

ADOPTED BUDGET

2012-2013

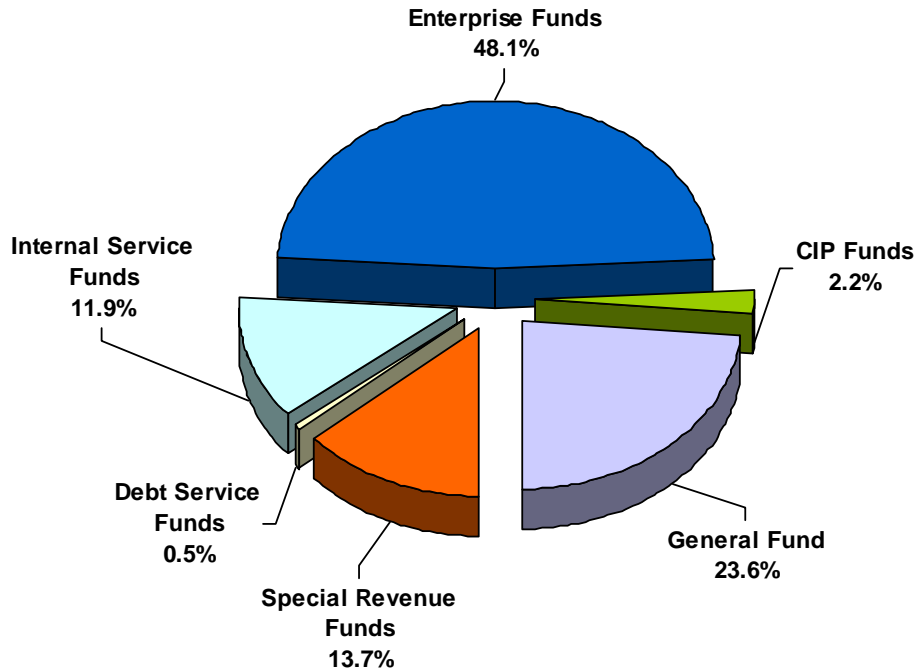
CITY OF GLENDALE RESOURCES & APPROPRIATIONS

OVERVIEW OF RESOURCES

The City Resources forecasted for FY 2012-13 reflect a somewhat conservative yet consistent approach with established budget practices and financial principles. We used various forecasting techniques such as trend analysis, economic indicators, and professional judgment to arrive at the forecasted operating revenue. Revenue forecasting is one of the most challenging aspects in the budget process and a variety of factors come into play when deciding on revenue projections. Estimates of population growth, local and regional economic growth, inflation, historical revenue patterns, and factors specific to individual revenue sources are considered.

Total FY 2012-13 City Resources (including Transfers from Other Funds and Use of Fund Balance) are \$700.9 million. The following chart illustrates the total budgeted resources for all City Funds for FY 2012-13:

FY 2012-13 Total City Resources
\$700.9 Million



Total City Resources
(In Millions)

General Fund	\$ 165.3
Special Revenue Funds	96.0
Debt Service Funds	3.8
Capital Improvement (CIP) Funds	15.2
Enterprise Funds	337.3
Internal Service Funds	83.3
Total Resources:	\$ 700.9

CITY OF GLENDALE RESOURCES & APPROPRIATIONS

General Fund

The General Fund Resource budget for FY 2012-13 is projected to be \$165.3 million. The General Fund provides the majority of ongoing governmental services that are not funded through restricted special revenue funds. These services include Fire, Police, Library, Arts & Culture, Community Services and Parks, Community Development, Public Works and general staff support services that include the City Clerk, City Treasurer, City Attorney, City Manager, Administrative Services - Finance, and Human Resources. This fund is supported by general taxes including property tax, sales tax, utility users' tax and other taxes in addition to various fees and transfers from other funds.

At the onset of the FY 2012-13 budget preparations, a shortfall of approximately \$15.4 million was anticipated in the City's General Fund. This gap was attributable to a variety of factors including:

- Slow economic recovery and a high unemployment rate in Los Angeles County that continues to outpace the national average.
- Minimal growth in key General Fund revenue sources such as utility users' tax, licenses and permits, interest, and various charges for City services.
- Cost increases to retirement, workers compensation, and other employee benefits.
- Dissolution of the Glendale Redevelopment Agency (GRA) effective February 1, 2012.

A variety of strategies were deployed in an effort to develop a balanced General Fund budget. Due to the significance of the budget shortfall, the goal was to implement on-going, systemic changes rather than one-time fixes for both resources and appropriations. Strategies implemented in regards to appropriations will be discussed later in this section. The table below shows the estimates of the major revenue sources for the General Fund by category of revenue for FY 2011-12 and FY 2012-13.

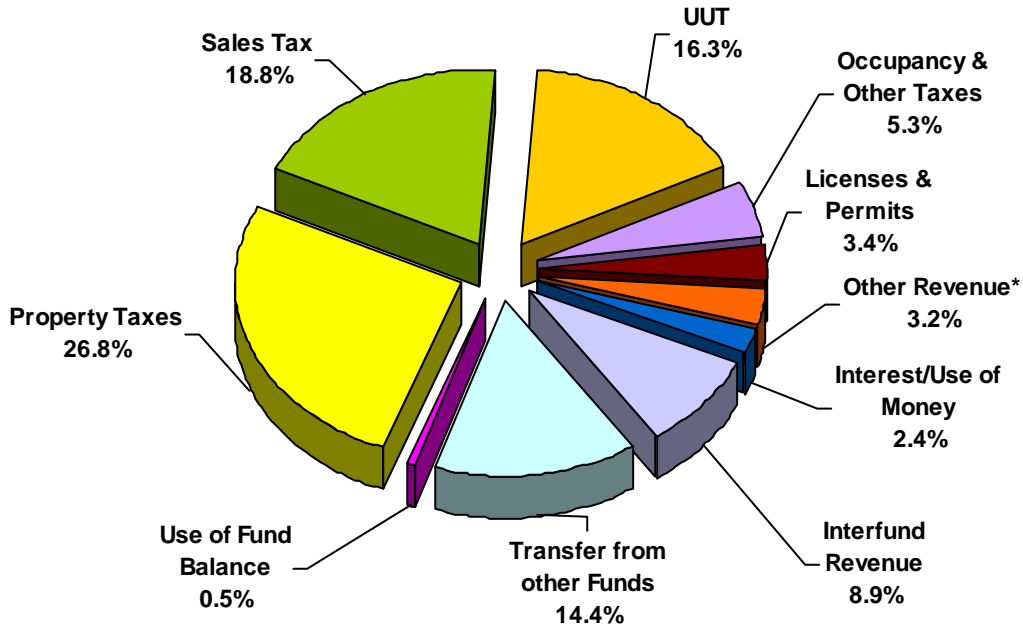
General Fund Resources

Category	Adopted 2011-12	Adopted 2012-13	Dollar Change	Percentage Change
Property Taxes	\$ 42,311,000	\$ 44,231,900	\$ 1,920,900	4.5%
Sales Tax	28,575,000	31,027,500	2,452,500	8.6%
UUT	28,515,000	27,000,000	(1,515,000)	-5.3%
Occupancy & Other Taxes	8,707,000	8,830,000	123,000	1.4%
Licenses & Permits	6,225,774	5,585,000	(640,774)	-10.3%
Fines & Forfeitures	1,455,000	1,200,000	(255,000)	-17.5%
Intergovernmental	6,000,000	-	(6,000,000)	-100.0%
Interest/Use of Money	3,772,000	3,933,000	161,000	4.3%
Revenue from Other Agencies	889,400	510,000	(379,400)	-42.7%
Charges for Services	2,941,776	2,503,150	(438,626)	-14.9%
Misc & Non-Operating	960,000	1,095,000	135,000	14.1%
Interfund Revenue	14,621,180	14,676,333	55,153	0.4%
Transfer from Other Funds	24,303,188	23,757,000	(546,188)	-2.2%
Total Revenues	\$ 169,276,318	\$ 164,348,883	\$ (4,927,435)	-2.9%
Use of Fund Balance	1,000,000	1,000,000	-	N/A
Total Resources	\$ 170,276,318	\$ 165,348,883	\$ (4,927,435)	-2.9%

CITY OF GLENDALE RESOURCES & APPROPRIATIONS

Approximately 61.9% of the City's General Fund resources consist of three revenue sources: Property Tax, Sales Tax and Utility Users Tax. Other General Fund revenues include Franchise Fees, Transient Occupancy Tax, Building and Planning Permits, Fines & Forfeitures, Use of Money & Property and Other Revenues. Below is a graph of the various General Fund Resources by category which will be followed by a more in-depth discussion on all of the major General Fund revenue categories.

FY 2012-13 General Fund Resources \$165.3 Million



*Other Revenue: Fines & Forfeitures, Revenues from Other Agencies, Intergovernmental Revenue, Charges for Services and Miscellaneous Revenues.

Property Tax is the largest revenue source in the General Fund. It represents 26.8% of the total General Fund revenue for FY 2012-13 budget. For FY 2012-13 the property tax is forecasted to increase by \$1.9 million, or 4.5%. This \$1.9 million increase is mainly due to the \$1.4 million that the General Fund will receive due to the elimination of Glendale Redevelopment Agency (GRA) as explained below.

Property tax is an ad valorem tax (based on value) imposed on real property (land and permanently attached improvements such as buildings) and personal (movable) property. Proposition 13 adopted by the California voters on June 6, 1978, created a comprehensive system for the assessment and limitation of real property taxes. Property tax is based on the real property's adjusted assessed full value. Proposition 13 set the FY 1975-76 assessed values as the base year from which future annual inflationary assessed value increases are calculated (not to exceed 2% for any given year). The County Assessor also re-appraises each real property parcel when there are purchases, construction, or other statutory defined "changes in ownership". Proposition 13 limits the property tax rate to 1% of the property's full value plus overriding rates to pay specifically approved voter indebtedness. The City of Glendale receives 13.5% of the 1% levy on assessed value.

It should be noted that starting in FY 2004-05, the City received additional property tax to compensate for the elimination of the Vehicle License Fee (VLF) and change in allocation formulas in the VLF adjustment

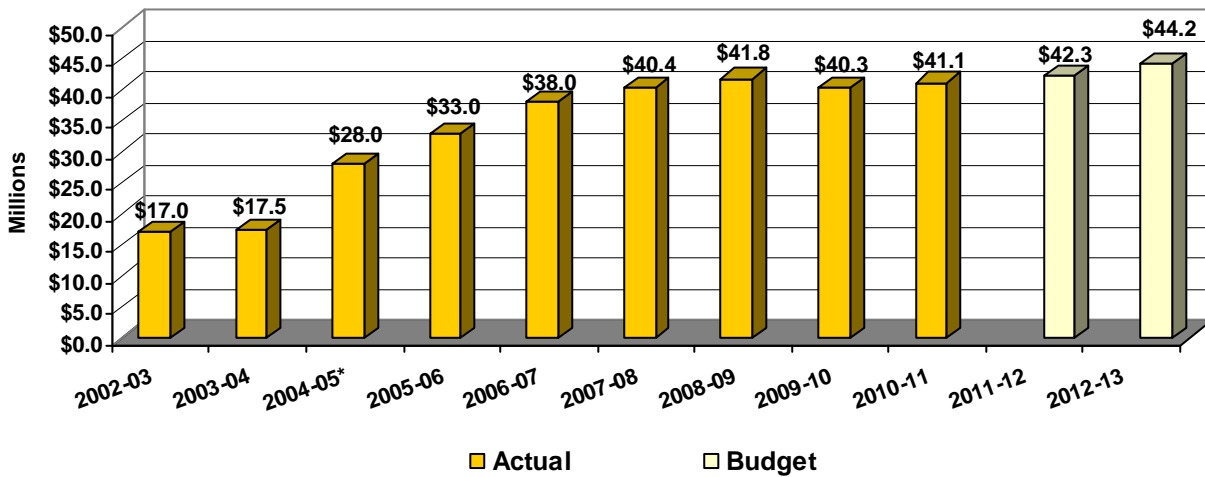
CITY OF GLENDALE RESOURCES & APPROPRIATIONS

amounts. This accounts for the large increase in Property Tax revenue from FY 2003-04 to FY 2004-05. In subsequent years, this property tax grew in proportion to the growth in assessed valuation in our jurisdiction.

As mentioned above, the GRA was dissolved on February 1, 2012 due to AB 1x 26. As a result, the City expects to receive additional property taxes, which was formerly tax increment revenue allocated to the GRA. The tax increment represents property taxes that were generated from the increase to the base (at project inception) assessed property valuation of each project area. Amounts under the base are remitted to the City as general property tax; amounts over the base used to be remitted to the GRA as tax increments. Due to AB 1x 26, the General Fund will receive an additional \$1.4 million in property taxes, which was formerly tax increment revenue.

The graph below shows the historical and forecasted Property Tax revenue followed by a listing of the top 10 property taxpayers for the City's General Fund.

Property Taxes – General Fund



*Starting FY 2004-05, the Property Tax category includes the VLF backfill

Top 10 Property Taxpayers (In Alphabetical Order)

Glendale Adventist Medical Center	PR Glendale Plaza Office California LLC
Glendale Fashion Associates LLC	Property Reserve Inc.
Glendale Memorial Hospital & Health Center	Essex 416 on Broadway LP
Grand Villa Glendale LLC	Tishman Speyer Archstone-Smith
Joseph A. Perry	Verdugo Mob LP

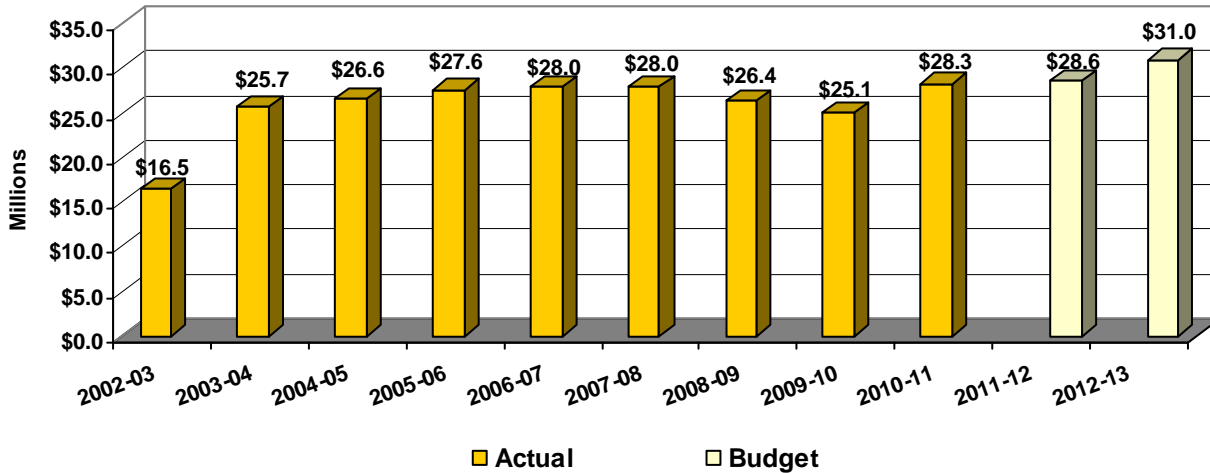
Source: HdL Coren & Cone 2011-12 property data

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Sales Tax is the second largest revenue source in the General Fund, representing 18.8% of the total General Fund revenue estimated for the FY 2012-13 budget. For FY 2012-13, Sales Tax is forecasted to increase by \$2.5 million, or 8.6%, to a total of \$31 million. Glendale’s retail sales have risen on strong demand for new autos and increased consumer spending. Also on a positive note, Los Angeles County’s unemployment rate is expected to continue its gradual decline from 11.5% in FY 2011-12 to 10.9% in FY 2012-13*.

It should be noted that through FY 2002-03, half of the Sales Tax Revenue was deposited into the General Fund with the other half going to the Capital Improvement Fund (401). Starting from FY 2003-04 through FY 2008-09, 86% of the Sales Tax revenue was deposited into the General Fund. This accounts for the significant increase in Sales Tax from FY 2003-04 to FY 2004-05 as shown in the graph below. Starting in FY 2009-10, 96% of the Sales Tax went to the General Fund, and this was increased to 100% for FY 2010-11 and FY 2011-12. Starting in FY 2012-13, we have restored sales tax funding to the Capital Improvement Fund, albeit only 1% the estimate (~\$310 thousand). This is part of our strategy in becoming structurally balanced and we will look to increase the sales tax contribution to the Capital Improvement Fund over the next several years as resources permit. The graph below illustrates historical and forecasted sales tax revenue for the past 10 fiscal years followed by a listing of the top 20 Sales Tax producers for the City.

Sales Tax – General Fund



Top 20 Sales Tax Producers (In Alphabetical Order)

- | | |
|------------------------------|------------------------|
| Allen Gwynn Chevrolet | Macy’s |
| Apple Computer | Nordstrom |
| Bob Smith Toyota | Pacific BMW |
| Diamond Honda of Glendale | Ralphs |
| Glendale Dodge Chrysler Jeep | Sears |
| Glendale Mitsubishi | Star Ford Lincoln |
| Glendale Nissan Infiniti | Target |
| Home Depot | Toyota of Glendale |
| JC Penney | Video Equipment Rental |
| Lexus of Glendale | Vons |

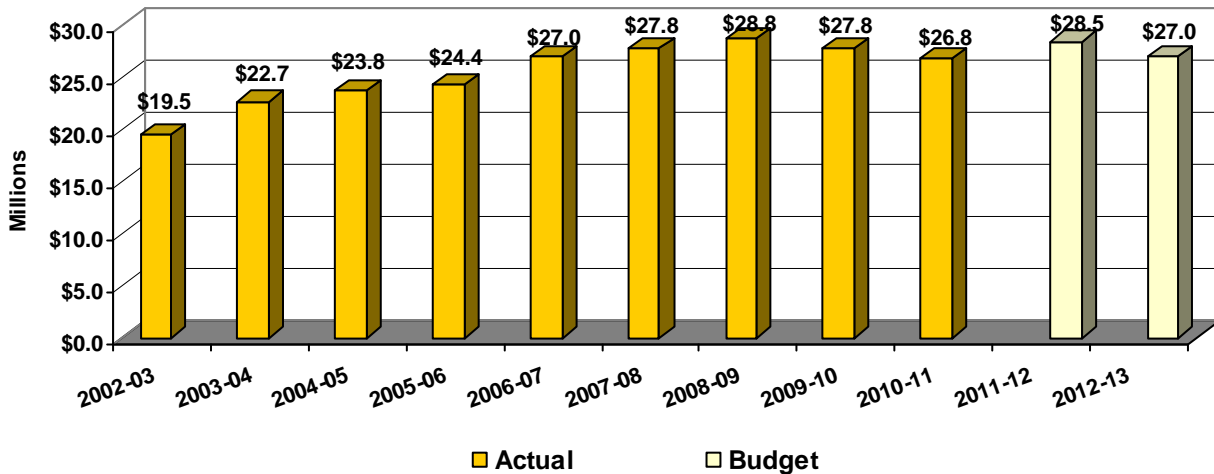
Source: HdL Coren & Cone

*Source: LACEDC 2012-13 Economic Forecast & Industry Outlook

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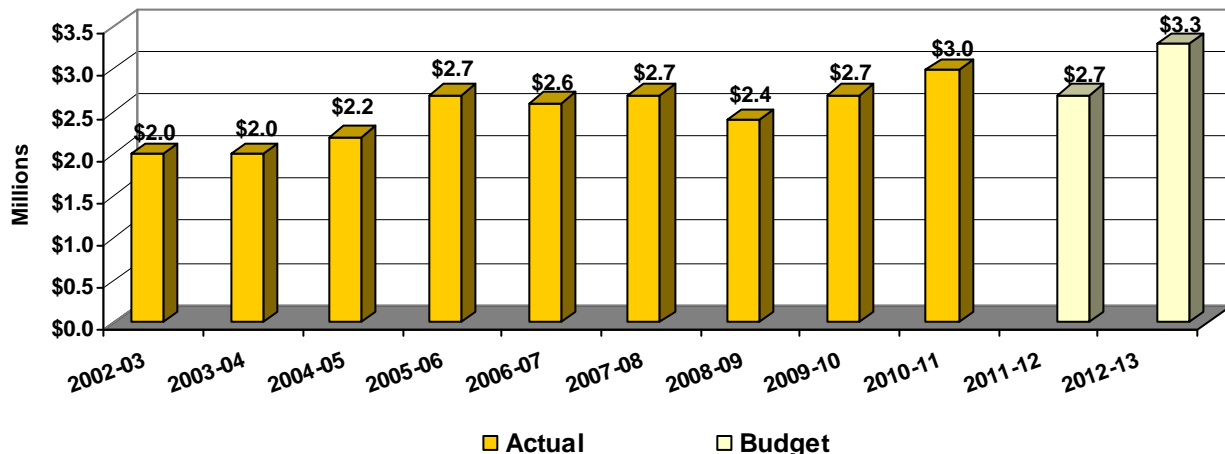
Utility Users Tax (UUT) is the third largest revenue source for the General Fund, representing 16.3% of the total General Fund revenue estimated for FY 2012-13 budget. This tax is levied on the following utility services: telecommunications (6.5%), video (6.5%), electricity (7%), gas (7%), and water (7%). The telecommunications category now includes wired and wireless telecommunications, intrastate, interstate, and international services; ancillary services; voice-over internet protocol; paging; and private communication services. Last year UUT revenues were impacted by the economic downturn and the cooler than expected summer resulted in lower electric usage among residents. This trend is expected to continue for FY 2012-13 and thus, the revenue estimated has been adjusted downward by \$1.5 million, or 5.3%, for total revenue of \$27 million. The graph below illustrates historical and forecasted revenue for UUT.

Utility Users Tax – General Fund



Transient Occupancy Tax (TOT) represents about 2% of the total General Fund revenue in the FY 2012-13 Adopted Budget. This tax is levied at 10% for occupying a room(s) or other living space in a hotel, inn, tourist home/house, motel or other lodging for a period of 30 days or less. The TOT is authorized under Section 4.32 of the Glendale Municipal Code and the revenue is deposited into the General Fund. As shown on graph below, TOT revenue decreased by 12.8% in FY 2008-09 due to the economic recession. However, this sector started recovering in FY 2009-10 and this trend is expected to continue. For FY 2012-13, TOT revenue is anticipated to increase by \$580,000, or 21.3%.

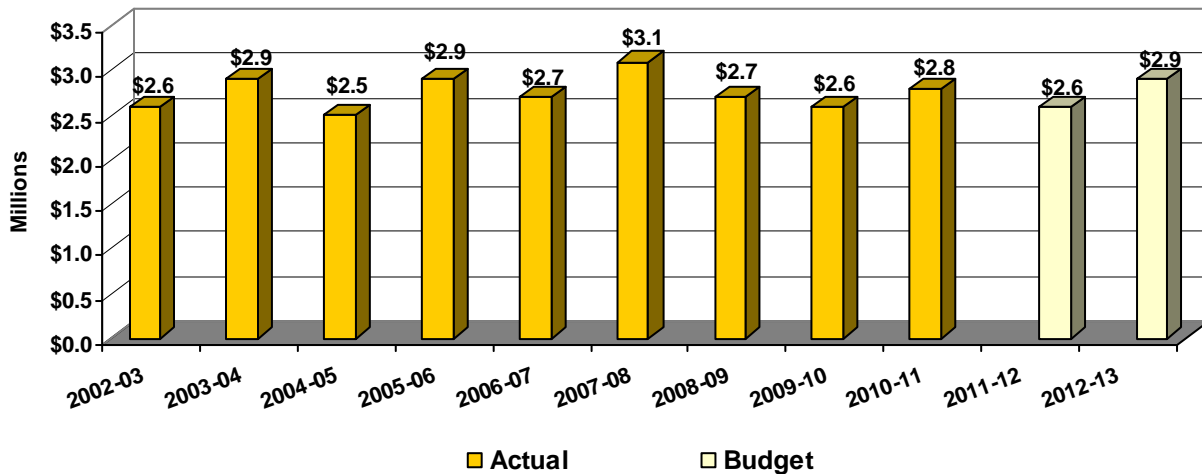
Transient Occupancy Tax – General Fund



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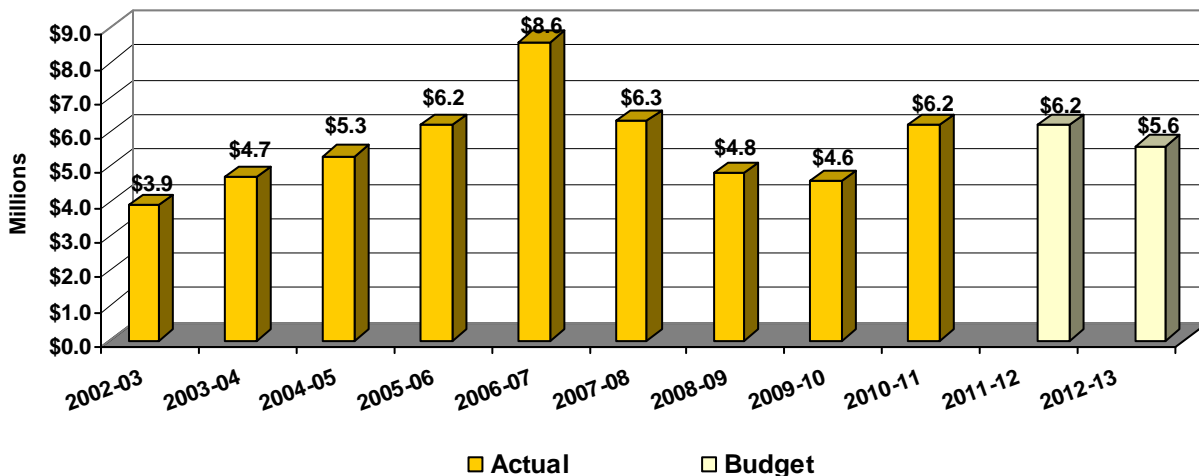
Franchise Taxes are fees charged for the right or license granted to an individual or a group to market a company's goods or services in a particular territory. The majority of our franchise revenue is received from Charter Communications, Pacific Bell and the Gas Company. The Franchise Taxes represent about 1.8% of the total General Fund revenue in the FY 2012-13 Adopted Budget. This includes an 11.8% drop in FY 2008-09 and a 4.5% drop in FY 2009-10 due to the economic recession. There was also a 6.6% drop in FY 2011-12 as a result of a still weak economy. However, as the economy improves, for FY 2012-13 we are estimating for franchise tax to increase by \$317,000, or 12.0% for a total of \$2.9 million, this is primarily due to an increase in commercial and residential units in the City during the last two years.

Franchise Tax – General Fund



Licenses & Permits include Building Permits, Business License Permits, Variance Permits, Plan Check Fees, Street Permits and Dog License Fees. Licenses and Permits represent 3.4% of the total General Fund revenue for FY 2012-13 Adopted Budget. The License & Permits category decreased significantly for FY 2007-08 and FY 2008-09 due to the economic recession in which the construction industry was severely impacted. In FY 2010-11, there was an increase in construction activity primarily due to Disney and few new apartment complex constructions in the City. Thus, the revenue remained flat for FY 2011-12. However, for FY 2012-13, License & Permits category is expected to drop by \$641,000 or 10.3% due to reduced construction activities compared to FY 2011-12.

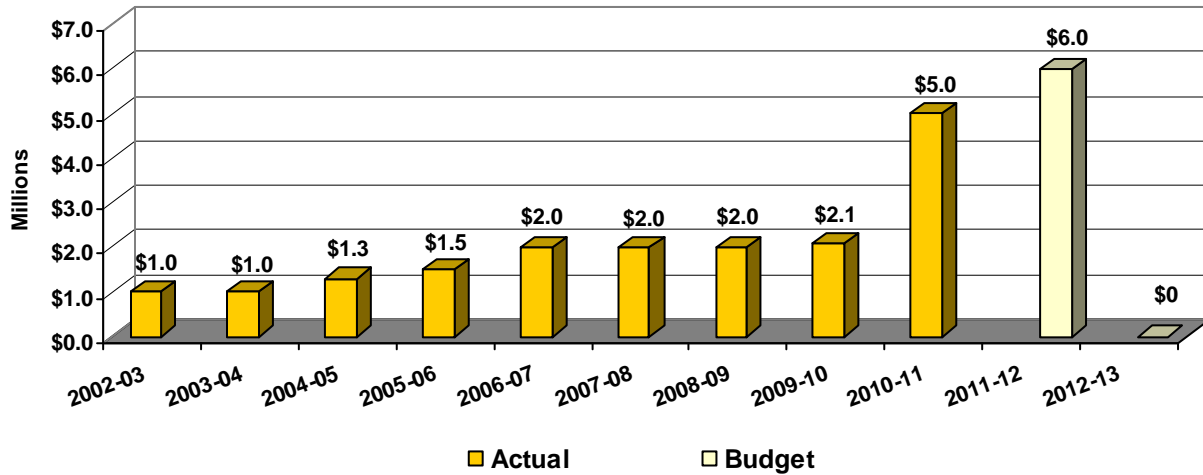
Licenses & Permits – General Fund



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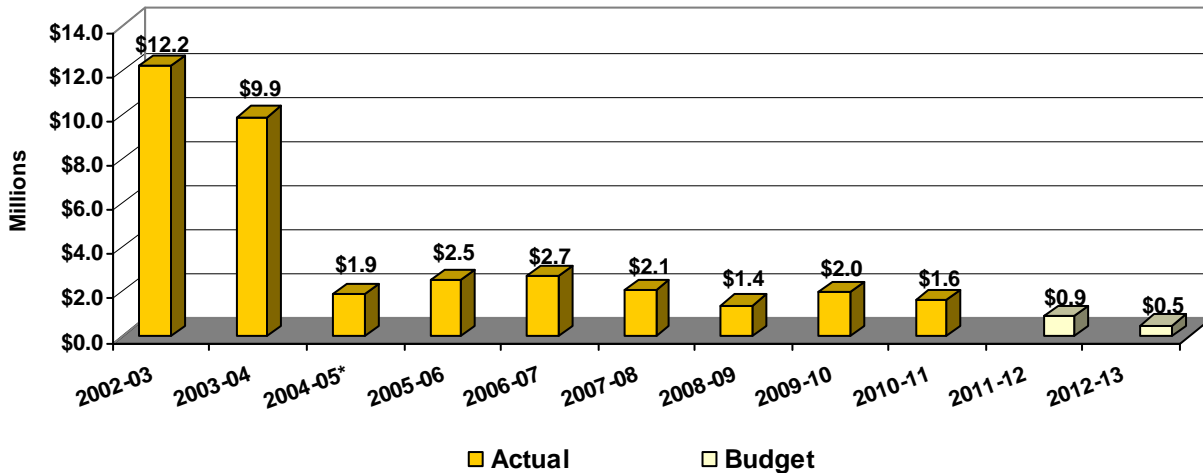
Intergovernmental Revenue – Intergovernmental Revenue is the loan repayment from the GRA to the General Fund. When the GRA was formed, the General Fund loaned a significant amount of money to the Agency which was slowly being repaid using tax increment generated from new projects in the Redevelopment project areas. This was a common practice among cities throughout the state as a way to provide enough working capital to commence projects and start generating tax increment revenue. The agencies would then use proceeds from the property tax increment generated to repay the loans and associated interest. Due to AB 1x 26, the loan from the General Fund to the GRA was invalidated which created an immediate (and on-going) shortfall of \$6 million in the General Fund for FY 2012-13.

Intergovernmental Revenue – General Fund



Revenue from Other Agencies mainly consists of Federal, State and Local grants, which includes State SB 90, Mutual Aid Reimbursements and Motor Vehicle In Lieu Fees. For FY 2011-12 the State suspended the motor vehicle in lieu fee and this suspension will continue for FY 2012-13. It is generally more difficult to estimate grant revenues since most grant awards are made throughout the fiscal year in the form of an award letter or funding agreement. As grants are awarded during the year, departments go to City Council for an authorization in accordance with Article XI, Section 8 of the City Charter.

Revenues from Other Agencies – General Fund

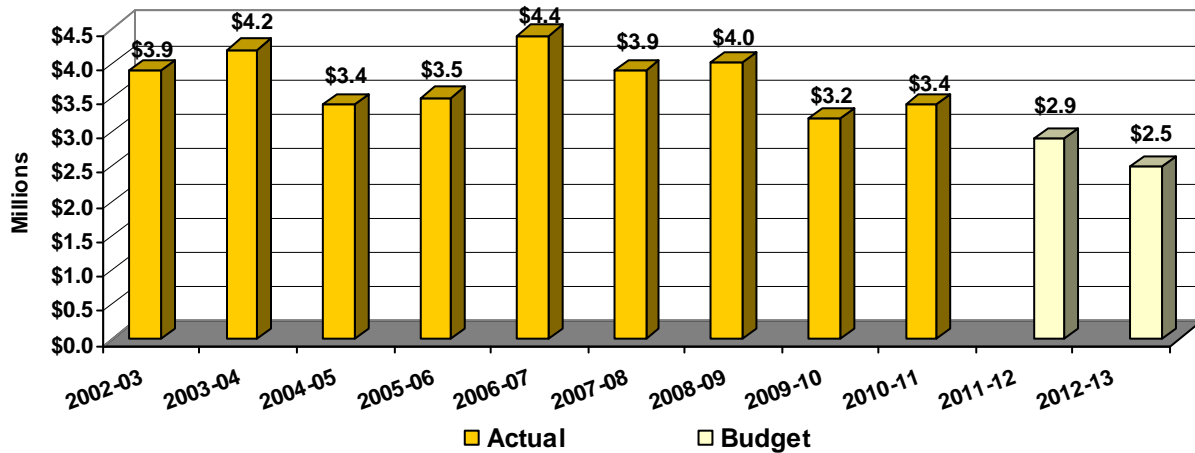


*In 2004 the California Legislature approved a VLF for property tax swap as part of a state-local budget agreement. This accounts for the significant drop in the revenue category for FY 2004-05 and a corresponding increase in the Property Tax category.

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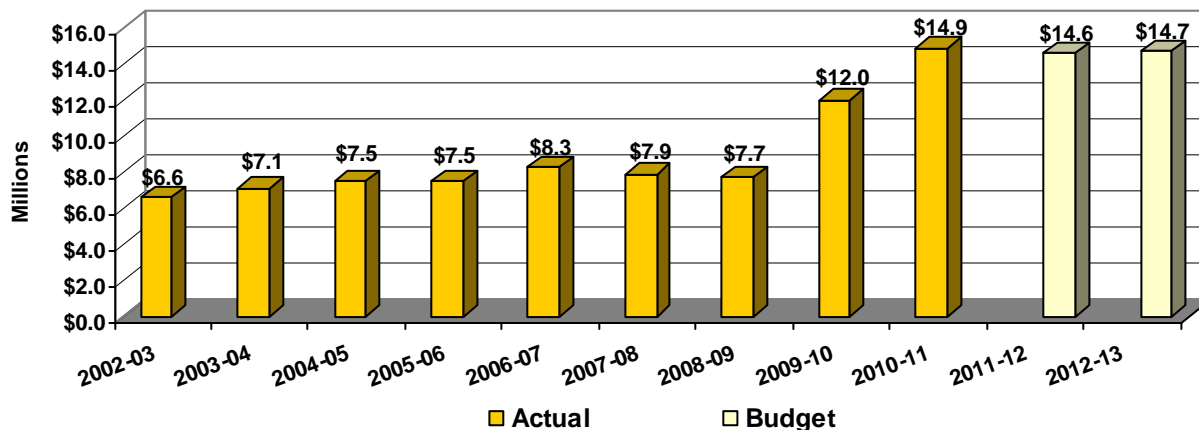
Charges for Services are assessed for a variety of services provided to the general public. Fees included in this category include library fees, special police fees, map and publication fees and code enforcement fees. For FY 2011-12, the Glendale Youth Alliance (GYA) was shifted from the General Fund to a Special Revenue Fund (211), which lowered this revenue category by approximately \$1.8 million. However, due to City’s first Comprehensive Citywide User Fee study the revenues increased by \$1.3 million, therefore offsetting the GYA shift. For FY 2012-13 this category is estimated to decrease by \$439,000, or 14.9%, primarily due to a decrease in library fee, code enforcement fee and excavation fee volumes.

Charges for Services – General Fund



Interfund Revenue – Starting in FY 2009-10, the City implemented the first formal Cost Allocation Plan for the General Fund. This plan formally allocates certain General Fund costs from “central service” departments to a variety of “receiving” departments that are funded outside of the General Fund. The central service departments in the General Fund include the City Attorney, City Clerk, City Treasurer, Administrative Services-Finance, Management Services, Human Resources, Fire Administration, and Public Works Administration. Receiving departments include Community Development, Community Services & Parks, Fire, Glendale Water & Power, Information Services, Library, Arts & Culture, Public Works, and Police. The premise behind the formal cost allocation plan is to identify those costs associated with services provided by the central service departments to the receiving departments and recover said costs. For FY 2012-13, the General Fund can no longer cost allocate to GRA as it ceases to exist. This decreased cost allocation revenue by approximately \$1 million. However, this cost decrease was offset by moving the utility support function from GWP to the General Fund and cost allocating it back to GWP. Also, there was an increase for General Attorney and Litigation services. Overall, the Interfund Revenue represents 8.9% of the total General Fund resources in the FY 2012-13 Adopted Budget.

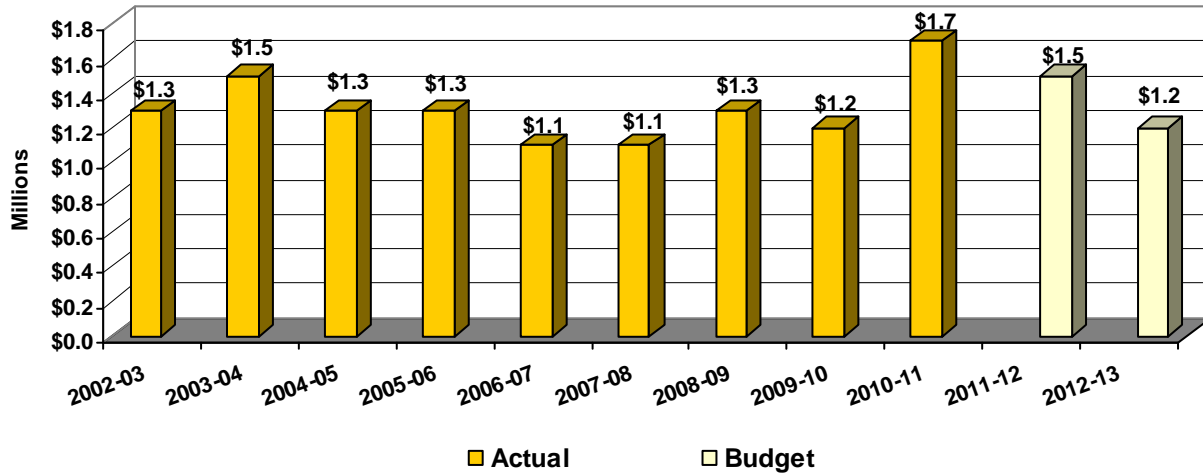
Interfund Revenue – General Fund



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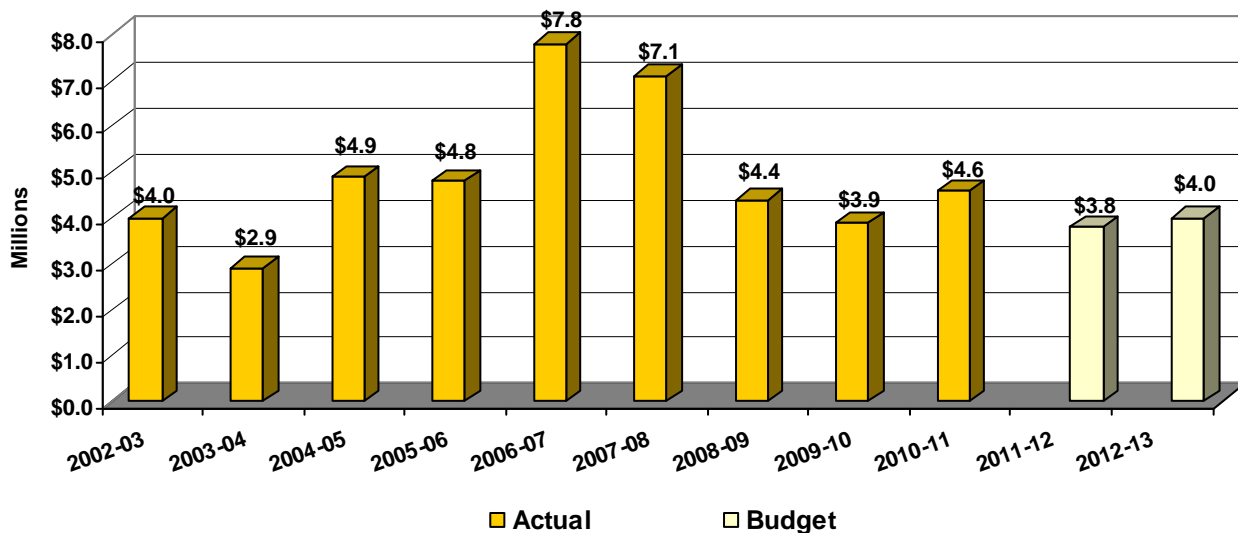
Fines & Forfeitures are derived from the collection of penalties for violations of statutory offenses, administrative rules and neglect of lawful duties, confiscated property, and court fees. Fines & Forfeitures revenue represents 0.7% of the total General Fund resources in the FY 2012-13 Adopted Budget. FY 2010-11 experienced a large increase due to the shifting of the “Red Light Traffic” revenue from the Police Staff Augmentation Fund (263) to the General Fund. However, due to a series of court cases at the State level over the legality of red light camera enforcement, the City has voluntarily decided to terminate the program as of February 24, 2012.

Fines & Forfeitures – General Fund



Use of Money & Property includes Interest & Investment Revenues, Landfill Gas Royalties and Rent and Lease Income. The City Treasurer invests funds that are available but not needed for immediate disbursement. Funds are invested in Local Investments Pools and in a core portfolio of U.S. Government Obligations. Short term interest rates continue to remain at historical lows and therefore FY 2012-13 interest earnings are not expected to reach FY 2006-07 levels. Use of Money & Property revenue represents 2.4% of the total General Fund revenue in the FY 2012-13 Adopted Budget.

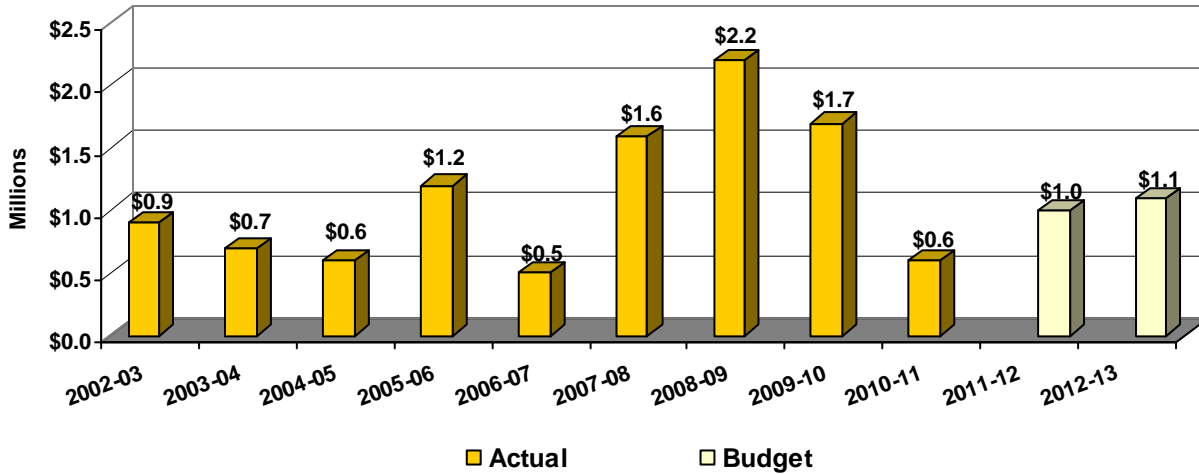
Use of Money & Property – General Fund



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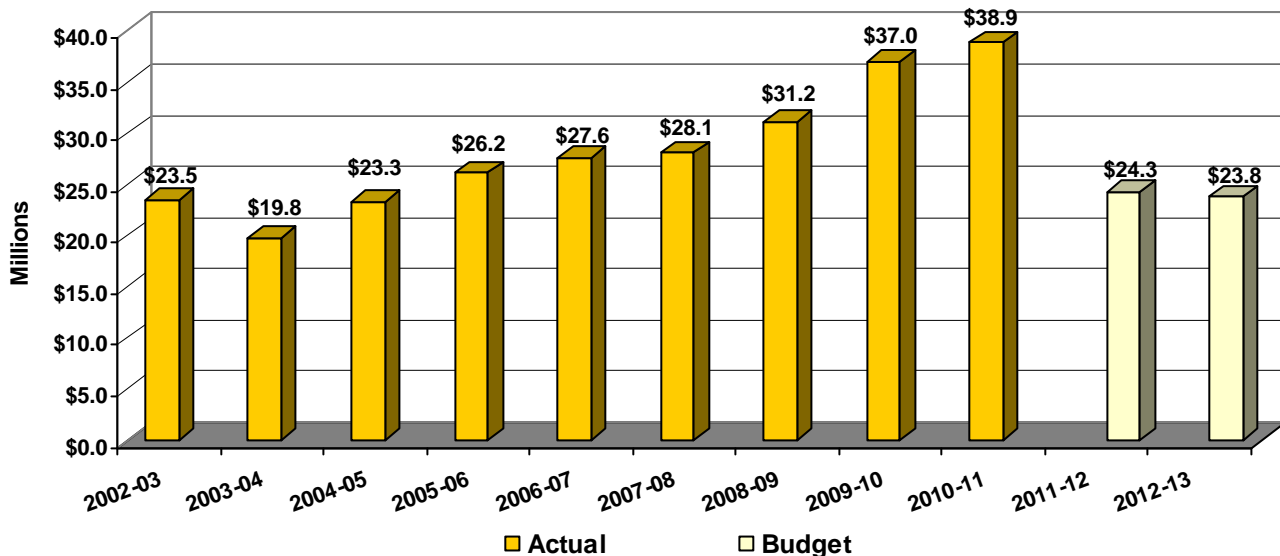
Miscellaneous Revenue – Miscellaneous revenues consist of revenues other than taxes and fees such as sale of items/property not normally held for resale, collections from advertising, unclaimed money and property and other contributions and donations.

Miscellaneous Revenue – General Fund



Transfers from Other Funds are made to the General Fund for a variety of purposes. The Transfers from other Funds represent 14.4% of the total General Fund resources in the FY 2012-13 Adopted Budget and includes transfers from Electric Utility, Parking and Refuse Disposal Funds. The decrease for FY 2011-12 in the Transfer from Other Funds was attributable to the loss of the Water Utility transfer of \$4.2 million, loss of the one-time transfer from the close out of the Police Staff Augmentation Fund and the loss of two transfers from the Internal Service Funds. For FY 2012-13, the decrease in the Transfer from Other Funds was attributable to the elimination of the \$296,000 transfer from the CIP (fund 401) to the General Fund for the operation of the Pacific Pool and the reduction of the Electric Utility transfer by \$250,000.

Transfers from Other Funds – General Fund



CITY OF GLENDALE RESOURCES & APPROPRIATIONS

OVERVIEW OF APPROPRIATIONS

The chart below depicts the total City appropriations by fund type as adopted for FY 2011-12 and FY 2012-13.

Total City Budgeted Appropriations

Fund Type	Adopted 2011-12	Adopted 2012-13	Increase / (Decrease)	% Change
General Fund	\$ 170,276,318	\$ 165,348,883	\$ (4,927,435)	-2.9%
Special Revenue	135,403,886	95,968,170	(39,435,716)	-29.1%
Debt Service	21,077,758	3,792,062	(17,285,696)	-82.0%
Capital Improvement	15,844,504	15,166,120	(678,384)	-4.3%
Enterprise	420,864,585	337,331,259	(83,533,326)	-19.8%
Internal Service	85,783,104	83,328,291	(2,454,813)	-2.9%
Totals	\$ 849,250,155	\$ 700,934,785	\$ (148,315,370)	-17.5%

The following sections discuss some of the major changes in appropriations depicted in the chart above for each fund type.

General Fund

The total FY 2012-13 Adopted Budget for the General Fund is \$165.3 million. As mentioned in the Resources section, the City faced a budget shortfall of approximately \$15.4 million in the General Fund. A variety of strategies were deployed in an effort to maintain a balanced General Fund budget. Due to the significance of the budget shortfall, the goal was to implement on-going, systematic changes rather than one-time fixes. Balancing strategies employed for the FY 2012-13 General Fund budget include retirement incentives, reduction of charges to the Liability Fund and Workers' Compensation Fund and additional reductions resulting in additional layoffs. A summary of our balancing strategies is presented in the table below.

General Fund FY 2012-13 Balancing Strategies

Strategy	Resource Estimate	Appropriation Estimate
Initial FY 2012-13 Budget Estimate	\$ 164,348,883	\$ 180,738,253
Retirement Incentives:		
Yes	-	(5,701,445)
Additional Anticipated Retirements	-	(3,304,149)
Reduce Internal Service Fund (ISF) Charges:		
Workers Compensation	-	(1,569,695)
Liability Rate	-	(507,825)
Program Reductions		(4,306,256)
	Sub Total \$	\$
	164,348,883	165,348,883
Use of Fund Balance (Police Augmentation Fund)	1,000,000	-
Adopted General Fund Budget FY 2012-13:	\$ 165,348,883	\$ 165,348,883

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Suffice to say, our preference is to achieve as much cost savings as possible through retirement incentives before having to resort to large scale layoffs. In anticipation of having some level of program reductions, and similar to last year's budget process, General Fund Departments prioritized their programs and functions. Departments identified \$4.3 million in additional program reductions beyond what will be impacted by retirements. This represents a reduction of 40 salaried FTE's and 6.32 hourly FTE's for a total reduction of 46.32 FTE's.

At the same time, departments are focusing on restructuring and streamlining operations and management, which will likely result in a limited number of additional layoffs and position reclassifications. It should be noted that the level of program reductions is subject to change and likely will change post-budget adoption as the retirement incentives take shape in the early part of July. The more retirements we realize and the more streamlined our departments become, the fewer program reductions we will have to execute. Conversely, fewer retirements will result in additional program reductions to those already presented. A summary of the proposed reductions is presented in the table below.

General Fund Program Reductions Adopted FY 2012-13

Department	FTE's	Amount
Administrative Services-Finance	2.90	\$ 211,172
City Attorney	1.00	85,481
City Clerk	-	-
City Treasurer	1.00	57,102
Community Development	2.00	160,000
Community Services & Parks	12.40	736,162
Fire	8.43	703,693
Human Resources	0.09	84,000
Information Services	0.50	152,000
Library, Arts & Culture	2.00	164,940
Management Services	1.00	288,315
Police	4.00	522,898
Public Works	11.00	1,140,493
Total Program Reductions	46.32	\$ 4,306,256

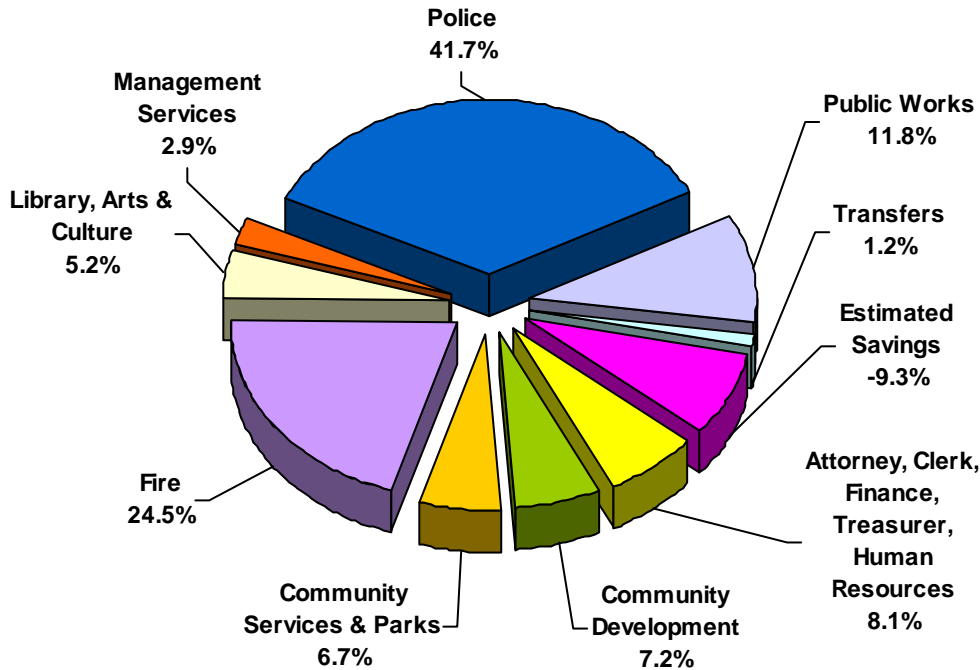
The strategies mentioned above, as well as the program reductions and service level implications, were presented and discussed with City Council throughout 4 separate budget study sessions that started on April 30 and went through June 5. The study sessions gave Council the opportunity to review each department's budget and the opportunity to ask questions and make modifications. Throughout the study sessions, each department presented budget summaries of not only General Fund operations, but all other funds within the City.

At this time, the General Fund budget is balanced with an estimated savings of approximately \$15.4 million. The estimated savings represents the budget deficit that will be reduced through retirements and program reductions/layoffs. As the retirement incentives and program reductions become known post-budget adoption, we will reduce departmental budgets and the estimated savings by the same amount. By fall of 2012, we hope to have a structurally balanced budget with little or no estimated savings remaining.

CITY OF GLENDALE RESOURCES & APPROPRIATIONS

The graph below depicts the FY 2012-13 General Fund appropriations by Department.

**FY 2012-13 General Fund Appropriations
\$165.3 Million**



Special Revenue Funds

The \$39.4 million decrease in the *Special Revenue Funds* is primarily due to the following:

- Community Development Block Grant Fund 201 – The decrease in appropriation of approximately \$900 thousand is due to a significant 35% reduction in CDBG funding from HUD.
- HOME Grant Fund 203 – The decrease in appropriation of approximately \$868 thousand is due to a significant 48% reduction in HOME grant funding from HUD.
- GRA Funds 240, 241, 242, 245, 247 & 248 – The significant decrease in appropriation of approximately \$41.9 million is attributable to AB 1x 26. With the dissolution of the Glendale Redevelopment Agency effective February 2012, all GRA Funds were transferred to the Successor Agency and will no longer be included in the City's budget.
- Measure R Local Return Fund 254 – The decrease of approximately \$5.1 million is primarily due to the department's intent to go back to Council on an as needed basis for the use of Measure R Local Return funding.
- Measure R Regional Return Fund 255 – The increase of \$800 thousand in this fund is due to the appropriation of \$400 thousand into the Riverwalk Outfall Bridge Project and \$400 thousand for Preliminary Engineering for the Riverwalk LA Bridge Project.

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- Transit Funds 250, 256, 257 & 258 – In the previous fiscal years, Fund 250 was used to account for Prop A Local Return; Prop C Local Return; and the Transit Utility. In order to better account for and monitor these activities, they were separated into three separate funds for FY 2012-13. As a result, there is a decrease in appropriation of \$13.7 million in Fund 250 and the appropriation in the new funds (Funds 256, 257, 258) totals \$24.4 million, which is an increase of approximately \$10.7 million from last year. The main reason for the increase is due to the purchase of eight buses.
- Fire Grant Fund 265 – The decrease in appropriation of approximately \$898 thousand is due to a number of Fire grant contracts in progress. Once awarded by the granting agencies, the Fire Department will seek Council approval during the upcoming fiscal year to authorize the acceptance of the grant and add the appropriation.
- Fire Paramedic Fund 511 – The increase in appropriation of approximately \$939 thousand is due to a significant increase in the Fleet / Equipment Rental Charge for ambulances that were not accounted for in previous years. The other change of note was an increase in insurance write downs. These increases were partially offset by a decrease in salaries and benefits as part of the Paramedic reorganization.

Debt Service Funds

The decrease of approximately \$17.3 million in the *Debt Service Funds* is due to the passage of AB 1x 26. With the dissolution of the Glendale Redevelopment Agency effective February 2012, all the GRA Debt Service Funds (Funds 302, 304, 307, 308, 309) became obligations of the Successor Agency and will no longer be included in this section of the City's budget. There are only two remaining Debt Service Funds with an appropriation for FY 2012-13: Police Building Project Fund 303 and the Capital Leases Fund 306.

Capital Improvement Program

Changes in the *Capital Improvement Program* equated to a net decrease of \$678 thousand. Although, the appropriation for projects in the Capital Improvement Fund 401 decreased by \$1 million and the appropriation for projects in the State Gas Tax Fund 402 decreased by \$3.6 million, the appropriation for projects in the Development Impact Fees Fund 405 increased by \$3.9 million. Thus, the net impact to the Capital Improvement Program is a decrease of \$678 thousand. This is the first year that projects are being appropriated in the Development Impact Fees Fund 405. Some of the major appropriations in this fund include \$1.5 million for the Deukmejian Nature Education Center, \$600 thousand for the Citywide Playground Equipment, \$400 thousand for the Sports Complex Batting Cage, and \$350 thousand for the Adult Recreation Center Tennis Court Replacement.

Enterprise Funds

Changes to *Enterprise Funds* equated to a net decrease of \$83.5 million. The decrease is primarily due to a decrease in appropriations for capital projects in the Sewer Fund 525, Electric Depreciation Fund 553, and the Water Depreciation Fund 573. Due to the financial health of the Electric Utility and the Water Utility, minimal capital is budgeted in these funds. In addition, in order to have a balanced budget in the Electric Utility, the budget is balanced with an estimated savings of approximately \$10.8 million. A multi-layered approach may be utilized to address the on-going operational needs and capital requirements of the Electric Utility and the Water Utility, one of which is the potential issuance of bonds.

CITY OF GLENDALE

RESOURCES & APPROPRIATIONS

Internal Service Funds

Changes in the *Internal Service Funds* equated to a net decrease of \$2.5 million primarily due to the following:

- *ISD Infrastructure Fund 603* – The increase in appropriation of approximately \$582 thousand is attributable to an increase in funding for critical infrastructure needs including servers, routers, and PC replacement.
- *ISD Applications Fund 604* – The increase in appropriation of approximately \$1.4 million is attributable to funding for software and annual maintenance related to new applications as well as Smart Grid related expenditures.
- *Unemployment Insurance Fund 610* – The increase in appropriation of approximately \$158 thousand is due to the unemployment rate being charged to the departments increasing from .1% to .2%.
- *Liability Insurance Fund 612* – The increase in appropriation of approximately \$884 thousand is mainly due to a higher claims experience. The rate also increased from 1.75% for the General Fund and 2.65% for the Non-General Fund Funds to 3.45% for all Funds. The rate increase was necessary to continue the amortization of the negative fund balance in this fund.
- *Compensation Insurance Fund 614* – The increase in appropriation of approximately \$584 thousand is mainly due to a higher claims experience. The workers' compensation rates also increased based on our claims experience. The increase was necessary to keep pace with the claims costs and to continue the amortization of the negative fund balance.
- *Employee Benefits Fund 640* – The decrease in appropriation of approximately \$755 thousand is mainly due to the elimination of the vacant frozen positions from the budget. A total of 108 vacant positions and related benefits were eliminated from the budget, which lowered the appropriation needed in this fund.
- *Retiree Health Savings Plan (RHSP) Benefits Fund 641* – Similar to Fund 640, the decrease of approximately \$956 thousand is mainly due to the elimination of the vacant frozen positions from the budget.