rate of 6.3%. Year over year 2,845 more people joined the labor force and 3,828 more people were employed in Glendale. Glendale's workforce is concentrated in the following nonfarm sectors: education and health services (25.4%); trade, transportation, and utilities (20.5%); government (15.8%); professional & business services (11.9%); and construction (8.7%); Glendale's nonfarm employment grew 2.7% over last year with construction, professional and business services, educational and health services leading the growth. The manufacturing sector saw a decline of 1.3% in nonfarm employment. The Arizona Department of Administration projects that in 2016, Arizona nonfarm employment will grow by 2.4%; Glendale is expected to grow faster than the State at 2.6%.

Economic Development

Business attraction, business retention & expansion, redevelopment, business assistance, and major events comprise the five pillars of Glendale's economic development program. Business attraction is focused on five targeted industries: aerospace & defense, manufacturing, signature retail & entertainment, medical technology, and advanced business services. In fiscal year 2015, the City successfully hosted the 2015 Pro Bowl and Super Bowl XLIX which was reported by the Arizona State University WP Carey School of Business as having a $720 million economic impact for Arizona. Major attraction projects in representative target industries include Palo Verde Oncology, Progressive Financial, Whiting Systems Inc., The Container Store, Dave & Buster's Westgate, and Honor Health. The City also collaborated with WESTMARC on the development of a new workforce measurement tool for the West Valley that demonstrates where workers live based on their occupation. This tool, which is expected to go live in the third quarter of fiscal year 2016, will increase the marketability of Glendale to prospective clients by demonstrating that the City has the workforce to support industries in the community.

Financial Strategy

Through sound financial planning and positive economic conditions, the City's General Fund balance is positive and has increased significantly in fiscal year 2015. The key financial measures that were taken to improve the City's financial position are as follows:

The City refinanced $361 million in bonds which resulted in $48 million savings in net present value debt service costs. The debt restructuring provides savings to the General Fund and allows the city to begin replenishing reserves that were significantly depleted over the recession years.

During the fiscal year, the City also paid the remaining balance of a lease purchase agreement relating to the Public Safety Training Center which saved the city approximately $703 thousand in interest costs.

In April 2015, the City Council adopted a resolution to reclassify the inter-fund advances between the general fund and water and sewer, landfill and sanitation to inter-fund transfers. This removed the long-term liability from the general fund balance sheet.

In June 2015, as part of the annual budget process, the City Council adopted a financial policy to establish a minimum unrestricted (the total of the committed, assigned, and unassigned) fund balance for the General Fund totaling 25% of projected annual ongoing revenues. The policy includes provisions for replenishing the fund balance over the next five fiscal years if it falls below the 25% minimum.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the twenty-seventh consecutive year the City has received this prestigious award, and the twenty-ninth year overall. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its fiscal year beginning July 1, 2014. This was the twenty-eighth consecutive year that the City has received the highest form of recognition in governmental budgeting.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Division. I would like to express appreciation to all members of the division who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor, Council, and City Manager for their unfailing support in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

Vicki L. Rios

Vicki L. Rios, CPA
Interim Director of Finance and Technology

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Glendale

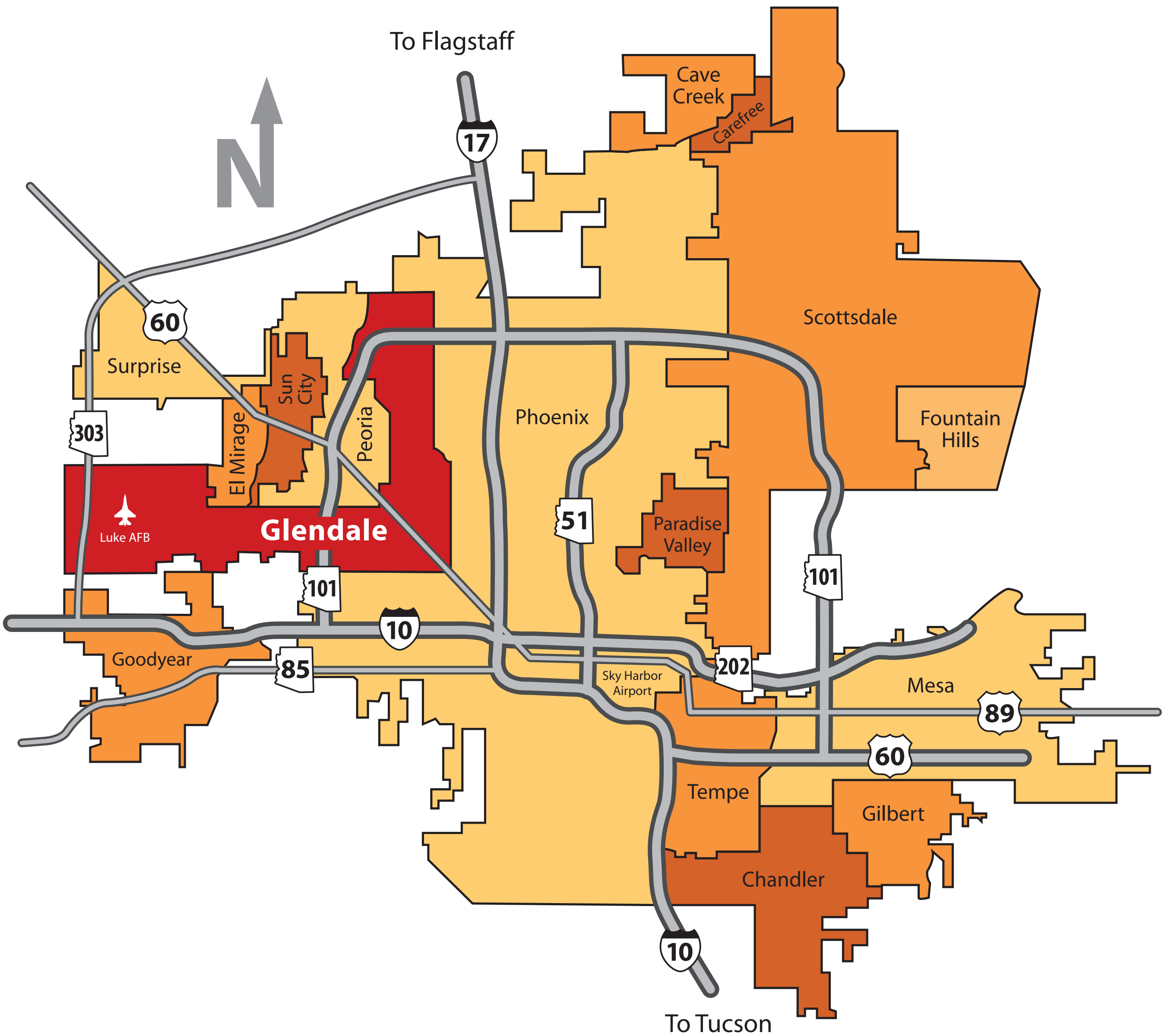
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

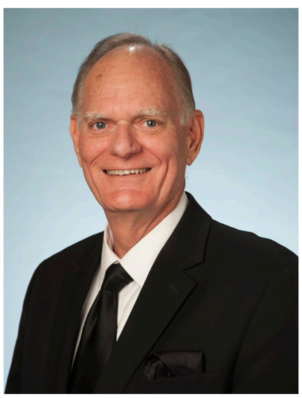
Executive Director/CEO

Glendale, Arizona
& Neighboring Communities



Glendale City Officials

Jerry Weiers
Mayor



Ian Hugh
Vice Mayor/
Councilmember
Cactus District

Bart Turner
Councilmember
Barrel District

Lauren Tolmachoff
Councilmember
Cholla District

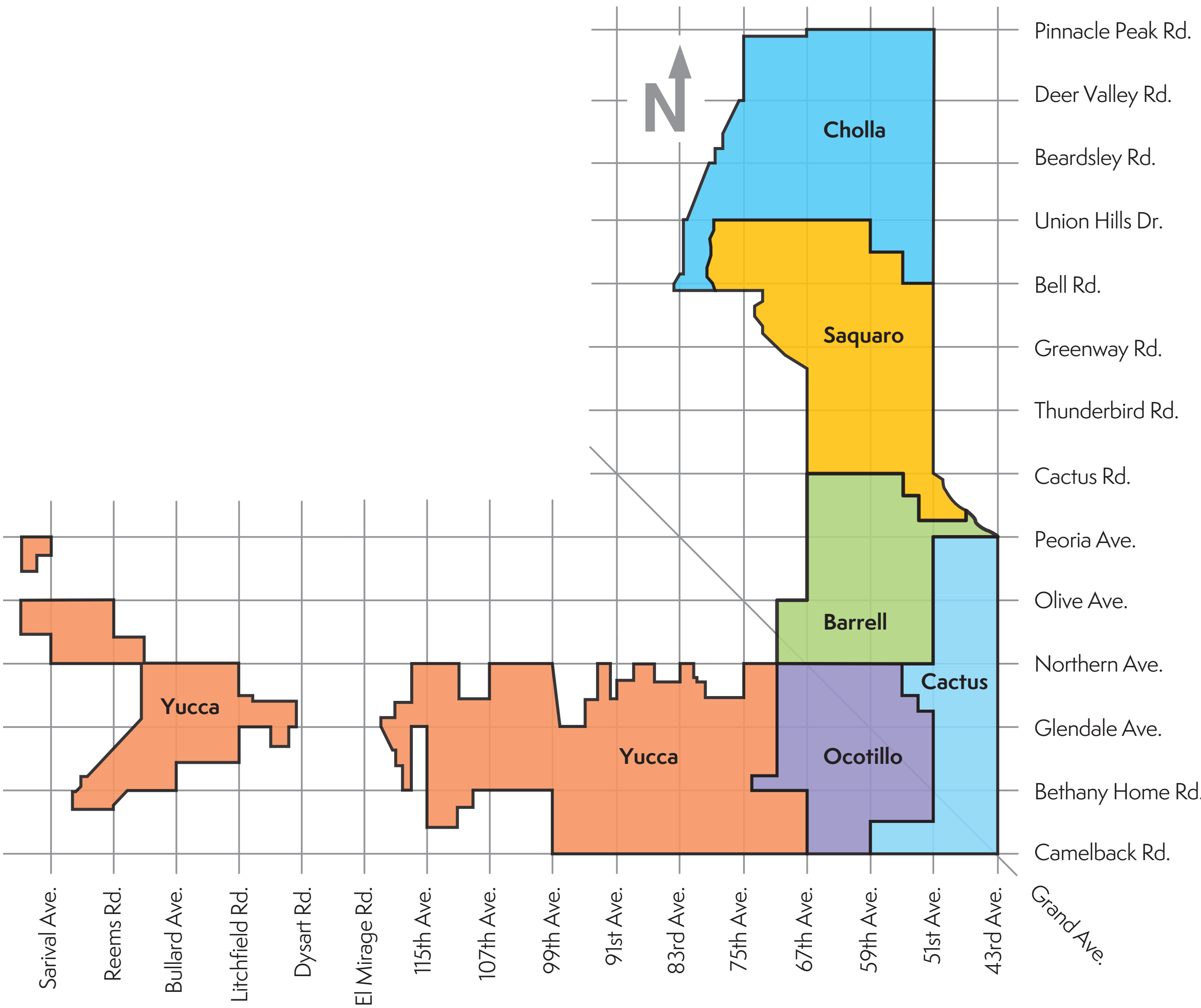
Jamie Aldama
Councilmember
Ocotillo District

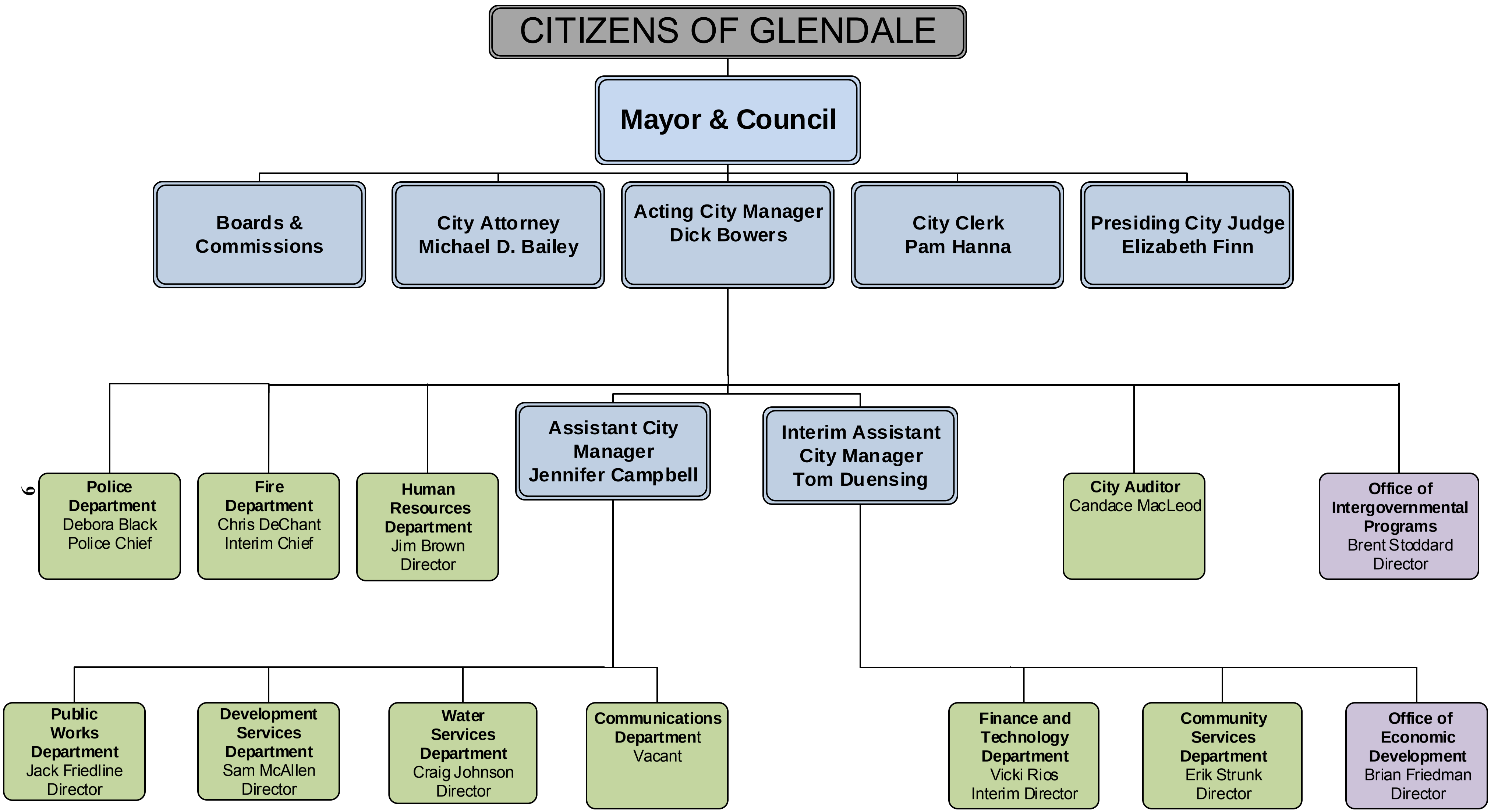
Gary D. Sherwood
Councilmember
Sahuaro District

Samuel U. Chavira
Councilmember
Yucca District

Dick Bowers
Acting
City Manager

Glendale Council District Boundaries




CITIZENS OF GLENDALE
Mayor & Council
Boards & Commissions
City Attorney
Michael D. Bailey
Acting City Manager
Dick Bowers
City Clerk
Pam Hanna
Presiding City Judge
Elizabeth Finn
Police Department
Debora Black
Police Chief
Fire Department
Chris DeChant
Interim Chief
Human Resources Department
Jim Brown
Director
Assistant City Manager
Jennifer Campbell
Interim Assistant City Manager
Tom Duensing
City Auditor
Candace MacLeod
Office of Intergovernmental Programs
Brent Stoddard
Director
Public Works Department
Jack Friedline
Director
Development Services Department
Sam McAllen
Director
Water Services Department
Craig Johnson
Director
Communications Department
Vacant
Finance and Technology Department
Vicki Rios
Interim Director
Community Services Department
Erik Strunk
Director
Office of Economic Development
Brian Friedman
Director

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the fiscal year ended June 30, 2015, the City adopted Governmental Accounting Standards Board Statement (GASBS) No. 68, *Accounting and Financial Reporting for Pensions* and GASBS No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of GASBS No. 68 and No. 71, the City reported a restatement for the change in accounting principle (see Note XVII). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 – 28, the required supplementary information for the City's pension plans and other postemployment benefits on pages 97 – 102 and the budgetary comparison schedule for the general fund on pages 104 – 105 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Glendale, Arizona's basic financial statements. The combining and individual nonmajor fund financial statements, supplementary information and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2015, on our consideration of the 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Glendale, Arizona’s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
November 18, 2015

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MANAGEMENT'S DISCUSSION & ANALYSIS

(Required Supplementary Information)

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Management's Discussion and Analysis

The following discussion and analysis is provided to readers of the City's financial statements as a narrative overview of the financial activities of the City for the fiscal year ended June 30, 2015. This discussion and analysis is designed to assist the reader in focusing on significant financial highlights; provide an overview of the City's financial activity; identify changes in the City's financial position; identify material deviations from the financial plan (the approved annual budget); and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) has a different focus and purpose than the letter of transmittal presented on pages 1-4. It is designed to be read in conjunction with the transmittal letter, the financial statements beginning on page 29, and the accompanying notes to the financial statements.

Significant Financial Highlights

The financial statements illustrate the following significant financial highlights for FY 2014-15:

- The City's total net position increased $10,362 or 1.4%. The governmental net position increased by $44,861 or 13.5%, and the business-type net position decreased by $34,499 or 8.6%. The increase in net position in the governmental activities is attributed to the reclassification of the inter-fund advances from water and sewer, landfill, and sanitation to inter-fund transfers. The decrease in the business-type net position is also attributed to the reclassification of the inter-fund advance to an inter-fund transfer from water and sewer, landfill, and sanitation to the general fund.

- General revenues from governmental activities increased $21,377 or 7.6%. The primary reason for this increase was an increase in sales tax revenue from the major events that were held at Westgate such as the Super Bowl XLIX and Pro Bowl. The city also continued its efforts to attract and retain major retailers in the community such as the expansion of the Tanger Outlet stores at Westgate.

- Governmental activities program specific revenues in the form of charges for services, grants, and contributions increased $2,756 or 3.9%. This increase can be primarily attributed to the additional revenues received under the arena management agreement.

- The total cost of all City programs decreased by $11,122 or 2.7%. The decrease in expenses is attributed to a decrease in general government and street maintenance expenses in the governmental activities and a decrease in water and sewer expenses for the business-type activities.

- The General Fund, a major governmental fund, collected $218,890 in revenues which is an increase of $36,568 or 20.1% from the prior year. This increase was primarily due to an increase in sales taxes and special assessments revenue of $29,622 from the major events at Westgate and economic development efforts by the City. The total expenditures of the General Fund were $187,571, which is an increase of $45,454 or 32%. A significant portion of this increase is related to the consolidation of the police and fire sales tax funds into the general fund which resulted in an increase of $25,137 in public safety expenses for the general fund.

- The General Fund balance increased $50,608 or 2539%. This increase was primarily due to the reclassification of the inter-fund advance to an inter-fund transfer from water & sewer, landfill and sanitation to the general fund. The consolidation of the police and fire special revenue fund into the general fund also resulted in an increase of $11,100 in the general fund balance.

- The City paid the remaining balance of $10,304 on a lease purchase agreement related to the Regional Public Safety Training Center which will result in a decrease of approximately $703 in future interest costs.

Overview of the Financial Statements

This report consists of a series of financial statements that are categorized as Government-Wide Financial Statements or Fund Financial Statements. Government-Wide Financial Statements, which include the Statement of Net Position and the Statement of Activities, are designed to provide the reader with information about the overall activities of the City and the long-term view of the City's finances. The Fund Financial Statements illustrates how City services were financed in the short-term as well as more detailed information about the City's most significant funds. Also included in this report are the notes to the financial statements which are provided to help enhance understanding of the content within the financial statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for government-wide financial statements.

The Statement of Net Position presented on page 29, provides information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Net position is categorized as net investment in capital assets, restricted by an outside party, and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities found on page 30, presents information that illustrates how the City's net position changed during the fiscal year. All changes in net position 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 services, landfill, sanitation, and housing.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the 2 major funds. Data from the other 17 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 fund, while data from the other three enterprise funds is combined into a single, aggregated presentation. Individual fund data for each of the non-major enterprise funds is 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.

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 schedules for the general fund, as well as other required supplementary information related to the City's pensions and other post-employment benefits.

Other

The Combining Statements and Individual Fund Statements and Schedules section presents combining statements for non-major governmental funds, non-major enterprise funds, and non-major internal service funds, along with budget to actual comparisons on individual funds.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $744,542 as of June 30, 2015.

By far the largest portion of the City's net position 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. At the end of the current fiscal year, the City is able to report positive balances in the three categories of net position with the exception of unrestricted net position for the governmental activities which increased by $28,360 over prior year. The City is addressing the negative unrestricted net position for the governmental activities through planned spending reductions, decrease debt service payments as a result of the bond refunding in fiscal year 2015, and the reclassification of the inter-fund advance to an inter-fund transfer.

The chart below is a comparison of the City's net position for fiscal years 2015 and 2014:

Condensed Statement of Net Position
As of June 30, 2015, and 2014
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014 restated	2015	2014 restated	2015	2014 restated
Current and other assets	$ 301,454	$ 250,073	$ 190,402	$ 223,733	$ 491,856	$ 473,806
Capital assets, net	1,142,283	1,169,316	516,534	527,551	1,658,817	1,696,867
Total assets	1,443,737	1,419,389	706,936	751,284	2,150,673	2,170,673
Deferred Outflows of Resources	72,423	31,277	14,054	5,305	86,477	36,582
Current liabilities	131,428	134,221	40,117	39,143	171,545	173,364
Noncurrent liabilities	986,012	984,428	306,892	315,283	1,292,904	1,299,711
Total liabilities	1,117,440	1,118,649	347,009	354,426	1,464,449	1,473,075
Deferred Inflows of Resources	21,842	-	6,317	-	28,159	-
Net position:						
Net investment in capital assets	456,897	448,083	253,134	256,164	710,031	704,247
Restricted	168,714	161,027	24,090	22,300	192,804	183,327
Unrestricted	(248,733)	(277,093)	90,440	123,699	(158,293)	(153,394)
Total net position	$ 376,878	$ 332,017	$ 367,664	$ 402,163	$ 744,542	$ 734,180

The following presents a summary of the changes in net position compared to the prior year:

Changes in Net Position
As of June 30, 2015, and 2014
(in thousands)

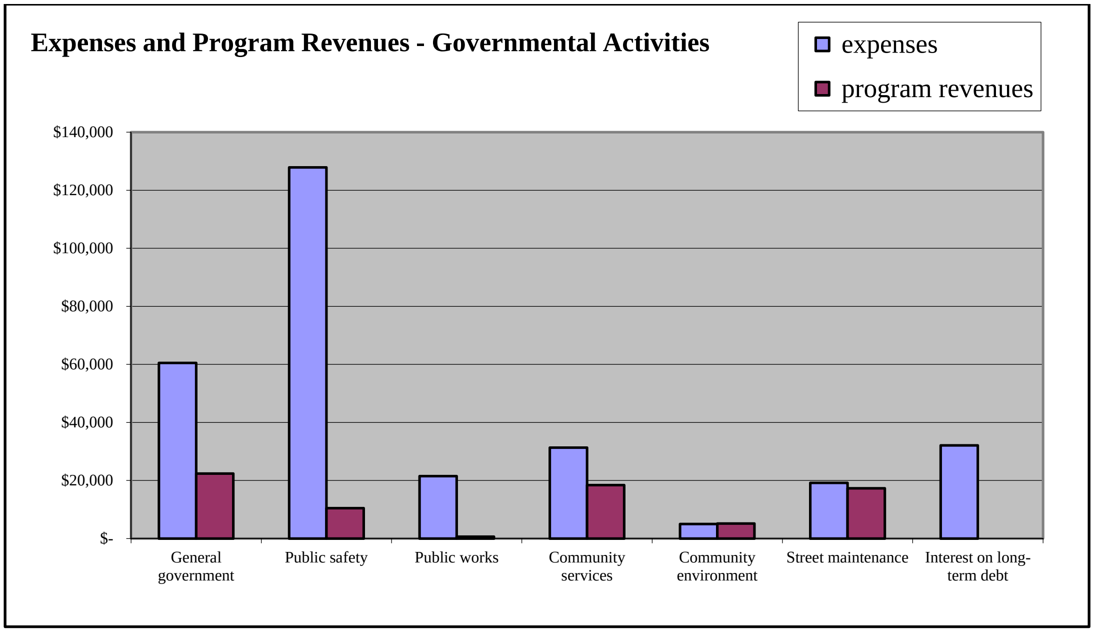
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014 restated	2015	2014 restated	2015	2014 restated
Revenues:						
Program revenues:						
Charges for services	$ 37,251	$ 35,647	$ 106,507	$ 108,051	$ 143,758	$ 143,698
Operating grants and contributions	25,665	25,168	8,855	9,357	34,520	34,525
Capital grants and contributions	11,403	10,748	2,562	2,423	13,965	13,171
Total program revenues	74,319	71,563	117,924	119,831	192,243	191,394
General revenues:						
Property taxes	23,881	23,577	-	-	23,881	23,577
Sales taxes	147,175	131,983	-	-	147,175	131,983
State shared sales tax	20,695	19,734	-	-	20,695	19,734
Urban revenue sharing (state shared income tax)	27,446	25,271	-	-	27,446	25,271
Auto in-lieu taxes	8,664	8,086	-	-	8,664	8,086
Investment earnings, unrestricted	1,070	726	643	463	1,713	1,189
Gain on disposal of capital assets	(688)	78	127	167	(561)	245
Loss on joint venture	-	-	(3,329)	-	(3,329)	-
Miscellaneous	520	687	86	67	606	754
Total revenues	303,082	281,705	115,451	120,528	418,533	402,233
Expenses:						
General government	60,490	73,637	-	-	60,490	73,637
Public safety	127,870	116,070	-	-	127,870	116,070
Public works	21,482	20,524	-	-	21,482	20,524
Community services	31,311	30,796	-	-	31,311	30,796
Community environment	4,980	5,895	-	-	4,980	5,895
Street maintenance	19,180	25,207	-	-	19,180	25,207
Interest on long-term debt	32,106	34,808	-	-	32,106	34,808
Water and sewer	-	-	74,807	77,243	74,807	77,243
Landfill	-	-	7,727	7,554	7,727	7,554
Sanitation	-	-	15,059	14,471	15,059	14,471
Housing	-	-	13,159	13,088	13,159	13,088
Total expenses	297,419	306,937	110,752	112,356	408,171	419,293
Excess before transfers	5,663	(25,232)	4,699	8,172	10,362	(17,060)
Transfers in (out)	39,198	(64)	(39,198)	64	-	-
Increase (decrease) in net position	44,861	(25,296)	(34,499)	8,236	10,362	(17,060)
Net position beginning - restated	332,017	357,313	402,163	393,927	734,180	751,240
Net position ending	$ 376,878	$ 332,017	$ 367,664	$ 402,163	$ 744,542	$ 734,180

Changes in Net Position

The net position of the governmental activities increased by $44,861 while business-type activities' net position decreased by $34,499. The most notable difference is the reclassification of the inter-fund advance to an inter-fund transfer from water and sewer, landfill and sanitation to the general fund.

Revenues and Expenditures

The chart below shows the performance of the revenues in the governmental activities versus expenses:

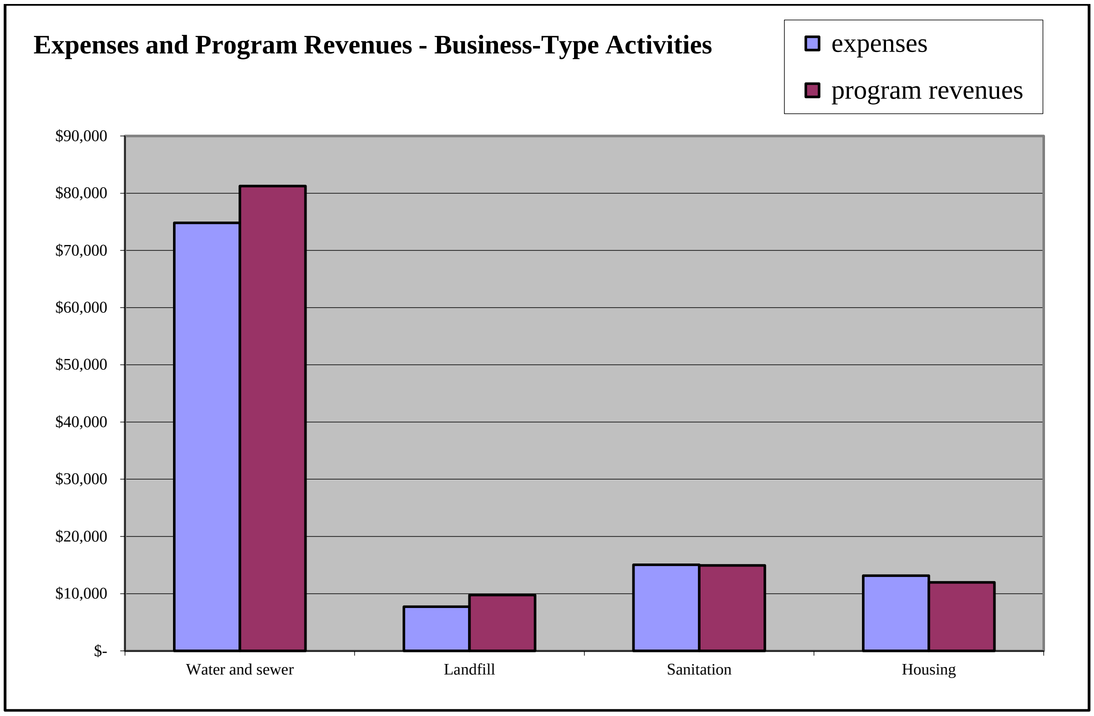


The City's total revenue from governmental activities for the fiscal year ended June 30, 2015, was $303,082.

The cost of programs and services for governmental activities was $297,419.

The decrease in the interest expense on long term debt of $2,702 is due to the savings from refunding of the transportation excise tax revenue bonds, general obligation bonds, and Municipal Property Corporation bonds.

The chart below shows the performance of the revenues and expenses in the business-type activities:

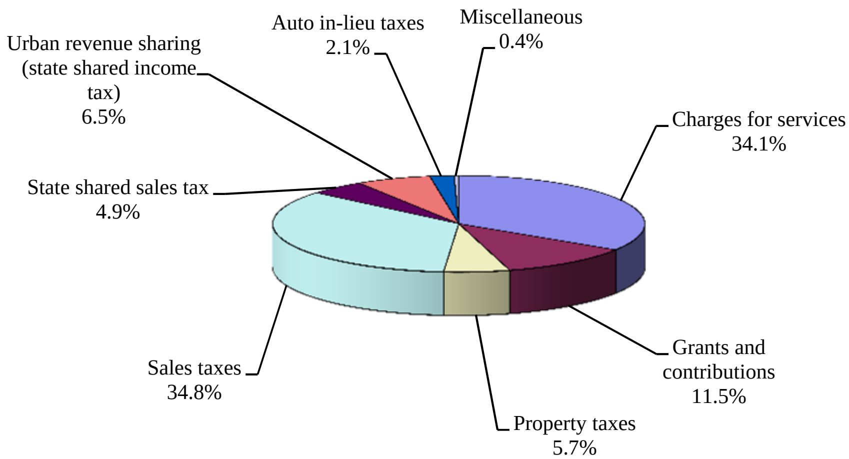


The City's revenue from business-type activities for the fiscal year ended June 30, 2015, was $115,451.

The cost of programs and services was $110,752.

City Revenue Categories

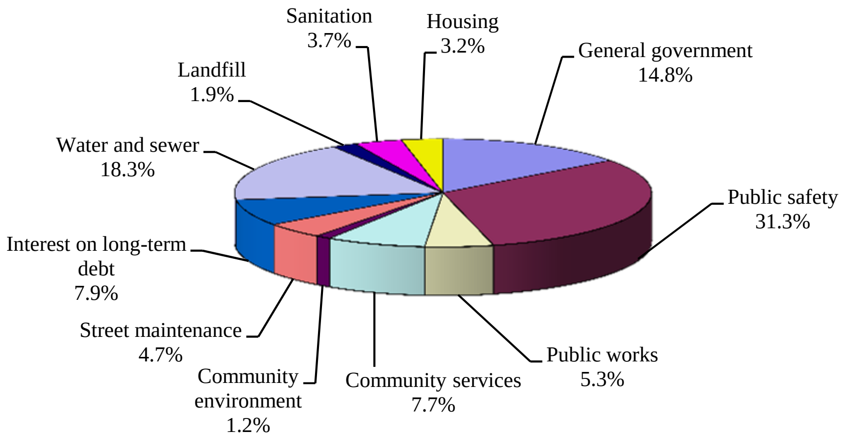
Revenue Sources Fiscal Year 2014-15



The pie chart above shows the different types of revenue the City receives and the proportion of each. The majority (68.9%) of the total revenue the City receives comes from charges for services and local sales tax. The second most significant source is grants and contributions.

City Expense Categories

Functional Expenses Fiscal Year 2014-15



The majority of the City's expenses (49.6%) are incurred in the Public Safety and Water and Sewer categories. Public Safety expenses include those related to police and fire protection services provided to the community. Public Safety expenses are funded by the general fund. Water and Sewer expenses are paid by the enterprise fund which is funded primarily through user paid fees for services.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $154,630, an increase of $48,256 or 45.4% in comparison with the prior year.

The City implemented Governmental Accounting Standards Board Statement (GASB) 54 during the 2012 fiscal year which impacted the presentation of fund balance components by more accurately classifying the fund balances into five categories: non-spendable, restricted, committed, assigned and unassigned; Note I. K. in the summary of significant accounting policies addresses this in greater detail. In fiscal year 2015 and 2014, $28,409 and a negative $4,835, respectively, of the total fund balance constituted unassigned fund balance.

Revenues for governmental functions overall totaled $297,013 in fiscal year 2015, an increase of 7.6% from the previous years' total of $276,148. Expenditures for governmental functions totaled $292,478 in fiscal year 2015, an increase of 9.2% from the previous year total of $267,896.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $28,409 while total fund balance was $48,615. The General Fund has $216 of its fund balance as non-spendable; $10,313 as restricted; $1,114 as committed; and $8,563 assigned. Per the City's adopted financial policies, 10% of the general fund operating revenue which totals $19,650 has been earmarked as the Budget Stabilization Reserve and $8,759 has been earmarked as the Operating Reserve. Consistent with the requirements of GASB Statement No. 54, formal Council action was not taken prior to June 30, 2015 to commit these funds; therefore, the funds are reported as unassigned.

The major factors which increased the General Fund balance from the prior year include:

- Consolidation of the police and fire special revenue funds into the general fund.
- Increases in sales tax activity from major events such as the Super Bowl and Pro Bowl.
- Reclassification of an inter-fund advance to an inter-fund transfer from water and sewer, landfill, and sanitation to the general fund.

Overall, the General Fund's performance resulted in revenues over expenditures of $31,320 in fiscal year 2015. In the prior year, revenues exceeded expenditures by $40,206.

The Municipal Property Corporation (MPC) debt service fund was established to account for the debt service payments on the bonds that were issued to finance the construction of a new municipal office complex, hockey arena, public safety training center, parking garage, media center, and convention center. The fund had a balance of $7,161 at the end of the fiscal year. In March 2015, senior excise tax revenue bonds were issued to refund MPC bond series 2002B, 2003B, 2006A, and series 2012D.

Proprietary Funds

Net position of the enterprise funds decreased $34,725 or 8.6%. The enterprise funds' total net position was $24,090 restricted, $92,922 unrestricted, and $253,134 invested in capital assets. This decrease in net position is primarily due to the reclassification of an inter-fund advance to the general fund as an inter-fund transfer.

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 position of $11,382 for the fiscal year ended June 30, 2015. The decrease in net position is due to the reclassification of the inter-fund advance to an inter-fund transfer from water and sewer to the general fund.

The internal service funds account for risk management, workers' compensation, and employee benefits provided to other departments. The funds saw an increase in fund balance of $1,276 for the fiscal year ended June 30, 2015. Internal service funds were 100% unrestricted. The policy of the City is to fund the worker's compensation and risk management funds at a 55% confidence level based on the most recent actuarial valuations.

General Fund Budgetary Highlights

- The City's budgeted revenues exceeded expectations and were $6,793 higher than the final budgeted amounts.

- General Fund expenditures were less than the final budget by $15,646 or 7.0%. The most significant reduction was in public safety, public works and community services expenses. Expenses for public safety were $3,611 lower than the budgeted amount while expenses for public works and community services were $1,630 and $1,444 lower than budgeted amounts. In addition, budgeted equipment purchases did not occur during the fiscal year resulting in general fund capital outlay expenditures that were $3,938 or 40.1% less than the final budget.

- General Fund budgetary fund balance increased by $1,627 or 3.8% as a result of increase in revenues. The most significant increase was in sales tax revenue which was $2,716 higher than the budgeted amount. The increase is attributed to the major events that were held at the City such as the Super Bowl and Pro Bowl.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets (net of accumulated depreciation) as of June 30, 2015, for its governmental-type activities was $1,142,283 and for the business-type activities was $516,534. 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 projects capitalized during the current fiscal year included the following:

- DOE UV Lamp & Well 43 Projects $4,101
- Airport Apron Rehabilitation and Lighting Improvements $2,759
- Multi-use Pathway $2,091
- HURF Pavement Management $2,074
- Grand Ave Infrastructure Improvements $1,553
- CAD/RMS Project $1,366
- 51st Avenue HES Projects $1,143
- Bus Stop and Shelters $1,023

The following table is a summary of capital assets reflected in the June 30, 2015, financial statements as compared to last year's financial statements.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Construction in progress	$ 19,208	$ 30,972	$ 14,289	$ 12,371	$ 33,497	$ 43,343
Land	90,237	90,338	26,299	26,299	116,536	116,637
Water storage rights	-	-	7,580	7,759	7,580	7,759
Artwork	2,378	2,378	-	-	2,378	2,378
Buildings	271,426	281,629	7,213	7,600	278,639	289,229
Improvements other than buildings	147,706	146,341	44,750	47,584	192,456	193,925
Infrastructure-streets	460,829	464,492	-	-	460,829	464,492
Infrastructure-parks	52,204	56,692	-	-	52,204	56,692
Infrastructure-airport	5,440	5,931	-	-	5,440	5,931
Infrastructure-flood/storm drains	68,626	69,618	-	-	68,626	69,618
Water lines	-	-	73,023	73,880	73,023	73,880
Sewer lines	-	-	69,932	71,814	69,932	71,814
Water treatment plant	-	-	155,624	160,254	155,624	160,254
Sewer treatment plant	-	-	91,930	95,263	91,930	95,263
Meters and services	-	-	14,265	14,998	14,265	14,998
Fire hydrants	-	-	2,661	2,764	2,661	2,764
Machinery and equipment	6,349	7,008	1,483	1,528	7,832	8,536
Computer equipment	1,054	690	192	193	1,246	883
System Purchase	-	-	1,023	1,163	1,023	1,163
Software	2,993	2,383	-	-	2,993	2,383
Automotive equipment	13,833	10,844	6,270	4,081	20,103	14,925
Total	$ 1,142,283	$ 1,169,316	$ 516,534	$ 527,551	$ 1,658,817	$ 1,696,867

The construction commitments at June 30, 2015 were $22,662. Additional information on capital assets can be found in Note V of the financial statements.

(amounts expressed in thousands)

Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding of $881,492 compared to $962,586 last year, an 8.4% net decrease.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
General obligation	$ 126,305	$ 147,810	$ -	$ -	$ 126,305	$ 147,810
Transportation revenue bond	80,995	88,015	-	-	80,995	88,015
Highway users revenue bonds	1,895	3,700	-	-	1,895	3,700
Excise tax revenue bonds	114,130	-	-	-	114,130	-
Municipal Property revenue bonds	326,375	459,585	-	-	326,375	459,585
Capital lease obligation	57	10,361	-	-	57	10,361
Water and sewer revenue bonds/obligations	-	-	231,735	253,115	231,735	253,115
Total	$ 649,757	$ 709,471	$ 231,735	$ 253,115	$ 881,492	$ 962,586

The City received a "AA" underlying rating from Standard & Poor's and an "A3" underlying rating from Moody's for general obligation debt. The senior excise tax bonds are rated "AA+" by Standard and Poor's and an "A3" by Moody's. 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 "A3" by Moody's. Street and highway user revenue bonds are rated "AA" by Standard & Poor's and "A3" by Moody's.

The Arizona Constitution provides that the general obligation bonded indebtedness for a city for general municipal purposes, libraries, economic development, historic preservation, and cultural facilities may not exceed 6% of the total limited property value of the taxable property in that city. Cities may also issue general obligation bonds up to 20% of the total limited property value for supplying 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, 2015, was $68,042 and $108,057, respectively. Additional information on long-term debt can be found in Notes VIII and X of the financial statements.

Next Year's Budget and Economic Factors

The adopted fiscal year 2015-16 budget is $632,000, a decrease of 1.6% from 2014-15. The planned spending reduction is mainly attributable to a decrease in debt service payments as the result of a recent bond refinancing and a reduction in capital project carryover funding. As the jobless claims continue to decline and the overall economy continues to improve, budgeted revenues are anticipated to increase slightly over the prior year. Major sources continue to be sales tax, state shared revenues and property taxes. Total revenues available to the city in fiscal year 2015-16 from all sources are estimated at $511,200.

In the fiscal year 2015-16 budget, the general fund sub-funds, totaling 23 were eliminated and absorbed by the general fund or reclassified into internal service funds.

The city of Glendale continues to be a mecca for national sporting events. The city is proud to host the National College Football Playoffs in January 2016 and one-time costs associated with the event are also included in the budget. For fiscal year 2015, the City's annual average unemployment rate is 5.4%; this represents an improvement from last calendar year's average of 6.5%.

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 Director of Finance and Technology, 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 Position
June 30, 2015
(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in pooled cash and investments	$ 163,509	$ 110,134	$ 273,643
Receivables (net of allowance for uncollectibles)			
Property taxes	795	-	795
Accounts	19,512	11,847	31,359
Note	51,308	-	51,308
Accrued interest	471	-	471
Intergovernmental receivable	14,690	2	14,692
Internal balances	2,482	(2,482)	-
Inventories and prepaid items	382	1,506	1,888
Restricted deposits	-	2,911	2,911
Restricted cash and investments	48,305	12,359	60,664
Capital assets:			
Non-depreciable	111,823	40,588	152,411
Depreciable (net)	1,030,460	475,946	1,506,406
Equity in joint venture	-	54,125	54,125
Total assets	1,443,737	706,936	2,150,673
DEFERRED OUTFLOWS OF RESOURCES			
Debit amounts related to pensions	50,471	3,317	53,788
Debit amounts resulting from refunded debt	21,952	10,737	32,689
Total deferred outflows of resources	72,423	14,054	86,477
LIABILITIES			
Vouchers payable	16,045	3,712	19,757
Accounts payable	4,793	64	4,857
Contract payable	5,517	-	5,517
Retainage payable	197	167	364
Matured bonds payable	26,945	13,170	40,115
Accrued interest payable	14,327	4,777	19,104
Intergovernmental payable	449	292	741
Deposits payable	2,305	4,321	6,626
Unearned revenue	6,348	5	6,353
Noncurrent liabilities:			
Due within one year	54,502	13,609	68,111
Due in more than one year	986,012	306,892	1,292,904
Total liabilities	1,117,440	347,009	1,464,449
DEFERRED INFLOW OF RESOURCES	21,842	6,317	28,159
NET POSITION			
Net investment in capital assets	456,897	253,134	710,031
Restricted for:			
Capital projects	20,611	-	20,611
Debt service	67,438	13,170	80,608
Transportation	37,000	-	37,000
Highway and streets	23,663	-	23,663
Revenue bond retirement, replacement, and extension	-	10,122	10,122
Perpetual care - nonexpendable	5,766	-	5,766
Police and Fire	9,561	-	9,561
Other purposes	4,675	798	5,473
Unrestricted	(248,733)	90,440	(158,293)
Total net position	$ 376,878	$ 367,664	$ 744,542

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, 2015
(amounts expressed in thousands)

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	$ 60,490	$ 18,498	$ 710	$ 3,185
Public safety	127,870	6,084	3,941	444
Public works	21,482	631	30	-
Community services	31,311	11,704	2,116	4,563
Community environment	4,980	309	4,827	-
Street maintenance	19,180	25	14,041	3,211
Interest on long-term debt	32,106	-	-	-
Total governmental activities	297,419	37,251	25,665	11,403
Business-type activities:				
Water and sewer	74,807	78,541	266	2,455
Landfill	7,727	9,757	-	-
Sanitation	15,059	14,944	-	-
Housing	13,159	3,265	8,589	107
Total business-type activities	110,752	106,507	8,855	2,562
Total primary government	$ 408,171	$ 143,758	$ 34,520	$ 13,965

General revenues:
Taxes:
Property taxes levied for:
General purposes
Debt service
Sales taxes
State shared sales tax
Urban revenue sharing (state shared income tax)
Auto in-lieu taxes
Investment earnings, unrestricted
(Loss)/Gain on disposal of capital assets
Loss on joint venture
Miscellaneous
Transfers
Total general revenues, special items, and transfers
Change in net position
Net position - beginning - restated
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (38,097)	$ -	$ (38,097)
(117,401)	-	(117,401)
(20,821)	-	(20,821)
(12,928)	-	(12,928)
156	-	156
(1,903)	-	(1,903)
(32,106)	-	(32,106)
(223,100)	-	(223,100)
-	6,455	6,455
-	2,030	2,030
-	(115)	(115)
-	(1,198)	(1,198)
-	7,172	7,172
(223,100)	7,172	(215,928)
5,250	-	5,250
18,631	-	18,631
147,175	-	147,175
20,695	-	20,695
27,446	-	27,446
8,664	-	8,664
1,070	643	1,713
(688)	127	(561)
-	(3,329)	(3,329)
520	86	606
39,198	(39,198)	-
267,961	(41,671)	226,290
44,861	(34,499)	10,362
332,017	402,163	734,180
$ 376,878	$ 367,664	$ 744,542

City of Glendale, Arizona
Balance Sheet
Governmental Funds
June 30, 2015
(amounts expressed in thousands)

	Major Funds			
	General	Municipal Property Corporation Debt Service	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Assets:				
Equity in pooled cash and investments	$ 52,322	$ 4,734	$ 95,351	$ 152,407
Receivables, net of allowance for doubtful accounts:				
Property taxes	164	-	631	795
Accounts	16,802	-	2,704	19,506
Note	-	51,308	-	51,308
Accrued interest	471	-	-	471
Due from other funds	2,536	-	-	2,536
Intergovernmental receivable	2,142	-	12,548	14,690
Inventories and prepaid items	216	-	107	323
Restricted cash and investments	977	13,045	32,708	46,730
Total assets	$ 75,630	$ 69,087	$ 144,049	$ 288,766
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Vouchers payable	$ 9,349	$ -	$ 4,695	$ 14,044
Accounts payable	4,793	-	-	4,793
Contract Payable	5,517	-	-	5,517
Retainage payable	-	-	197	197
Compensated absences - current	1,141	-	53	1,194
Intergovernmental payable	448	-	1	449
Due to other funds	-	-	2,536	2,536
Deposits	2,300	-	5	2,305
Unearned revenue	257	-	6,091	6,348
Matured interest payable	-	8,033	6,294	14,327
Matured bonds payable	-	2,585	24,360	26,945
Total liabilities	23,805	10,618	44,232	78,655
Deferred Inflows of Resources	3,210	51,308	963	55,481
Fund Balances:				
Nonspendable	216	-	5,768	5,984
Restricted	10,313	7,161	92,809	110,283
Committed	1,114	-	-	1,114
Assigned	8,563	-	277	8,840
Unassigned	28,409	-	-	28,409
Total fund balances	48,615	7,161	98,854	154,630
Total liabilities, deferred inflows of resources and fund balances	$ 75,630	$ 69,087	$ 144,049	$ 288,766

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 Position

June 30, 2015

(amounts expressed in thousands)

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

Fund balances - total governmental funds balance sheet		$ 154,630
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 1,789,321	
Less accumulated depreciation	(647,038)	
		1,142,283
The reacquisition price of refunding outstanding debt is a deferred outflow of resources in the statement of net position and is amortized over the lesser of the refunded bonds or refunding bonds and represents a reconciling item between the government-wide and fund financial statements.		21,952
Deferred outflow of resouces related to pensions		50,471
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds and shown as an internal balance item.		2,482
Internal service funds are used by management to charge the costs of workers' compensation, risk management, and employee benefits to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.		341
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	(649,700)	
Net pension obligation	(244,467)	
Capital lease obligations	(57)	
Developer payable obligations	(3,406)	
Compensated absences	(20,503)	
Bond discount	1,402	
OPEB obligations	(56,614)	
Unamortized premium on debt issuance	(55,577)	
		(1,028,922)
Deferred inflows of resources related to pensions		(21,842)
Deferred inflows of resources is unavailable revenue that is measurable but not yet available for governmental fund activities is recognized as revenue for governmental-wide activities.		55,483
Net position of governmental activities		$ 376,878

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, 2015
(amounts expressed in thousands)

	Major Funds			
	General	Municipal Property Corporation Debt Service	Other Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes and special assessments	$ 127,297	$ -	$ 43,308	$ 170,605
Licenses and permits	8,867	-	1,743	10,610
Intergovernmental	57,165	-	29,947	87,112
Local	-	-	525	525
Charges for services	16,600	-	1,085	17,685
Fines and forfeitures	3,556	-	-	3,556
Investment income	1,010	-	248	1,258
Miscellaneous	4,395	-	1,267	5,662
Total revenues	218,890	-	78,123	297,013
EXPENDITURES				
Current:				
General government	33,417	9	68	33,494
Public safety	110,166	-	3,977	114,143
Public works	8,637	-	36	8,673
Community services	13,546	-	12,833	26,379
Community environment	20	-	4,957	4,977
Street maintenance	717	-	7,234	7,951
Miscellaneous	3,884	905	1,002	5,791
Debt service:				
Principal	10,304	2,585	24,362	37,251
Interest	867	19,382	12,621	32,870
Capital outlay	6,012	-	14,937	20,949
Total expenditures	187,570	22,881	82,027	292,478
Excess (deficiency) of revenues over (under) expenditures	31,320	(22,881)	(3,904)	4,535
OTHER FINANCING SOURCES (USES)				
Payment to refunded bonds escrow agent	-	(35,067)	(96,899)	(131,966)
Principal-current bond refunding	-	(98,195)	(11,950)	(110,145)
Interest-current bond refunding	-	(910)	(112)	(1,022)
Refunding bonds issued	-	-	209,255	209,255
Premium on long-term debt issued	-	-	35,751	35,751
Proceeds from equipment disposal	266	-	2,384	2,650
Transfers in	50,669	164,998	25,027	240,694
Transfers out	(31,647)	(1,793)	(168,056)	(201,496)
Total other financing sources and uses	19,288	29,033	(4,600)	43,721
Net change in fund balances	50,608	6,152	(8,504)	48,256
Fund balances, July 1	(1,993)	1,009	107,358	106,374
Fund balances, June 30	$ 48,615	$ 7,161	$ 98,854	$ 154,630

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, 2015
(amounts expressed in thousands)

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

Net change in fund balances - total governmental funds		$ 48,256
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 $20,949 did not exceed depreciation of $47,318 for the current period.		(26,369)
The net effect of various transactions involving capital is to increase net position.		
Capital contributions	$ 2,677	
Disposals	(2,650)	
Gain (loss) on sales	(688)	
		(661)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		3,886
The net effect of long-term debt issuance and the related transactions is to increase net assets.		
Payment to redeem lease	10,304	
Bond premium	(35,751)	
Bond premium amortized	2,805	
Bond discount amortized	(62)	
Deferred amount on refunding	(1,089)	
Payment to refunded bonds escrow agent	131,966	
Principal paid	26,947	
Refunding bonds issued	(209,255)	
Principal paid current refunding	110,145	
		36,010
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.		(2,539)
Other post employment benefits 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.		(2,925)
Pension contributions 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.		18,450
Net pension expense 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.		(26,944)
Internal service funds are used by management to charge the costs of workers' compensation, risk management, and employee benefits to individual funds.		1,050
Expenses on the statement of activities differ from governmental funds because of the portion not accrued on the governmental funds.		(3,353)
Change in net position of governmental activities		$ 44,861

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

City of Glendale, Arizona
Statement of Net Position
Proprietary Funds
June 30, 2015
(amounts expressed in thousands)

	Business-Type Activities - Enterprise Funds			Governmental
	Major Funds	Other Proprietary		Activities - Internal
	Water and Sewer	Funds	Total	Service Funds
ASSETS				
Current assets:				
Equity in pooled cash and investments	$ 94,538	$ 15,596	$ 110,134	$ 11,102
Receivables:				
Accounts	11,413	2,723	14,136	6
Allowance for uncollectibles	(1,887)	(402)	(2,289)	-
Intergovernmental receivable	-	2	2	-
Inventories and prepaid items	1,489	17	1,506	59
Total current assets	105,553	17,936	123,489	11,167
Noncurrent assets:				
Restricted deposits	2,911	-	2,911	1,575
Restricted cash and investments	12,359	-	12,359	-
Capital assets:				
Capital assets	784,632	56,351	840,983	-
Accumulated depreciation	(292,520)	(31,929)	(324,449)	-
Capital assets, net	492,112	24,422	516,534	-
Equity in joint venture	54,125	-	54,125	-
Total noncurrent assets	561,507	24,422	585,929	1,575
Total assets	667,060	42,358	709,418	12,742
DEFERRED OUTFLOWS OF RESOURCES				
Debit amounts related to pensions	2,155	1,162	3,317	2
Debit amounts resulting from refunded debt	10,737	-	10,737	-
Total deferred outflows of resources	12,892	1,162	14,054	2
LIABILITIES				
Current liabilities:				
Vouchers payable	2,945	767	3,712	2,001
Accounts payable	-	64	64	-
Retainage payable	74	93	167	-
Compensated absences	1,346	598	1,944	10
Matured bonds payable	13,170	-	13,170	-
Intergovernmental payable	288	4	292	-
Deposits	4,086	235	4,321	-
Unearned rent	-	5	5	-
Estimated claims payable	-	-	-	10,369
Current portion of long-term debt:				
Unamortized premium on debt issuance	2,250	-	2,250	-
Revenue bonds/obligations payable	9,415	-	9,415	-
Interest payable	4,777	-	4,777	-
Total current liabilities	38,351	1,766	40,117	12,380
Noncurrent liabilities:				
Compensated absences	691	511	1,202	1
Unamortized premium on debt issuance	26,982	-	26,982	-
Revenue bonds/obligations payable	222,320	-	222,320	-
Pension obligations	18,543	9,996	28,539	18
OPEB long-term obligations	7,898	4,893	12,791	-
Other long-term debt	-	98	98	-
Estimated closure and post-closure costs	-	14,960	14,960	-
Total noncurrent liabilities	276,434	30,458	306,892	19
Total liabilities	314,785	32,224	347,009	12,399
DEFERRED INFLOWS	4,104	2,213	6,317	4
NET POSITION				
Net investment in capital assets	228,712	24,422	253,134	-
Restricted for:				
Debt service	13,170	-	13,170	-
Revenue bond retirement, replacement and extension	10,122	-	10,122	-
Other purposes	798	-	798	-
Unrestricted	108,261	(15,339)	92,922	341
Total net position	$ 361,063	$ 9,083	370,146	$ 341
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(2,482)	
Net position of business-type activities			$ 367,664	

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 Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015
(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	$ 266	$ 8,696	$ 8,962	$ -
Metered water sales	43,312	-	43,312	-
Sewer service charges	32,033	-	32,033	-
Container service	-	4,216	4,216	-
Curb service	-	10,728	10,728	-
Landfill user fees	-	7,594	7,594	-
Self-insurance premium	-	-	-	27,114
Recycling sales	-	1,771	1,771	-
Other fees	2,314	3,657	5,971	215
Total operating revenues	77,925	36,662	114,587	27,329
Operating expenses:				
Water	18,365	-	18,365	-
Sewer	11,849	-	11,849	-
Landfill	-	7,099	7,099	-
Housing	-	12,676	12,676	-
Closure/post-closure care adjustment	-	(206)	(206)	-
Sanitation	-	13,567	13,567	-
Administrative and general	11,498	-	11,498	55
Insurance claims and premiums	-	-	-	26,043
Amortization and depreciation	22,370	2,640	25,010	-
Total operating expenses	64,082	35,776	99,858	26,098
Operating income (loss)	13,843	886	14,729	1,231
Nonoperating revenues (expenses):				
Impact fees	967	-	967	-
Investment income	433	210	643	45
Interest expense	(9,718)	-	(9,718)	-
Net loss from joint venture	(3,329)	-	(3,329)	-
Bond issuance cost	(700)	-	(700)	-
Gain on disposal of assets	6	121	127	-
OPEB expense	(430)	(271)	(701)	-
Total nonoperating revenues (expenses)	(12,771)	60	(12,711)	45
Income (loss) before contributions and transfers	1,072	946	2,018	1,276
Capital contributions	2,455	-	2,455	-
Transfers in	-	274	274	-
Transfers out	(14,909)	(24,563)	(39,472)	-
Change in net position	(11,382)	(23,343)	(34,725)	1,276
Total net position - beginning - restated	372,445	32,426		(935)
Total net position - ending	$ 361,063	$ 9,083		$ 341
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			226	
Change in net position of business-type activities			$ (34,499)	

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, 2015
(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	$ 79,362	$ 27,982	$ 107,344	$ 27,326
Cash received from federal operating grants	-	8,691	8,691	-
Cash paid to suppliers:				
Internal city departments	(6,675)	(9,327)	(16,002)	-
External vendors	(18,893)	(15,770)	(34,663)	-
Cash paid for insurance and in settlement of claims	-	-	-	(26,523)
Cash paid to employees for services	(15,458)	(8,387)	(23,845)	(44)
Net cash provided (used) by operating activities	38,336	3,189	41,525	759
Cash flows from noncapital financing activities:				
Transfers in	-	274	274	-
Transfers out	(14,909)	(24,563)	(39,472)	-
Advances to/due from other funds	14,850	24,633	39,483	-
Net cash provided (used) by noncapital financing activities	(59)	344	285	-
Cash flows from capital and related financing activities:				
Proceeds from bonds sold	140,503	-	140,503	-
Payment to refunded bonds' escrow agent	(139,803)	-	(139,803)	-
Bond issuance cost	(700)	-	(700)	-
Principal payments on obligations	(10,210)	5	(10,205)	-
Acquisition of capital assets and rights	(5,753)	(5,440)	(11,193)	-
Impact fees	967	-	967	-
Interest payments on obligations	(12,493)	-	(12,493)	-
Contributions to Join Venture	(179)	-	(179)	-
Net cash (used) by capital and related financing activities	(27,668)	(5,435)	(33,103)	-
Cash flows from investing activities:				
Interest received from investments	433	210	643	45
Net cash provided by investing activities	433	210	643	45
Net increase (decrease) in cash and cash equivalents during fiscal year	11,042	(1,692)	9,350	804
Cash and cash equivalents, July 1	95,855	17,288	113,143	11,873
Cash and cash equivalents, June 30	$ 106,897	$ 15,596	$ 122,493	$ 12,677

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

	Business-Type Activities - Enterprise Funds			Governmental
	Major Funds	Other Proprietary		Activities - Internal
	Water and Sewer	Funds	Total	Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 13,843	$ 886	$ 14,729	$ 1,231
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:				
Amortization and depreciation	22,370	2,640	25,010	-
Net pension expense and contribution	(368)	(197)	(565)	-
Changes in assets and liabilities:				
Accounts receivable	940	(20)	920	(3)
Intergovernmental receivable	-	7	7	-
Inventories and prepaid items	(759)	4	(755)	-
Restricted deposits	103	-	103	-
Vouchers and accounts payable	1,587	(4)	1,583	174
Accrued expenses	(99)	(8)	(107)	-
Intergovernmental payable	(10)	(11)	(21)	-
Due to other funds	-	(1)	(1)	-
Deposits	394	4	398	-
Unearned rent	-	(1)	(1)	-
Compensated absences	335	62	397	10
Claims payable	-	-	-	(653)
Proceeds from disposal of assets	-	34	34	-
Estimated closure and post-closure costs	-	(206)	(206)	-
Net cash provided (used) by operating activities	$ 38,336	$ 3,189	$ 41,525	$ 759
Reconciliation of statement of net position cash and investments to the statement of cash flows:				
Per combined statement of net position:				
Equity in pooled cash and investments	$ 94,538	$ 15,596	$ 110,134	$ 11,102
Restricted cash and investments	12,359	-	12,359	1,575
Total cash and cash equivalents	$ 106,897	$ 15,596	$ 122,493	$ 12,677
Noncash investing, capital, and financing activities:				
Contributions of capital assets	$ 2,455	$ -	$ 2,455	$ -
Loss on joint venture	(3,329)	-	(3,329)	-
Amortization of bond premium/discount	1,702	-	1,702	-
Amortization of debit amounts resulting from refunded debt	590	-	590	-

Notes to the Financial Statements

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

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I. Summary of significant accounting policies

A. 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. The major operations of the City include providing police, fire and water and sewer services to citizens. As required by GAAP, these financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of a government's operations, so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in combined financial statements to emphasize that it is legally separate from the government. The City has no discretely presented component units.

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. The total debt outstanding, including leases, of the MPC is expected to be repaid entirely or almost entirely with the resources of the primary government. 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 and Technology 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. The total debt outstanding, including leases, of the PFC is expected to be repaid entirely or almost entirely with the resources of the primary government. 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 for 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 and Technology Department.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government 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 inter-fund items. Transactions that would be treated as revenue, expenditures or expenses if they involved organizations external to the governmental unit, like the sale of water from the water and sewer fund to various functions of the general fund, are accounted for as revenue and expenditures or expenses in the funds involved. Transactions that constitute reimbursement to a fund for expenditures or expenses initially made from that fund, which are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is being reimbursed. Governmental Accounting Standards Board (GASB) Statement 34 also requires that administrative service fees charged to other operating funds to support general services used by the other operating funds (like purchasing, accounting and administration) should be treated as reimbursement transactions and the revenue and expenditures/expenses reduced in the allocating fund. Transfers between funds are included in the results of both governmental and proprietary funds (as other sources/uses in governmental funds).

Activities 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 inter-fund 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.

The *internal service funds* are eliminated on an entity-wide basis as per GASB Statement 34.

C. Form of presentation – fund 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 City, except those required to be accounted for in another fund.

The *municipal property corporation debt service fund (MPC)* accounts for the debt service payments for the bonds that were issued to finance the construction of a new municipal office complex, hockey arena, public safety training center, parking garage, media center and convention center.

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 internal service funds.

Internal service funds account for risk management, workers' compensation and employee benefits provided to other departments.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 user's 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 operations 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.

D. Measurement focus and basis of accounting

The City-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 60 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 user's 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.

Resources that have been received before time requirements are met but after all other eligibility requirements have been met are recorded as a deferred inflow. However, resources transmitted before time requirements are met but after eligibility requirements have been met are recorded as deferred outflows. This practice is defined and supported by GASB Statement 63, as it pertains to Financial reporting of deferred outflows of resources, deferred inflows of resources and net position.

E. 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.

F. Inter-fund transactions

Inter-fund transactions, consisting of services performed for other funds or costs billed to other funds are treated as expenditures in the fund receiving the services and as a reimbursement reducing expenditures in the fund performing the services, except for sales of water to other City departments, which are recorded as revenue in the Water Enterprise funds. In addition, operating transfers are made between funds to shift resources from a fund legally authorized to receive revenue to a fund authorized to expend the revenue.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is classified as due to/from other funds (current portion of inter-fund advances) and advances to/from other funds (noncurrent portion of inter-fund advances). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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 expenditure at time of purchase (i.e., the purchase method) for budgetary purposes. At June 30, 2015, the postage portion of the general fund supplies inventory was $9. Certain expenditures are recorded for financial reporting purposes as prepaid items.

Special reporting treatment is applied to governmental fund inventories and prepaid items to indicate that they represent amounts that are not in spendable form, even though they are a component of current assets. Such amounts are presented as a component of non-spendable fund balance.

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 position, because they are maintained in separate bank accounts and their use is limited by applicable debt covenants and the escrow agreement. 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.

Restricted assets also include cash held at the Maricopa County Treasurer for the Racketeer Influenced and Corrupt Organizations Act (RICO). RICO funds are limited by state and federal law to qualified expenses related to fighting and preventing drug use and organized crime.

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 $9,718. In addition, $91 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 rights

The City has entered into a lease agreement with Salt River Pima-Maricopa Indian Community (SRP-MIC) for the rights to 1,814 acre-feet of water each year through 2099. These rights, costing $2,693, are being amortized over 40 years on a straight-line basis starting January 1, 2000. Current year amortization was $67. The net book value of water rights as of June 30, 2015, is $1,648. 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, 2015, the City has capitalized payment of $4,463 for these water rights. Current year amortization was $112. The net book value of these water rights as of June 30, 2015, is $3,905.

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, 2015, costing $2,027, are a permanent right and are considered to have an indefinite useful life. As such, they are not amortized; therefore, cost and net book value are equal to $2,027.

K. Governmental fund balance components

The City has implemented GASB No. 54 fund balance reporting and governmental fund type definitions. The components of governmental fund balance consist of the following:

Non-spendable amounts are the portion of net resources that cannot be spent because of their form such as inventories and prepaid items. Also included is the portion of net resources that cannot be spent because they must be maintained intact pursuant to legal and contractual requirements such as the cemetery permanent fund.

Restricted are amounts that are subject to externally enforceable legal restrictions imposed by parties outside the government such as creditors, grantors, contributors, and other governments through laws and regulations. Examples of restricted fund balance are amounts held to pay for bonded construction projects, debt service, and excise tax revenues collected for voter approved transportation expenditures.

Committed are amounts that are constrained by limitations imposed by the highest level of decision making authority, namely Mayor and Council and require approval by the same level of authority through an ordinance to remove. Amounts must be committed prior to the fiscal year end. An example of committed fund balance is amounts for artwork.

Assigned are amounts that are constrained by limitations imposed by management based on the intended use of the funds. The city manager and finance director are given authority to assign funds as needed through the financial policies adopted in the annual Budget Book approved by Mayor and Council. Examples include amounts intended for computer replacement or telephone or equipment management services.

Unassigned are amounts for any other purpose. If resources were not assigned, they could not be properly reported in a fund other than the general fund. Therefore, only the general fund can report a positive amount of unassigned fund balance. Any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts. On the government-wide financial statements, only restrictions imposed by external sources are shown as restricted net position.

L. Net position

The government-wide and proprietary fund financial statements use a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category represents net position that has external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the City not restricted for any project or other purpose.

M. Property tax

The City levies taxes on real and personal property located within its boundaries. Property values are assessed by the Maricopa County Tax Assessor. The tax levy is then approved by the State of Arizona Property Tax Oversight Commission. The County Treasurer bills and collects property taxes and remits them to the City monthly. City property tax revenues are recognized when levied to the extent that they are received within the current period, or soon enough thereafter (within 30 days of year-end), to pay liabilities of the current period. Remaining collectible taxes are accrued and reflected as deferred inflows of resources.

(amounts expressed in thousands)

Property Tax Calendar	
Lien date	January 1, 2014
Levy (assessment) date (third Monday in August)	August 18, 2014
Due dates:	
First half of assessment	October 1, 2014
Second half of assessment	March 1, 2015
Penalties and interest added (collection dates):	
First half of assessment	November 3, 2014
Second half of assessment	May 1, 2015

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, 2015, is as follows:

Fund	Rate
General fund	$ 0.49
General obligation debt service fund	1.66
Total	$ 2.15

N. Compensated absences

Vacation time is accumulated up to a maximum of 10 workweeks and compensatory time is earned in lieu of cash payment for overtime. Both vacation and compensatory time can either be taken as time off from work, within certain limitations, or may be payable to employees upon termination or retirement. Employees who have ten or more years of service will receive upon retirement 100% of up to 160 hours of vacation accrued. Any remaining vacation time above 160 hours will be 100% contributed to a mandatory Retiree Health Savings plan for the employee. Employees separating from the City receive 100% of accrued vacation time. Sick leave is accumulated without limit and can be used in the event of an illness of the employee or their immediate family. Accumulated sick leave can be converted to a cash benefit on a biannual basis for employees based on one-third of the average hourly rate the last 36 months. Employees must maintain a minimum sick leave balance on the books. Employees who retire and have ten or more years of service will have 50% of their accrued sick time contributed to a mandatory Retiree Health Savings plan based on their average hourly wage over the last 36 months. Employees who separate from service and have five or more years of service will receive one-third of their sick leave balance based on their average hourly wage over the last 36 months in a cash payout.

Represented Fire and Police MOU employees who retire and have ten or more years of service will have 50% of their accrued sick time contributed to a mandatory Retiree Health Savings plan based on their average hourly wage over the last 36 months. Represented Fire and Police MOU employees who retire are paid 100% of accrued vacation time.

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, 2015, and 2) sick leave, taken and paid for illness during that period, paid to terminating employees or paid under the optional annual declaration. Long-term liabilities of governmental funds are not shown on the fund financial statements. All of the outstanding vacation, compensatory time, and sick leave are recorded as a liability on the government-wide financial statements, and the proprietary fund financial statements, according to payment policy.

O. Deferred outflow and deferred inflow of resources

Resources transmitted before time requirements are met, but after all other eligibility requirements have been met, are reported as deferred outflows. Reacquisition costs associated with bond refunding is an example of a deferred outflow of resources.

Resources received before time requirements are met, but after all other eligibility requirements are met, are recorded as deferred inflows. Certain grant receipts is an example of deferred inflow of resources.

Amounts that are reported as deferred outflows are shown as a separate balance sheet section following the assets. Similarly, amounts shown as deferred inflows are shown in a separate balance sheet section following liabilities.

P. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are reported as a long-term liability and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Q. Operating revenues and expenses

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

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. 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). Also, during the fiscal year 2011, the employees had available to them the option of deferring compensation in a Roth IRA administered by ICMA Retirement Corporation (ICMA RC). On February 12, 2013 the adoption of a new contract was approved by the Mayor and City Council which allowed the plan to be administered solely by the third-party administrator GREAT WEST LIFE & ANNUITY INSURANCE CO (Great West). 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 the third-party administrator, Empower Retirement. In compliance with the provisions of the U.S. Internal Revenue Code Sections 457(g) and 401(a), the plan assets are in custodial or trust accounts for the exclusive benefit of the plans' participants and beneficiaries.

The City provides neither administrative services nor investment advice to the plans; therefore, no fiduciary relationship exists between the City and the deferred compensation pension plan. In addition, the plan assets are not included as a fund of the City.

Retiree Health Savings (RHS) Plan was originally adopted on July 1, 2008, and amended and restated on February 12, 2013, by Mayor and Council. The purpose of the Plan is to provide certain Employees with an opportunity to receive reimbursement for certain Health Care Expenses as provided in this Plan. It is the intention of the Adopting Employer that the benefits payable under this Plan be eligible for exclusion from the gross income of Participants as provided by Sections 105(b) and 106 of the Code. In addition, it is the intention of the Adopting Employer that the Plan qualify as a Health Reimbursement Arrangement (HRA) under IRS Revenue Ruling 202-41 (June 26, 2002) and IRS Notice 2002-45 (June 26, 2002). The provider for this RHS plan is Educator Benefit Consultants (EBC). The contributions to this Plan are detailed in the Compensated Absences (N) section on this document.

T. Elected Officials' Defined Contribution Retirement System (EODCRS)

HB 2608 signed in July of 2013 closed the Elected Officials' Retirement Plan (EORP) to new members and established the new Elected Officials' Defined Contribution Retirement System (EODCRS) effective January 1, 2014 (A.R.S. Title 38, Chapter 5, Article 3.1). In addition to this new plan, the EODCRS Disability Program was also established (A.R.S. Title 38, Chapter 5, Article 3.2). EODCRS is a non-ERISA 401(a) plan type. If a person is elected, appointed, or hired on or after January 1, 2014, does not have money on account with EORP, does not have money on account with ASRS or does not timely opt out of the EODCRS to return to ASRS, if applicable, the elected official must be automatically enrolled in the EODCRS. This includes any elected official who has already retired from EORP and/or ASRS. The investment options available to EODCRS members will be administered by Nationwide Retirement Solutions (NRS). The elected official will also contribute to and participate in the EODCRS Disability Program administered by PSPRS.

As prescribed in ARS § 38-727, if a person is appointed, elected, or hired on or after January 1, 2014 and does not have money on account with the EORP, but has money on account with the ASRS, that person has the option to return to the ASRS. The member has the option to participate in either the EODCRS or the ASRS Plan with each term. That decision is irrevocable during the term in which that election was made. Additionally, the elected official will contribute to and participate in the Long-Term Disability Program administered by ASRS. To choose the ASRS, the person must fill out a form provided by PSPRS opting out of the EODCRS. This election must be made within 30 days after that person's term begins and returned to PSPRS. The City was required by statute to contribution 12.20 percent of elected officials participating as an ASRS members' annual covered payroll to the ASRS Legacy

As of January 1, 2014, the employer rate for all employers contributing on behalf of their elected officials, regardless of what plan they are in, will be 23.5%. However, pursuant to ARS § 38-810, subsection C, and as described above, that rate may be split a number of ways depending on which plan (or path) your elected official will belong to. Employee rates will vary, also dependent upon the path your elected official is on, and all are pre-tax contributions. The rates for the respective disability programs are separate from the 23.5% employer rate and are contributed on an after-tax basis. The 23.5% employer rate is set by statute; however the Board of Trustees of PSPRS is required to monitor this rate to inform the Legislature annually of its continued ability to pay the unfunded liability of the EORP legacy costs, so there is the possibility of this rate changing from time-to-time. Additionally, the rate for the disability program will also be reviewed and revised annually to meet its actuarially determined costs.

For the year ended June 30, 2015 active EODCRS members were required by statue to contribute at the rate of 8.125 percent (8 percent to the DC plan and .125 percent for the disability program) of the members' annual covered payroll. The City was required by statue to contribute at the rate 6.125 percent (6 percent to the DC plan and .125 percent for the disability program) of the active members' annual covered payroll. $205 maximum was the annual contribution limit in 2013 from all contribution sources under the 414(h) employer pick up rules. Employee and employer contributions are immediately vested. In addition, the City was required by statute to contribution 17.50 percent of the EODC members' annual covered payroll to the EORP Legacy.

U. Investments

The City uses 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 County Treasurer is not subject to custodial credit risk.

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 the fiscal year ended June 30, 2015, was $263.

(amounts expressed in thousands)

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

The City ended the fiscal year June 30, 2015, with a deficit fund balance/net position in the following funds:

Employee benefits internal service fund		
Deficit will be funded by an increase in premiums for fiscal year 2016 and next fiscal year.	$	4,203
Sanitation		
A rate study is expected to be completed in fiscal year 2016.		894

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 $54,312 and the bank balances were $56,301. The difference of $1,989 represents deposits in transit, outstanding checks, and other reconciling items. At year-end, all of the City's deposits were covered by Federal depository insurance and collateral held in the City's name. City deposits held with fiscal agents at June 30, 2015, were $70,521 and were uncollateralized.

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, 2015, the City had the following investments:

	Investment Maturities (in years)			
Investment Type	0 - 1	1 - 2	2 - 3	Fair Value
Corporate bonds	$ 18,146	$ 26,769	$ 13,027	$ 57,942
U.S. Agencies	25,112	20,146	30,578	75,836
U.S. Treasuries	20,031	15,047	9,990	45,068
Arizona LGIP - State Pool	33,539	-	-	33,539
Grand total investments	$ 96,828	$ 61,962	$ 53,595	$ 212,385
Cash deposits				54,312
Cash with fiscal agents				70,521
Total deposits and investments				$ 337,218

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.

(amounts expressed in thousands)

Credit risk: The City's investment policy requires commercial paper to have a rating of at least A-1 by Standard and Poor's, P-1 by Moody's, or F1 by Fitch. Corporate bonds must have a rating of at least A or better by Standard and Poor's, A2 by Moody's, or A by Fitch. As of June 30, 2015, the City's investments were rated by Moody's Investor Service and Standard & Poor's as follows:

Investment Type	S&P Rating	Moody's Rating	% of Total Investments	Weighted Average Maturity (Years)
U.S. Agencies	AA+	Aaa	35.72%	1.06
U.S. Treasury	AA+	Aaa	21.22%	1.59
Arizona LGIP	NR	NR	15.79%	0.00
Corporate	AA-	Aa3	7.10%	1.10
Corporate	A+	A2	3.83%	1.71
Corporate	AA+	A1	3.57%	1.10
Corporate	A+	A1	2.38%	1.76
Corporate	AA	Aa1	2.36%	2.33
Corporate	AA-	A1	2.36%	1.48
Corporate	AA+	Aaa	2.35%	0.07
Corporate	AA	A1	2.22%	1.85
Corporate	AA+	Aa1	1.10%	1.82

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
T-Note Total	U.S. Treasury	$ 45,068
FHLB Total	U.S. Agencies	35,243
Arizona LGIP Total	Arizona LGIP	33,539
FFCB Total	U.S. Agencies	25,055

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.

IV. Note receivable

On October 22, 2008, the Western Loop 101 Public Facilities Corporation (PFC), a blended component of the City, issued $199,750 in third lien excise tax revenue bonds to construct a baseball spring training facility. On October 1, 2009, the City finalized an Intergovernmental Agreement with the Arizona Sports and Tourism Authority (AZSTA) for the Glendale Spring Training Facility Project. The AZSTA agreed to contribute to the City $60,000 for the construction costs plus interest at 4.13% per annum payable semi-annually. A note receivable for the agreed upon contribution amount plus accrued interest on the note in the amount of $20,293 less an allowance for doubtful accounts in the amount of $28,985 has been recorded at June 30, 2015. No payments have been received by the City on the note as of June 30, 2015. At the Glendale City Council workshop session held on August 5, 2014, the AZSTA presentation included projections for the AZSTA to begin making payments to the City in the year 2021. On December 27, 2012, the City of Glendale Municipal Property Corporation (MPC), a blended component unit of the City, issued subordinate excise tax revenue bonds to refund the $199,750 third lien excise tax revenue bonds. The issuance of $183,405 in tax-exempt bonds and $16,850 in taxable bonds achieved debt service savings and lowered the next five fiscal years' annual rental payments under the Lease Agreement. In fiscal year 2015, the AZSTA receivable was recorded in the MPC debt service fund.

(amounts expressed in thousands)

V. Capital assets

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2015, is as follows:

	Balances June 30, 2014	Increase	Decrease	Balances June 30, 2015
Governmental activities				
Non-depreciable assets:				
Construction in progress	$ 30,972	$ 13,659	$ (25,423)	$ 19,208
Land	90,338	743	(844)	90,237
Artwork	2,378	-	-	2,378
Total non-depreciable assets	123,688	14,402	(26,267)	111,823
Depreciable assets:				
Buildings	387,023	-	-	387,023
Improvements other than buildings	263,352	10,622	-	273,974
Infrastructure - streets	720,916	16,307	(1,085)	736,138
Infrastructure - parks	91,121	-	(2,157)	88,964
Infrastructure - flood/storm drains	77,488	106	-	77,594
Infrastructure - airport	14,710	-	-	14,710
Machinery and equipment	44,048	392	(86)	44,354
Computer equipment	4,758	526	(106)	5,178
Software	4,129	1,170	-	5,299
Automotive equipment	41,312	5,611	(2,659)	44,264
Total depreciable assets at historical cost	1,648,857	34,734	(6,093)	1,677,498
Less accumulated depreciation for:				
Buildings	(105,394)	(10,203)	-	(115,597)
Improvements other than buildings	(117,011)	(9,257)	-	(126,268)
Infrastructure - streets	(256,424)	(18,885)	-	(275,309)
Infrastructure - parks	(34,429)	(3,285)	954	(36,760)
Infrastructure - flood/storm drains	(7,870)	(1,098)	-	(8,968)
Infrastructure - airport	(8,779)	(491)	-	(9,270)
Machinery and equipment	(37,040)	(1,047)	82	(38,005)
Computer equipment	(4,068)	(162)	106	(4,124)
Software	(1,746)	(560)	-	(2,306)
Automotive equipment	(30,468)	(2,330)	2,367	(30,431)
Total accumulated depreciation	(603,229)	(47,318)	3,509	(647,038)
Total depreciable assets, net	1,045,628	(12,584)	(2,584)	1,030,460
Governmental activities capital assets, net	$ 1,169,316	$ 1,818	$ (28,851)	$ 1,142,283

CITY OF GLENDALE, ARIZONA
Notes to the Financial Statements
June 30, 2015
(amounts expressed in thousands)

	Balances June 30, 2014	Increase	Decrease	Balances June 30, 2015
Business-Type activities:				
Non-depreciable assets:				
Construction in progress - water and sewer	$ 11,642	$ 5,786	$ (5,412)	$ 12,016
Construction in progress - landfill	496	1,646	(26)	2,116
Construction in progress - housing authority	233	99	(175)	157
Land	26,299	-	-	26,299
Total non-depreciable assets	38,670	7,531	(5,613)	40,588
Depreciable assets:				
Buildings	16,696	161	-	16,857
Water rights	9,183	-	-	9,183
Improvements other than buildings	70,833	129	-	70,962
Water lines	116,486	1,708	-	118,194
Sewer lines	128,843	1,161	-	130,004
Water treatment plant	249,149	4,215	-	253,364
Sewer treatment plant	137,860	661	-	138,521
Meters and services	28,440	-	-	28,440
Fire hydrants	5,187	-	-	5,187
Machinery and equipment	5,288	283	(109)	5,462
Computer equipment	925	-	-	925
System Purchase	1,163	-	-	1,163
Automotive equipment	20,494	3,865	(2,226)	22,133
Total depreciable assets at historical cost	790,547	12,183	(2,335)	800,395
Less accumulated depreciation for:				
Buildings	(9,096)	(548)	-	(9,644)
Water rights	(1,424)	(179)	-	(1,603)
Improvements other than buildings	(23,249)	(2,963)	-	(26,212)
Water lines	(42,606)	(2,565)	-	(45,171)
Sewer lines	(57,029)	(3,044)	-	(60,073)
Water treatment plant	(88,895)	(8,845)	-	(97,740)
Sewer treatment plant	(42,597)	(3,995)	-	(46,592)
Meters and services	(13,442)	(728)	-	(14,170)
Fire hydrants	(2,423)	(103)	-	(2,526)
Machinery and equipment	(3,760)	(318)	98	(3,980)
Computer equipment	(732)	(1)	-	(733)
System Purchase	-	(140)	-	(140)
Automotive equipment	(16,413)	(1,581)	2,129	(15,865)
Total accumulated depreciation	(301,666)	(25,010)	2,227	(324,449)
Total depreciable assets, net	488,881	(12,827)	(108)	475,946
Business-Type activities capital assets, net	$ 527,551	$ (5,296)	$ (5,721)	$ 516,534

(amounts expressed in thousands)

Depreciation was charged to functions/programs as follows:

Governmental activities:		
General	$	13,351
Public safety		4,182
Public works		14,115
Street maintenance		11,183
Community services		4,475
Community environment		12
Total depreciation expense	$	47,318

Business-Type activities:		
Water and sewer	$	22,370
Landfill		787
Sanitation		1,400
Housing		453
Total depreciation expense	$	25,010

Included in the water and sewer depreciation amount is $179 amortization of water storage rights.

VI. Construction commitments

The City has active construction projects as of June 30, 2015. The projects include street construction, park facilities, and the construction of additional water and sewer facilities. At year-end the government's commitments with contractors are as follows:

Project	Spent-to-Date		Construction Commitment	
General government	$	5,522	$	606
Community services		113		496
Public safety		2,821		10
Public works		3,253		45
Street maintenance		7,497		11,424
Water and sewer facilities		12,016		7,177
Landfill		2,115		2,904
Housing		157		-
Total primary government	$	33,494	$	22,662

VII. 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, and loss and destruction of assets. The City's risk management fund purchases excess or commercial insurance as follows: automobile and general liability, errors and omissions, employment practices liability, employee benefit liability, employee benefits wrongful acts, and products completed operations hazards with limits up to $50,000. The risk management fund was fully self-insured through June 30, 1998, for tort liability losses. Effective July 1, 1998, the City purchased excess insurance. Currently the excess insurance liability coverage has a $1,000 self-insured retention. The fund also purchased commercial insurance for airport owners and operators liability with limits up to $20,000 and no deductible, crime coverage with limits up to $10,000 with a $50 deductible, fiduciary liability covering the Deferred Compensation Committee with limits up to $5,000 and no deductible, and public employees blanket bond covering the Risk Management and Workers' Compensation Trust Fund Board with limits up to $10. Property coverage for damage or destruction of city assets is up to $1,000,000 with varying deductibles from $25 up to $500. The property coverage includes builders risk, automobile physical damage, boiler and machinery, pollution and cyber.

Funds receiving insurance coverage pay monthly premiums to the risk management fund based upon a budget model taking into consideration actuarial analysis and projections, prior loss experience, staffing, and operating budget.

Premium payments to insurance carriers, loss control, and risk management expenses are made directly from the risk management fund. Insurance coverage has not 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 $2,000 for each workers' compensation claim with an $850 self-insured retention.

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

Premium payments to insurance carriers and loss control and workers' compensation expenses 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 contribute 100% 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 fully insured and self-insured insurance plans. The City is responsible for the first $200 in medical claims per individual per plan year. Claims exceeding $200 for an individual are paid by the reinsurance plan.

Premiums for the self-insured medical plan are set prior to the beginning of each plan year equal to 125% 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 risk management trust fund and workers' compensation self-insurance programs do include a provision for unallocated claim adjustment expenses. The workers' compensation fund includes payment of 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 risk management fund and the workers compensation fund are funded to meet a 55% confidence level of the most recent actuarial report.

The City reports the estimated liability in net present value dollars using a future investment yield assumption of .51%. These liabilities are reported in the internal service funds at their actuarial determined liability of $10,369 as of June 30, 2015. Changes in the balances of claims liabilities during the past two years are as follows:

	Risk Management		Workers' Compensation		Employee Benefits	
	2015	2014	2015	2014	2015	2014
Unpaid claims, beginning of fiscal year	$ 3,167	$ 4,261	$ 3,706	$ 3,151	$ 4,149	$ 1,995
Current year claims and changes in estimate	599	(655)	546	2,054	21,560	24,333
Claims payments	(909)	(439)	(734)	(1,499)	(21,715)	(22,179)
Balance at fiscal year end	$ 2,857	$ 3,167	$ 3,518	$ 3,706	$ 3,994	$ 4,149

(amounts expressed in thousands)

VIII. Leases

A. Capital leases

The City's capital lease activity consists principally of leasing various types of heavy equipment and light equipment such as photocopiers for the Fire Department. Leases vary in terms of 6 to 9 years for photocopiers and for fire trucks. Current year principal expenditures are $10,304 for governmental activities. The future minimum lease obligation and net present value of lease payments at June 30, 2015, are as follows:

Year Ending June 30	Governmental Activities
2016	$ 54
2017	2
2018	2
2019	1
Total minimum lease payments	59
Less: Amount representing interest	(2)
Present value of net minimum lease payments	$ 57

The assets acquired through capital leases are as follows:

Class of Property	Governmental Activities
Equipment	$ 186
Automotive equipment	1,667
Building	197
Other	5,341
	7,391
Less: Accumulated depreciation	(4,559)
Total	$ 2,832

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 2014-15 were $222.

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 2015 and beyond. The carrying value of leased assets is $328,543 (cost of $494,442 less accumulated depreciation of $165,899). 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.

(amounts expressed in thousands)

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

Fiscal Year	Total Revenues
2016	$ 2,676
2017	2,933
2018	2,274
2019	2,262
2020	2,275
2021 and beyond	44,815
Total	$ 57,235

IX. Short-term debt

The City did not issue short-term debt for the year ended June 30, 2015.

X. Long-term debt

A. General obligation bonds (GO)

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 User Revenue Fund (HURF) bonds are used to construct street and highway projects. The $1,895 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 user 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 $1,971. The current year principal and interest amounts of $1,805 and $148, respectively, were funded with transfers of $958 from HURF fund; and $1,000 from transportation fund. 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 $80,995 in bonds outstanding is secured by the City's pledge of a 0.50% transportation excise tax approved by voters on November 6, 2001. The debt service payments are also secured by the same excise tax. The total remaining principal and interest to be paid to a trustee under a trust agreement is $117,947. The current year revenues of $24,690 collected in the transportation special revenue fund paid the current year principal and interest amounts of $3,345 and $3,597, respectively.

For transportation revenue bonds, the pledged revenue coverage covenants in the purchase agreements require the transportation excise taxes received must be equal to or at least one and one-half times the total interest and principal payment required in the current fiscal year.

The Excise Tax Revenue Refunding bonds are special obligations of the City and are not a general obligation of the City. Under a purchase agreement the City makes monthly payments to a trustee. The payments are secured by a senior claim and pledge by the City of all of the City's unrestricted excise tax revenues which comprise of all excise tax, transaction privilege, franchise and income tax which it collects or is apportioned by the State or political subdivision of the State. The $114,130 in bonds outstanding was issued to refund senior and subordinate excise tax revenue bonds issued by the MPC. The total principal and interest remaining on the bonds to be paid is $175,176. The current year interest amount of $1,793 was funded with a transfer from the MPC debt service fund.

The $231,735 in water and sewer revenue bonds/obligations outstanding has been issued for the construction, acquisition, and equipping of water and sewer facilities and related systems and infrastructure. These 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 and interest income less such necessary expenses of operation, maintenance, and repair of the system excluding depreciation, amortization and debt service. The total principal and interest remaining to be paid is $322,209. The current year principal and interest on the bonds were $24,088 and net revenues of the system were $37,613.

For water and sewer revenue bond senior obligations, the pledged revenue coverage covenants in the purchase agreements require the revenues received must be equal to or at least one hundred twenty percent of the combined debt service on all outstanding senior obligations. For water and sewer revenue bond subordinate obligations, the pledged revenue coverage covenants in the purchase agreements require the revenues received must be equal to or at least one hundred twenty percent of the combined debt service on all outstanding senior obligations and subordinate obligations.

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 purchased 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. In February 2012, the City entered into a lease agreement with the MPC to issue bonds to partially refund outstanding maturities of the bond series 2003, 2004, and 2006. In December 2012, the City entered into a lease agreement with the MPC to issue bonds to partially refund outstanding maturities of the bond series 2003 and 2004, and to fully refund outstanding maturities of the Western Loop 101 Public Facilities Corporation bond series 2008. In March 2015, senior excise tax revenue bonds were issued to refund MPC bonds series 2002B, 2003B, 2006A, and series 2012D, respectively. An amount equal to the MPC debt service and related miscellaneous fees, is payable to the MPC in monthly installments by the City.

Under the provisions of the purchase agreement, the City has pledged for the payment of the purchase price: 1) all net revenues derived from the municipal office complex and arena, and 2) all excise, transaction, privilege and franchise taxes which the City currently collects, may collect or are allocated to the City by any other governmental unit or municipal corporation, except the City's 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 nor will the purchase price be payable from the proceeds of ad valorem taxes. The total principal and interest remaining to be paid is

(amounts expressed in thousands)

$ 559,216. Excise tax revenues pledged for repayment of MPC was $151,963. The current year principal and interest paid was $21,967.

For senior liens, the pledged revenue coverage covenants in the lease agreements require the unrestricted excise taxes received must be equal to or at least three times the senior excise tax obligation payment required in any current fiscal year. The requirement for second liens is the unrestricted excise taxes received must be equal to at least two times the combined total payment on senior excise tax obligations and second lien excise tax obligations in any current fiscal year.

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, 2015:

	June 30, 2014 - restated	Increases	Decreases	June 30, 2015	Amounts Due Within One Year
General obligation (GO) bonds	$ 147,810	$ 39,490	$ (60,995)	$ 126,305	$ 18,460
Revenue bonds:					
Highway user revenue	3,700	-	(1,805)	1,895	1,895
Excise Tax Revenue bonds	-	114,130	-	114,130	-
Transportation bonds	88,015	55,635	(62,655)	80,995	3,380
Municipal Property Corporation	459,585	-	(133,210)	326,375	2,775
Total bonds payable	699,110	209,255	(258,665)	649,700	26,510
Other long-term obligations:					
Capital lease obligations	10,361	-	(10,304)	57	52
OPEB obligations	53,689	2,925	-	56,614	-
Compensated absences	19,152	10,930	(8,374)	21,708	13,685
Claims and judgments	11,022	22,705	(23,358)	10,369	10,369
Unamortized premium on debt issuance	24,349	35,751	(4,523)	55,577	3,886
Discount on debt issuance	(1,464)	-	62	(1,402)	-
Net pension obligation	207,362	37,123	-	244,485	-
Developer payable obligations	3,112	294	-	3,406	-
Total other long-term obligations	327,583	109,728	(46,497)	390,814	27,992
Total	$ 1,026,693	$ 318,983	$ (305,162)	$ 1,040,514	$ 54,502

General, transportation, and police and fire sales tax special revenue funds typically have been used to liquidate compensated absences in prior years, since most employees engaged in governmental activities are paid from those funds. Paychecks include payment for leave taken during the current pay period. Of the $1,040,514 in the total liabilities, $434,945 is related to net position for the City's net investment in capital assets. Other obligations not included in the calculation of net position for the City's net investment in capital assets are OPEB obligations, compensated absences, and claims and judgments. No governmental funds cash has been used to fund the net other post-employment benefit obligation (OPEB). The net annual OPEB cost for the current fiscal year was 32.3% funded by the employee benefits internal service fund. This fund receives money from employee contributions as well as general and water and sewer fund contributions.

(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, 2015:

	June 30, 2014 - restated	Additions	Reductions	June 30, 2015	Amounts Due Within One Year
Water and sewer revenue/obligation bonds	$ 253,115	$ 121,245	$ (142,625)	$ 231,735	$ 9,415
Total bonds payable	253,115	121,245	(142,625)	231,735	9,415
Other long-term obligations:					
Estimated closure and post-closure costs	15,166	-	(206)	14,960	-
Unamortized premium on debt issuance	14,139	19,257	(4,164)	29,232	2,250
Net Pension obligations	32,100	-	(3,561)	28,539	-
OPEB obligations	12,089	702	-	12,791	-
Compensated absences	2,749	1,925	(1,528)	3,146	1,944
Housing noncurrent liabilities	93	5	-	98	-
Total other long-term obligations	76,336	21,889	(9,459)	88,766	4,194
Total	$ 329,451	$ 143,134	$ (152,084)	$ 320,501	$ 13,609

Of the $320,501 in total liabilities, $274,137 (including matured bonds payable) is included in the calculation of net position for the City's net investment in capital assets. Other obligations not included in the calculation of net position for the City's net investment in capital assets are estimated landfill closure and post-closure costs, OPEB obligations, compensated absences, and housing noncurrent liabilities.

E. Current and 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 issues 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.

(amounts expressed in thousands)

Issue Refunded	Date Refunded	Remaining Balance
Western Loop 101 Public Facilities Corporation Bonds Series 2008C	December 27, 2012	$ 10,645
Transportation Excise Tax Bonds 2007	February 25, 2015	59,110
Water and Sewer Revenue Bonds 2006	March 3, 2015	61,145
Water and Sewer Revenue Bonds 2007	March 3, 2015	28,970
Water and Sewer Revenue Bonds 2008	March 3, 2015	39,340
Municipal Property Corporation Bonds Series 2006A	March 5, 2015	24,145
Municipal Property Corporation Bonds Series 2012D	March 5, 2015	8,285
General Obligation Bonds 2006A	March 10, 2015	9,735
General Obligation Bonds 2007	March 10, 2015	20,300

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(amounts expressed in thousands)

F. Bonds payable

Bonds payable at June 30, 2015, are comprised of the following:

Classified in governmental 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, 2015
GO bonds payable from secondary assessed property taxes					
Various	1.50-5.00	2003	2018	$ 52,525	$ 4,335
Various	4.00-5.00	2006	2021	29,365	4,250
Various	4.00-5.00	2007	2022	61,000	12,895
Various	1.50-5.63	2010	2030	41,650	35,155
Refunding	4.00-5.00	2011	2022	38,300	30,180
Refunding	2.00-5.00	2015	2022	39,490	39,490
Total					126,305
Revenue bonds payable from highway user revenue funds					
Streets	4.00-5.00	2006	2016	15,745	1,895
Total					1,895
Revenue bonds payable from the 0.5% transportation sales tax					
Transportation excise tax	4.00-5.00	2008	2032	109,110	25,655
Refunding	2.00-5.00	2015	2032	55,635	55,340
Total					80,995
Excise Tax bonds payable from general fund sales tax					
Refunding 2015A	5.00	2015	2031	100,430	100,430
Refunding 2015B	3.93-4.03	2015	2033	13,700	13,700
Total					114,130
Municipal Property Corporation payable from general fund lease payments					
MPC excise tax 2003B	1.46-5.58	2003	2033	105,260	1,480
MPC refunding	4.70-4.70	2004	2033	7,250	7,250
MPC excise tax 2008A	3.00-5.00	2008	2032	32,315	31,980
MPC excise tax 2008B	5.45-6.16	2008	2033	52,780	47,490
MPC refunding 2012A	3.00-5.00	2012	2021	8,665	8,665
MPC refunding 2012B	5.00	2013	2033	39,620	39,620
MPC refunding 2012C	5.00	2013	2038	183,405	183,405
MPC refunding 2012D	1.30-3.125	2013	2020	16,850	6,485
Total					326,375
Total bonds payable recorded in governmental activities					649,700
Less current portion					(26,510)
Long-term portion of bonds payable recorded in governmental activities					$ 623,190

(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, 2015
Revenue bonds/obligations payable from water and sewer fund					
Various	4.25-5.00	2007	2028	44,500	$ 4,325
Various	3.00-5.00	2008	2028	65,500	8,860
Various	6.20-6.55	2011	2030	25,685	25,685
Various refunding	2.00-5.00	2012	2028	77,635	71,620
Various refunding	2.50-5.00	2015	2028	121,245	121,245
Total					231,735
Total bonds payable recorded in business-type activities					231,735
Less current portion					(9,415)
Long-term portion of bonds payable recorded in business-type activities					$ 222,320

The Arizona Constitution provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed 6% of the limited 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 limited 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, 2015, is as follows:

	6%	20%
Capacity to incur bonded debt	$ 67,877	$ 226,257
Less: Bonded debt applicable to limit	165	(118,200)
Unused bonded debt capacity	$ 68,042	$ 108,057

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 June 30, 2015, are shown below:

GO bonds	Authorized Amount	Issued through June 30, 2015	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	17,873	32,627
Governmental facilities(1)	40,910	16,910	24,000
Landfill development(1)	17,000	1,460	15,540
Library	15,398	-	15,398
Open spaces	53,700	3,175	50,525
Public safety	64,801	62,966	1,835
Transit(1)	6,935	185	6,750
Voter authorized May 15, 2007			
Flood control	20,554	10,522	10,032
Parks and recreation	16,155	1,518	14,637
Public safety	102,638	-	102,638
Streets and parking	79,065	11,827	67,238
Total GO bonds	$ 502,319	$ 139,480	$ 362,839
Revenue bonds			
Voter authorized November 2, 1999			
Water and sewer(1)	$ 10,000	$ -	$ 10,000
Total revenue bonds	10,000	-	10,000
Total bonds	$ 512,319	$ 139,480	$ 372,839

(1) Certain general obligation bonds or revenue bonds can be issued as general obligation bonds, revenue bonds or a combination thereof.

H. Other debt (developer, notes, long-term)

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

Developer Payable Obligation - On December 1, 2005, the City entered into a development and ground lease agreement with Cabela's whereby Cabela's has the option to purchase the City owned property 90 days after the expiration of the 20-year ground lease (option date). In addition, the City entered into a site improvement management agreement on July 1, 2006, whereby Cabela's accrues a management compensation amount for their actual costs of operation, maintenance, and repair of site improvements. The management compensation amount accrues annually with interest. At the option date Cabela's can purchase the property at Fair Market Value and receive a credit against the purchase price for the accrued management compensation amount.	$ 3,406

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(amounts expressed in thousands)

I. Future year debt service requirements

Fiscal Year Ending	HURF Bonds	Trans-portation Bonds	MPC Bonds	Excise Tax Bonds	G.O. Bonds	Water and Sewer Revenue Bonds/ Obligations	Total
2016	$ 1,971	$ 7,143	$ 18,707	$ 5,566	$ 24,017	$ 20,134	$ 77,538
2017	-	7,144	20,876	5,566	19,999	20,126	73,711
2018	-	7,147	20,575	6,681	18,230	22,640	75,273
2019	-	7,145	22,857	10,695	18,061	25,448	84,206
2020	-	7,143	23,861	10,791	18,028	25,080	84,903
2021	-	6,811	25,717	10,864	18,000	24,409	85,801
2022	-	6,811	25,662	10,919	14,681	24,079	82,152
2023	-	6,806	24,269	12,312	3,444	25,290	72,121
2024	-	6,811	23,603	12,980	3,407	25,288	72,089
2025	-	6,810	23,515	13,065	3,370	25,285	72,045
2026	-	6,808	23,453	13,132	3,328	25,289	72,010
2027	-	6,810	26,041	10,538	3,283	24,162	70,834
2028	-	6,808	25,968	10,608	3,234	20,302	66,920
2029	-	6,809	26,628	9,954	3,184	7,410	53,985
2030	-	6,806	26,535	10,047	3,135	7,267	53,790
2031	-	6,810	26,472	10,110	-	-	43,392
2032	-	7,325	26,404	10,178	-	-	43,907
2033	-	-	35,412	1,170	-	-	36,582
2034	-	-	22,532	-	-	-	22,532
2035	-	-	22,533	-	-	-	22,533
2036	-	-	22,532	-	-	-	22,532
2037	-	-	22,532	-	-	-	22,532
2038	-	-	22,532	-	-	-	22,532
Total	1,971	117,947	559,216	175,176	157,401	322,209	1,333,920
Less interest	76	36,952	232,841	61,046	31,096	90,474	452,485
Principal	$ 1,895	$ 80,995	$ 326,375	$ 114,130	$ 126,305	$ 231,735	$ 881,435

(amounts expressed in thousands)

The following table discloses the debt service requirements as of June 30, 2015, segregating principal and interest, for the next five years and in five-year increments thereafter.

Fiscal Year	Principal	Interest	Total
2016	$ 35,925	$ 41,613	$ 77,538
2017	33,560	40,151	73,711
2018	36,605	38,668	75,273
2019	46,990	37,216	84,206
2020	49,790	35,113	84,903
2021-2025	243,655	140,553	384,208
2026-2030	235,290	82,249	317,539
2031-2035	137,720	31,226	168,946
2036-2038	61,900	5,696	67,596
Total	$ 881,435	$ 452,485	$ 1,333,920

J. New bonds

On February 25, 2015, the City issued $55,635 in Transportation excise tax revenue refunding bonds to advance refund the 2021-31 maturities of the Transportation excise tax revenue bonds issued in 2007. The 2015 bonds mature on various dates starting 2015 to 2031 with an interest rate of 2.00-5.00%. The bonds are not a general obligation of the City, but are a special obligation of the City and are payable from and secured by a 0.50% transportation excise tax approved by voters.

On March 3, 2015, the City issued $121,245 in Senior Lien Water and Sewer revenue refunding bonds to advance refund the 2016 -28 Water and Sewer Revenue bonds issued in 2006, 2007, and 2008, respectively. The 2015 bonds mature on various dates starting 2018 to 2028 with an interest rate of 2.5-5.00%. The bonds are not a general obligation of the City, but are a special revenue obligation of the City and are pledged and secured solely by the net revenues of the water and sewer system.

On March 5, 2015, the City issued $114,130 in Senior Excise Tax revenue refunding obligations to current refund the MPC bond series 2002 with bonds maturing in 2029-33, current refund the MPC taxable senior bond series 2003B with bonds maturing in 2015-32, advance refund the senior MPC 2006A bonds maturing in 2015-26, and advance refund the MPC subordinate 2012D bonds with maturities in 2015 and 2016. The 2015 bonds mature on various dates starting 2018 to 2033 with various interest rates of 3.979% to 5.00%. The bonds are not a general obligation of the City, but are a limited obligation of the City and are payable from and secured by a senior lien pledge of the city's Unrestricted Excise Taxes.

On March 10, 2015, the City issued $39,490 in General Obligation refunding bonds to current refund the bond series 2004 with bond maturing in 2016-19, advance refund the 2006A bonds maturing in 2018-2021, and advance refund the 2007 bonds with maturities in 2019-22. The 2015 bonds mature on various dates starting 2016 to 2022 with various interest rates of 2.00-5.00%. The bonds are a direct general obligation of the City and pledged by the full faith and credit of the City. They are repaid through the levying of property taxes by the City.

In total, the bonds refunding resulted in a deferred outflow of $16,691 and will be amortized over the life of the new refunding bonds. The City realized a future cash flow savings in the amount of $49,454.

(amounts expressed in thousands)

XI. 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, 2015, 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)	31,127	22,429
Capacity used to date	-	19,687
Percentage of capacity used	-	88%
Total closure and post-closure		
costs in present dollars:		
as of June 30, 2015	$ 18,148	$ 17,043
as of June 30, 2014	$ 18,059	$ 16,959
Closure and post-closure care costs:		
Amount remaining to be recognized		
as of June 30, 2015	$ 18,148	$ 2,083
Liability recognized as of June 30, 2015	$ -	$ 14,960

These amounts are based on what it would cost to perform all closure and post-closure care in fiscal year 2014-15. 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 46 years.

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

(amounts expressed in thousands)

XII. Inter-fund transactions

Inter-fund balances at June 30, 2015, consisted of the following:

A. Due to/due from

Due to general fund from:		
Other non-major governmental funds		
Community development block grant	$	1,928
Other special revenue		608
Total due to general fund	$	2,536

The inter-fund balances at June 30, 2015, include short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements. All inter-fund balances outstanding at June 30, 2015, are expected to be repaid within one year.

B. Advance to/advance from

In April 2015, the City Council adopted a resolution to reclassify the remaining balance of $39,276 on the inter-fund advance to an inter-fund transfer from water & sewer, landfill, and sanitation to general fund.

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(amounts expressed in thousands)

C. Inter-fund transfers

Inter-fund transfers for the year ended June 30, 2015, consisted of the following:

Transfers to general fund from:		
Special revenue funds		
Transportation fund	$	19
Highway users gas tax		15
Police and fire sales tax		11,100
Other Special Revenue Funds		4
Capital projects funds		
Streets construction fund		59
Enterprise funds		
Water and sewer enterprise fund		14,909
Non-major proprietary fund		24,563
Total transfers to general fund		50,669
Transfers to municipal property corporation debt service from:		
Debt service funds		
Excise tax revenue		135,058
Public facilities corporation		98
General Fund		29,842
Total transfers to municipal property corporation debt service		164,998
Transfers to non-major special revenue fund from:		
General fund		1,531
Total transfers to non-major special revenue fund		1,531
Transfers to non-major debt service funds from:		
Municipal property corporation		1,793
Transportation fund		8,331
Highway users gas tax		958
Street construction		849
Other construction		5,004
Total transfers to non-major debt service funds		16,935
Transfers to non-major capital projects fund from:		
Transportation fund		4,712
Highway users gas tax		1,849
Total transfers to capital projects fund		6,561
Transfers to housing, other non-major proprietary fund from:		
General fund		274
Total transfers to housing, other non-major proprietary fund		274
Grand total all transfers	$	240,968

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

The inter-fund transfers are all classified as transfers and are included in the results of operations of both governmental and proprietary funds.

(amounts expressed in thousands)

XIII. 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 budgeted in the new fiscal year. At June 30, 2015, the City intended to honor $10,619 of outstanding encumbrances in the new fiscal year.

Fund		
Major:		
General	$	12
Transportation		206
Water and sewer		5,867
Non-Major:		
Other special revenue		284
Streets capital		2,752
Other capital		29
Landfill		1,469
Total	$	10,619

XIV. 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 the plant and related transportation facilities based on ownership. The latest available audited financial information on the joint venture is as of and for the fiscal year ended June 30, 2014. The City accounts for its approximate 6.8% investment using the equity method in the water and sewer fund. For the year ended June 30, 2014, the City recognized a loss in the joint venture of $3,764. 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.

(amounts expressed in thousands)

Summary of audited financial information on the joint venture as of and for the fiscal year ended June 30, 2014, is as follows:

Assets		
Current assets	$	46,136
Capital assets, net of accumulated depreciation		782,409
Total assets		828,545
Liabilities		28,732
Net assets	$	799,813
Total revenues	$	50,663
Total expenses		(82,237)
Decrease in net assets	$	(31,574)

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.

XV. 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.

XVI. Governmental fund balance components and fund type definitions

The City has a formally adopted minimum fund balance policy for the general fund. This policy was adopted though the annual budget process. The policy states that the general fund should maintain a minimum unassigned fund balance between 5% and 10% of general fund revenues received less revenues associated with the sporting facilities, certain rental revenues, replacement fund revenues and monies set aside for court, art commission, and employee groups divisions.

The City’s general fund, unassigned fund balance at June 30, 2015 is $28,409. Per the City’s adopted financial policies, 10% of the general fund operating revenue which totals $19,650 has been earmarked as the Budget Stabilization Reserve and $8,759 has been earmarked as the Operating Reserve. Consistent with the requirements of GASB Statement No. 54, formal Council action was not taken prior to June 30, 2015 to commit these funds; therefore, the funds are reported as unassigned.

(amounts expressed in thousands)

	General	Municipal Property Corporation Debt Service	Other Non-Major Governmental Funds	Total Governmental Funds
Nonspendable				
Inventories and prepaid items	$ 216	$ -	$ 107	$ 323
Cemetery perpetual care	-	-	5,661	5,661
Total Nonspendable	216	-	5,768	5,984
Restricted				
Public transit	-	-	36,496	36,496
State drug enforcement	-	-	2,158	2,158
U.S. drug enforcement	-	-	238	238
Debt service	-	7,161	8,516	15,677
Court security	110	-	-	110
Court time payments	121	-	-	121
Court computer upgrade	79	-	-	79
HOME program	-	-	134	134
Highway user gas tax	-	-	23,663	23,663
Police activities	7,995	-	-	7,995
Fire activities	1,166	-	-	1,166
Development impact fees	-	-	14,175	14,175
HURF bond projects	-	-	2,159	2,159
Fire and police construction	-	-	1,560	1,560
Park bond construction	-	-	143	143
Economic development	-	-	45	45
Open space/trails	-	-	227	227
Cultural and historical projects	-	-	262	262
Government facilities	-	-	36	36
Flood control construction	-	-	2,404	2,404
Other	842	-	593	1,435
Total restricted	10,313	7,161	92,809	110,283
Committed				
Artwork	1,005	-	-	1,005
Other	109	-	-	109
Total committed	1,114	-	-	1,114
Assigned				
Equipment replacement	4,610	-	-	4,610
General government capital projects	2,015			2,015
Computer replacement	444	-	-	444
Telephone service	172	-	-	172
Equipment management	93	-	-	93
Health center	104	-	-	104
Public safety training facility	244	-	-	244
Tourism promotion initiatives	814	-	-	814
Other	67	-	277	344
Total assigned	8,563	-	277	8,840
Unassigned fund balance	28,409	-	-	28,409
	$ 48,615	$ 7,161	$ 98,854	$ 154,630

(amounts expressed in thousands)

Enterprise Fund Type
Water and Sewer Fund

Restricted for debt service	$ 13,170
Restricted for revenue bond retirement/replacement and extension Two percent of net water revenues must be, by bond ordinance, 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 capital assets of the water and sewer fund.	10,122
Restricted for other purposes	798
Total restricted for water and sewer	$ 24,090
Total restricted for enterprise fund types	$ 24,090

XVII. Change in accounting principle

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

	Governmental Activities	Business-Type Activities	Total
Net position - beginning	$ 539,379	$ 434,264	$ 973,643
Adjustment	(207,362)	(32,101)	(239,463)
Net position beginning - restated	$ 332,017	$ 402,163	$ 734,180

Business Type Activities:

	Major Funds Water and Sewer	Other Proprietary Funds	Total	Internal Service Funds
Net position - beginning	$ 393,302	$ 43,670	$ 436,972	$ (913)
Adjustment	(20,857)	(11,244)	(32,101)	(22)
Net position beginning - restated	$ 372,445	$ 32,426	$ 404,871	$ (935)

XVIII. Employee retirement systems and pension plans

The City contributes to the Arizona State Retirement System (ASRS), the Public Safety Personnel Retirement System (PSPRS) for police officers and fire fighters, and the Elected Officials Retirement Plan (EORP) for City elected officials who are elected, appointed, or hired prior to January 1, 2014.

(amounts expressed in thousands)

At June 30, 2015, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net pension assets	$ -	$ -	$ -
Net pension liabilities	244,485	28,539	273,024
Deferred outflows of resources	50,471	3,317	53,788
Deferred inflows of resources	21,842	6,317	28,159
Pension expense	26,944	1,302	28,246

A. Arizona State Retirement System (ASRS)

Plan Description - City employees not covered by the other pension plans described on the following pages participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

Benefits Provided - The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement initial membership date:	
	Before July 1, 2011	**On or after July 1, 2011**
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

**With actuarially reduced benefits*

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

(amounts expressed in thousands)

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll. The City was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.51 percent for retirement and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the city in positions that would typically be filled by an employee who contributes to the ASRS. Contributions to the pension plan for the year ended June 30, 2015, were $5,996. The City's contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

Year Ended June 30,	Health Benefit Supplement Fund	Long-Term Disability Fund
2015	$ 325	$ 66
2014	335	134
2013	379	140

Pension Liability - At June 30, 2015, the City reported a liability of $91,702 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014.

The City's reported liability at June 30, 2015, decreased by $17,441 from the City's prior year liability of $109,143 because of changes in the ASRS' net pension liability and the City's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

The City's proportion of the net pension liability was based on the City's FY 2014 contributions. The City's proportion measured as of June 30, 2014, was 0.619749 percent, which was a decrease of 0.036775 from its proportion measured as of June 30, 2013.

(amounts expressed in thousands)

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2015, the City recognized pension expense for ASRS of $4,179. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,660	$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	16,036
Changes in proportion and differences between City contributions and proportionate share of contributions	-	4,267
City contributions subsequent to the measurement date	5,996	-
Total	$ 10,656	$ 20,303

The $5,996 reported as deferred outflows of resources related to ASRS pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	$ (3,838)
2017	(3,838)
2018	(3,958)
2019	(4,009)

Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method:	
Plan amendments	Immediate
Investment gain/loss	5 Years
Assumption gain/loss	Average future service life
Experience gain/loss	Average future service life
Asset valuation	Fair value
Investment rate of return	8%
Projected salary increases	3 - 6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2012.

(amounts expressed in thousands)

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return Arithmetic Basis
Equity	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.75%
Commodities	4%	4.50%
Total	100%	

Discount Rate - The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate – The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate.

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City's proportionate share of the net pension liability	$ 115,906	$ 91,702	$ 78,570

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

B. Elected Officials' Retirement Plan (EORP)

Plan Description – EORP, a pension trust fund of the State of Arizona, is a cost sharing multiple-employer public employee retirement plan established by Title 38, Chapter 5, Article 3 of the Arizona Revised Statutes, to provide benefits for elected officials who are elected, appointed, or hired prior to January 1, 2014 and judges of certain state, county and local governments. The Board of Trustees (formerly Fund Manager) of the Public Safety Personnel Retirement System (PSPRS) administers the EORP Plan.

(amounts expressed in thousands)

Prior to January 1, 2014, the health insurance premium subsidy was considered an agency fund; provided by A.R.S 38-817. The law was amended so all health insurance premium subsidies would be separated from the benefits. The contributions for the health insurance can only be used to pay health insurance benefits.

Benefits Provided – The EORP provides retirement, disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement initial membership date:	
	Before January 1, 2012	**On or after January 1, 2012**
Years of service and age required to receive benefit	5 or more years age 65 10 or more years age 62 20 or more years any age	5 or more years age 65 10 or more years age 62
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	4%	3%

A retired member or survivor of a retired member, who retired prior to August 1, 2011, may be entitled to a permanent benefit increase in their base benefit contingent upon the balance in the Future Benefit Increase Reserve balance. The maximum amount of the increase is 4% of the benefit being received on the preceding June 30.

A retired member or survivor of a retired member, who retired on or after August 1, 2011, may receive a benefit increase from the System if monies are available. However, effective July 1, 2013, and each July 1 thereafter, a benefit increase will be issued as long as the following criteria have been met:

Permanent Benefit Increase (PBI)	
Initial Membership Date	
Before January 2012	On or After January 1, 2012
A. Retired member/survivor was receiving benefits on/before July 31 of two (2) previous years.	A. Age 55 on July 1 and is receiving benefits.
B. Retired member/survivor was age 55 on July 1 and receiving benefits on/before July 31 of previous year.	B. Under age 55 on July 1 and was receiving an accidental disability and was receiving benefits on/before July 31 of two (2) previous years.
	C. Survivor under 55 on July 1, is survivor of KIA and receiving benefits on/before July 31 of two (2) previous years.

Contributions - Prior to January 1, 2014, the EORPS' funding policy provided for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using the Entry Age Normal method. Unfunded actuarial accrued liabilities and assets in excess of actuarial accrued liabilities are being amortized as a level percent of payroll over a closed period 30 year period. Employer contributions including court fees represented 39.62 percent of covered payroll [18.31 percent for normal costs (17.73 percent pension and 0.58 percent health insurance) and 21.31 percent for amortization of the unfunded actuarial accrued liability in aggregate (20.33 percent pension and 0.98 percent health insurance subsidy)].

(amounts expressed in thousands)

As of January 1, 2014, the Arizona State Legislature closed the Elected Official's Retirement Plan and set the employer contribution rate to 25.06 percent of covered payroll (23.50 percent for pension and 1.56 percent for health insurance) with an additional five million dollars appropriated from the Arizona State Budget (Section 133 of Fiscal Year General Appropriation Act). The five million dollars from the State of Arizona is considered a non-employer contributing entity and is listed separately on the Schedule.

Starting in fiscal year 2014 and ending in fiscal year 2043, the Legislature will appropriate five million dollars each year to supplement the Normal Cost an amount to amortize the unfunded accrued liability. The City's proportionate share of the non-employer contributing entity pension expense as of the measurement date of June 30, 2014 is $213.

The City's contributions to the pension plan for the year ended June 30, 2015, were $54. The City's contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

Year Ended June 30,	Health Insurance
2015	$ 4
2014	4
2013	5

Pension Liability – At June 30, 2015, the City reported a liability of $2,347 for its proportionate share of the EORPS' net pension liability. The net pension liability was measured as of June 30, 2014. The City's proportion of the net pension liability was based on the City's FY 2014 contributions. The City's proportion measured as of June 30, 2014, was 0.3500380 percent.

The City's reported liability at June 30, 2015, increased by $1,222 from the City's prior year liability of $1,125 because of changes in the EORPS' net pension liability and the City's proportionate share of that liability. The EORPS' publicly available financial report provides details on the change in the net pension liability.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2015; the City recognized pension expense for EORP of $696. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 645	$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	45
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	54	-
Total	$ 699	$ 45

(amounts expressed in thousands)

The $54 reported as deferred outflows of resources related to EORP pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2016	$	360
2017		262
2018		(11)
2019		(11)

Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Asset valuation	Fair value
Investment rate of return	5.67%
Projected salary increases	4.25%
Inflation	4.00%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (unadjusted males and females)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected real rates of return (expected returns, net of pension plan investment expense) are developed for each major class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return Geometric Basis
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	16%	7.60%
Total	100%	

Discount Rate – A single discount rate of 5.67 percent was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.85 percent and a municipal bond rate of 4.29 percent (20-year Bond Buyer Index as published by the

(amounts expressed in thousands)

Federal Reserve, as of June 26, 2014). The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates set by statute and non-employer contributions. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2030. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2030, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the City's Proportionate Share of the EORP Net Pension Liability to Changes in the Discount Rate – The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 5.67 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.67 percent) or 1 percentage point higher (6.67 percent) than the current rate.

	1% Decrease (4.67%)	Current Discount Rate (5.67%)	1% Increase (6.67%)
City's proportionate share of the net pension liability	$ 2,740	$ 2,347	$ 2,015

C. Public Safety Personnel Retirement System (PSPRS)

Plan Description – City public safety personnel who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. The PSPRS issue a publicly available financial report that include their financial statements and required supplementary information. The reports are available on the PSPRS Web site at www.psprs.com.

(amounts expressed in thousands)

Benefits Provided - The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial Membership Date	
Retirement and Disability	Before January 1, 2012	On or After January 1, 2012
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years and age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percentage		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% of retired member's pension benefit	
Active Members	80% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. PSPRS also provides temporary disability benefits of 50 percent of the member’s compensation for up to 12 months.

(amounts expressed in thousands)

Employees Covered by Benefit Terms - At June 30, 2015, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Police	PSPRS Firefighters
Inactive employees or beneficiaries currently receiving benefits	163	83
Inactive employees entitled to but not yet receiving benefits	43	21
Active employees	385	208
Total	591	312

Contributions and Annual OPEB Cost – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police	PSPRS Firefighters
Active Members - Pension	11.05%	11.05%
City:		
Pension	29.20%	24.04%
Health Insurance Premium Benefit	1.47%	1.17%

For the agent plans, the City's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

	PSPRS Police	PSPRS Firefighters
Contributions Made:		
Pension	$ 9,693	$ 4,575
Health Insurance Premium Benefit	488	223

During fiscal year 2015, the City paid for PSPRS pension and OPEB contributions 100 percent from the General Fund.

Pension Liability – At June 30, 2015, the City reported the following net pension liabilities:

	Liability
PSPRS Police	$ 121,280
PSPRS Firefighters	57,695

The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2014, reflect the following changes of benefit terms and actuarial assumptions.

(amounts expressed in thousands)

Pension Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	4.0% - 8.0% including inflation
Inflation	3.0% - 4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short Term Investments	2%	3.25%
Absolute Return	4%	6.75%
Risk Parity	4%	6.04%
Fixed Income	7%	4.75%
Real Assets	8%	5.96%
GTAA	10%	5.73%
Private Equity	11%	9.50%
Real Estate	11%	6.50%
Credit Opportunities	13%	8.00%
Non-U.S. Equity	14%	8.63%
U.S. Equity	16%	7.60%
Total	100%	

Pension Discount Rates – The following discount rates were used to measure the total pension liabilities:

	PSPRS Police	PSPRS Firefighters
Discount rates	7.85%	7.85%

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(amounts expressed in thousands)

Changes in the Agent Plans Net Pension Liability – The following tables present changes in the City's net pension liability for the PSPRS pension plan– Police and Fire:

PSPRS - Police	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2014	$ 192,310	$ 92,963	$ 99,347
Changes for the year:			
Service cost	5,483	-	5,483
Interest on the total pension liability	14,973	-	14,973
Changes of benefit terms	3,331	-	3,331
Differences between expected and actual experience in the measurement of the pension liability	2,845	-	2,845
Changes of assumptions or other inputs	19,686		19,686
Contributions - employer	-	8,221	(8,221)
Contributions - employee	-	3,432	(3,432)
Net investment income	-	12,960	(12,960)
Benefit payments, including refunds of employee contributions	(8,616)	(8,616)	-
Administrative expenses	-	(104)	104
Other changes	-	(124)	124
Net changes	37,702	15,769	21,933
Balances as of June 30, 2015	$ 230,012	$ 108,732	$ 121,280

(amounts expressed in thousands)

PSPRS - Firefighters	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2014	$ 124,713	$ 75,960	$ 48,753
Changes for the year:			
Service cost	3,805	-	3,805
Interest on the total pension liability	9,672	-	9,672
Changes of benefit terms	1,658	-	1,658
Differences between expected and actual experience in the measurement of the pension liability	1,452	-	1,452
Changes of assumptions or other inputs	9,623	-	9,623
Contributions - employer	-	4,630	(4,630)
Contributions - employee	-	2,265	(2,265)
Net investment income	-	10,457	(10,457)
Benefit payments, including refunds of employee contributions	(6,800)	(6,800)	-
Administrative expenses	-	(84)	84
Other changes	-	-	-
Net changes	19,410	10,468	8,942
Balances as of June 30, 2015	$ 144,123	$ 86,428	$ 57,695

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate – The following table presents the City's net pension liabilities calculated using the discount rates noted above, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
PSPRS Police			
Rate	6.85%	7.85%	8.85%
Net Pension Liability	$ 150,553	$ 121,280	$ 96,997
PSPRS Firefighters			
Rate	6.85%	7.85%	8.85%
Net Pension Liability	75,462	57,695	42,850

Pension Plan Fiduciary Net Position – Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS financial report.

Pension Expense – For the year ended June 30, 2015, the City recognized the following pension expense:

	Pension Expense
PSPRS Police	$ 15,871
PSPRS Firefighters	7,500

(amounts expressed in thousands)

Pension Deferred Outflows/Inflows of Resources – At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,349	$ -
Changes of assumptions or other inputs	16,256	-
Net difference between projected and actual earnings on pension plan investments	-	4,323
City contributions subsequent to the measurement date	9,693	-
Total	$ 28,298	$ 4,323

PSPRS - Firefighters	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,253	$ -
Changes of assumptions or other inputs	8,307	-
Net difference between projected and actual earnings on pension plan investments	-	3,488
City contributions subsequent to the measurement date	4,575	-
Total	$ 14,135	$ 3,488

The amounts reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	PSPRS Police	PSPRS Firefighters
2016	$ 2,845	$ 642
2017	2,845	642
2018	2,845	642
2019	2,845	642
2020	2,902	1,514
Thereafter	-	1,990

Agent Plan OPEB Actuarial Assumptions – The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value 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 for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(amounts expressed in thousands)

Projections of benefits are based on (1) the plans as understood by the City and the 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 the 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 significant actuarial methods and assumptions used are the same for all PSPRS plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2015 contribution requirements, are as follows:

PSPRS - OPEB Contribution Requirements	
Actuarial Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent closed for underfunded actuarial accrued liability, open for excess
Remaining Amortization Period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset Valuation Method	7-year smoothed market value; 20% corridor
Actuarial Assumptions:	
Investment Rate of Return	7.85%
Projected Salary Increases	4.5% - 8.5%
Wage Growth	4.50%

Agent Plan OPEB Trend Information – The following table presents the annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS Police			
2015	$ 488	100.00%	$ -
2014	401	100.00	-
2013	427	100.00	-
PSPRS Firefighters			
2015	$ 223	100.00%	$ -
2014	213	100.00	-
2013	207	100.00	-

(amounts expressed in thousands)

Agent Plan OPEB Funded Status – The funded status of the health insurance premium benefit plans as of the most recent valuation date, June 30, 2014 is as follows:

	PSPRS Police	PSPRS Firefighters
Actuarial Value of Assets (a)	$ 4,369	$ 3,916
Actuarial Accrued Liability (b)	5,928	3,104
Unfunded Actuarial Accrued Liability (Funding Excess) (b) - (a)	$ 1,559	$ (812)
Funded Ratio (a) / (b)	73.70%	126.16%
Annual Covered Payroll (c)	$ 31,816	$ 19,291
Unfunded Actuarial Accrued Liability (Funding Excess) as a Percentage of Covered Payroll (b) - (a) / (c)	4.90%	0.00%

The funded status of the all the PSPRS health insurance premium benefit plans in the June 30, 2014, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

PSPRS - OPEB Funded Status	
Actuarial Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent closed for underfunded actuarial accrued liability, open for excess
Remaining Amortization Period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset Valuation Method	7-year smoothed market value; 80%/120% market
Actuarial Assumptions:	
Investment Rate of Return	7.85%
Projected Salary Increases	4.0% - 8.0%
Wage Growth	4.00%

XIX. 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. Retirees pay their own insurance premiums. In order for employees to be eligible for this benefit, they need 5 years of service if they were hired prior to July 1, 2005, and 10 years of service if they were hired after July 1, 2005. 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 health care 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. The

(amounts expressed in thousands)

City makes no contribution to the retirees' premiums other than allowing them to participate through the City's pooled benefits. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees.

For the fiscal year ending June 30, 2015, the amount of $3,697 was contributed to the plan by active retirees, in the form of current premiums and the City contributed $1,728 (implied subsidy). The required contribution was 3.72% 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 the 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 City had 1,495 active and 306 retiree members for the plan year ending June 30, 2015. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and any changes in the net OPEB obligation as of June 30, 2015.

Normal cost	$ 2,677
Minimum amortization of unfunded actuarial liability (UAL)	2,315
Annual required contribution	4,992
ARC adjustment	(2,268)
Interest adjustment to net obligation	2,631
OPEB cost	5,355
Contributions made	(1,728)
Net OPEB obligation beginning of year	65,778
Net OPEB obligation end of year	$ 69,405

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 is as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	$ 5,355	32.3%	$ 69,405
2014	5,094	34.3	65,778
2013	16,106	12.0	62,432

D. Funding status

The City's funding status for OPEB is as follows (determined by an actuarial study):

Actuarial valuation date	June 30, 2014	June 30, 2012	July 1, 2009
Actuarial value of assets	$ -	$ -	$ -
Actuarial accrued liability	69,463	152,974	106,578
Unfunded Actuarial Liability (UAL)	69,463	152,974	106,578
Funded ratio	- %	- %	- %
Annual covered payroll	95,562	105,550	109,704
Ratio of UAL to annual covered payroll	72.7%	144.9%	97.2%

Multi-year trend information regarding the actuarial value of plan assets increasing or decreasing over time relative to the actuarial accrued liability is available in the Required Supplementary Information on page 102.

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. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

For June 30, 2014, the last actuarial valuation, the actuarial cost method used is the entry age normal method. A 3.50% pay as you go discount/investment rate 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 actuarial valuations did not include an assumption for inflation rate. The healthcare cost trend rate used in the actuarial assumptions averaged 6.5% for the medical and dental plans in fiscal year 2013-2014. No salary or post-retirement benefit increases were projected.

XX. Contingent liabilities and commitments

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the city expects such amounts, if any, to be immaterial.

The City is subject to claims and litigation, which arise in the ordinary course of its operations. In the opinion of City management, based on the advice of the City attorney, the resolution of such claims and litigation are believed to either have no material adverse effect on the financial position or the future operations of the City or likelihood of a negative outcome to the City is not determinable.

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.

XXI. Implementation of new accounting principles

GASB statement No. 68, Accounting and Financial Reporting for Pensions, addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. Note disclosure and required supplementary information requirements about pensions also are addressed. In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions.

(amounts expressed in thousands)

XXII. Subsequent events

Effective July 1, 2015, several sub-funds of the General Fund, as presented in the Comprehensive Annual Financial Report and the Annual Budget Book, were reclassified to other fund types as follows:

Sub Fund Name	Old Fund Type	New Fund Type
General Services – Fleet	General	Internal Service Fund
Telephone Services	General	Internal Service Fund
PC Replacement	General	Internal Service Fund
Utility Bill Donation	General	Special Revenue Fund
Arts Commission	General	Special Revenue Fund
Court Security	General	Special Revenue Fund
Training Facility Revenue	General	Special Revenue Fund

On July 24, 2015, the City of Glendale, the Arena Manager and Coyotes Hockey team owner signed a first amendment to the professional management services and arena lease agreement. This amendment changed several terms and conditions of the original agreement. The significant changes are as follows: the management fee paid by the city annually was reduced from $15,000 to $6,500; the surcharge and parking revenues received by the city were redefined as exclusive arena manager revenue to be received by the arena manager; the termination was also redefined in its entirety to mean June 30, 2017; and a change of manager clause was added whereby the City has the option to replace the arena manager at any time after June 30, 2016, provided that the City delivers a notice of such election not less than 90 days of the effective date.

On October 13, 2015, the City Council adopted a resolution authorizing the City Manager to execute all documents necessary to authorize the purchase of real property located at the southwest corner of Bethany Home Road and 91st Avenue in Glendale, Arizona in the amount of $15,527. The purchase of real property at the southwest corner of Bethany Home Road and 91st Avenue is contingent upon the purchase of the real property at the southwest corner of Maryland Avenue and 91st Avenue, located in Glendale, Arizona, for a purchase price of $6,812. It is anticipated that this transaction, and subsequent eligible improvements, will be funded through the issuance of General Obligation (GO) bonds. As the issuance of the GO bonds, anticipated in early 2016, is subsequent to the close of the transaction, the GO bond proceeds will be used to reimburse the City for the cost of the land purchase.

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REQUIRED SUPPLEMENTARY INFORMATION

(other than MD&A)

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CITY OF GLENDALE, ARIZONA
Schedule of Pension Liability
June 30, 2015
(amounts expressed in thousands)

Arizona State Retirement System:	Reporting Fiscal Year (Measurement Date) 2015 (2014)	2014 (2013)	2013 - 2006 (2012 - 2005)
City's Proportion of the Net Pension Liability	0.619749%	0.656524%	Information
City's Proportionate Share of the Net Pension Liability	$ 91,702	$ 109,143	Not Available
City's Covered-Employee Payroll	$ 54,523	$ 57,475	
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered -Employee Payroll	168.19%	189.90%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.49%	NA	

Elected's Official Plan:	Reporting Fiscal Year (Measurement Date) 2015 (2014)	2014 - 2006 (2013 - 2005)
City's Proportion of the Net Pension Liability	0.350038%	Information
City's Proportionate Share of the Net Pension Liability	$ 2,347	Not Available
City's Covered-Employee Payroll	$ 252	
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered -Employee Payroll	931.35%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	31.91%	

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CITY OF GLENDALE, ARIZONA
Schedule of Pension Liability
June 30, 2015
(amounts expressed in thousands)

Public Safety Personnel Retirement System - Police:

	Reporting Fiscal Year (Measurement Date)	
Total Pension Liability:	2015 (2014)	2014 - 2006 (2013 - 2005)
Service Cost	$ 5,483	Information
Interest on the Total Pension Liability	14,973	Not Available
Changes of Benefit Terms	3,331	
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	2,845	
Changes of Assumptions or Other Inputs	19,686	
Benefit Payments, Including Refunds of Employee Contributions	(8,616)	
Net Change in Total Pension Liability	37,702	
Total Pension Liability - Beginning	192,310	
Total Pension Liability - Ending (a)	$ 230,012	
Plan Fiduciary Net Position:		
Contributions - Employer	$ 8,221	
Contributions - Employee	3,432	
Net Investment Income	12,960	
Benefit Payments, Including Refunds of Employee Contributions	(8,616)	
Administrative Expenses	(104)	
Other Changes	(124)	
Net Change in Plan Fiduciary Net Position	15,769	
Plan Fiduciary Net Position - Beginning	92,963	
Plan Fiduciary Net Position - Ending (b)	$ 108,732	
City's Net Pension Liability (Asset) - Ending (a) - (b)	121,280	
Plan Fiduciary Net Position as a Percentage of the Total Pension	47.27%	
Covered-employee Payroll	31,815	
City's Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	381.20%	

CITY OF GLENDALE, ARIZONA
Schedule of Pension Liability
June 30, 2015
(amounts expressed in thousands)

Public Safety Personnel Retirement System - Fire:

	Reporting Fiscal Year (Measurement Date)	
Total Pension Liability:	2015 (2014)	2014 - 2006 (2013 - 2005)
Service Cost	$ 3,805	Information
Interest on the Total Pension Liability	9,672	Not Available
Changes of Benefit Terms	1,658	
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	1,452	
Changes of Assumptions or Other Inputs	9,623	
Benefit Payments, Including Refunds of Employee Contributions	(6,800)	
Net Change in Total Pension Liability	19,410	
Total Pension Liability - Beginning	124,713	
Total Pension Liability - Ending (a)	$ 144,123	
Plan Fiduciary Net Position:		
Contributions - Employer	$ 4,630	
Contributions - Employee	2,265	
Net Investment Income	10,457	
Benefit Payments, Including Refunds of Employee Contributions	(6,800)	
Administrative Expenses	(84)	
Other Changes	-	
Net Change in Plan Fiduciary Net Position	10,468	
Plan Fiduciary Net Position - Beginning	75,960	
Plan Fiduciary Net Position - Ending (b)	$ 86,428	
City's Net Pension Liability (Asset) - Ending (a) - (b)	57,695	
Plan Fiduciary Net Position as a Percentage of the Total Pension	59.97%	
Covered-employee Payroll	19,291	
City's Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	299.08%	

CITY OF GLENDALE, ARIZONA
Schedule of Pension Contributions
June 301, 2015
(amounts expressed in thousands)

Arizona State Retirement System:	2015	2014	2013
Statutorily Required Contribution	$ 5,996	$ 5,978	$ 5,971
City's Contribution in Relation to the Statutorily Required Contribution	5,996	5,978	5,971
City's Contribution Deficiency (Excess)	$ -	$ -	$ -
City's Covered-Employee Payroll	$ 54,853	$ 54,523	$ 57,475
City's Contributions as a Percentage of Covered-Employee Payroll	10.93%	10.96%	10.39%

	Reporting Fiscal Year		
Elected's Official Retirement Plan:	2015	2014	2013 -2006
Statutorily Required Contribution	$ 54	$ 75	Information
City's Contribution in Relation to the Statutorily Required Contribution	54	75	Not Available
City's Contribution Deficiency (Excess)	$ -	$ -	
City's Covered-Employee Payroll	$ 197	$ 252	
City's Contributions as a Percentage of Covered-Employee Payroll	27.41%	29.76%	

			Reporting
Public Safety Personnel Retirement System - Police:	2015	2014	2013
Statutorily Required Contribution	$ 9,693	$ 8,221	$ 6,787
City's Contribution in Relation to the Statutorily Required Contribution	9,693	8,221	6,787
City's Contribution Deficiency (Excess)	$ -	$ -	$ -
City's Covered-Employee Payroll	$ 39,992	$ 31,815	$ 29,041
City's Contributions as a Percentage of Covered-Employee Payroll	24.24%	25.84%	23.37%

			Reporting
Public Safety Personnel Retirement System - Fire:	2015	2014	2013
Statutorily Required Contribution	$ 4,575	$ 4,630	$ 3,454
City's Contribution in Relation to the Statutorily Required Contribution	4,575	4,630	3,454
City's Contribution Deficiency (Excess)	$ -	$ -	$ -
City's Covered-Employee Payroll	$ 20,910	$ 19,291	$ 18,664
City's Contributions as a Percentage of Covered-Employee Payroll	21.88%	24.00%	18.51%

Reporting Fiscal Year						
2012	2011	2010	2009	2008	2007	2006
$ 5,997	$ 5,743	$ 5,685	$ 6,479	$ 6,045	$ 5,269	$ 3,628
5,997	5,743	5,685	6,479	6,045	5,269	3,628
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 65,443	$ 65,143	$ 71,338	$ 81,655	$ 79,680	$ 74,388	$ 68,780
9.16%	8.82%	7.97%	7.93%	7.59%	7.08%	5.27%

Fiscal Year		
2012	2011	2010 - 2006
$ 5,907	$ 5,248	Information Not Available
5,907	5,248	
$ -	$ -	
$ 29,849	$ 28,006	
19.79%	18.74%	

Fiscal Year		
2012	2011	2010 - 2006
$ 2,828	$ 2,546	Information Not Available
2,828	2,546	
$ -	$ -	
$ 18,483	$ 17,195	
15.30%	14.80%	

CITY OF GLENDALE, ARIZONA
Schedule of Funding Progress
June 30, 2015
(amounts expressed in thousands)

GASB Statement No. 45 Supplementary Information

The schedule of funding progress for the Public Safety Personnel Retirement System post-retirement health insurance subsidy is as follows:

Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfund AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
Fire						
2014	$ 3,916	$ 3,104	$ (812)	126.2 %	$ 19,291	0.00 %
2013	-	2,942	2,942	0.0 %	18,548	15.86
2012	-	2,902	2,902	0.0	18,406	15.77
Police						
2014	$ 4,369	$ 5,928	$ 1,559	73.7 %	$ 31,816	4.90 %
2013	-	5,603	5,603	0.0 %	28,336	19.77
2012	-	5,437	5,437	0.0	29,356	18.52

Other Post-Employment Benefits (OPEB)

Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfund AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
7/1/2009	$ -	$ 106,578	$ 106,578	0.0 %	$ 109,704	97.2 %
6/30/2012	-	152,974	152,974	0.0	105,550	144.9
6/30/2014	-	69,463	69,463	0.0	95,562	72.7

The actuarial accrued liability and OPEB cost are significantly lower than the prior valuation. The large increase in retiree contributions have decreased the City's cost of providing the benefits to the retirees and have reduced current and expected future retiree participation in the plan. In fiscal year 2014 the retiree contributions increased an average of 58% for medical coverage and 48% for dental. Due to the increase in retiree contributions, the assumption for participation rate was also decreased.

(amounts expressed in thousands)

PSPRS Actuarial Methods and Assumptions:

Actuarial Cost Method	Entry age normal
Amortization Level	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining Amortization Period as of the 2013 Actuarial Valuation	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset Valuation Method	7-year smoothed market value; 20% corridor
Actuarial Assumptions:	
Investment Rate of Return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected Salary Increases	In the 2013 actuarial valuation, projected salary increases were from 5.0%-9.0% to 4.5%-8.5%
Wage Growth	In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females

City of Glendale, Arizona
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive
	Original	Final	(budgetary basis)	(Negative)
Budgetary fund balance, July 1, 2014	$ 30,752	$ 30,752	$ 42,550	$ 11,798
RESOURCES (INFLOWS):				
Taxes	102,144	102,144	104,860	2,716
Licenses and permits	8,459	8,459	8,867	408
Intergovernmental	56,414	56,414	57,425	1,011
Charges for services	35,580	35,580	35,007	(573)
Fines and forfeitures	3,298	3,298	3,556	258
Investment income (loss)	265	265	595	330
Proceeds from disposal of assets	250	250	257	7
Loan proceeds	26	26	26	-
Miscellaneous	2,406	2,406	5,042	2,636
Total revenues	208,842	208,842	215,635	6,793
Add: Transfers in	45,290	46,230	24,736	(21,494)
Less: Transfers out	(53,298)	(54,453)	(31,647)	22,806
Amounts available for appropriation	231,586	231,371	251,274	19,903
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government	41,679	42,243	41,632	611
Public safety	113,537	113,507	109,896	3,611
Public works	21,768	21,489	19,859	1,630
Community services	15,137	15,252	13,808	1,444
Community environment	20	20	20	-
Street maintenance	880	877	717	160
Contingencies	5,000	2,563	-	2,563
Miscellaneous	2,696	5,427	3,885	1,542
Debt service:				
Principal	1,496	10,746	10,538	208
Interest	807	807	868	(61)
Capital outlay	7,032	9,812	5,874	3,938
Total charges to appropriations	210,052	222,743	207,097	15,646
Budgetary fund balance, June 30, 2015	$ 21,534	$ 8,628	$ 44,177	$ 35,549

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.	$ 251,274
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(42,550)
Indirect cost allocation	(9,700)
Interest earned on restricted investments not available for appropriation	415
Internal charges for services provided.	(9,613)
Proceeds from disposal of assets.	(257)
Interfund loan from water and sewer.	(26)
Revenue reported on a GAAP basis.	(59)
Police and fire sales tax revenue.	22,495
Less: Transfers in.	(24,736)
Add: Transfers out.	31,647
Total revenues as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 218,890
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 207,097
Differences - budget to GAAP:	
Principal retirement.	(235)
Capital outlay funded by long-term debt.	138
Internal charges for services provided.	(19,430)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 187,570

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

I. Basis of accounting

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

In the fund financial statements, the revenues and expenses relating to police and fire sales tax is included in general fund and reflected as a reconciling item in the budgetary comparison schedule for the general fund.

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, capital and debt service 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. The legal level of budgetary control is the total budget as adopted. This is the level at which expenditures cannot legally exceed the appropriated amount.
3. Prior to July 1, after receiving comments in a public hearing, a tentative budget is adopted by the City Council, which sets 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 sets appropriations for each fund.
4. Budget basis expenditures may not exceed appropriations for each fund, except in conjunction with the transfer of contingency funds and/or unused appropriation authority from another fund that is backed by additional revenue or fund balance in the fund receiving the appropriation. 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 budget amendments, but may not increase total appropriations above the total budget, which was legally adopted for the fiscal year.
5. The City Council may authorize a transfer of unencumbered appropriation balanced within an individual city office, department or agency at any time during the fiscal year. During the last three months of the fiscal year, the City Council may approve transfers among city offices, departments, and agencies as necessary. Interfund transfers (i.e., transfers between funds) must be specifically approved by City Council. Procedures for requesting City Council approval of appropriation transfers and delegation of budget responsibility will be set by the City Manager.
6. Budgetary authorization and spending management controls are employed during the year for all funds.

III. Contingency appropriation

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

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

COMBINING STATEMENTS

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City of Glendale, Arizona
Budgetary Comparison Schedule
Municipal Property Corporation Debt Service Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (budgetary basis)	Positive (Negative)
Budgetary fund balance, July 1, 2014	$ 952	$ 952	$ 1,009	$ 57
RESOURCES (INFLOWS):				
Add: Transfers in	31,289	31,347	164,998	133,651
Less: Transfers out	-	(1,793)	(1,793)	-
Amounts available for appropriation	32,241	30,506	164,214	133,708
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General administration	-	-	9	(9)
Miscellaneous	35	35	20	15
Bond issuance cost	-	-	885	(885)
Debt service:				
Principal	8,745	8,745	2,585	6,160
Interest	22,699	20,879	19,382	1,497
Payment to escrow agent	-	-	35,067	(35,067)
Principal - current bond refunding	-	-	98,195	(98,195)
Interest - current bond refunding	-	-	910	(910)
Total charges to appropriations	31,479	29,659	157,053	(127,394)
Budgetary fund balance, June 30, 2015	$ 762	$ 847	$ 7,161	$ 6,314

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures
Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	$ 164,214
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(1,009)
Less: Transfers in.	(164,998)
Add: Transfers out.	1,793
Total revenues as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ -

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 157,053
Differences - budget to GAAP:	
Other financing uses on bond refunding.	
Payment to escrow agent.	(35,067)
Principal - current bond refunding.	(98,195)
Interest - current bond refunding.	(910)
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 22,881

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Transportation Fund

This fund accounts for the City's public transit program and transportation improvement projects.

Community Development Block Grants Fund

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

Highway User Gas Tax Fund

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

Police and Fire Sales Tax Fund

This fund accounts for police and fire activities funded by a .5 percent sales tax levied directly by voter initiative.

Federal Stimulus Fund

This fund accounts for the three-year federal stimulus grants that were started in FY 2010 and were allocated to the City of Glendale as part of the American Reinvestment and Recovery Act (ARRA), the federal stimulus package.

Other Special Revenue Fund

This fund accounts for various activities, including the airport, miscellaneous grants, and other recreation programs.

Debt Service Funds

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

Highway User Debt Service Fund

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

Western Loop 101 Public Facilities Corporation Debt Service Fund

This fund accounts for the debt service payments on the bonds issued to finance the spring training baseball facility and the note receivable from AZSTA.

Transportation Debt Service Fund

This fund accumulates monies for payment of the transportation revenue bonds. Transportation excise taxes are transferred from a special revenue fund to fund this debt.

Excise Tax Revenue Debt Service Fund

This fund accounts for the debt that was issued to refund the senior and subordinate excise tax revenue bonds issued by the Municipal Property Corporation.

General Obligation Debt Service Fund

This fund accounts for the resources received from a secondary property tax levy used to repay general obligation debt.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting City's programs.

Cemetery Perpetual Care Fund

This fund is used to account for the revenues received by the City from the sale of cemetery lots and other related services.

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).

Development Impact Fees Fund

This fund accounts for fees covered by Chapter 28, Article VI of the Municipal Code and is restricted in use by ARS 9-463.05. The fees are used exclusively to provide the necessary public facilities and services for development. Residential development impact fees may be spent only in the district (residential development district, not political district) in which they are collected.

Streets Construction Fund

This fund accounts for the construction of streets, sidewalks, streetlights, traffic signals, and street landscaping funded through GO and revenue bonds issued under authorizations approved by voters on March 10, 1987, and November 2, 1999. In addition, this fund accounts for transportation projects funded by transportation excise tax revenue bonds issued on October 27, 2007.

Fire and Police Construction Fund

This fund accounts for the construction of fire and police department facilities. Funding is provided through GO bonds issued under authorizations approved by voters on March 10, 1987, and November 2, 1999.

Parks Bond Construction Fund

This fund accounts for the construction of parks and recreation improvements.

Other Construction Fund

This fund accounts for the construction of various City projects. Funding is provided through GO bonds issued under authorizations approved by voters on March 10, 1987, and November 2, 1999, and the Federal Aviation Administration.

- Flood control facilities
- Library
- Transit projects
- Economic development
- Open space/trails
- Government facilities
- Cultural facilities

City of Glendale, Arizona

Combining Balance Sheet

Non-Major Governmental Funds

June 30, 2015

(amounts expressed in thousands)

	Special Revenue Funds					
	Transportation	Community Development Block Grants	Highway User Gas Tax	Police and Fire Sales Tax	Federal Stimulus	Other
ASSETS						
Assets:						
Equity in pooled cash and investments	$ 33,712	$ 91	$ 22,642	$ -	$ -	$ 844
Receivables, net of allowance for doubtful accounts:						
Property taxes	-	-	-	-	-	-
Accounts	2,592	7	-	-	-	-
Intergovernmental receivable	1,768	6,401	1,312	-	-	3,067
Inventories and prepaid items	99	-	-	-	-	8
Restricted cash and investments	-	-	-	-	-	4,141
Total assets	$ 38,171	$ 6,499	$ 23,954	$ -	$ -	$ 8,060
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Vouchers payable	$ 1,134	$ 172	$ 283	$ -	$ -	$ 2,370
Retainage payable	-	-	-	-	-	-
Compensated absences - current	22	4	8	-	-	19
Intergovernmental payable	-	-	-	-	-	1
Due to other funds	-	1,928	-	-	-	608
Deposits	-	-	-	-	-	5
Unearned revenue	15	4,168	-	-	-	1,476
Matured interest payable	-	-	-	-	-	-
Matured bonds payable	-	-	-	-	-	-
Total liabilities	1,171	6,272	291	-	-	4,479
Deferred Inflows of Resources	405	-	-	-	-	-
Fund balances:						
Nonspendable	99	-	-	-	-	8
Restricted	36,496	227	23,663	-	-	3,296
Assigned	-	-	-	-	-	277
Total fund balances	36,595	227	23,663	-	-	3,581
Total liabilities, deferred inflows of resources and fund balances	$ 38,171	$ 6,499	$ 23,954	$ -	$ -	$ 8,060

Debt Service Funds					Permanent Fund
Highway User	Western Loop 101 Public Facilities Corporation	Transportation	Excise Tax Revenue	General Obligation	Cemetery Perpetual Care
$ 39	$ -	$ 199	$ 1,801	$ 8,386	$ 5,661
-	-	-	-	631	-
-	-	-	-	-	105
-	-	-	-	-	-
-	-	-	-	-	-
1,879	-	5,104	-	21,584	-
$ 1,918	$ -	$ 5,303	$ 1,801	$ 30,601	$ 5,766
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
74	-	1,559	1,793	2,868	-
1,805	-	3,545	-	19,010	-
1,879	-	5,104	1,793	21,878	-
-	-	-	-	453	105
-	-	-	-	-	5,661
39	-	199	8	8,270	-
-	-	-	-	-	-
39	-	199	8	8,270	5,661
$ 1,918	$ -	$ 5,303	$ 1,801	$ 30,601	$ 5,766

(Continued)

City of Glendale, Arizona
Combining Balance Sheet (continued)
Non-Major Governmental Funds
June 30, 2015
(amounts expressed in thousands)

	Capital Project Funds					
	Development Impact Fees	Streets Construction	Fire and Police Construction	Parks Bond Construction	Other Construction	Total Non-Major Governmental Funds
ASSETS						
Assets:						
Equity in pooled cash and investments	$ 14,299	$ 2,978	$ 1,560	$ 143	$ 2,996	$ 95,351
Receivables, net of allowance for doubtful accounts:						
Property taxes	-	-	-	-	-	631
Accounts	-	-	-	-	-	2,704
Intergovernmental receivable	-	-	-	-	-	12,548
Inventories and prepaid items	-	-	-	-	-	107
Restricted cash and investments	-	-	-	-	-	32,708
Total assets	$ 14,299	$ 2,978	$ 1,560	$ 143	$ 2,996	$ 144,049
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Vouchers payable	$ 117	$ 619	$ -	$ -	$ -	$ 4,695
Retainage payable	7	190	-	-	-	197
Compensated absences - current	-	-	-	-	-	53
Intergovernmental payable	-	-	-	-	-	1
Due to other funds	-	-	-	-	-	2,536
Deposits	-	-	-	-	-	5
Unearned revenue	-	410	-	-	22	6,091
Matured interest payable	-	-	-	-	-	6,294
Matured bonds payable	-	-	-	-	-	24,360
Total liabilities	124	1,219	-	-	22	44,232
Deferred Inflows of Resources	-	-	-	-	-	963
Fund balances:						
Nonspendable	-	-	-	-	-	5,768
Restricted	14,175	1,759	1,560	143	2,974	92,809
Assigned	-	-	-	-	-	277
Total fund balances	14,175	1,759	1,560	143	2,974	98,854
Total liabilities, deferred outflows of resources and fund balances	$ 14,299	$ 2,978	$ 1,560	$ 143	$ 2,996	$ 144,049

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City of Glendale, Arizona

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Governmental Funds

For the Fiscal Year Ended June 30, 2015

(amounts expressed is thousands)

	Special Revenue Funds					
	Transportation	Community Development Block Grants	Highway User Gas Tax	Police and Fire Sales Tax	Federal Stimulus	Other
REVENUES						
Taxes and special assessments	$ 24,690	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	3
Intergovernmental	4,053	3,591	14,037	-	-	7,679
Charges for services	110	-	-	-	-	975
Investment income	146	-	-	-	-	16
Local	-	-	-	-	-	525
Miscellaneous	-	313	37	-	-	895
Total revenues	28,999	3,904	14,074	-	-	10,093
EXPENDITURES						
Current:						
General government	-	-	-	-	-	56
Public safety	-	-	-	-	-	3,977
Public works	-	-	-	-	-	24
Community services	10,665	-	-	-	34	1,942
Community environment	-	3,752	-	-	-	1,205
Street maintenance	-	-	7,234	-	-	-
Miscellaneous	-	-	-	-	-	-
Debt service:						
Principal	-	2	-	-	-	-
Interest	-	1	-	-	-	-
Capital outlay:	1,909	3	-	-	-	3,852
Total expenditures	12,574	3,758	7,234	-	34	11,056
Excess (deficiency) of revenues over expenditures	16,425	146	6,840	-	(34)	(963)
OTHER FINANCING SOURCES (USES)						
Payment to refunded bond escrow agent	-	-	-	-	-	-
Principal-current bond refunding	-	-	-	-	-	-
Interest-current bond refunding	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-
Premium on long-term debt issued	-	-	-	-	-	-
Proceeds from equipment disposal	692	-	-	-	-	133
Transfers in	900	-	-	-	-	631
Transfers out	(13,062)	-	(2,822)	(11,100)	-	(4)
Total other financing sources and uses	(11,470)	-	(2,822)	(11,100)	-	760
Net change in fund balances	4,955	146	4,018	(11,100)	(34)	(203)
Fund balances, July 1	31,640	81	19,645	11,100	34	3,784
Fund balances, June 30	$ 36,595	$ 227	$ 23,663	$ -	$ -	$ 3,581

Debt Service Funds					Permanent Fund
Highway User	Western Loop 101 Public Facilities Corporation	Transportation	Excise Tax Revenue	General Obligation	Cemetery Perpetual Care
$ -	$ -	$ -	$ -	$ 18,618	$ -
-	-	-	-	-	-
-	-	-	-	587	-
-	-	-	-	-	-
-	-	-	-	-	24
-	-	-	-	-	-
-	-	-	8	-	-
-	-	-	8	19,205	24
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1	-	534	-	455	-
1,805	-	3,545	-	19,010	-
148	-	3,597	1,793	7,082	-
-	-	-	-	-	-
1,954	-	7,676	1,793	26,547	-
(1,954)	-	(7,676)	(1,785)	(7,342)	24
-	-	(65,055)	-	(31,844)	-
-	-	-	-	(11,950)	-
-	-	-	-	(112)	-
-	-	55,635	114,130	39,490	-
-	-	9,958	20,928	4,865	-
-	-	-	-	-	-
1,958	-	7,331	1,793	5,853	-
-	(98)	-	(135,058)	-	-
1,958	(98)	7,869	1,793	6,302	-
4	(98)	193	8	(1,040)	24
35	98	6	-	9,310	5,637
$ 39	$ -	$ 199	$ 8	$ 8,270	$ 5,661

(Continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2015
(amounts expressed is thousands)

	Capital Projects Funds					
	Development Impact Fees	Streets Construction	Fire and Police Construction	Parks Bond Construction	Other Construction	Total Non-Major Governmental Funds
REVENUES						
Taxes and special assessments	$ -	$ -	$ -	$ -	$ -	$ 43,308
Licenses and permits	1,740	-	-	-	-	1,743
Intergovernmental	-	-	-	-	-	29,947
Charges for services	-	-	-	-	-	1,085
Investments	56	3	-	-	3	248
Local	-	-	-	-	-	525
Miscellaneous	-	14	-	-	-	1,267
Total revenues	1,796	17	-	-	3	78,123
EXPENDITURES						
Current:						
General government	-	-	-	4	8	68
Public safety	-	-	-	-	-	3,977
Public works	-	-	-	-	12	36
Community services	192	-	-	-	-	12,833
Community environment	-	-	-	-	-	4,957
Street maintenance	-	-	-	-	-	7,234
Miscellaneous	-	12	-	-	-	1,002
Debt service:						
Principal	-	-	-	-	-	24,362
Interest	-	-	-	-	-	12,621
Capital outlay:	176	8,410	369	7	211	14,937
Total expenditures	368	8,422	369	11	231	82,027
Excess (deficiency) of revenues over expenditures	1,428	(8,405)	(369)	(11)	(228)	(3,904)
OTHER FINANCING SOURCES (USES)						
Payment to refunded bond escrow agent	-	-	-	-	-	(96,899)
Principal-current bond refunding	-	-	-	-	-	(11,950)
Interest-current bond refunding	-	-	-	-	-	(112)
Refunding bonds issued	-	-	-	-	-	209,255
Premium on long-term debt issued	-	-	-	-	-	35,751
Proceeds from equipment disposal	-	1,559	-	-	-	2,384
Transfers in	-	6,561	-	-	-	25,027
Transfers out	-	(908)	-	-	(5,004)	(168,056)
Total other financing sources and uses	-	7,212	-	-	(5,004)	(4,600)
Net change in fund balances	1,428	(1,193)	(369)	(11)	(5,232)	(8,504)
Fund balances, July 1	12,747	2,952	1,929	154	8,206	107,358
Fund balances, June 30	$ 14,175	$ 1,759	$ 1,560	$ 143	$ 2,974	$ 98,854

City of Glendale, Arizona
Budgetary Comparison Schedule
Transportation Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2014	$ 29,790	$ 29,790	$ 31,479	$ 1,689
RESOURCES (INFLOWS):				
Taxes	23,433	23,433	24,705	1,272
Intergovernmental	5,489	5,489	3,972	(1,517)
Charges for services	129	129	110	(19)
Investments	80	80	146	66
Proceeds from disposal of assets	-	-	241	241
Miscellaneous revenues	2,000	2,000	1	(1,999)
Total revenues	31,131	31,131	29,175	(1,956)
Add: Transfers in	1,567	1,567	900	(667)
Less: Transfers out	(30,319)	(30,338)	(13,062)	17,276
Amounts available for appropriation	32,169	32,150	48,492	16,342
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Community services	14,317	15,768	10,651	5,117
Street maintenance	-	425	-	425
Capital outlay	6,191	4,314	1,458	2,856
Total charges to appropriations	20,508	20,507	12,109	8,398
Budgetary fund balance, June 30, 2015	$ 11,661	$ 11,643	$ 36,383	$ 24,740

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.	$ 48,492
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(31,479)
Proceeds from disposal of assets.	(241)
Revenue reported on a GAAP basis.	65
Less: Transfers in.	(900)
Add: Transfers out.	13,062
Total revenues as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 28,999

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 12,109
Differences - budget to GAAP:	
Internal charges for services provided.	14
Capital outlay.	451
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 12,574

City of Glendale, Arizona
Budgetary Comparison Schedule
Community Development Block Grants Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
			Amounts	Final Budget Positive
	Original	Final	(budgetary basis)	(Negative)
Budgetary fund balance, July 1, 2014	$ -	$ -	$ 85	$ 85
RESOURCES (INFLOWS):				
Intergovernmental	7,532	7,532	3,591	(3,941)
Miscellaneous	567	567	313	(254)
Total revenues	8,099	8,099	3,904	(4,195)
Amounts available for appropriation	8,099	8,099	3,989	(4,110)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Community environment	8,095	8,093	3,751	4,342
Principal paid	-	2	2	-
Interest expense	-	1	1	-
Capital Outlay	-	-	3	(3)
Total charges to appropriations	8,095	8,096	3,757	4,339
Budgetary fund balance, June 30, 2015	$ 4	$ 3	$ 232	$ 229

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

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	$ 3,989
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(85)
Total revenues as reported in the combining statement of revenues, expenditures, and changes in fund balance - governmental funds.	$ 3,904
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 3,757
Differences - budget to GAAP:	
Community environment.	1
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 3,758

City of Glendale, Arizona
Budgetary Comparison Schedule
Highway Users Gas Tax Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
			Amounts	Final Budget Positive
	Original	Final	(budgetary basis)	(Negative)
Budgetary fund balance, July 1, 2014	$ 18,400	$ 18,400	$ 19,723	$ 1,323
RESOURCES (INFLOWS):				
Intergovernmental	12,903	12,903	14,037	1,134
Miscellaneous	-	-	37	37
Total revenues	12,903	12,903	14,074	1,171
Amounts available for appropriation	31,303	31,303	33,797	2,494
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Street maintenance	9,028	9,028	7,234	1,794
Capital outlay	44	44	-	44
Transfers out	19,310	19,325	2,822	16,503
Total charges to appropriations	28,382	28,397	10,056	18,341
Budgetary fund balance, June 30, 2015	$ 2,921	$ 2,906	$ 23,741	$ 20,835

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures
Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	$ 33,797
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(19,723)
Total revenues as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 14,074

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 10,056
Differences - budget to GAAP:	
Transfers out	(2,822)
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 7,234

City of Glendale, Arizona
Budgetary Comparison Schedule
Police and Fire Sales Tax Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2014	$ 9,998	$ 9,998	$ 10,907	$ 909
RESOURCES (INFLOWS):				
Taxes	21,900	21,900	22,511	611
Proceeds from disposal of assets	-	-	8	8
Total revenues	21,900	21,900	22,519	619
Less: Transfers out	(24,442)	(24,442)	(24,442)	-
Amounts available for appropriation	7,456	7,456	8,984	1,528
Budgetary fund balance, June 30, 2015	$ 7,456	$ 7,456	$ 8,984	$ 1,528

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures
Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	$ 8,984
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(10,907)
Revenue reported on a GAAP basis.	(16)
Proceeds from disposal of assets.	(8)
Add: Transfers out.	24,442
Total revenues of the police and fire sales tax fund included in the general fund.	$ 22,495

Uses/outflows or resources:

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

City of Glendale, Arizona

Budgetary Comparison Schedule

Federal Stimulus Fund

For the Fiscal Year Ended June 30, 2015

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (budgetary basis)	Positive (Negative)
Budgetary fund balance, July 1, 2014	$ -	$ -	$ 33	$ 33
RESOURCES (INFLOWS):				
Amounts available for appropriation	-	-	33	33
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Community services	-	-	33	(33)
Total charges to appropriations	-	-	33	(33)
Budgetary fund balance, June 30, 2015	$ -	$ -	$ -	$ -

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

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	$ 33
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(33)
Total revenues as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ -
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 33
Differences - budget to GAAP:	
Miscellaneous.	1
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 34

City of Glendale, Arizona
Budgetary Comparison Schedule
Other Special Revenue Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2014	$ 1,629	$ 1,629	$ 3,801	$ 2,172
RESOURCES (INFLOWS):				
Licenses and permits	-	-	2	2
Intergovernmental	17,337	17,337	7,418	(9,919)
Charges for services	1,038	1,038	953	(85)
Investments	-	-	16	16
Proceeds from equipment disposal	-	-	133	133
Local	-	-	525	525
Miscellaneous	14,616	14,616	686	(13,930)
Total revenues	32,991	32,991	9,733	(23,258)
Add: Transfers in	260	646	631	(15)
Less: Transfers out	-	(4)	(4)	-
Amounts available for appropriation	34,880	35,262	14,161	(21,101)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government	-	-	58	(58)
Public safety	15,560	15,310	3,967	11,343
Public works	100	100	25	75
Community services	2,325	2,585	1,916	669
Community environment	1,508	1,508	1,206	302
Capital outlay	15,347	14,896	3,852	11,044
Total charges to appropriations	34,840	34,399	11,024	23,375
Budgetary fund balance, June 30, 2015	$ 40	$ 863	$ 3,137	$ 2,274

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

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	$	14,161
Differences - budget to GAAP:		
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.		(3,801)
Intergovernmental.		262
Charges for services.		22
Procceds fro equipment disposal.		(133)
Miscellaneous.		209
Less: Transfers in.		(631)
Add: Transfers out.		4
Total revenues as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$	10,093

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$	11,024
Differences - budget to GAAP:		
Change in compensated absences liability.		32
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$	11,056

City of Glendale, Arizona
Budgetary Comparison Schedule
Highway User Debt Service Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (budgetary basis)	Positive (Negative)
Budgetary fund balance, July 1, 2014	$ 25	$ 25	$ 35	$ 10
RESOURCES (INFLOWS):				
Add: Transfers in	1,958	1,958	1,958	-
Amounts available for appropriation	1,983	1,983	1,993	10
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Miscellaneous	5	5	1	4
Debt service:				
Principal	1,805	1,805	1,805	-
Interest	148	148	148	-
Total charges to appropriations	1,958	1,958	1,954	4
Budgetary fund balance, June 30, 2015	$ 25	$ 25	$ 39	$ 14

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.	$ 1,993
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(35)
Less: Transfers in.	(1,958)
Total revenues as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ -
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 1,954
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 1,954

City of Glendale, Arizona
Budgetary Comparison Schedule
Western Loop 101 Public Facilities Corporation Debt Service Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2014	$ 58	$ 58	$ 98	$ 40
RESOURCES (INFLOWS):				
Add: Transfers out	-	(58)	(98)	(40)
Amounts available for appropriation	58	-	-	-
Budgetary fund balance, June 30, 2015	$ 58	$ -	$ -	$ -

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures
Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	$ -
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(98)
Add: Transfers out.	98
Total revenues as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ -

City of Glendale, Arizona
Budgetary Comparison Schedule
Transportation Debt Service Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2014	$ 3	$ 3	$ 6	$ 3
RESOURCES (INFLOWS):				
Add: Transfers in	7,331	7,331	7,331	-
Amounts available for appropriation	7,334	7,334	7,337	3
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Miscellaneous	5	5	-	5
Debt service:				
Principal	3,250	3,250	3,545	(295)
Interest	4,076	4,076	3,593	483
Total charges to appropriations	7,331	7,331	7,138	193
Budgetary fund balance, June 30, 2015	$ 3	$ 3	$ 199	$ 196

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.	$ 7,337
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(6)
Less: Transfers in.	(7,331)
Total revenues as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ -
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 7,138
Bond costs related to refunding.	538
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 7,676

City of Glendale, Arizona
Budgetary Comparison Schedule
Excise Tax Revenue Debt Service Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2014	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS):				
Miscellaneous revenue	-	-	8	8
Total revenues	-	-	8	8
Add: Transfers in	-	1,793	1,793	-
Amounts available for appropriation	-	1,793	1,801	8
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Debt service:				
Interest	-	1,793	1,793	-
Total charges to appropriations	-	1,793	1,793	-
Budgetary fund balance, June 30, 2015	$ -	$ -	$ 8	$ 8

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.	$ 1,801
Differences - budget to GAAP:	
Less: Transfers in.	(1,793)
Total revenues as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 8
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 1,793
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 1,793

City of Glendale, Arizona
Budgetary Comparison Schedule
General Obligation Debt Service Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (budgetary basis)	Positive (Negative)
Budgetary fund balance, July 1, 2014	$ 10,003	$ 10,003	$ 9,310	$ (693)
RESOURCES (INFLOWS):				
Taxes	19,065	19,065	18,618	(447)
Intergovernmental	634	634	587	(47)
Total inflows	19,699	19,699	19,205	(494)
Add: Transfers in	210	6,063	5,853	(210)
Amounts available for appropriation	29,912	35,765	34,368	(1,397)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Miscellaneous	335	335	7	328
Debt service:				
Principal	19,010	19,010	19,010	-
Interest	6,728	6,755	7,082	(327)
Total charges to appropriations	26,073	26,100	26,099	1
Budgetary fund balance, June 30, 2015	$ 3,839	$ 9,665	$ 8,269	$ (1,396)

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures
Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	$ 34,368
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(9,310)
Less transfers in.	(5,853)
Total revenues as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 19,205

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 26,099
Differences - budget to GAAP:	
Other financing uses on bond refunding.	
Interest - current bond refunding.	448
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 26,547

City of Glendale, Arizona
Budgetary Comparison Schedule
Cemetery Perpetual Care Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2014	$ 5,636	$ 5,636	$ 5,637	$ 1
RESOURCES (INFLOWS):				
Investments	20	20	24	4
Total revenues	20	20	24	4
Amounts available for appropriation	5,656	5,656	5,661	5
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Public works	5,656	5,656	-	5,656
Total charges to appropriations	5,656	5,656	-	5,656
Budgetary fund balance, June 30, 2015	$ -	$ -	$ 5,661	$ 5,661

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures
Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	$ 5,661
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(5,637)
Total revenues as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 24

City of Glendale, Arizona
Budgetary Comparison Schedule
Development Impact Fees Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (budgetary basis)	Positive (Negative)
Budgetary fund balance, July 1, 2014	$ 12,358	$ 12,358	$ 12,747	$ 389
RESOURCES (INFLOWS):				
Licenses and permits	1,653	1,653	1,740	87
Investments	47	47	56	9
Total revenues	1,700	1,700	1,796	96
Less: Transfers out	(212)	(212)	-	212
Amounts available for appropriation	13,846	13,846	14,543	697
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
General administration	190	190	-	190
Public safety	2,457	2,457	-	2,457
Community services	9,544	9,672	192	9,480
Capital outlay	1,655	1,527	176	1,351
Total charges to appropriations	13,846	13,846	368	13,478
Budgetary fund balance, June 30, 2015	$ -	$ -	$ 14,175	$ 14,175

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

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	$ 14,543
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(12,747)
Total revenues as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 1,796
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 368
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 368

City of Glendale, Arizona
Budgetary Comparison Schedule
Streets Construction Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2014	$ 3,027	$ 3,027	$ 2,952	$ (75)
RESOURCES (INFLOWS):				
Investments	21	21	3	(18)
Proceeds from asset disposal	-	-	1,559	1,559
Miscellaneous	-	-	14	14
Long-term debt issued	20,000	20,000	-	(20,000)
Total revenues	20,021	20,021	1,576	(18,445)
Add: Transfers in	39,674	39,674	6,561	(33,113)
Less: Transfers out	(238)	(1,101)	(908)	193
Amounts available for appropriation	62,484	61,621	10,181	(51,440)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General administration	628	628	-	628
Community services	973	1,008	-	1,008
Street maintenance	-	-	12	(12)
Capital outlay	60,883	48,585	8,410	40,175
Total charges to appropriations	62,484	50,221	8,422	41,799
Budgetary fund balance, June 30, 2015	$ -	$ 11,400	$ 1,759	$ (9,641)

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures
Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	$ 10,181
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(2,952)
Less: Transfers In.	(6,561)
Add: Transfers out.	908
Proceeds from disposal of asset.	(1,559)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 17

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 8,422
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 8,422

City of Glendale, Arizona
Budgetary Comparison Schedule
Fire and Police Construction Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2014	$ 2,097	$ 2,097	$ 1,929	$ (168)
RESOURCES (INFLOWS):				
Investments	1	1	-	(1)
Total revenues	1	1	-	(1)
Amounts available for appropriation	2,098	2,098	1,929	(169)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Public safety	1,562	1,562	-	1,562
Capital outlay	536	536	369	167
Total charges to appropriations	2,098	2,098	369	1,729
Budgetary fund balance, June 30, 2015	$ -	$ -	$ 1,560	$ 1,560

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

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	$ 1,929
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(1,929)
Total revenues as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ -
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 369
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 369

City of Glendale, Arizona
Budgetary Comparison Schedule
Parks Bond Construction Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2014	$ 272	$ 272	$ 154	$ (118)
RESOURCES (INFLOWS):				
Less: Transfers out	(1)	-	-	-
Amounts available for appropriation	271	272	154	(118)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General administration	19	19	4	15
Capital outlay	252	253	7	246
Total charges to appropriations	271	272	11	261
Budgetary fund balance, June 30, 2015	$ -	$ -	$ 143	$ 143

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.	$ 154
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(154)
Total revenues as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ -

Uses/outflows or resources:

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

City of Glendale, Arizona
Budgetary Comparison Schedule
Other Construction Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2014	$ 8,255	$ 8,255	$ 8,206	$ (49)
RESOURCES (INFLOWS):				
Investments	2	2	3	1
Total revenues	2	2	3	1
Less: Transfers out	(41)	(5,045)	(5,004)	41
Amounts available for appropriation	8,216	3,212	3,205	(7)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General administration	-	-	8	(8)
Community services	4,205	4,258	-	4,258
Public Works	2	2	12	(10)
Capital outlay	4,009	3,956	211	3,745
Total charges to appropriations	8,216	8,216	231	7,985
Budgetary fund balance, June 30, 2015	$ -	$ (5,004)	$ 2,974	$ 7,978

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures
Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	$ 3,205
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(8,206)
Add: Transfers out	5,004
Total revenues as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 3

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 231
Total expenditures as reported in the combining statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 231

NON-MAJOR PROPRIETARY FUNDS – BUSINESS-TYPE ACTIVITIES

Proprietary funds are used to account for City operations that are run like a business. These funds are responsible for providing enough operational revenue to cover all expenses.

Landfill

This fund accounts for the operation of the City owned landfill and recycling operations. Fees charged for the use of the landfill are used to maintain and improve the landfill operations as well as fund future closure costs.

Sanitation

This fund accounts for the City's trash collection services including curb, roll-off, bulk, and front-load services to individuals and businesses. Revenues collected are used to keep the City clean.

Housing

This fund accounts for operations to provide affordable housing to those who cannot afford it in the private market. This is done through administration of Federal Section 8 Housing Choice and Conventional Public Housing programs.

City of Glendale, Arizona
Combining Statement of Net Position
Non-Major Proprietary Funds - Business-Type Activities
June 30, 2015
(amounts expressed in thousands)

	Landfill	Sanitation	Housing	Total
ASSETS				
Current assets:				
Equity in pooled cash and investments	$ 12,014	$ 1,353	$ 2,229	$ 15,596
Receivables:				
Accounts	658	2,065	-	2,723
Allowance for uncollectibles	(4)	(398)	-	(402)
Intergovernmental receivable	-	-	2	2
Inventories and prepaid items	-	-	17	17
Total current assets	12,668	3,020	2,248	17,936
Noncurrent assets:				
Capital assets:				
Capital assets	27,434	14,796	14,121	56,351
Accumulated depreciation	(12,924)	(9,566)	(9,439)	(31,929)
Capital assets, net	14,510	5,230	4,682	24,422
Total noncurrent assets	14,510	5,230	4,682	24,422
Total assets	27,178	8,250	6,930	42,358
DEFERRED OUTFLOWS OF RESOURCES	378	596	188	1,162
LIABILITIES				
Current liabilities:				
Vouchers payable	554	213	-	767
Accounts payable	-	-	64	64
Retainage payable	93	-	-	93
Compensated absences	326	258	14	598
Intergovernmental payable	-	4	-	4
Deposits	81	113	41	235
Unearned Rent	-	-	5	5
Total current liabilities	1,054	588	124	1,766
Noncurrent liabilities:				
Compensated absences	203	133	175	511
Pension obligations	3,256	5,126	1,614	9,996
OPEB long-term obligations	1,350	2,758	785	4,893
Other long-term debt	-	-	98	98
Estimated closure and post-closure costs	14,960	-	-	14,960
Total noncurrent liabilities	19,769	8,017	2,672	30,458
Total liabilities	20,823	8,605	2,796	32,224
DEFERRED INFLOWS OF RESOURCES	721	1,135	357	2,213
NET POSITION				
Net investment in capital assets	14,510	5,230	4,682	24,422
Unrestricted	(8,498)	(6,124)	(717)	(15,339)
Total net position	$ 6,012	$ (894)	$ 3,965	$ 9,083

City of Glendale, Arizona

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Non-Major Proprietary Funds - Business-Type Activities

For the Fiscal Year Ended June 30, 2015

(amounts expressed in thousands)

	Business-Type Activities Enterprise Funds			
	Landfill	Sanitation	Housing	Total
Operating revenues:				
Intergovernmental	$ -	$ -	$ 8,696	$ 8,696
Container service	-	4,216	-	4,216
Curb service	-	10,728	-	10,728
Landfill user fees	7,594	-	-	7,594
Recycling sales	1,771	-	-	1,771
Other fees	392	-	3,265	3,657
Total operating revenues	9,757	14,944	11,961	36,662
Operating expenses:				
Landfill	7,099	-	-	7,099
Housing	-	-	12,676	12,676
Closure/post-closure care adjustment	(206)	-	-	(206)
Sanitation	-	13,567	-	13,567
Depreciation	787	1,400	453	2,640
Total operating expenses	7,680	14,967	13,129	35,776
Operating income (loss)	2,077	(23)	(1,168)	886
Nonoperating revenues (expenses):				
Investment income	177	32	1	210
Gain (loss) on disposal of assets	87	34	-	121
OPEB expense	(67)	(162)	(42)	(271)
Total nonoperating revenue (expenses)	197	(96)	(41)	60
Income (loss) before contributions and transfers	2,274	(119)	(1,209)	946
Transfers in	-	-	274	274
Transfers out	(20,614)	(3,949)	-	(24,563)
Change in net position	(18,340)	(4,068)	(935)	(23,343)
Total net position - beginning - restated	24,352	3,174	4,900	32,426
Total net position - ending	$ 6,012	$ (894)	$ 3,965	$ 9,083

City of Glendale, Arizona
Combining Statement of Cash Flows
Non-Major Proprietary Funds - Business-Type Activities
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Landfill	Sanitation	Housing	Total
Cash flows from operating activities:				
Cash received from customers	$ 9,672	$ 15,044	$ 3,266	$ 27,982
Cash received from federal operating grants	-	-	8,691	8,691
Cash paid to suppliers:				
Internal city departments	(1,287)	(8,040)	-	(9,327)
External vendors	(3,087)	(1,208)	(11,475)	(15,770)
Cash paid to employees for services	(2,859)	(4,352)	(1,176)	(8,387)
Net cash provided (used) by operating activities	2,439	1,444	(694)	3,189
Cash flows from noncapital financing activities:				
Transfers in	-	-	274	274
Transfers out	(20,614)	(3,949)	-	(24,563)
Advances to/due from other funds	20,694	3,941	(2)	24,633
Net cash provided (used) by noncapital financing activities	80	(8)	272	344
Cash flows from capital and related financing activities:				
Increase principal obligations	-	-	5	5
Acquisition of capital assets and rights	(2,849)	(2,484)	(107)	(5,440)
Net cash used capital and related financing activities	(2,849)	(2,484)	(102)	(5,435)
Cash flows from investing activities:				
Interest received from investments	177	32	1	210
Net cash provided by investing activities	177	32	1	210
Net increase (decrease) in cash and cash equivalents during fiscal year	(153)	(1,016)	(523)	(1,692)
Cash and cash equivalents, July 1	12,167	2,369	2,752	17,288
Cash and cash equivalents, June 30	$ 12,014	$ 1,353	$ 2,229	$ 15,596

	Landfill	Sanitation	Housing	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 2,077	$ (23)	$ (1,168)	$ 886
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations:				
Depreciation	787	1,400	453	2,640
Net pension expense and contributions	(64)	(101)	(32)	(197)
Changes in assets and liabilities:				
Accounts receivable	(86)	65	1	(20)
Intergovernmental receivable	-	-	7	7
Inventories and prepaid items	-	-	4	4
Vouchers payable	(71)	41	-	(30)
Accounts payable	-	-	26	26
Accrued expenses	(8)	-	-	(8)
Intergovernmental payable	-	1	(12)	(11)
Due to other funds	-	-	(1)	(1)
Deposits	2	-	2	4
Unearned rent	-	-	(1)	(1)
Compensated absences	8	27	27	62
Proceeds from disposal of assets	-	34	-	34
Estimated closure and post-closure costs	(206)	-	-	(206)
Net cash provided by (used) operating activities	$ 2,439	$ 1,444	$ (694)	$ 3,189

	Landfill	Sanitation	Housing	Total
Reconciliation of statement of net position cash and investments to the statement of cash flows:				
Per combining statement of net position:				
Equity in pooled cash and investments	$ 12,014	$ 1,353	$ 2,229	$ 15,596
Total cash and cash equivalents	$ 12,014	$ 1,353	$ 2,229	$ 15,596

City of Glendale, Arizona
Budgetary Comparison Schedule
Water and Sewer Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (budgetary basis)	Positive (Negative)
Budgetary fund balance, July 1, 2014	$ 75,473	$ 75,473	$ 84,752	$ 9,279
RESOURCES (INFLOWS):				
Intergovernmental	-	-	266	266
Charges for services:				
Metered water sales	47,775	47,775	42,972	(4,803)
Sewer service charges	33,399	33,399	32,033	(1,366)
Impact fees	1,115	1,115	967	(148)
Other fees	1,504	1,504	1,902	398
Investments	209	209	433	224
Miscellaneous	65	65	494	429
Proceeds from loan	78	78	79	1
Proceeds from equipment disposal	10	10	6	(4)
Total revenues	84,155	84,155	79,152	(5,003)
Add: Transfers in	-	-	-	-
Less: Transfers out	(146)	(222)	(138)	84
Amounts available for appropriation	159,482	159,406	163,766	4,360
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General administration	13,229	13,190	11,922	1,268
Water	22,194	22,314	18,267	4,047
Sewer	14,128	14,537	12,021	2,516
Contingencies	4,200	4,200	-	4,200
Capital outlay	35,961	35,484	5,915	29,569
Debt service:				
Principal	13,170	13,170	13,170	-
Interest	12,283	12,283	10,918	1,365
Total charges to appropriations	115,165	115,178	72,213	42,965
Budgetary fund balance, June 30, 2015	$ 44,317	$ 44,228	$ 91,553	$ 47,325

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

Sources/inflows of resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	$	163,766
Differences - budget to GAAP:		
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.		(84,752)
Revenues offset directly by bad debt expense on budgetary basis.		340
Proceeds from loan.		(79)
Internal staff and administrative charges reported as revenue only on budgetary basis.		(82)
Less: Transfers in.		-
Add: Transfers out.		138
Total revenues as reported on the statement of revenues, expenses, and changes in fund net position, excluding capital contributions.	$	79,331
Uses/outflows or resources:		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$	72,213
Differences - budget to GAAP:		
Capital outlay expenditure.		(5,915)
Change in compensated absences liability.		(74)
Amortization and depreciation expense.		22,370
Loss on Joint Venture.		3,329
Bond issuance costs.		700
Principal payments on long-term obligations.		(13,170)
OPEB expense.		430
Interest expense.		(1,200)
Indirect cost allocation.		(424)
Total expenses as reported in the statement of revenues, expenses, and changes in fund net position.	$	78,259

City of Glendale, Arizona
Budgetary Comparison Schedule
Landfill Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (budgetary basis)	Positive (Negative)
Budgetary fund balance, July 1, 2014	$ 11,453	$ 11,453	$ 12,103	$ 650
RESOURCES (INFLOWS):				
Charges for services:				
Landfill user fees	7,380	7,380	7,594	214
Recycling fees	2,000	2,000	1,771	(229)
Other fees	1,232	1,232	823	(409)
Proceeds from equipment disposal	5	5	12	7
Proceeds from interfund loan	234	234	109	(125)
Investments	164	164	177	13
Total revenues	11,015	11,015	10,486	(529)
Less: Transfers out	(78)	(89)	(30)	59
Amounts available for appropriation	22,390	22,379	22,559	180
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Contingencies	600	600	-	600
Landfill	8,763	8,763	7,571	1,192
Capital outlay	12,177	11,763	2,953	8,810
Debt service:				
Interest	-	418	-	418
Total charges to appropriations	21,540	21,544	10,524	11,020
Budgetary fund balance, June 30, 2015	$ 850	$ 835	$ 12,035	$ 11,200

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

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	$ 22,559
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(12,103)
Internal staff and administrative charges reported as revenue only on budgetary basis.	(430)
Revenues offset directly by bad debt expense on budgetary basis.	(1)
Proceeds from disposal of capital assets.	(12)
Gain on disposal of assets.	87
Proceeds from loan.	(109)
Add: Transfers out.	30
Total revenues as reported in the combining statement of revenues, expenses, and changes in fund net position.	$ 10,021
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 10,524
Differences - budget to GAAP:	
Bad debt expense.	1
Capital outlay expenditures.	(2,955)
Change in compensated absences liability.	(472)
Change in estimated landfill post-closure liability.	(206)
Depreciation expense.	787
OPEB expense.	68
Total expenses as reported in the combining statement of revenues, expenses, and changes in fund net position.	$ 7,747

City of Glendale, Arizona
Budgetary Comparison Schedule
Sanitation Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2014	$ 3,568	$ 3,568	$ 4,068	$ 500
RESOURCES (INFLOWS):				
Charges for services:				
Container service	4,250	4,250	4,216	(34)
Curb service	10,664	10,664	10,685	21
Investments	28	28	32	4
Proceeds from equipment disposal	32	32	34	2
Proceeds from interfund loan	21	21	21	-
Total revenues	14,995	14,995	14,988	(7)
Less: Transfers out	-	(28)	(28)	-
Amounts available for appropriation	18,563	18,535	19,028	493
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Sanitation	14,033	14,033	13,581	452
Capital outlay	3,986	3,986	2,484	1,502
Total charges to appropriations	18,019	18,019	16,065	1,954
Budgetary fund balance, June 30, 2015	$ 544	$ 516	$ 2,963	$ 2,447

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

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	$ 19,028
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(4,068)
Revenues offset directly by bad debt expense on budgetary basis.	43
Proceeds from interfund loan.	(21)
Add: Transfers out.	28
Total revenues as reported in the combining statement of revenues, expenses, and changes in fund net position.	$ 15,010
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 16,065
Differences - budget to GAAP:	
Bad debt expense.	42
Capital outlay.	(2,484)
Change in compensated absences liability.	(290)
Depreciation expense.	1,400
Pension expense.	234
OPEB expense.	162
Total expenses as reported in the combining statement of revenues, expenses, and changes in fund net position	$ 15,129

City of Glendale, Arizona
Budgetary Comparison Schedule
Housing Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (budgetary basis)	Positive (Negative)
Budgetary fund balance, July 1, 2014	$ 1,922	$ 1,922	$ 2,434	$ 512
RESOURCES (INFLOWS):				
Intergovernmental	15,522	15,522	8,696	(6,826)
Miscellaneous	-	-	3,265	3,265
Investments	-	-	1	1
Total revenues	15,522	15,522	11,962	(3,560)
Add: Transfers in	274	274	274	-
Amounts available for appropriation	17,718	17,718	14,670	(3,048)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Housing	15,696	15,696	12,708	2,988
Capital outlay	188	188	-	188
Total charges to appropriations	15,884	15,884	12,708	3,176
Budgetary fund balance, June 30, 2015	$ 1,834	$ 1,834	$ 1,962	$ 128

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

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	$ 14,670
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(2,434)
Less: Transfers in.	(274)
Total revenues as reported in the combining statement of revenues, expenses, and changes in fund net position, excluding capital grant proceeds.	$ 11,962
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 12,708
Differences - budget to GAAP:	
Depreciation expense.	453
Pension expense.	(32)
OPEB expense.	42
Total expenses as reported in the combining statement of revenues, expenses, and changes in fund net position.	$ 13,171

INTERNAL SERVICE FUNDS

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City of Glendale, Arizona
Combining Statement of Net Position
Internal Service Funds
June 30, 2015
(amounts expressed in thousands)

	Risk Management	Workers' Compensation	Employee Benefits	Total
ASSETS				
Current assets:				
Equity in pooled cash and investments	$ 3,634	$ 7,253	$ 215	$ 11,102
Accounts receivable, net	-	-	6	6
Inventories and prepaid items	59	-	-	59
Total current assets	3,693	7,253	221	11,167
Noncurrent assets:				
Restricted deposits	-	150	1,425	1,575
Total assets	3,693	7,403	1,646	12,742
Deferred Outflows of Resources	2	-	-	2
LIABILITIES				
Current liabilities:				
Vouchers payable	114	32	1,855	2,001
Compensated absences	10	-	-	10
Estimated claims payable	2,857	3,518	3,994	10,369
Total current liabilities	2,981	3,550	5,849	12,380
Noncurrent liabilities:				
Compensated absences	1	-	-	1
Pension obligations	18	-	-	18
Total noncurrent liabilities	19	-	-	19
Total liabilities	3,000	3,550	5,849	12,399
Deferred Inflows of Resources	4	-	-	4
NET POSITION				
Unrestricted	691	3,853	(4,203)	341
Total net position	$ 691	$ 3,853	$ (4,203)	$ 341

City of Glendale, Arizona
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Risk Management	Workers' Compensation	Employee Benefits	Total
Operating revenues:				
Self-insurance premiums	$ 2,502	$ 1,894	$ 22,718	$ 27,114
Other fees	137	50	28	215
Total operating revenues	2,639	1,944	22,746	27,329
Operating expenses:				
Administrative and general	55	-	-	55
Insurance claims and premiums	2,019	1,148	22,876	26,043
Total operating expenses	2,074	1,148	22,876	26,098
Operating income (loss)	565	796	(130)	1,231
Nonoperating revenues:				
Investment income (loss)	13	29	3	45
Change in net position	578	825	(127)	1,276
Net position - beginning - restated	113	3,028	(4,076)	(935)
Net position - ending	$ 691	$ 3,853	$ (4,203)	$ 341

City of Glendale, Arizona
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Risk Management	Workers' Compensation	Employee Benefits	Total
Cash flows from operating activities:				
Cash received from customers	$ 2,638	$ 1,944	$ 22,744	$ 27,326
Cash paid for insurance and in settlement of claims	(2,370)	(1,460)	(22,693)	(26,523)
Cash paid to employees for services	(44)	-	-	(44)
Net cash provided by (used for) operating activities	224	484	51	759
Cash flows from investing activities:				
Interest received from investments	13	29	3	45
Net increase (decrease) in cash during fiscal year	237	513	54	804
Cash and cash equivalents, July 1	3,397	6,890	1,586	11,873
Cash and cash equivalents, June 30	$ 3,634	$ 7,403	$ 1,640	$ 12,677
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 565	$ 796	$ (130)	$ 1,231
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations:				
Change in accounts receivable	-	-	(3)	(3)
Change in vouchers payable	(41)	(124)	339	174
Change in compensated absences	11	-	(1)	10
Change in claims payable	(311)	(188)	(154)	(653)
Net cash provided by (used for) operating activities	$ 224	$ 484	$ 51	$ 759
Reconciliation of statement of net position cash and investments to the statement of cash flows:				
Per combined statement of net position:				
Equity in pooled cash and investments	$ 3,634	$ 7,253	$ 215	$ 11,102
Restricted cash and investments	-	150	1,425	1,575
Total cash and cash equivalents	$ 3,634	$ 7,403	$ 1,640	$ 12,677

City of Glendale, Arizona
Budgetary Comparison Schedule
Risk Management Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2014	$ 2,405	$ 2,405	$ 3,245	$ 840
RESOURCES (INFLOWS):				
Self-insurance premiums	2,500	2,500	2,502	2
Investments	8	8	13	5
Other	25	25	137	112
Total revenues	2,533	2,533	2,652	119
Amounts available for appropriation	4,938	4,938	5,897	959
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General Administration	-	46	43	3
Insurance and claims	4,000	3,954	2,330	1,624
Total charges to appropriations	4,000	4,000	2,373	1,627
Budgetary fund balance, June 30, 2015	$ 938	$ 938	$ 3,524	$ 2,586

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenses
Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	$ 5,897
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(3,245)
Total revenues as reported on the combining statement of revenues, expenses, and changes in fund net position.	$ 2,652

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 2,373
Differences - budget to GAAP:	
Insurance and claims recorded gaap basis only.	(311)
Pension contributions that were reclassified as deferred outflows of resources.	12
Total expenses as reported in the combining statement of revenues, expenses, and changes in fund net position.	$ 2,074

City of Glendale, Arizona
Budgetary Comparison Schedule
Workers' Compensation Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (budgetary basis)	Positive (Negative)
Budgetary fund balance, July 1, 2014	$ 6,585	$ 6,585	$ 6,704	$ 119
RESOURCES (INFLOWS):				
Self-insurance premiums	1,894	1,894	1,894	-
Miscellaneous	-	-	50	50
Investments	11	11	29	18
Other	25	25	30	5
Total revenues	1,930	1,930	2,003	73
Amounts available for appropriation	8,515	8,515	8,707	192
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Insurance and claims	1,608	1,608	1,335	273
Total charges to appropriations	1,608	1,608	1,335	273
Budgetary fund balance, June 30, 2015	$ 6,907	$ 6,907	$ 7,372	$ 465

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

Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	$ 8,707
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(6,704)
Miscellaneous	(30)
Total revenues as reported in the combining statement of revenues, expenses, and changes in fund net position.	$ 1,973
Uses/outflows or resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 1,335
Differences - budget to GAAP:	
Insurance and claims recorded gaap basis only.	(187)
Total expenses as reported in the combining statement of revenues, expenses, and changes in fund net position.	$ 1,148

City of Glendale, Arizona
Budgetary Comparison Schedule
Employee Benefits Fund
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts (budgetary basis)	Positive (Negative)
Budgetary fund balance, July 1, 2014	$ 748	$ 748	$ 75	$ (673)
RESOURCES (INFLOWS):				
Self-insurance premiums	23,000	23,000	22,718	(282)
Miscellaneous	91	91	28	(63)
Investments	-	-	3	3
Total revenues	23,091	23,091	22,749	(342)
Amounts available for appropriation	23,839	23,839	22,824	(1,015)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Insurance and claims	23,291	23,291	23,032	259
Total charges to appropriations	23,291	23,291	23,032	259
Budgetary fund balance, June 30, 2015	$ 548	$ 548	$ (208)	$ (756)

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenses
Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule.	$ 22,824
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource, but is not a current year revenue for financial reporting purposes.	(75)
Total revenues as reported in the combining statement of revenues, expenses, and changes in fund net position.	$ 22,749

Uses/outflows or resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 23,032
Differences - budget to GAAP:	
Insurance and claims recorded gaap basis only.	(156)
Total expenses as reported in the combining statement of revenues, expenses, and changes in fund net position.	$ 22,876

SUPPLEMENTARY INFORMATION

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City of Glendale, Arizona

Federal Financial Data Schedule (PHA: AZ003)

For the Fiscal Year Ended June 30, 2015

(rounded to nearest dollar)

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

Balance Sheet

Line Item No.	Account Description	Project Total	Housing Choice Vouchers	Disaster Voucher Program	Disaster Housing Assistance Grants	Eliminations	Total
	ASSETS:						
	Current assets:						
	Cash:						
111	Cash - unrestricted	$ 954,310	$ 1,133,395	$ -	$ -	$ -	$ 2,087,705
112	Cash - restricted - modernization and development	-	-	-	-	-	-
113	Cash - other restricted	-	100,140	-	-	-	100,140
114	Cash - tenant security deposits	41,655	-	-	-	-	41,655
115	Cash - restricted for payment of current liability	-	-	-	-	-	-
100	Total cash	995,965	1,233,535	-	-	-	2,229,500
	Accounts receivables:						
121	Accounts receivable - PHA projects	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	2,088	-	-	-	-	2,088
124	Accounts receivable - other government	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-	-
126	Accounts receivable - tenants	117	-	-	-	-	117
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-
127	Notes, loans, & mortgages receivable - curren	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - frauc	-	-	-	-	-	-
129	Accrued interest receivabl(	-	-	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	2,205	-	-	-	-	2,205
	Current investments:						
131	Investments - unrestricted	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	-	-	-	-
143	Inventories	18,157	-	-	-	-	18,157
143.1	Allowance for obsolete inventories	(908)	-	-	-	-	(908)
144	Inter program - due from	-	-	-	-	-	-
145	Assets held for sale	-	-	-	-		-
150	Total current assets	1,015,419	1,233,535	-	-	-	2,248,954
	Non-current assets:						
	Capital assets:						
161	Land	135,533	-	-	-	-	135,533
162	Buildings	10,578,489	149,998	-	-	-	10,728,487
163	Furniture, equipment & machinery - dwellings	537,120	-	-	-	-	537,120
164	Furniture, equipment & machinery - administration	188,414	102,908	-	-	-	291,322
165	Leasehold improvements	2,271,173	-	-	-	-	2,271,173
166	Accumulated depreciation	(9,268,155)	(170,690)	-	-	-	(9,438,845)
167	Construction in progress	157,481	-	-	-	-	157,481
168	Infrastructure	-	-	-	-	-	-
160	Total capital assets, net of accumulated depreciation	4,600,055	82,216	-	-	-	4,682,271
171	Notes, loans, & mortgages receivable - non-current	-	-	-	-	-	-
172	Notes, loans, & mortgages receivable - non-current - past due	-	-	-	-	-	-
173	Grants receivable - non-current	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-
176	Investment in joint venture	-	-	-	-	-	-
180	Total non-current assets	4,600,055	82,216	-	-	-	4,682,271
190	Total assets	5,615,474	1,315,751	-	-	-	6,931,225
200	Deferred outflow of resource:	85,141	102,410	-	-	-	187,551
290	Total assets and deferred outflow of resources	$ 5,700,615	$ 1,418,161	$ -	$ -	$ -	$ 7,118,776

(continued)

City of Glendale, Arizona
Federal Financial Data Schedule (PHA: AZ003)
For the Fiscal Year Ended June 30, 2015
(rounded to nearest dollar)

(continued)

Balance Sheet

Line Item No.	Account Description	Project Total	Housing Choice Vouchers	Disaster Voucher Program	Disaster Housing Assistance Grants	Eliminations	Total
	LIABILITIES AND EQUITY-NET ASSETS/POSITION:						
	LIABILITIES:						
	Current liabilities:						
311	Bank Overdraft	$ -	$ -	$ -	$ -	$ -	$ -
312	Accounts payable <= 90 days	25,149	2,031	-	-	-	27,180
313	Accounts payable > 90 days past due	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	-	-
322	Accrued compensated absences - current portion	633	13,042	-	-	-	13,675
324	Accrued contingency liability	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-
331	Accounts payable - HUD PHA Programs	-	-	-	-	-	-
332	Accounts payable - PHA projects	-	37,760	-	-	-	37,760
333	Accounts payable - other government	-	-	-	-	-	-
341	Tenant security deposits	41,655	-	-	-	-	41,655
342	Unearned revenues	4,579	-	-	-	-	4,579
343	Total Current portion of L/T debt - capital pjts/mortgage revenue	-	-	-	-	-	-
344	Current portion of L/T debt - operating borrowings	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-
347	Inter program - due to	-	-	-	-	-	-
348	Loan liability - current	-	-	-	-	-	-
310	Total current liabilities	72,016	52,833	-	-	-	124,849
	Noncurrent liabilities:						
351	Long-term debt, net of current- capital pjts/mortgage revenu	-	-	-	-	-	-
352	Long-term debt, net of current- operating borrowings	-	-	-	-	-	-
353	Noncurrent liabilities- other	-	98,221	-	-	-	98,221
354	Accrued compensated absences - noncurrent	56,975	117,375	-	-	-	174,350
355	Loan Liability - noncurrent	-	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	1,089,134	1,310,041	-	-	-	2,399,175
350	Total noncurrent liabilities	1,146,109	1,525,637	-	-	-	2,671,746
300	Total liabilities	1,218,125	1,578,470	-	-	-	2,796,595
400	Deferred inflow of resources	162,215	195,117	-	-	-	357,332
	EQUITY - NET ASSETS/POSITION:						
508.4	Net investment in capital assets	4,600,055	82,216	-	-	-	4,682,271
511.4	Restricted net position	-	1,919	-	-	-	1,919
512.4	Unrestricted net position	(279,780)	(439,561)	-	-	-	(719,341)
513	Total equity - net assets / position	4,320,275	(355,426)	-	-	-	3,964,849
600	Total liabilities, deferred inflow of resources and equity - net assets/position	$ 5,700,615	$ 1,418,161	$ -	$ -	$ -	$ 7,118,776

(continued)

City of Glendale, Arizona
Federal Financial Data Schedule (PHA: AZ003)
For the Fiscal Year Ended June 30, 2015
(rounded to nearest dollar)

(continued)

Line Item No.	Income Statement Account Description	Project Total	Housing Choice Vouchers	Disaster Voucher Program	Disaster Housing Assistance Grants	Eliminations	Total
	REVENUE:						
70300	Net tenant rental revenue	$ 330,982	$ -	$ -	$ -	$ -	$ 330,982
70400	Tenant revenue - other	12,915	-	-	-	-	12,915
70500	Total tenant revenue	343,897	-	-	-	-	343,897
70600	HUD PHA operating grants	571,210	8,017,626	-	-	-	8,588,836
70610	Capital grants	107,244	-	-	-	-	107,244
70710	Management fee	-	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-	-
70730	Bookkeeping fee	-	-	-	-	-	-
70740	Front line service fee	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-
70700	Total fee revenue	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-
71100	Investment income - unrestricted	365	841	-	-	-	1,206
71200	Mortgage interest income	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-
71400	Fraud recovery	-	20,546	-	-	-	20,546
71500	Other revenue	33,916	2,863,765	2,761	-	-	2,900,442
71600	Gain or loss on sale of capital assets	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-
70000	Total revenue	$ 1,056,632	$ 10,902,778	$ 2,761	$ -	$ -	$ 11,962,171

(continued)

City of Glendale, Arizona
Federal Financial Data Schedule (PHA: AZ003)
For the Fiscal Year Ended June 30, 2015
(rounded to nearest dollar)

(continued)

Line Item No.	**Income Statement** Account Description	Project Total	Housing Choice Vouchers	Disaster Voucher Program	Disaster Housing Assistance Grants	Eliminations	Total
	EXPENSES:						
91100	Administrative salaries	$ 214,430	$ 562,156	$ -	$ -	$ -	$ 776,586
91200	Auditing fees	-	-	-	-	-	-
91300	Management fee	-	-	-	-	-	-
91310	Bookkeeping fee	-	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	93,462	258,911	-	-	-	352,373
91600	Office expenses	31,164	40,756	-	-	-	71,920
91700	Legal expense	75	1,000	-	-	-	1,075
91800	Travel	87	-	-	-	-	87
91810	Allocated overhead	-	-	-	-	-	-
91900	Other	28,007	21,037	-	-	-	49,044
91000	Total operating - administrative	367,225	883,860	-	-	-	1,251,085
92000	Asset management fee	-	-	-	-	-	-
92100	Tenant services - salaries	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-
92400	Tenant services - other	11,066	-	-	-	-	11,066
92500	Total Tenant services	11,066	-	-	-	-	11,066
93100	Water	58,761	-	-	-	-	58,761
93200	Electricity	25,259	-	-	-	-	25,259
93300	Gas	3,497	-	-	-	-	3,497
93400	Fuel	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-
93600	Sewer	29,428	-	-	-	-	29,428
93700	Employee benefit contributions- utilities	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-
93000	Total utilities	116,945	-	-	-	-	116,945
94100	Ordinary maintenance and operations - labor	254,177	-	-	-	-	254,177
94200	Ordinary maintenance and operations - materials & other	99,439	2,225	-	-	-	101,664
94300	Ordinary maintenance and operations - contract costs	185,903	-	-	-	-	185,903
94500	Employee benefit contributions - ordinary maintenance	111,553	-	-	-	-	111,553
94000	Total maintenance	$ 651,072	$ 2,225	$ -	$ -	$ -	$ 653,297

(continued)

City of Glendale, Arizona
Federal Financial Data Schedule (PHA: AZ003)
For the Fiscal Year Ended June 30, 2015
(rounded to nearest dollar)

(continued)

Line Item No.	Income Statement Account Description	Project Total	Housing Choice Vouchers	Disaster Voucher Program	Disaster Housing Assistance Grants	Eliminations	Total
95100	Protective services - labor	$ -	$ -	$ -	$ -	$ -	$ -
95200	Protective services - other contract costs	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-
95000	Total protective services	-	-	-	-	-	-
96110	Property insurance	44,158	29,438	-	-	-	73,596
96120	Liability insurance	-	-	-	-	-	-
96130	Workmen's compensation	2,773	1,849	-	-	-	4,622
96140	All other insurance	-	-	-	-	-	-
96100	Total insurance premiums	46,931	31,287	-	-	-	78,218
96200	Other general expenses	-	23,922	-	-	-	23,922
96210	Compensated absences	-	-	-	-	-	-
96300	Payments in lieu of taxes	-	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	-	-
96500	Bad debt- mortgages	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-
96000	Total other general expenses	-	23,922	-	-	-	23,922
96710	Interest on mortgage (or bonds) payable	-	-	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-	-	-
96700	Total Interest expense and amortization cost	-	-	-	-	-	-
96900	Total operating expenses	1,193,239	941,294	-	-	-	2,134,533
97000	Excess of operating revenue over operating expenses	(136,607)	9,961,484	2,761	-	-	9,827,638
97100	Extraordinary maintenance	-	-	-	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-	-	-
97300	Housing assistance payments	-	7,983,316	-	-	-	7,983,316
97350	HAP Portability-in	-	2,701,866	-	-	-	2,701,866
97400	Depreciation expense	448,911	4,061	-	-	-	452,972
97500	Fraud losses	-	-	-	-	-	-
97600	Capital outlays - governmental funds	-	-	-	-	-	-
97700	Debt principal payment - governmental fund	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-
90000	Total expenses	$ 1,642,150	$ 11,630,537	$ -	$ -	$ -	$ 13,272,687

(continued)

City of Glendale, Arizona
Federal Financial Data Schedule (PHA: AZ003)
For the Fiscal Year Ended June 30, 2015
(rounded to nearest dollar)

(continued)

Line Item No.	Income Statement Account Description	Project Total	Housing Choice Vouchers	Disaster Voucher Program	Disaster Housing Assistance Grants	Eliminations	Total
	OTHER FINANCING SOURCES (USES)						
10010	Operating transfers in	$ -	$ -	$ -	$ -	$ -	$ -
10020	Operating transfers out	-	-	-	-	-	-
10030	Operating transfers from/to primary government	274,269	-	-	-	-	274,269
10040	Operating transfers from/to component unit	-	-	-	-	-	-
10050	Proceeds from notes, loans and bonds	-	-	-	-	-	-
10060	Proceeds from property sales	-	-	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-
10080	Special items, net gain/loss	-	-	-	-	-	-
10091	Inter project excess cash transfer in	-	-	-	-	-	-
10092	Inter project excess cash transfer out	-	-	-	-	-	-
10093	Transfers between program and project - in	-	-	-	-	-	-
10094	Transfers between program and project - out	-	-	-	-	-	-
10100	Total other financing sources (uses)	274,269	-	-	-	-	274,269
10000	Excess (deficiency) of total revenues over (under) total expenses	$ (311,249)	$ (727,759)	$ 2,761	$ -	$ -	$ (1,036,247)
	MEMO ACCOUNT INFORMATION						
11020	Required annual debt principal payments	$ -	$ -	$ -	$ -	$ -	$ -
11030	Beginning equity	5,332,322	1,363,035	9,913	8,481	-	6,713,751
11040	Prior period adjustments, equity transfers & correction of errors	(700,798)	(990,702)	(12,674)	(8,481)	-	(1,712,655)
11050	Changes in compensated absence balance	-	-	-	-	-	-
11060	Changes in contingent liability balance	-	-	-	-	-	-
11070	Changes in unrecognized pension transition liability	-	-	-	-	-	-
11080	Changes in special term/severance benefits liability	-	-	-	-	-	-
11090	Changes in allowance for doubtful accounts - dwelling rent	-	-	-	-	-	-
11100	Changes in allowance for doubtful accounts - other	-	-	-	-	-	-
11170	Administrative fee equity	-	(357,345)	-	-	-	(357,345)
11180	Housing assistance payments equity	-	1,919	-	-	-	1,919
11190	Unit months available	1,728	12,605	-	-	-	14,333
11210	Unit months leased	1,678	12,602	-	-	-	14,280
11270	Excess cash	827,961	-	-	-	-	827,961
11610	Land purchases	$ -	$ -	$ -	$ -	$ -	$ -
11620	Building purchases	70,716	-	-	-	-	70,716
11630	Furniture & equipment - dwelling purchases	5,809	-	-	-	-	5,809
11640	Furniture & equipment - administrative purchases	2,316	-	-	-	-	2,316
11650	Leasehold improvements purchases	28,403	-	-	-	-	28,403
11660	Infrastructure purchases	-	-	-	-	-	-
13510	CFFP debt service payments	-	-	-	-	-	-
13901	Replacement housing factor funds	-	-	-	-	-	-

STATISTICAL SECTION

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STATISTICAL SECTION

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

Contents

City of Glendale, Arizona
Net Position by Component
Last Ten Fiscal Years
(amounts expressed in thousands)

	2015	2014, restated	2013	2012, restated
Government activities				
Net investment in capital assets	$ 456,897	$ 448,083	$ 438,366	$ 460,639
Restricted	168,714	161,027	186,106	183,829
Unrestricted	(248,733)	(277,093)	(59,797)	(73,375)
Total governmental activities net position	376,878	332,017	564,675	571,093
Business-type activities				
Net investment in capital assets	253,134	256,164	251,765	262,554
Restricted	24,090	22,300	12,264	12,921
Unrestricted	90,440	123,699	161,999	139,934
Total business-type activities net position	367,664	402,163	426,028	415,409
Primary government				
Net investment in capital assets	710,031	704,247	690,131	723,193
Restricted	192,804	183,327	198,370	196,750
Unrestricted	(158,293)	(153,394)	102,202	66,559
Total primary government net position	$ 744,542	$ 734,180	$ 990,703	$ 986,502

Schedule 1

2011	2010	2009	2008	2007	2006
$ 463,961	$ 457,773	$ 471,484	$ 499,322	$ 446,828	$ 398,517
204,645	176,400	144,422	133,695	180,303	155,163
(22,532)	11,684	51,500	51,850	44,573	75,417
646,074	645,857	667,406	684,867	671,704	629,097
271,708	271,969	286,452	297,329	249,569	233,387
29,988	13,988	13,249	12,836	11,881	12,437
112,323	124,550	114,814	107,384	155,325	158,753
414,019	410,507	414,515	417,549	416,775	404,577
735,669	729,742	757,936	796,651	696,397	631,904
234,633	190,388	157,671	146,531	192,184	167,600
89,791	136,234	166,314	159,234	199,898	234,170
$ 1,060,093	$ 1,056,364	$ 1,081,921	$ 1,102,416	$ 1,088,479	$ 1,033,674

City of Glendale, Arizona

Changes in Net Position

Last Ten Fiscal Years

(amounts expressed in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities:										
General government	$ 60,490	$ 73,637	$ 37,447	$ 35,962	$ 46,233	$ 42,530	$ 39,545	$ 39,998	$ 37,992	$ 33,329
Public safety	127,870	116,070	115,694	112,689	111,217	108,308	109,136	113,285	92,405	75,277
Public works	21,482	20,524	19,230	18,435	20,099	16,627	15,040	16,006	14,816	13,995
Community services	31,311	30,796	33,831	39,478	41,136	44,524	48,143	52,185	45,481	40,275
Community environment	4,980	5,895	5,655	6,828	7,061	6,316	3,539	5,164	4,698	4,125
Street maintenance	19,180	25,207	20,000	20,045	21,721	23,058	23,978	26,175	24,906	22,720
Other	-	-	-	-	-	-	-	-	-	3,020
Interest on long-term debt	32,106	34,808	42,413	41,913	41,967	42,286	38,982	28,475	23,551	16,883
Total governmental activities expenses	297,419	306,937	274,270	275,350	289,434	283,649	278,363	281,288	243,849	209,624
Business-type activities:										
Water and sewer	74,807	77,243	73,460	78,917	79,444	81,910	74,424	74,581	63,289	55,607
Landfill	7,727	7,554	7,486	7,602	7,280	8,454	8,045	8,067	8,264	7,950
Sanitation	15,059	14,471	16,122	15,437	14,814	14,093	14,039	15,209	13,847	13,257
Housing	13,159	13,088	14,037	14,827	14,687	14,180	11,840	9,862	8,951	9,466
Total business-type activities expenses	110,752	112,356	111,105	116,783	116,225	118,637	108,348	107,719	94,351	86,280
Total primary government expenses	$ 408,171	$ 419,293	$ 385,375	$ 392,133	$ 405,659	$ 402,286	$ 386,711	$ 389,007	$ 338,200	$ 295,904
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 18,498	$ 17,666	$ 12,520	$ 12,334	$ 24,822	$ 14,232	$ 11,879	$ 12,132	$ 11,610	$ 10,726
Public safety	6,084	6,369	5,778	5,624	5,094	5,824	4,670	5,744	1,964	1,375
Public works	631	1,126	1,149	512	495	7,447	588	543	531	516
Community services	11,704	10,486	11,003	17,910	11,733	11,918	15,661	22,859	22,285	20,121
Community environment	309	-	-	-	-	-	3,045	-	-	31
Street maintenance	25	-	-	-	-	2	36	-	48	-
Operating grants and contributions	25,665	25,168	25,156	27,636	27,137	29,596	24,146	33,191	36,566	31,973
Capital grants and contributions	11,403	10,748	7,904	5,274	70,552	3,755	2,600	14,491	26,247	6,406
Total governmental activities program revenues	74,319	71,563	63,510	69,290	139,833	72,774	62,625	88,960	99,251	71,148

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Business-type activities:										
Charges for services:										
Water and sewer	78,541	81,065	81,963	82,730	80,513	76,603	67,810	66,316	62,125	56,153
Landfill	9,757	8,646	7,994	7,185	8,027	6,987	7,304	9,196	9,742	8,362
Sanitation	14,944	14,836	14,791	14,562	14,733	15,048	15,258	14,684	14,653	14,167
Housing	3,265	3,504	4,137	4,886	4,829	4,870	2,042	816	662	569
Operating grants and contributions	8,855	9,357	9,376	9,423	9,342	9,331	8,701	8,348	8,254	8,020
Capital grants and contributions	2,562	2,423	831	705	1,155	690	1,207	4,346	5,125	5,403
Total business-type activities program revenues	117,924	119,831	119,092	119,491	118,599	113,529	102,322	103,706	100,561	92,674
Total primary government program revenues	192,243	191,394	182,602	188,781	258,432	186,303	164,947	192,666	199,812	163,822
Net (expense)/revenue										
Governmental activities	(223,100)	(235,374)	(210,760)	(206,060)	(149,601)	(210,875)	(215,738)	(192,328)	(144,598)	(138,476)
Business-type activities	7,172	7,475	7,987	2,708	2,374	(5,108)	(6,026)	(4,013)	6,210	6,394
Total primary government net expense	$ (215,928)	$ (227,899)	$ (202,773)	$ (203,352)	$ (147,227)	$ (215,983)	$ (221,764)	$ (196,341)	$ (138,388)	$ (132,082)
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Property taxes	$ 23,881	$ 23,577	$ 21,372	$ 20,232	$ 27,189	$ 33,749	$ 32,890	$ 28,826	$ 23,085	$ 21,386
Sales taxes	147,175	131,983	132,872	97,451	93,260	92,717	97,054	105,175	97,825	90,968
Unrestricted state shared sales tax	20,695	19,734	18,558	17,716	18,438	17,786	19,321	22,237	23,037	23,298
Unrestricted urban revenue sharing (state shared income tax)	27,446	25,271	23,159	19,135	23,590	31,292	36,267	34,109	27,518	22,909
Auto in-lieu taxes	8,664	8,086	7,586	7,277	7,917	8,130	8,808	9,730	10,044	10,444
Investment earnings, unrestricted	1,070	726	716	975	1,482	286	1,668	4,742	5,557	4,395
Gain (loss) on disposal of capital assets	(688)	78	353	56	(677)	330	(52)	879	202	348
Miscellaneous	520	687	367	489	3,936	5,406	2,872	302	301	272
Capital contributions	-	-	-	-	-	-	-	-	-	-
Transfers	39,198	(64)	(641)	(307)	(317)	(370)	(551)	(509)	(364)	700
Special item	-	-	-	(25,000)	(25,000)	-	-	-	-	-
Total governmental activities	267,961	210,078	204,342	138,024	149,818	189,326	198,277	205,491	187,205	174,720
Business-type activities:										
Investment earnings, unrestricted	643	463	1,878	1,126	614	460	2,069	4,044	5,381	3,466
Gain (loss) on disposal of capital assets	127	167	43	(40)	137	187	282	126	103	844
Loss on joint venture	(3,329)	-	-	-	-	-	-	-	-	-
Miscellaneous	86	67	70	72	70	83	90	108	140	100
Transfers	(39,198)	64	641	307	317	370	551	509	364	(700)
Total business-type activities	(41,671)	761	2,632	1,465	1,138	1,100	2,992	4,787	5,988	3,710
Total primary government	$ 226,290	$ 210,839	$ 206,974	$ 139,489	$ 150,956	$ 190,426	$ 201,269	$ 210,278	$ 193,193	$ 178,430
Changes in net position										
Governmental activities	$ 44,861	$ (25,296)	$ (6,418)	$ (68,036)	$ 217	$ (21,549)	$ (17,461)	$ 13,163	$ 42,607	$ 36,244
Business-type activities	(34,499)	8,236	10,619	4,173	3,512	(4,008)	(3,034)	774	12,198	10,104
Total primary government	$ 10,362	$ (17,060)	$ 4,201	$ (63,863)	$ 3,729	$ (25,557)	$ (20,495)	$ 13,937	$ 54,805	$ 46,348

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City of Glendale, Arizona

Schedule 3

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(amounts expressed in thousands)

	2015(1)	2014(1)	2013(1)	2012(1)	2011(1)	2010	2009	2008	2007	2006
General fund										
Reserved	$ -	$ -	$ -	$ -	$ -	$ 9,383	$ 10,450	$ 9,271	$ 10,500	$ 10,287
Unreserved	-	-	-	-	-	29,463	42,180	57,117	50,880	62,166
Total general fund	$ -	$ -	$ -	$ -	$ -	$ 38,846	$ 52,630	$ 66,388	$ 61,380	$ 72,453
General fund										
Nonspendable	$ 216	$ 600	$ 650	$ 197	$ 463	$ -	$ -	$ -	$ -	$ -
Restricted	10,313	688	311	368	5,403	-	-	-	-	-
Committed	1,114	1,554	1,676	2,351	1,965	-	-	-	-	-
Assigned	8,563	-	-	-	9,253	-	-	-	-	-
Unassigned	28,409	(4,835)	(14,438)	(29,565)	(5,414)	-	-	-	-	-
Total general fund	$ 48,615	$ (1,993)	$ (11,801)	$ (26,649)	$ 11,670	$ -	$ -	$ -	$ -	$ -
All other governmental funds										
Reserved	$ -	$ -	$ -	$ -	$ -	$ 76,055	$ 83,966	$ 58,146	$ 45,029	$ 42,910
Unreserved, report in:	-	-	-	-	-					
Special revenue funds	-	-	-	-	-	50,478	57,555	76,493	34,369	30,584
Capital projects funds	-	-	-	-	-	41,046	27,474	18,436	68,932	64,106
Total all other governmental funds	$ -	$ -	$ -	$ -	$ -	$ 167,579	$ 168,995	$ 153,075	$ 148,330	$ 137,600
All other governmental funds										
Nonspendable	$ 5,768	$ 5,801	$ 5,774	$ 5,829	$ 5,822	$ -	$ -	$ -	$ -	$ -
Restricted	99,970	102,241	103,772	117,964	129,635	-	-	-	-	-
Committed	-	123	115	129	11,464	-	-	-	-	-
Assigned	277	202	144	82	199	-	-	-	-	-
Total all other governmental funds	$ 106,015	$ 108,367	$ 109,805	$ 124,004	$ 147,120	$ -	$ -	$ -	$ -	$ -

Note: (1) Changes made per GASB 54 requirement fund balance reporting, effective June 30, 2011.

City of Glendale, Arizona

Schedule 4

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(amounts expressed in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes and special assessments	$ 170,605	$ 159,328	$ 149,705	$ 118,218	$ 120,974	$ 126,291	$ 130,119	$ 133,746	$ 121,122	$ 112,576
Licenses and permits	10,610	11,522	10,373	10,798	9,367	9,734	10,503	17,385	17,839	16,039
Intergovernmental	87,112	81,364	76,520	73,009	79,760	90,047	91,642	101,821	107,699	86,994
Local revenues	525	18	36	-	-	-	-	-	-	-
Charges for services	17,685	14,781	11,896	11,487	10,461	13,640	9,881	14,125	10,086	8,838
Fines and forfeitures	3,556	3,735	3,469	3,374	3,806	4,052	4,064	4,507	3,932	3,564
Investment income (loss)	1,258	900	762	1,180	1,841	774	3,805	9,986	10,905	7,825
Miscellaneous	5,662	4,500	3,822	11,700	22,054	18,000	9,346	4,915	4,212	4,136
Total revenues	297,013	276,148	256,583	229,766	248,263	262,538	259,360	286,485	275,795	239,972
Expenditures										
General government	33,494	29,666	16,065	18,147	19,668	23,085	26,048	25,364	24,524	21,868
Public safety	114,143	108,397	103,610	100,368	95,270	96,161	103,624	100,384	86,753	72,745
Public works	8,673	7,463	7,859	7,709	8,859	11,569	11,072	11,743	12,155	12,252
Community services	26,379	25,536	27,966	33,597	33,887	37,518	42,294	44,767	39,150	35,604
Community environment	4,977	5,826	5,554	6,703	6,853	6,160	3,478	4,972	4,657	3,978
Street maintenance	7,951	8,352	8,305	8,311	9,038	10,388	11,901	13,045	13,372	11,609
Miscellaneous	5,791	2,323	4,617	1,782	1,577	2,026	1,666	1,629	3,059	2,918
Capital outlay	20,949	14,662	13,980	19,634	22,093	63,529	186,175	141,060	179,421	131,243
Debt service:										
Principal	37,251	30,043	26,441	24,947	31,640	29,451	29,670	32,151	28,096	20,328
Interest	32,870	35,628	43,038	42,515	42,593	42,913	39,571	32,294	20,630	17,222
Total expenditures	292,478	267,896	257,435	263,713	271,478	322,800	455,499	407,409	411,817	329,767
Excess of revenues over (under) expenditures	4,535	8,252	(852)	(33,947)	(23,215)	(60,262)	(196,139)	(120,924)	(136,022)	(89,795)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Other financing sources (uses)										
Refunding lease issued	-	-	-	-	11,503	-	-	-	-	-
Discount on long-term debt	-	-	(1,557)	-	-	-	(3,136)	-	-	-
Long-term debt issued	-	-	-	8,665	38,300	41,650	199,750	109,986	133,327	93,033
Refunding bonds issued	209,255	-	239,875	-	-	-	-	93,815	-	9,065
Payment to redeem lease	-	-	-	-	(11,355)	-	-	-	-	-
Premium on long-term debt issued	35,751	-	19,779	898	3,369	10	1,894	2,192	1,198	1,782
Proceeds from equipment disposal	2,650	174	589	546	331	482	344	8,714	850	3,166
Capital lease proceeds	-	8	-	-	-	44	-	-	668	-
Payment to redeem/refunded bonds escrow agent	(131,966)	-	(256,054)	(9,320)	(41,251)	-	-	(83,521)	-	(9,582)
Current bond refunding principal	(110,145)	-	-	-	-	-	-	-	-	-
Current bond refunding interest	(1,022)	-	-	-	-	-	-	-	-	-
Transfers in	240,694	48,704	52,136	32,977	38,728	36,306	21,914	51,626	24,945	20,014
Transfers out	(201,496)	(48,768)	(53,267)	(33,919)	(39,045)	(33,430)	(22,465)	(52,135)	(25,309)	(19,314)
Special item	-	-	-	(25,000)	(25,000)	-	-	-	-	-
Total other financing sources (uses)	43,721	118	1,501	(25,153)	(10,923)	45,062	198,301	130,677	135,679	98,164
Net change in fund balances	$ 48,256	$ 8,370	$ 649	$ (59,100)	$ (34,138)	$ (15,200)	$ 2,162	$ 9,753	$ (343)	$ 8,369
Debt service as a percentage of noncapital expenditures	25.82%	25.93%	28.54%	27.64%	29.77%	27.91%	25.71%	24.20%	20.97%	18.91%

Note: The debt service percentage of noncapital expenditures does not include other financing sources/uses. The percentage equals the total principal and interest expenditures divided by the total expenditures less capital outlay.

City of Glendale, Arizona

Schedule 5

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(amounts expressed in thousands)

	Major Components								
Fiscal Year	Real Estate	Improve-ments	Personal [3]	Utilities Rails and Wires	Less: Tax Exempt Property	Net Assessed Value [1]	Total Direct Tax Rate	Estimated Actual Value[1]	Assessed Value as a Percentage of Actual Value[2]
2005-06	$ 368,181	$ 989,418	$ 46,475	$ 58,101	$ 192,607	$ 1,269,568	1.72	$ 11,296,734	12.943
2006-07	463,560	1,033,129	47,129	58,111	230,940	1,370,989	1.72	12,107,926	13.230
2007-08	593,311	1,406,513	51,889	60,680	285,374	1,827,019	1.62	16,733,846	12.624
2008-09	739,936	1,821,057	56,528	61,347	485,193	2,193,675	1.59	21,034,639	12.736
2009-10	739,388	1,844,506	60,888	62,176	576,051	2,130,907	1.59	20,635,557	13.118
2010-11	654,550	1,593,536	59,049	56,217	609,782	1,753,570	1.59	17,333,074	13.635
2011-12	330,057	1,189,718	49,391	53,746	473,388	1,149,524	1.59	12,040,482	13.479
2012-13	304,041	1,130,460	45,507	53,158	485,894	1,047,273	1.90	11,471,039	13.366
2013-14	316,206	1,213,829	41,750	53,581	477,258	1,148,108	2.29	12,489,163	13.014
2014-15	379,087	1,451,325	40,191	55,687	518,191	1,408,099	2.15	12,452,875	15.469

Source: Maricopa County Assessor's Office and Maricopa County's Department of Finance

Notes:
(1) Assessed values are established each year by the County. The tax rate is $100 per assessed value (reference note I. L).
(2) The assessed value as a percentage of actual value does not include tax exempt property.
(3) The Assessor's Office no longer breaks down the secured and unsecured personal property as of 2013. All prior years secured and unsecured have been combined.

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

				Overlapping Rates*		
Fiscal Year	Basic Rate	General Obligation Debt Service	**City of Glendale**	Glendale Elementary and High School Districts	Peoria Unified School Districts	Deer Valley Unified School Districts
2005-06	0.31	1.41	**1.72**	20.96	18.45	16.98
2006-07	0.29	1.43	**1.72**	19.84	17.26	15.34
2007-08	0.27	1.35	**1.62**	17.74	15.33	13.97
2008-09	0.24	1.35	**1.59**	15.85	14.09	13.03
2009-10	0.22	1.37	**1.59**	15.18	13.81	12.74
2010-11	0.22	1.37	**1.59**	16.35	14.13	14.18
2011-12	0.22	1.37	**1.59**	20.69	15.54	16.47
2012-13	0.22	1.68	**1.90**	22.93	18.08	17.75
2013-14	0.50	1.79	**2.29**	25.06	19.82	18.91
2014-15	0.49	1.66	**2.15**	23.58	19.64	18.85

Source: Maricopa County 2014 Tax Rates
Note: The City rounds the rates to two digits from the four presented by the county.

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

City of Glendale, Arizona

Schedule 7

Principal Property Taxpayers

Current Year and Ten Years Ago

June 30, 2015

(amounts expressed in thousands)

Taxpayer	Tax Year 2015 Rank	Tax Year 2015 Assessed Valuation	Tax Year 2015 Percentage of Total City Taxable Assessed Value	Tax Year 2005 Rank	Tax Year 2005 Assessed Valuation	Tax Year 2005 Percentage of Total City Taxable Assessed Value
Arizona Public Service Company	1	$ 17,801	1.26 %	2	$ 14,691	1.28 %
New Westgate LLC	2	12,883	0.91			
VHS of Arrowhead, Inc.	3	11,861	0.84	8	4,235	0.37
Wal-Mart Stores, Inc.	4	9,030	0.64	5	6,119	0.53
Arrowhead Towne Center LLC	5	8,685	0.62			
Centurylink (Qwest Corporation)	6	6,493	0.46	1	15,872	1.39
American Furniture Warehouse	7	5,733	0.41			
JQH-Glendale Az Development LLC	8	5,365	0.38			
Thunderbird School of Global Management	9	4,852	0.35			
Stadium Development LLC	10	4,823	0.34			
New River Associates				3	9,293	0.81
Honeywell, Inc.				4	7,596	0.66
Southwest Gas Corporation				6	5,965	0.52
Toys DC South LLC				7	4,704	0.41
51 Bell Limited Partnership				9	4,000	0.35
Corning Gilbert, Inc.				10	3,786	0.33
Total principal taxpayers		$ 87,526	6.21 %		$ 76,261	6.65 %

Source: Maricopa County Treasurer's Office

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

City of Glendale, Arizona

Schedule 8

Property Tax Levies and Collections

Last Ten Fiscal Years

(amounts expressed in thousands)

		Collected within the Fiscal Year of Levy			Total Collections to Date	
Fiscal Year	Total Tax Levy[1]	Amount	Percent of Levy	Collections in Subsequent Years[2]	Amount	Percent of Levy
2005-06	$ 21,566	$ 20,980	97.28 %	$ 493	$ 21,473	99.57 %
2006-07	23,423	22,721	97.00	407	23,128	98.74
2007-08	28,728	27,823	96.85	549	28,372	98.76
2008-09	33,927	32,411	95.53	1,001	33,412	98.48
2009-10	33,617	32,260	95.96	536	32,796	97.56
2010-11	27,534	26,469	96.13	65	26,534	96.37
2011-12	20,787	20,090	96.65	74	20,194	97.15
2012-13	21,841	21,268	97.38	(5)	21,263	97.35
2013-14	23,943	23,490	98.11	159	23,649	98.77
2014-15	24,429	23,729	97.13	-	23,729	97.13

Source: Maricopa County Treasurer's Office

(1) Total levy includes only secured property.
(2) Includes collections and resolutions.

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City of Glendale, Arizona

Schedule 9

City Transaction Privilege Taxes (Sales Tax) by Category

Last Ten Fiscal Years

(amounts expressed in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Retail sales	$ 79,062	$ 73,924	$ 67,133	$ 49,686	$ 48,089	$ 49,127	$ 48,353	$ 54,416	$ 50,733	$ 48,743
Contracting	6,457	7,948	4,721	5,170	6,742	4,458	6,378	9,540	10,483	9,729
Rentals	16,146	14,502	14,182	11,550	11,854	12,729	11,511	12,082	9,895	8,897
Utilities	8,678	8,732	8,028	6,393	6,449	6,829	6,449	5,359	4,724	4,168
Telecom/cable TV	4,773	5,072	5,540	5,144	6,093	6,156	6,722	6,174	5,914	5,300
Restaurant/bar	17,651	15,842	14,284	11,975	11,207	10,791	10,863	10,995	9,335	8,163
Amusement	5,673	2,110	2,154	2,896	1,860	3,697	3,659	3,034	3,288	1,934
Other	6,686	5,808	6,920	3,816	5,568	4,018	4,002	3,575	3,453	4,034
Total	$ 145,126	$ 133,938	$ 122,962	$ 96,630	$ 97,862	$ 97,805	$ 97,937	$ 105,175	$ 97,825	$ 90,968
% Growth by year										
Retail sales	7.0 %	10.1 %	35.1 %	3.3 %	(2.0) %	1.6 %	(11.1) %	7.3 %	4.1 %	16.4 %
Contracting	(18.8)	68.4	(8.7)	(23.3)	51.0	(30.1)	(33.1)	(9.0)	7.8	26.1
Rentals	11.3	2.3	22.8	(2.6)	(7.0)	10.6	(4.7)	22.1	11.2	8.1
Utilities	(0.6)	8.8	25.6	(0.9)	(6.0)	5.9	20.3	13.4	13.3	111.9
Telecom/cable TV	(5.9)	(8.4)	7.7	(15.6)	(1.0)	(8.4)	8.9	4.4	11.6	2.3
Restaurant/bar	11.4	10.9	19.3	6.9	4.0	(0.7)	(1.2)	17.8	14.4	16.1
Amusement	168.9	(2.0)	(25.6)	55.7	(50.0)	1.0	20.6	(7.7)	70.0	85.4
Other	15.1	(16.1)	81.3	(31.5)	39.0	0.4	11.9	3.5	(14.5)	(2.1)
Total	8.4 %	8.9 %	27.3 %	(1.3) %	0.1 %	(0.1) %	(6.9) %	7.5 %	7.5 %	17.9 %

Source: City of Glendale Tax and License Division

Note: The 2012 and prior years tax rate for City activities is 2.2% except for telecommunications which is 5.4%, restaurant bars 3.2%, hotel/motel 5.6%, and retail sales food for home consumption 1.8%.
The 2013 and later years tax rate for City activities is 2.9% except for telecommunications which is 6.1%, restaurant/bars 3.9%, hotel/motel 7.9%, retail sales food for home consumption 2.5%, and retail sale of individual items over $5,000 2.2%
The amounts represent sales tax dollars collected for the fiscal year presented.

City of Glendale, Arizona

Schedule 10

Ratio of Outstanding Debt by Type[1]

Last Ten Fiscal Years

(amounts expressed in thousands)

	Government Activities						
Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Street and Highway Revenue Bonds	Excise Tax Revenue Bonds	Transportation Bonds	Capital Leases	Notes Payable
2005-06	$ 175,155	$ 39	$ 35,940	$ 223,988	$ -	$ 12,875	$ 15,689
2006-07	224,234	-	34,065	293,530	-	12,492	6,279
2007-08	212,524	-	30,895	298,050	109,110	10,838	9,045
2008-09	197,738	-	27,480	493,880	105,035	9,076	7,637
2009-10	225,595	-	23,910	487,305	102,490	7,493	6,288
2010-11	194,270 [4]	-	16,290 [4]	481,705	99,815	11,833	-
2011-12	179,010 [4]	-	12,250 [4]	474,840	97,035	11,667	-
2012-13	163,130 [4]	-	8,055 [4]	468,875	91,140	11,094	-
2013-14	151,206 [4] [5]	-	3,736 [4] [5]	477,736 [4] [5]	89,317 [4] [5]	10,361	-
2014-15	133,168 [4] [5]	-	1,912 [4] [5]	477,747 [4] [5]	91,047 [4] [5]	57	-

Fiscal Year	Business Activities: Water Sewer G.O. Bonds	Business Activities: Landfill G.O. Bonds	Business Activities: Water Sewer Revenue Bonds	Business Activities: Notes Payable	Business Activities: Capital Leases	Total Primary Government	Total Debt per Capita[3]	Percentage of Personal Income[2]
2005-06	$ 12,375	$ 700	$ 190,020	$ 12,285	$ 2,613	$ 681,679 [1]	$ 2,794	% 9.08
2006-07	11,595	520	229,130	10,862	2,349	825,056 [1]	3,354	9.86
2007-08	10,805	331	288,950	10,240	1,688	982,476 [1]	3,946	11.32
2008-09	9,995	132	282,345	12,425	1,080	1,146,823 [1]	4,587	13.11
2009-10	9,160	-	273,140	14,278	592	1,150,251 [1]	4,601	13.56
2010-11	8,300	-	289,175	11,901	151	1,113,440 [1]	4,901	14.12
2011-12	6,485 [4]	-	282,625	708	-	1,064,620 [1]	4,694	13.27
2012-13	5,515 [4]	-	273,080	-	-	1,020,889 [1]	4,471	12.21
2013-14	-	-	267,254 [4] [5]	-	-	999,610 [5]	4,327	11.52
2014-15	-	-	260,967 [4] [5]	-	-	964,898 [5]	4,141	10.18

(1) Does not include other long-term obligations such as compensated absences, unamortized premiums, claims/judgments, arbitrage, post-closure costs, etc.
(2) Calculate by dividing Glendale population with Maricopa County population and multiplying by total personal income to arrive at Glendale personal income (data from Schedule 15). Then divide total primary government amount by Glendale personal income to arrive at percentage of personal income.
(3) Numbers not expressed in thousands.
(4) Amounts outstanding less July 1.
(5) Includes unamortized premiums of debt issuance and discount on debt issuance.

City of Glendale, Arizona **Schedule 11**

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds[2]	Total	Percentage of Net Assessed Value of Property	Per Capita[3]
2005-06	$ 188,230 [1]	$ 22,507	$ 165,723	13.05 %	$ 679.19
2006-07	236,349 [1]	24,600	211,749	15.45	859.44
2007-08	223,660 [1]	30,145	193,515	10.59	778.01
2008-09	207,865 [1]	37,418	170,447	7.77	682.30
2009-10	234,755 [1]	41,934	192,821	9.05	770.75
2010-11	201,680 [1]	21,250	180,430	10.29	794.09
2011-12	185,495 [1] [4]	16,765	168,730	14.68	744.22
2012-13	168,645 [1] [4]	12,641	156,004	14.90	681.22
2013-14	147,810 [4]	9,310	138,500	12.06	599.28
2014-15	126,305 [4] [5]	8,270	118,035	10.43	507.29

Source: Maricopa County - Abstract by tax authority and class
ADOA Office of Employment and Population Statistics - Population estimates for July 1, 2014

Note: (1) Includes general obligation water and sewer bonds.
(2) Includes the current general obligation bond liability plus the general obligation debt service fund balance at June 30.
(3) Per capita is in actual dollars.
(4) Includes the July 1 payment.
(5) Based on limited assessed value beginning in FY 2015 instead of secondary full cash value.

City of Glendale, Arizona **Schedule 12**

Net Direct and Overlapping Governmental Activities Debt

June 30, 2015

(amounts expressed in thousands)

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Glendale	Amount Applicable to Glendale [2]
Peoria Unified School District No. 11	$ 226,970	22.5308 %	$ 51,138
Glendale Elementary School District No. 40	19,390	99.0637	19,208
Deer Valley Unified School District No. 97	180,160	19.6202	35,348
Alhambra Elementary School District No. 68	-	17.5081	-
Glendale Union High School District No. 205	102,965	21.3865	22,021
Maricopa County			
Maricopa County Community College District	593,820	3.4138	20,272
Phoenix Union High School District No. 210	282,795	1.1245	3,180
Pendergast Elementary School District No. 92	30,220	25.0702	7,576
Tolleson Union High School District No. 214	35,800	7.4898	2,681
Washington Elementary School District No. 6	67,600	3.0869	2,087
Dysart Unified School District No. 89	160,327	0.0722	116
Agua Fria Union High School District No. 216	51,855	0.0776	40
Litchfield Elementary School District No. 79	42,475	0.1153	49
Cartwright Elementary School District No. 83	25,250	-	-
Total Overlapping Debt	1,819,627		163,716
City of Glendale Debt[1]	688,313		688,313
Total	$ 2,507,940		$ 852,029

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

(1) The City of Glendale debt includes total General Obligation (GO) and revenue bonds debt outstanding, capital leases, premiums and discounts.

(2) Calculation based on Net Debt Outstanding multiplied by Percentage Applicable to Glendale, which is determined by dividing the tax area code net secondary assessed value by the tax authority net secondary assessed value.

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

Schedule 13

Legal Debt Margin Calculation for Fiscal Year 2015

6% Type Bonds

Assessed value	$ 1,131,284
Debt limit (6% of assessed value)	67,877
Debt applicable to limit: General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	(165)
Total net debt applicable to limit	(165)
Legal debt margin	$ 68,042

	2006	2007	2008	2009	2010	2011 (1)	2012 (1)	2013 (1)	2014 (1)	2015 (1) (2)
Debt limit	$ 76,174	$ 82,259	$ 109,621	$ 131,621	$ 127,854	$ 105,214	$ 68,971	$ 62,836	$ 68,886	$ 67,877
Total net debt applicable to limit	52,539	38,998	43,358	32,121	29,010	14,399	11,455	7,309	2,415	(165)
Legal debt margin	$ 23,635	$ 43,261	$ 66,263	$ 99,500	$ 98,844	$ 90,815	$ 57,516	$ 55,527	$ 66,471	$ 68,042
Total net debt applicable to the limit as a percentage of debt limit	68.97%	47.41%	39.55%	24.40%	22.69%	13.69%	16.61%	11.63%	3.51%	-0.24%

20% Type Bonds

Assessed value	$ 1,131,284
Debt limit (20% of assessed value)	226,257
Debt applicable to limit: General obligation bonds	126,305
Less: Amount set aside for repayment of general obligation debt	(8,105)
Total net debt applicable to limit	118,200
Legal debt margin	$ 108,057

	2006	2007	2008	2009	2010	2011 (1)	2012 (1)	2013 (1)	2014 (1)	2015 (1) (2)
Debt limit	$ 253,914	$ 274,198	$ 365,404	$ 438,735	$ 426,181	$ 350,714	$ 229,905	$ 209,455	$ 229,622	$ 226,257
Total net debt applicable to limit	113,184	172,751	150,157	138,326	163,811	166,031	159,306	148,695	136,085	118,200
Legal debt margin	$ 140,730	$ 101,447	$ 215,247	$ 300,409	$ 262,370	$ 184,683	$ 70,599	$ 60,760	$ 93,537	$ 108,057
Total net debt applicable to the limit as a percentage of debt limit	44.58%	63.00%	41.09%	31.53%	38.44%	47.34%	69.29%	70.99%	59.26%	52.24%

(1) Debt applicable to limit: General obligation bonds net of July 1 payment made prior to June 30.
(2) Based on limited assessed value beginning in FY 2015 instead of secondary full cash value.

City of Glendale, Arizona

Schedule 14

Pledged-Revenue Coverage

Last Ten Fiscal Years

(amounts expressed in thousands)

	Water and Sewer Revenue Bonds					
				Debt Service		
Fiscal Year	Utility Service Charges(1)	Less: Operating Expenses(2)	Net Available Revenue	Principal	Interest	Coverage
2005-06	$ 59,426	$ 35,916	$ 23,510	$ 6,813 (3)	$ 7,143 (3)	1.68
2006-07	66,646	40,825	25,821	6,303 (3)	9,280 (3)	1.66
2007-08	69,490	44,247	25,243	7,252 (3)	11,918 (3)	1.32
2008-09	69,300	40,175	29,125	9,876 (3)	13,539 (3)	1.24
2009-10	76,987	43,628	33,359	10,347 (3)	13,082 (3)	1.42
2010-11	81,127	41,550	39,577	11,107 (3)	13,598 (3)	1.60
2011-12	83,496	41,555	41,941	9,545 (6)	13,306 (3)	1.84
2012-13	83,454	39,203	44,251	9,755	13,152	1.93
2013-14	81,733	42,544	39,189	10,210	12,706	1.71
2014-15	79,325	41,712	37,613	13,170	10,918	1.56

	Transportation Bonds (4)				Excise Tax Revenue Bonds (5)			
	Transportation Sales	Debt Service			Excise Tax	Debt Service		
Fiscal Year	Tax	Principal	Interest	Coverage	Revenue	Principal	Interest	Coverage
2005-06	$ -	$ -	$ -	$ -	$ 114,066	$ 2,785	$ 8,871	9.79
2006-07	-	-	-	-	123,602	2,715	10,343	9.47
2007-08	23,672	4,075	3,255	3.23	127,373	7,399	17,617	5.09
2008-09	20,875	2,545	4,782	2.85	118,277	6,575	24,074	3.86
2009-10	19,488	2,675	4,655	2.66	109,536	5,600	27,812	3.28
2010-11	19,486	2,780	4,548	2.66	102,962	6,585	27,612	3.01
2011-12	20,665	2,890	4,437	2.82	100,081 (7)	2,590 (6)	27,279	3.35
2012-13	21,691	3,005	4,321	2.96	131,931 (7)	2,790 (6)	30,713 (8)	3.94
2013-14	23,112	3,125	4,201	3.15	141,674 (7)	6,500	22,951	4.81
2014-15	24,690	3,545	3,597	3.46	151,963	2,585	21,175	6.40

Source: City of Glendale Finance Department

Notes:

(1) Operating revenues and nonoperating revenues excluding non-cash contributions, gains and losses.

(2) Excluding depreciation.

(3) Principal and interest amounts include debt service on the note payable to the Water Infrastructure Financing Authority of Arizona for the 00-01 loan and the 09-10 loan for fiscal years through 2010-11.

(4) FY 2008 is the first year the City of Glendale has issued transportation bonds.

(5) Excise tax revenue bonds include the Municipal Property Corporation and the Western Loop 101 Public Facilities Corporation (through FY 2012-13).

(6) Excluding reductions to principal by refunded bonds - 2011-12 Water & Sewer Revenue Bond $74,050 and Excise Tax Revenue Bonds $8,945; and 2012-13 Excise Tax Revenue Bonds $243,250.

(7) Excise tax revenue amounts include state shared revenues.

(8) Includes interest expense from refunding the Western Loop 101 Public Facilities Bonds in December 2012.

City of Glendale, Arizona **Schedule 15**

Demographic and Economical Statistics

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	City of Glendale Population (2)	Maricopa County Population (6)	Personal Income (1)	Per Capita Personal Income (1)(4)	Unemployment Rate
2005-06	244	3,793	$ 134,339,487	$ 35,418	3.9 %
2006-07	246	3,907	139,665,253	35,747	3.1
2007-08	249	3,988	145,880,680	36,580	3.6
2008-09	250	4,116	146,898,132	35,690	8.4
2009-10	250	4,023	140,351,646	34,886	9.1
2010-11	227	3,817	147,724,392 (3)	38,701	9.2
2011-12	229 (5)	3,885 (3)	156,763,179 (3)	40,351	8.6 (5)
2012-13	231 (5)	3,934 (3)	160,497,824 (3)	40,798	7.6 (5)
2013-14	233 (5)	3,945 (3)	160,497,824 (3)	40,684	6.6 (5)
2014-15	233 (5)	3,945 (3)	160,497,824 (3)	40,684	5.6 (5)

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

(2) Estimate provided by City of Glendale Planning Department.

(3) The previous fiscal year Maricopa County CAFR provides the most current number.

(4) Calculation based on personal income divided by Maricopa County population.

(5) Estimate provided by Arizona Department of Administration, Office of Employment and Population Statistics website for the prior fiscal year.

(6) Maricopa County population extracted from Maricopa County CAFR statistical section.

City of Glendale, Arizona **Schedule 16**

Principal Employers

Current Year and Ten Years Ago

	2015			2005		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Luke Air Force Base	5,100	1	4.44 %	7,907	1	7.64 %
Banner Thunderbird Health System	3,000	2	2.61	2,036	4	1.97
Arrowhead Towne Center	2,650	3	2.30	2,500	3	2.42
Walmart	2,175	4	1.89			
Glendale Union High School District	1,974	5	1.72	1,862	6	1.80
Glendale Community College	1,948	6	1.69	1,220	9	1.18
City of Glendale	1,610	7	1.40	2,021	5	1.95
Deer Valley Unified School District	1,594	8	1.39	1,432	8	1.38
Glendale Elementary School District	1,400	9	1.22	1,684	7	1.63
AAA	1,067	10	0.93			
Honeywell, Inc.				2,762	2	2.67
Schuck and Sons				1,150	10	1.11
Total	22,518		19.59 %	24,574		23.75 %

Source: City of Glendale Economic Development Department
Department of Economic Security, Research Administration
City of Glendale Human Resources Department

City of Glendale, Arizona

Schedule 17

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

	Full-Time Equivalent Employees as of June 30									
Function/Program	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
General government										
Management services	24.00	31.00	34.00	36.00	45.00	43.00	38.00	35.00	35.00	34.00
Finance	56.00	49.00	54.00	57.00	59.00	61.00	69.00	86.75	86.75	86.75
Planning	11.00	10.00	13.00	14.00	15.00	24.00	33.00	28.50	28.50	26.50
Building	22.00	21.00	21.00	24.00	26.00	32.00	43.00	53.75	51.75	55.75
Legal	69.00	69.00	67.00	66.00	70.00	73.00	70.00	78.00	78.00	67.00
Other	66.00	63.00	73.00	77.00	90.00	96.00	104.00	108.50	105.50	101.00
Police	517.00	534.00	505.00	534.00	544.00	554.00	567.00	557.50	543.50	506.50
Fire	259.00	253.00	260.00	269.00	270.00	276.00	278.00	263.50	251.50	237.50
Homeland security	-	-	-	-	-	-	6.00	7.00	7.00	-
Community service	57.00	48.00	56.00	60.00	72.00	72.00	69.00	93.75	87.25	84.25
Parks and recreation	58.00	59.00	75.00	92.00	123.00	122.00	85.00	99.25	98.75	89.75
Library	31.00	32.00	32.00	48.00	56.00	57.00	65.00	87.76	88.76	87.76
Public works	180.00	173.00	165.00	179.00	203.00	225.00	256.00	281.00	271.00	266.00
Engineering	19.00	17.00	18.00	19.00	26.00	27.00	39.00	45.00	45.00	46.00
Transportation	56.00	57.00	60.00	65.00	69.00	63.00	67.00	89.25	88.25	81.25
Utilities	185.00	176.00	172.00	185.00	167.00	170.00	171.00	186.00	165.00	146.00
Total	1,610.00	1,592.00	1,605.00	1,725.00	1,835.00	1,895.00	1,960.00	2,100.51	2,031.51	1,916.01

Sources:
City Budget Division for 2006-08
City of Glendale Human Resources Department for 2009-15

City of Glendale, Arizona

Schedule 18

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year 2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police										
Calls for service	174,535	146,538	127,333	127,829	129,161	129,868	137,586	146,489	154,176	148,633
Bookings	17,871	18,939	8,588	7,083	9,902	11,015	11,990	12,902	12,119	8,640
Criminal offense reports	31,873	31,481	34,995	33,938	27,304	29,765	32,599	32,918	35,169	34,271
Fire										
EMS calls	32,250	30,262	30,082	29,321	27,751	26,591	24,419	25,851	25,819	22,284 (1)
Fire calls	3,467	3,461	3,478	3,495	3,573	3,847	3,900	4,216	4,322	5,886 (1)
Water										
Number of billed accounts	61,117	60,932	60,450	60,109	59,732	59,579	59,079	59,807	60,700	60,004
Water produced (millions gallons)	12,057	13,768	13,667	14,064	13,569	14,284	15,375	14,943	16,231	16,075
Sewer										
Number of billed accounts	59,960	56,791	56,357	55,987	55,609	55,439	56,709	54,936	54,662	56,737
Treated influent (millions gallons)	6,117	6,244	6,065	5,970	5,998	6,405	6,570	6,661	7,227	7,410
Refuse collection										
Residential curb service (tons per year)	48,993	45,942	46,833	48,187	49,784	52,634	53,493	58,865	60,914	63,521
Commercial container service (tons per year)	45,693	41,879	40,272	39,722	40,451	41,797	44,600	48,267	51,425	49,517
Airport										
Departures/arrivals (2)	74,217	70,679	76,390	80,416	80,291	69,834	91,998	137,762	152,194	143,798
General government										
Building permits	5,449	4,799	6,383	5,304	5,619	5,194	5,289	6,931	6,310	7,888
Library										
Volumes in collection (3)	528,835	408,516	415,695	446,010	529,113	523,512	540,352	546,136	557,342	596,266
Transit										
Dial-A-Ride passengers	77,318	78,271	85,798	90,577	92,134	89,808	91,841	88,638	84,132	89,055

Source: Various city departments and FAA ATADS report

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

(1) Fire department figures are on a calendar year, January 1, 2006, through November 3, 2006.

(2) Departures/arrivals are based on calendar year prior to 2005-2006. 2009 figures are through October 30, 2009. Year 2010 and forward are based on fiscal year.

(3) Includes all formats: books, magazines, CD's, DVD's and electronic/downloadable collection.

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

	Fiscal Year									
Function/Program	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Police										
Stations	3	3	3	3	3	3	3	3	3	3
Patrol vehicles	178	176	139	154	174	157	159	158	157	156
Fire stations	9	9	9	9	9	9	9	9	9	9
General government										
City square miles	59	59	59	59	59	59	59	58	57	57
Water										
Treatment capacity (millions gallons per day)	104.1	104.1	104.1	104.1	104.1	94.1	94.1	81.6	81.6	81.6
Storage capacity (millions gallons)	67	67	67	67	67	67	67	62	62	62
Miles of water mains	994	994	994	994	994	994	850	800	750	750
Sewer										
Treatment capacity (millions gallons per day)	29.2	29.2	29.2	29.2	29.2	29.2	29.2	29.2	29.2	29.2
Miles of sewer lines	707	707	707	700	690	680	670	659	659	659
Landfill										
Landfill capacity - south cell	22,429	21,493	21,218	22,065	21,912	21,666	21,666	22,594	22,594	22,594
Landfill capacity used - south cell	19,687	19,220	18,849	19,257	18,444	18,529	18,126	17,776	17,358	16,790
Other public works										
Streets (miles)	718	718	718	717	802	736	736	736	736	733
Parks and recreation										
Number of parks/retention basins/facilities	100	100	100	100	100	100	99	99	95	92
Acres of parks	2,189	2,189	2,189	2,189	2,189	2,189	2,199	2,125	2,125	2,058
Transit										
Dial-A-Ride minibuses	22	20	21	21	21	22	23	22	22	25

Source: Various city departments
Note: Landfill capacity in thousands

WATER RATES PER METER SIZE

Meter Size (inch)	Commercial and Residential Monthly Base Charge: Inside City	Outside City
5/8	$ 9.70	$ 12.61
3/4	12.30	15.99
1	17.40	22.62
1 1/2	35.30	45.89
2	62.90	81.77
3	106.00	137.80
4	189.00	245.70
6	376.00	488.80
8	557.00	724.10
10	896.00	1,164.80
12	1,326.00	1,723.80

	Residential Meter Size		Commercial 3/4 inch Meter Size and Greater (1)			
	All Year		All Year		Summer Excess Rate	
Gallons per Month	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City
0 - 6,000	$ 2.14	$ 2.79	$ 2.28	$ 2.97	$ 2.85	$ 3.72
7,000 - 15,000	2.68	3.49	2.28	2.97	2.85	3.72
16,000 - 30,000	3.76	4.89	2.28	2.97	2.85	3.72
over 31,000	5.27	6.85	2.28	2.97	2.85	3.72

SEWER SERVICE RATES

Type of Service	Inside City	Outside City
Single Family Dwelling Unit	$ 31.56	$ 57.94
Office Building	48.25	N/A
Apartment - Average 5 units	86.05	93.82
Apartment - Average 35 units	562.68	161.51
Retail/Wholesale	69.53	N/A

(1) Per 1,000 gallons
SOURCE: City of Glendale Finance as of May 2015

HISTORICAL AVERAGE NUMBER OF WATER ACCOUNTS (1)

Fiscal Year Ending June 30	Residential	Multi-Family (2)	Commercial	Sprinkler (2)	Total
2006	55,354		4,650		60,004
2007	55,395		5,305		60,700
2008	54,396		5,411		59,807
2009 (3)	53,523		5,556		59,079
2010 (3)	53,522	1,672	4,247	1,647	61,088
2011 (3)	53,663	1,674	4,264	1,655	61,256
2012 (4)	53,858	1,673	4,281	1,666	61,478
2013 (3)	54,056	1,680	4,296	1,669	61,701
2014 (3)(5)	53,914	1,799	4,264	1,819	61,796
2015 (3)	54,126	1,800	4,379	1,862	62,167

(1) Total meters in the system being read monthly. Slightly lower figure for active accounts due to vacant properties.
(2) In 2010, the schedule was revised to separate into their own categories Sprinkler from Residential and Muti-Family from Commercial.
(3) As of October following the fiscal year ended.
(4) As of August 2012.
(5) Reclassified 269 residential connections to multifamily or sprinkler.
SOURCE: City of Glendale Water Services Department

WATER DELIVERIES
Acre Feet

Calendar Year	Residential (1)	Commercial	Other (2)	Total
2005	33,567	9,580	5,636	48,783
2006	34,660	10,951	3,730	49,341
2007	34,594	11,281	3,937	49,812
2008	32,278	10,764	2,818	45,860
2009	31,457	10,122	5,606	47,185
2010	27,537	10,482	4,455	42,474
2011	27,409	11,143	9,558	48,110
2012	27,695	11,278	3,683	42,656
2013	26,921	10,634	3,050	40,605
2014	26,946	10,587	2,467	40,000

(1) Residential includes both single and multi-family housing.
(2) Starting in 2005, *Other* represents unbilled water and system loses.
SOURCE: Annual Report of Arizona Department of Water Resources.

SEWERAGE ACCOUNTS BILLED AND SEWAGE TREATED

Fiscal Year Ending June 30	No. of Sewer [(1)] Accounts Billed	91st Ave WWTP [(2)] (MGD) Actual	Arrowhead (MGD)	West (MGD)	Total Treated
2006	55,995	8.2	3.0	8.5	19.7
2007	56,737	8.2	2.9	9.2	20.3
2008	54,662	7.8	2.9	9.1	19.8
2009	54,936	6.8	2.8	8.6	18.2
2010	56,709	6.8	2.8	8.4	18.0
2011	56,868	8.3	2.3	5.4	16.0
2012	57,087	7.9	2.3	4.4	14.6
2013	57,300	7.3	2.5	5.8	15.6
2014	57,385	8.4	2.7	6.0	17.1
2015	57,588	6.9	2.7	7.2	16.8

(1) The number of billed accounts is less than the number of connections due to vacant properties.
(2) The 91st Avenue Wastewater Treatment Plant is a regional plant servicing five cities. Previously listed as "Multi-City Plant" (SROG).
SOURCE: City of Glendale Water Services Department

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

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT AND THE PURCHASE AGREEMENT

The following statements are summaries of certain definitions and provisions of the Trust Agreement and the Purchase Agreement, as amended by the Trust Agreement. Some of these provisions, together with certain other provisions thereof, have been summarized elsewhere in the Official Statement. All such summaries are qualified in their entirety by reference to the full text of such documents and reference is made to such documents for a full and complete statement of their provisions.

DEFINITIONS

"Annual Debt Service" means the amount to be paid by the City under the Senior Agreements in any Fiscal Year with respect to the Parity Obligations for principal and interest requirements.

"Bond Year" means each one-year period beginning on the day after the expiration of the preceding Bond Year. The first Bond Year shall begin on the date of issue of the Obligations and shall end on the date selected by the City, provided that the first Bond Year shall not exceed one calendar year. The last Bond Year shall end on the date of retirement of the last Obligation.

"Business Day" means any day of the week other than a Saturday, Sunday or a day which shall be in the State a legal holiday or a day on which the Trustee is authorized or obligated by law or executive order to close or a day on which the Federal Reserve is closed.

"City Representative" means the City Manager, the Chief Financial Officer or any other person authorized by the City Manager or the Mayor and Council to act on behalf of the City with respect to this Trust Agreement.

"Corporation" means the City of Glendale Municipal Property Corporation.

"Defeasance Obligations" means, to the extent permitted by law, (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, (5) securities eligible for "AAA" defeasance under then-existing criteria of S&P or (6) any combination of the foregoing.

"Depository Trustee" means any bank or trust company, which may include the Trustee, designated by the City, meeting the requirements of the Trust Agreement.

"Event of Default" means an event of default described under the Purchase Agreement.

"Financial Agreement" means an agreement, between the City and the Surety Provider setting forth the rights and obligations of the parties thereto with respect to matters such as payments under the Surety Bond and reimbursement thereof.

"Fiscal Year" means the fiscal year for the City, currently July 1 through and including June 30.

"Independent Counsel" means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the City or the Trustee and which may include the counsel giving a Special Counsel's Opinion.

"Interest Payment Date" means the dates specified in the Trust Agreement on which interest is due and payable on the Obligations.

"Maximum Annual Debt Service" means the greatest Annual Debt Service for the then-current or any succeeding Fiscal Year.

"Obligations" means the Senior Excise Tax Revenue Refunding Obligations, Series 2016.

"Outstanding" refers to Obligations issued in accordance with the Trust Agreement, excluding: (i) Obligations which have been exchanged or replaced; (ii) Obligations which have been paid; (iii) Obligations which have become due and for the payment of which moneys have been duly provided to the Trustee; and (iv) Obligations for which there have been irrevocably set aside with a Depository Trustee sufficient moneys or obligations permitted hereby and by the Purchase Agreement bearing interest at such rates and with such maturities as will provide sufficient funds to pay the principal and interest, represented by such Obligations, provided, however, that if principal represented by any such Obligations is to be prepaid, the City shall have taken all action necessary to prepay such Obligations and notice of such prepayment shall have been duly mailed in accordance with the proceedings under which such Obligations were issued or irrevocable instructions so to give such notice shall have been given to the Trustee.

"Owner" or any similar term, when used with respect to an Obligation means the person in whose name such Obligation shall be registered.

"Parity Obligations" means the Senior Bonds, the 2015 Obligations, the Obligations and any additional obligations which may hereafter be issued or incurred by the City (or any financing conduit acting on behalf of the City) having a lien upon and payable from the Unrestricted Excise Taxes on a parity with, and in compliance with the terms of, the Purchase Agreement and the Senior Agreements.

"Payments" means all payments required to be paid by the City pursuant to the Purchase Agreement.

"Payment Fund" means the fund by that name established pursuant to the Trust Agreement.

"Reimbursement Period" means twelve months.

"Reimbursement Rate" means the rate set forth in the Financial Agreement.

"Reserve Fund" means the fund by that name established pursuant to the Trust Agreement.

"Reserve Fund Surety Bond" or "Surety Bond" means the surety bond or bonds or policy or policies of insurance issued to the City in amounts which, when added to funds on deposit in the Reserve Fund, are equal to the Reserve Requirement, the proceeds of which shall be used only to prevent deficiencies in the payment of the principal of or interest on the Obligations resulting from insufficient amounts being on deposit in the Payment Fund to make such payments of principal and interest as the same become due.

"Reserve Requirement" means an amount equal to the least of: (i) Maximum Annual Debt Service on all Outstanding Obligations; (ii) 125% of the average Annual Debt Service on all Outstanding Obligations; or, (iii) 10% of the stated principal amount of all Outstanding Obligations.

"S&P" means Standard & Poor's Rating Services, a Standard and Poor's Financial Services LLC business, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"Senior Agreements" means, collectively, the Series 1999 Lease Agreement dated as of October 1, 1999, as supplemented and amended by Supplements relating to the Senior Bonds, the First Purchase Agreement dated as of March 1, 2015 and any other agreement with a parity pledge therewith as to Unrestricted Excise Taxes.

"Senior Bonds" means the Corporation's Excise Tax Revenue Bonds, Taxable Series 2003B; Excise Tax Revenue Bonds Series 2008A and Taxable Series 2008B and Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012A and Series 2012B.

"Special Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the City.

"Surety Bond Coverage" means the amount available at any particular time to be paid to the Trustee under the terms of the Surety Bond, which amount shall never exceed the Surety Bond Limit.

"Surety Bond Limit" means an amount less than or equal to the Reserve Requirement.

"Surety Bond Payment" means an amount equal to the debt service payment required to be made by the City pursuant to the Trust Agreement less (i) that portion of the debt service payment paid by the City, and (ii) other funds legally available to the Trustee for payment to the Owners, all as certified by the Trustee in a demand for payment under the Surety Bond.

"Surety Provider" means the provider of a Surety Bond.

"Surety Reimbursement Fund" means the fund by that name established pursuant to the Trust Agreement.

"2015 Obligations" means, collectively, the Senior Excise Tax Revenue Refunding Obligations, Series 2015A and the Senior Excise Tax Revenue Refunding Obligations, Taxable Series 2015B.

"Unrestricted Excise Taxes" means excise taxes received by the City, including the City's sales, transaction or privilege taxes, the City's portion of sales, transaction, privilege or income taxes imposed and collected by the State, or by any other governmental unit or agency, and the City's other excise and franchise taxes; provided, however, that Restricted Excise Taxes, as described in the next sentence, are not included within the definition of Unrestricted Excise Taxes. Restricted Excise Taxes are excise taxes, transaction privilege, franchise and income taxes of the City collected now or hereafter which have been approved at an election within the City and restricted to certain uses, such as the existing City's Public Safety Tax and Transportation Tax.

THE TRUST AGREEMENT

Establishment and Application of Payment Fund. The Trustee shall establish a special trust fund designated as the "Series 2016 Excise Tax Revenue Payment Fund" (herein referred to as the "Payment Fund"). So long as any Obligations are Outstanding, the City shall have no beneficial right or interest in the Payment Fund or the moneys deposited therein, except only as provided in the Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

The City is required to make Payments on a monthly basis pursuant to the Purchase Agreement. If any such payment is not made within one (1) Business Day after the date such Payment is due, the Trustee shall notify the City of the amount required to be paid, after taking into account amounts currently on deposit in the Payment Fund. All amounts received by the Trustee as Payments pursuant to the Purchase Agreement and transfers pursuant hereto shall be deposited in the Payment Fund, the Reserve Fund or the Surety Bond Reimbursement Fund, if and to the extent applicable.

All amounts in the Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest represented by the Obligations as the same shall become due and payable, in accordance with the provisions of the Trust Agreement.

Establishment and Application of Reserve Fund and Surety Reimbursement Fund.

The Trust Agreement creates a Reserve Fund for the Obligations and a Surety Reimbursement Fund. The City shall not be required to fund the Reserve Fund, nor be required to deliver a Reserve Fund Surety Bond on the date of delivery of the Obligations. The City shall fund the Reserve Fund, or in the alternative, deliver a Reserve Fund Surety Bond, as provided below, to the Trustee, if the Unrestricted Excise Taxes collected by the City during a Fiscal Year are less than three (3) times the aggregate Maximum Annual Debt Service. The City shall determine, and provide the Trustee with a written statement of the amount of, such coverage ratio prior to the January 1 following the end of each Fiscal Year and if the aforementioned coverage ratio of three (3) times is not met, the City shall fund from Unrestricted Excise Taxes in twelve equal monthly installments on the 15th of each month beginning January 15 following the end of such Fiscal Year until the Reserve Fund equals the Reserve Fund Requirement, or in the alternative, the City shall on such January 15th deliver to the Trustee a Reserve Fund Surety Bond with a value equal to the Reserve Fund Requirement.

The provisions set forth in the Trust Agreement for the Reserve Fund shall be effective only (i) upon the determination that the Reserve Fund shall be funded as provided in the preceding sentence and (ii) only to the extent that a comparable requirement exists for the Senior Bonds currently outstanding.

The City will be required monthly, commencing on the first day of the month following a payment made on the Reserve Fund Surety Bond with respect to the Obligations, to pay to the Trustee an amount equal to one-twelfth of the amount required to restore the Reserve Fund to an amount which, together with the Surety Bond Coverage, is equal to the Reserve Requirement for the Obligations. The Trustee shall, to the extent it has funds available for payment into the Reserve Fund, apply such funds to the Reserve Fund to the extent that the Reserve Requirement for the Obligations exceeds the Surety Bond Limit with respect to the Obligations. No deposit need be made into the Reserve Fund if the amount of money contained therein is at least equal to an amount equal to the Reserve Requirement for the Obligations minus the Surety Bond Coverage with respect to the Obligations.

The City shall be required monthly, commencing on the first day of the month following any payment made on the Reserve Fund Surety Bond with respect to the Obligations, to pay to the Trustee for deposit in the Surety Reimbursement Fund a sum of money equal to the amount required to reimburse the provider of a Surety Bond for any interest owed by the City to the Surety Provider for payments made by the Surety Provider under the Reserve Fund Surety Bond with respect to the Obligations or for any other moneys owed by the City to the Surety Provider under the Financial Agreement with respect to the Obligations. Such reimbursement must be made by the Trustee before the expiration of the Reimbursement Period for each Surety Bond Payment made by the Surety Provider with interest on the Surety Bond Payment from the date made to the date of reimbursement at the lesser of the Reimbursement Rate or the maximum rate permitted by then applicable law. All moneys in the Surety Reimbursement Fund shall be used and withdrawn by the City solely for the purpose of reimbursing the Surety Provider for any interest owed by the City to the Surety Provider for payments made by the provider of a Surety Bond under the Reserve Fund Surety Bond with respect to the Obligations or any other moneys owed by the City to the Surety Provider under the Financial Agreement with respect to the Obligations. Such deposits into the Surety Reimbursement Fund shall be made prior to the making of any required cash payments to the Reserve Fund.

Appointment of Trustee. The City shall maintain as the Trustee a bank or trust company with a combined capital and surplus of at least Fifty Million Dollars ($50,000,000), and subject to supervision or examination by federal or State authority, so long as any of the Obligations are Outstanding.

Liability of Trustee; Protection and Rights of the Trustee. Except with respect to its authority and power generally and authorization to execute the Trust Agreement, the recitals of facts, covenants and agreements in the Trust Agreement and the Purchase Agreement and in the Obligations shall be taken as statements, covenants and agreements of the City, and the Trustee assumes no responsibility for the correctness of the same.

The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificates, statements, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of the Trust Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Obligation or to take any action at his request unless such Obligation shall be deposited with the Trustee and satisfactory evidence of the ownership of such Obligation shall be furnished to the Trustee. The Trustee may consult with counsel with regard to legal questions, and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

Whenever in the administration of its duties under the Trust Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be specifically prescribed) shall be deemed to be conclusively proved and established by the certificate of the City Representative and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of the Trust Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may become the Owner of the Obligations with the same rights it would have if it were not Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the City with the same rights it would have if it were not the Trustee and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Obligations, whether or not such committee shall represent the Owners of the majority in principal amount of the Obligations then Outstanding.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under the Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or gross negligence.

No provision in the Trust Agreement shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability (including, without limitation, any and all environmental liability) in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

<u>Removal and Resignation of Trustee.</u> The City (but only if no Event of Default has occurred and is continuing) or the Owners of a majority in aggregate principal amount of all Obligations Outstanding, at any time upon thirty (30) days' prior written notice, and for any reason, may remove the Trustee and any successor thereto, but any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars ($50,000,000) and subject to supervision or examination by federal or State authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or the requirements of any supervising or examining authority above referred to, then, for the purposes of the Trust Agreement, the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice to the City. Upon receiving such notice of resignation, the City shall promptly appoint a successor trustee by an instrument in writing; provided, however, that in the event that the City does not appoint a successor trustee within thirty (30) days following receipt of such notice of resignation or its giving notice of removal, the retiring Trustee may petition the appropriate court having jurisdiction to appoint a successor trustee. Any resignation or removal of the Trustee and appointment of a successor trustee shall become effective upon acceptance of appointment by the successor trustee. The Trustee and the City shall execute any documents reasonably required to effect the transfer of rights and obligations of the Trustee to the successor trustee subject, however, to the terms and conditions set forth in the Trust Agreement, including, without limitation, the right of the predecessor Trustee to be paid and reimbursed in full for its reasonable charges and expenses (including reasonable fees and expenses of its counsel) and the indemnification under the Trust Agreement.

Amendments Permitted Without Written Consent of Obligation Owners. The Trust Agreement and the rights and obligations of the Owners of the Obligations, and the Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental or amending agreement, without the consent of any such Owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power reserved to the Trustee (for its own behalf) or the City, (2) to secure additional revenues or provide additional security or reserves for payment of the Obligations, (3) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder, (4) to provide for the appointment of a successor trustee pursuant to the terms hereof, (5) to preserve the exclusion of interest represented by the Tax-Exempt Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to issue bonds or incur other obligations the interest on which is likewise exempt from federal and State income taxes, (6) to cure, correct or supplement any ambiguous or defective provision contained in the Purchase Agreement or the Trust Agreement, (7) with respect to rating matters or (8) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not materially adversely affect the interests of the Owners of the Obligations as evidenced by a Special Counsel's Opinion delivered by the City to the Trustee. Any such supplemental or amending agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be. The Trustee may rely upon a Special Counsel's Opinion as conclusive evidence that any such supplemental or amending agreement complies with the Trust Agreement.

Procedure for Amendment With Written Consent of Obligation Owners. The Trust Agreement and the rights and obligations of the Owners of the Obligations and the Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, exclusive of Obligations disqualified as provided in the Trust Agreement, shall have been filed with the Trustee. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Obligation or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the redemption thereof, without the express consent of the Owner of such Obligation, or (2) reduce or have the effect of reducing the percentage of Obligations required for the affirmative vote or written consent to an amendment or modification of the Purchase Agreement, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

Limited Liability of the City. Except for the payment of Payments from Unrestricted Excise Taxes when due in accordance with the Purchase Agreement and the performance of the other covenants and agreements of the City contained in the Purchase Agreement, the City shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Obligations with respect to the Trust Agreement, or the terms, execution, delivery or transfer of the Obligations, or the distribution of Payments to the Owners by the Trustee.

Limited Liability of the City. Except for the payment of Payments from the Unrestricted Excise Taxes when due in accordance with the Purchase Agreement and the performance of the other covenants and agreements of the City contained in the Purchase Agreement and the Trust Agreement, the City shall have no pecuniary obligation or liability to any of the other parties or to the Owners with respect to the Trust Agreement or the terms, execution, delivery or transfer of the Obligations or the distribution of Payments to the Owners by the Trustee.

Before being required to take any action, the Trustee may require an opinion of Independent Counsel acceptable to the Trustee, which opinion shall be made available to the other parties hereto upon request or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

Remedies Upon Default. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, or upon request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding and receiving indemnity satisfactory to it shall, exercise one or more of the remedies granted pursuant to the Purchase Agreement.

Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken pursuant to the provisions of the Trust Agreement or the Purchase Agreement shall be applied by the Trustee in the order following, in the case of the Obligations, upon presentation of the several Obligations, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

> First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel and
>
> Second, to the payment of the whole amount then owing and unpaid with respect to the Obligations and, with interest on the overdue principal and installments of interest at the rate of twelve percent (12%) per annum (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Obligations, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Limitation on Obligation Owners' Right to Sue. No Owner of any Obligation issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Trust Agreement, unless (1) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default thereunder; (2) the Owners of at least a majority in aggregate principal amount of all Obligations then Outstanding shall have made written request upon the Trustee to exercise the powers granted under the Trust Agreement or to institute such action, suit or proceeding in its own name; (3) said Owners shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred in compliance with such request and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Defeasance. Obligation or portions thereof may be paid and considered no longer Outstanding in any one or more of the following ways:

(1) By paying or causing to be paid the principal and interest represented by such Obligations Outstanding, as and when the same become due and payable;

(2) By depositing with a Depository Trustee, in trust for such purpose, at or before the payment date therefor, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid all principal and interest due represented by such Obligations Outstanding; or

(3) By depositing with a Depository Trustee, in trust for such purpose, Defeasance Obligations which are noncallable in such amount as shall be certified to the Trustee and the City in a report (the "Verification") by an independent firm of nationally recognized certified public accountants or other financial or consulting firm acceptable to the Trustee and the City, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit in the Payment Fund together with the interest to accrue thereon, to pay and discharge or cause to be paid and discharged all principal and interest represented by such Obligations at their respective payment or prepayment dates, which deposit may be made in accordance with the provisions of the Purchase Agreement;

notwithstanding that any Obligations shall not have been surrendered for payment, all obligations of the Trustee and the City with respect to such Outstanding Obligations shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from funds deposited pursuant to paragraphs (2) or (3) above and paid to the Trustee by the Depository Trustee, to the Owners of the Obligations not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (2) or (3) above, the Obligations shall continue to represent direct and proportionate interests of the Owners thereof in such funds.

THE PURCHASE AGREEMENT

Terms and Payments.

In order to refinance the lease payments under the Senior Agreements related to the Refinanced Projects which have not been paid to date pursuant to the terms hereof, City sells and conveys the residual rights in the Refinanced Projects to the Trustee and the Trustee in turn sells and conveys back to City, without warranty, and City purchases from Trustee, any interests Trustee has in such residual rights.

As the purchase price, City shall pay the Payments to Trustee. (The Interest Portion of the Payments is interest for purposes of the Code.) The Agreement shall be deemed and construed to be a "*net purchase agreement*," and the Payments shall be an absolute net return to Trustee, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided in the Purchase Agreement. The Interest Portion of the Payments due on the following Interest Payment Date with respect to the Obligations as set forth in the Purchase Agreement shall be paid by the City in equal monthly installments on the first day of each month commencing June 1, 2016 The principal portion of the Payments due on the Obligations on the dates set forth in the Purchase Agreement shall be paid by the City in equal monthly installments on the first day of each month over the 12 months prior to the payment date for such principal portion.

City shall also pay to Trustee its fees and expenses in accordance with the provisions of the Trust Agreement.

The City shall also pay to the Trustee, if and to the extent required, any amounts needed to fund the Reserve Requirement or the Surety Reimbursement Fund pursuant to the Trust Agreement.

The obligation of City to pay the amounts described above from the sources described in the Purchase Agreement and to comply with the other provisions hereof shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach by Trustee of any obligation to City or otherwise, or out of indebtedness or liability at any time owing to City by Trustee. Until such time as all of the City's payment obligations under the Purchase Agreement shall have been fully paid or provided for, City (i) shall not suspend or discontinue the same, (ii) shall comply with the other provisions hereof and (iii) shall not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Refinanced Projects, the taking by *eminent domain* of title to or temporary use of any or all of the Refinanced Projects, commercial frustration of purpose, abandonment of the Refinanced Projects by City, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Trust Agreement or this Agreement. Nothing contained in the Purchase Agreement shall be construed to release Trustee from the performance of any of the agreements on its part in the Purchase Agreement or in the Trust Agreement contained and in the event Trustee shall fail to perform any such agreements on its part, City may institute such action against Trustee as City may deem necessary to compel performance so long as such action does not abrogate the obligations of City contained in the first sentence of this paragraph.

Pledge of Unrestricted Excise Taxes; Limited Obligation. City pledges for the payment of the purchase price and all other amounts payable pursuant to the Purchase Agreement its Unrestricted Excise Taxes. City intends that this pledge shall be a senior lien pledge upon such amounts of the Unrestricted Excise Taxes as will be sufficient to make the Payments pursuant to the Purchase Agreement when due. City covenants to make such Payments from such Unrestricted Excise Taxes, except to the extent it chooses to make the Payments from other funds. The pledge of, and lien on, the Unrestricted Excise Taxes is irrevocably made and created for the prompt and punctual payment of the amounts due under the Purchase Agreement. All of the Payments are coequal as to the pledge of and lien on the Unrestricted Excise Taxes pledged for the payments under the Purchase Agreement and share ratably, without preference, priority or distinction, as to the source or method of payment from Unrestricted Excise Taxes or security therefor. The pledge and lien is on a parity with the pledge of and lien on such Unrestricted Excise Taxes for the payments due with respect to any Senior Bonds and Parity Obligations.

City's obligation to make payments of any amounts due under the Purchase Agreement, including amounts due after default or termination thereof, is limited to payment from Unrestricted Excise Taxes and shall in no circumstances constitute a general obligation of, or a pledge of the full faith and credit of, City, the State of Arizona, or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any ad valorem taxes.

Parity Lien Obligations. Additional Parity Obligations may be incurred but only if Unrestricted Excise Taxes in the most recently completed Fiscal Year shall have amounted to at least three (3) times the Maximum Annual Debt Service for any succeeding twelve (12) months' period for all Parity Obligations. The City shall not issue or incur obligations payable from Unrestricted Excise Taxes on a basis senior to the Parity Obligations, but reserves the right to issue or incur obligations payable from Unrestricted Excise Taxes on any subordinate lien basis.

Rate Covenant and Coverage. The City covenants and agrees that the Unrestricted Excise Taxes which it presently imposes will be retained and maintained so that the amount of all such taxes received from such sources plus the amount of other such taxes allocated to it by any other governmental unit, all within and for the next preceding Fiscal Year, shall be equal to at least three (3) times the total of rental requirements under the Senior Agreements and any Payments under the Purchase Agreement or relating to Parity Obligations in the current Fiscal Year. The City further covenants and agrees that if such receipts for any such preceding Fiscal Year shall not equal three (3) times the rental requirements under the Senior Agreements and any Payments under the Purchase Agreement or relating to Parity Obligations of any current Fiscal Year, or if at any time it appears that the current receipts will not be sufficient to meet such rental requirements and Payments, it will, to the extent permitted by law, either impose new Unrestricted Excise Taxes or will increase the rates of such taxes currently imposed in order that (i) the current receipts will be sufficient to meet all current rental requirements and Payments, and (ii) the current year's receipts will be reasonably calculated to attain the level as required above for the succeeding Fiscal Year's rental and Payment requirements.

Default; Remedies Upon Default.

(a) Upon (1) the nonpayment of the whole or any part of any payment amount at the time when the same are to be paid as provided in the Purchase Agreement or in the Trust Agreement or with respect to Parity Obligations, whether due at stated maturity, mandatory redemption, acceleration or otherwise, (2) the violation by City of any other covenant or provision of the Purchase Agreement or the Trust Agreement, (3) the violation of any covenant or provision of under the Senior Agreements or (4) the insolvency or bankruptcy of City as the same may be defined under any law of the United States of America or the State, or any voluntary or involuntary action of City or others to take advantage of, or to impose, as the case may be, any law for the relief of debtors or creditors, including a petition for reorganization, and

(b) If such default has not been cured (1) in the case of an event described in paragraph (a)(1) above; (2) in the case of an event described in paragraph (a)(2) above not cured within sixty (60) days after notice in writing from Trustee specifying such default; (3) in the case of an event described in paragraph (a)(3) above after any notice and passage of time provided for under the proceedings under which such obligations were issued then and (4) in the case of an event described in paragraph (a)(4) above,

(c) Subject to the limitations of the Trust Agreement, Trustee may take whatever action at law or in equity, including the remedy of specific performance, may appear necessary or desirable to collect the Payments and any other amounts payable by City under the Trust Agreement or this Agreement then due (but not the Payments and such other amounts accruing), or to enforce performance and observance of any pledge, obligation, agreement or covenant of City under the Trust Agreement or this Agreement, and with respect to Unrestricted Excise Taxes, without notice and without giving any bond or surety to City or anyone claiming under City, have a receiver appointed of Unrestricted Excise Taxes which are pledged to the payment of amounts due hereunder, with such powers as the court making such appointment shall confer (and City does hereby irrevocably consent to such appointment); provided, however, that under no circumstances may the Payments be accelerated.

(d) Upon the occurrence of an event permitting the acceleration of any Senior Bonds, the Trustee, by notice in writing to the City, may, and upon the written request of the Owners of at least twenty five percent

(25%) in the principal amount of each series of the Obligations at the time then Outstanding, shall declare, by notice in writing to the City, the principal of all the Obligations then outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable. This provision, however, is subject to the condition that if, at any time after declaration or the occurrence of acceleration and before any judgment or decree for the payment of the moneys due will have been obtained or entered, the City pays to or deposits with the Trustee a sum sufficient to pay all principal on the Obligations matured prior to such declaration and all matured installments of interest (if any) upon all the Obligations, plus to the extent permitted by law, interest at the same rate as before maturity on such overdue installments of principal, and all existing Events of Default will have been cured then, and in every case, the Trustee will waive the Event of Default and its consequences and will rescind and annul such declaration and its consequences; but no waiver or rescission and annulment will extend to or will affect any subsequent Event of Default, or will impair any rights consequent thereon.

Notwithstanding the foregoing, the Obligations shall only be subject to acceleration to the extent such acceleration right exists with respect to any Senior Bonds outstanding as of the date of issuance of the Obligations.

APPENDIX D

FORM OF SPECIAL COUNSEL OPINION

[Closing Date]

The Bank of New York Mellon Trust
Company, N.A.

Re: $33,830,000 Senior Excise Tax Revenue Refunding Obligations, Series 2016 Representing Proportionate Interests of the Owners Thereof in Purchase Price Payments to be Made by City of Glendale, Arizona, to The Bank of New York Mellon Trust Company, N.A., as Trustee

We have examined the transcript of proceedings (the “Transcript”) relating to the execution and delivery by The Bank of New York Mellon Trust Company, N.A. (the “Trustee”) of the Senior Excise Tax Revenue Refunding Obligations, Series 2016 (the “2016 Obligations”), pursuant to a Second Trust Agreement, dated as of June 1, 2016 (the “Trust Agreement”), between the Trustee and City of Glendale, Arizona (the “City”). Each of the 2016 Obligations is an undivided, participating, proportionate interest in certain payments (the “Payments”) to be made by the City pursuant to a Second Purchase Agreement, dated as of June 1, 2016 (the “Purchase Agreement”), between the Trustee as seller and the City as buyer to refinance the payments owed by the City with respect to certain 2016 Obligations previously issued to finance or refinance certain public improvements of the City. The Payments are secured by a senior lien on and pledge of certain excise, transaction privilege, franchise and income taxes which the City collects or which are allocated or apportioned to the City by the State of Arizona, which by law are not restricted to certain uses (collectively, the “Unrestricted Excise Taxes”). In addition, we have examined such other proceedings, proofs, instruments, certificates and other documents as well as such other materials and such matters of law as we have deemed necessary or appropriate for the purposes of the opinions rendered herein below.

In such an examination, we have examined originals (or copies certified or otherwise identified to our satisfaction) of the foregoing and have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies and the accuracy of the statements contained in such documents. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid documents contained in the Transcript. We have also relied upon the opinions of the City Attorney delivered even date herewith as to the matters provided therein.

Based upon such examination, we are of the opinion that, under the law existing on the date of this opinion:

1. The 2016 Obligations, the Trust Agreement and the Purchase Agreement are legal, valid, binding and enforceable in accordance with their respective terms, except that the binding effect and enforceability thereof and the rights thereunder are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally; except to the extent that the enforceability thereof and the rights thereunder may be limited by the application of general principles of equity and, as to the Trust Agreement, except to the extent that the enforceability of the indemnification provisions thereof may be affected by applicable securities laws.

2. The City is obligated to make the Payments solely from the Unrestricted Excise Taxes and other moneys pledged and assigned pursuant to the Trust Agreement to secure such Payments. The Trust Agreement creates the pledge which it purports to create in the pledged revenues and of other moneys in the funds and accounts created by the Trust Agreement (other than the Rebate Fund), which pledge will be perfected only as to the revenue and other moneys on deposit in the funds and accounts created by the Trust Agreement and held by or on behalf of the Trustee. Such Payments are not secured by an obligation or pledge of any moneys raised by taxation; the 2016

Obligations do not represent or constitute a debt or pledge of the general credit of the City and the Purchase Agreement, including the obligation of the City to make the Payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the City.

3. (a) Subject to the assumption stated in the last sentence of this paragraph, the portion of each Payment made by the City pursuant to the Purchase Agreement, denominated and comprising interest with respect to the 2016 Obligations and received by the beneficial owners of the 2016 Obligations (the "Interest Portion"), is excludable from the gross income of the beneficial owners thereof for federal income tax purposes. Furthermore, the Interest Portion is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however the Interest Portion is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. (We express no opinion regarding other federal tax consequences resulting from the receipt or accrual of the Interest Portion on, or ownership or disposition of, the 2016 Obligations.) The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the City must continue to meet after the execution and delivery of the 2016 Obligations in order that the Interest Portion not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactive to their date of issuance. The City has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. In rendering the opinion expressed in this paragraph, we have assumed continuing compliance with the tax covenants referred to hereinabove that must be met after the execution and delivery of the 2016 Obligations in order that the Interest Portion not be included in gross income for federal tax purposes.

(b) Assuming the Interest Portion is so excludable for federal income tax purposes, the Interest Portion is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other State tax consequences resulting from the receipt or accrual of such interest on, or ownership or disposition of, the 2016 Obligations.)

In rendering the foregoing opinions, we have assumed and relied upon compliance with the City's covenants and the accuracy, including with respect to the application of the proceeds of the 2016 Obligations being refunded and the 2016 Obligations, respectively, which we have not independently verified, of the City's representations and certifications contained in the transcript. The accuracy of those representations and certifications, and the City's compliance with those covenants, may be necessary for the Interest Portion to be and remain excluded from gross income for federal and State income tax purposes and for certain of the other tax effects stated above. Failure to comply with certain requirements subsequent to delivery of the 2016 Obligations could cause Interest Portion to be included in gross income for federal and State income tax purposes retroactively to the date of delivery of the 2016 Obligations. We have also relied upon the Verification Report of Grant Thornton LLP, certified public accountants, as to the adequacy of the 2016 Obligations issued or guaranteed by the United States Government in which proceeds of the 2016 Obligations have been invested to provide for retirement of the obligations being refunded and as to the yield on such investments and the yield on the 2016 Obligations.

The rights of the owners of the 2016 Obligations and the enforceability of those rights under the 2016 Obligations and the documents referred to above 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 review 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 E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CITY OF GLENDALE ("CITY")
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 execution and delivery of $33,830,000 principal amount of Senior Excise Tax Revenue Refunding Obligations, Series 2016 (the "Obligations") in each case representing undivided proportionate interests in installment payments to be made by the City to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") pursuant to a Second Purchase Agreement, dated as of June 1, 2016 between the City and the Trustee (the "Purchase Agreement"). The Obligations are being issued pursuant to a Second Trust Agreement, dated as of June 1, 2016 (the "Trust Agreement") between the City and the Trustee.

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 Obligations and in order to assist the Participating Underwriter in complying with the requirements of the Rule (as defined below). The City represents that it will be the only obligated person with respect to the Obligations at the time the Obligations are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after issuance of the Obligations.

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

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

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

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

"Commission" means the Securities and Exchange Commission.

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

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

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

"Listed Event" means the occurrence of any of the events with respect to the Obligations set forth in Exhibit II.

"Listed Events Disclosure" means dissemination of a notice of a Listed 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 Obligations.

"Purchase Agreement" means Second Purchase Agreement, dated as of June 1, 2016, between the City and the Trustee, in its separate capacity as "Seller".

"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 Obligations is 378307. The Final Official Statement relating to the Obligations is dated April 25, 2016 (the "Final Official Statement").

4. Annual Information Disclosure. Subject to Section 8 of this Undertaking, the City shall disseminate its Annual Information and its Audited Financial Statement, if any, (in the form and by the dates set forth in Exhibit I) through EMMA. The City is required to deliver such information in such manner and by such time so that 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 through EMMA) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. Listed Events Disclosure. Subject to Section 8 of this Undertaking, the City hereby covenants that it will disseminate within ten (10) business days Listed Events Disclosure through EMMA. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Obligations or defeasance of any Obligations 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 Indenture.

6. Consequences of Failure of the City to Provide Information. The City shall give notice within ten (10) business days 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 Purchase Agreement or the Trust Agreement. The sole remedy under this Undertaking in the event of any failure of the City to comply with this Undertaking shall be an action to compel performance.

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

(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 Obligations, as determined by a counsel or other entity unaffiliated with the City.

8. Termination of Undertaking. The Undertaking of the City shall be terminated hereunder if the City shall no longer have liability for any obligation on or relating to repayment of the Obligations under the Purchase Agreement or Trust Agreement. The City shall give notice within ten (10) business days if this Section is applicable through EMMA.

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

10. Additional Information. Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Information Disclosure or notice of occurrence of a Listed 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 Listed 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 Listed Event.

11. Beneficiaries. This Undertaking has been executed in order to assist the Participating Underwriter 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 Obligations, and shall create no rights in any other person or entity.

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

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

CITY OF GLENDALE, ARIZONA

By:____

Its: Assistant City Manager

Date: June 1, 2016

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
Table 4 – City of Glendale Unrestricted Excise Tax Receipts
Table 5(a) – Debt Service Requirements on Senior Excise Tax Obligations
Table 5(b) –Debt Service Requirements on Senior and Subordinate Excise Tax Obligations

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted through EMMA, 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 through EMMA 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 through EMMA, on or before February 1 of each year, commencing February 1, 2017 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 Obligations for which Listed Events Disclosure is Required

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material.

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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other notices or determinations, in each case, with respect to the tax status of the Obligations.

7. Modifications to the rights of security holders, if material.

8. Obligation calls, if material, and tender offers.

9. Defeasances.

10. Release, substitution or sale of property securing repayment, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar events of the City, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Whether event listed above subject to the standard “material” would be material shall be determined under applicable federal securities laws.

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

THE INFORMATION PROVIDED IN THIS APPENDIX F "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK ("DTC"). NO REPRESENTATION IS MADE BY THE CITY, THE FINANCIAL ADVISOR, THE UNDERWRITER OR THEIR RESPECTIVE COUNSEL AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

DTC will act as securities depository for the 2016 Obligations. The 2016 Obligations 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 Obligation certificate will be issued for each stated payment date of each series of the 2016 Obligations, totaling in the aggregate the principal amount of each series of the 2016 Obligations, and will be deposited with DTC. The owners of book-entry interest will not receive or have the right to receive physical delivery of the 2016 Obligations.

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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 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, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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" and, together with the Direct Participants, "Participants"). DTC has a Standard & Poor's rating of AA+. 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 2016 Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Obligations on DTC's records. The ownership interest of each actual purchaser of each 2016 Obligation ("Beneficial Owner") is in turn to be recorded on the 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 Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of beneficial ownership interests in 2016 Obligations are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2016 Obligations, except in the event that use of the book-entry system for the 2016 Obligations is discontinued.

To facilitate subsequent transfers, all 2016 Obligations 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 2016 Obligations with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Obligations are credited, which may or may not be the Beneficial Owners. The Direct Participants 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 2016 Obligations may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2016 Obligations, such as redemptions (if any), defaults, and proposed amendments to the 2016 Obligation documents. For example, Beneficial Owners of 2016 Obligations may wish to ascertain that the nominee holding the 2016 Obligations 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 Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2016 Obligations within a stated payment date are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2016 Obligations to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2016 Obligations unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 2016 Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments represented by the 2016 Obligations will be made by the Trustee 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 City or the Trustee on the 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, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2016 Obligations at any time by giving reasonable notice to the Trustee or the City. Under such circumstances, in the event that a successor securities depository is not obtained, Obligation certificates are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Obligation certificates will be printed and delivered.

NEITHER THE CITY NOR THE TRUSTEE WILL HAVE RESPONSIBILITY OR OBLIGATION TO DTC, TO DIRECT PARTICIPANTS OR TO INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2016 OBLIGATIONS UNDER THE TRUST AGREEMENT; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2016 OBLIGATIONS; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE 2016 OBLIGATIONS; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF 2016 OBLIGATIONS; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered owner of the 2016 Obligations, as nominee for DTC, references in this Official Statement to "Owner" or registered owners of the 2016 Obligations (other than with respect to the 2016

Obligations under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such 2016 Obligations.

When reference is made in this Official Statement to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the City or the Trustee to DTC only.

In the event that the Book-Entry-Only System is discontinued, the following provisions will apply: principal of the 2016 Obligations when due, will be payable in lawful money of the United States of America at the designated corporate trust office of the Trustee. The transfer of the 2016 Obligations will be registrable and the 2016 Obligations may be exchanged at the designated corporate trust office of the Trustee upon the payment of any taxes or other governmental charges required to be paid with respect to such transfer or exchange.