

# *Financial Section*

The Financial Section of the Comprehensive Annual Financial Report contains the following:

- Independent Auditors' Report
- Required Supplementary Information-  
Management's Discussion and Analysis  
(MD & A)
- City's basic financial statement, which includes  
the following:
  - The Government-wide Financial Statements
  - Fund Financial Statements
  - Notes to the Financial Statements







## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council  
of the City of Glendale  
City of Glendale, California

### **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, California, (the City) as of and for the year ended June 30, 2014, 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 auditor's 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 entity'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 entity'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, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Housing Assistance Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

### *Loans from the City to the Successor Agency*

As described in Note 8 and Note 16 to the financial statements, the City reinstated a loan due from the Glendale Successor Agency. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other post-employment benefit information, as listed in the table of contents, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and other schedules, 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 other schedules 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 combining and individual nonmajor fund financial statements and other schedules are 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 them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California  
November 25, 2014

## **CITY OF GLENDALE**

### Management's Discussion and Analysis

June 30, 2014

(in thousands)

As management of the City of Glendale (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - xii of this report.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities at the close of FY 2013-14 by \$1,650,906 (net position). Of this amount, \$257,585 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The total unrestricted net position consists of \$47,188 for governmental activities and \$210,397 for business-type activities.
- The City's total net position increased by \$19,988. Most of this increase is attributable to the increase in charges for services, taxes, investment income, and the reinstatement of the former Redevelopment Agency loans to the City.
- As of the close of FY 2013-14, the City's governmental funds reported combined ending fund balances of \$161,718, a decrease of \$7,090 in comparison with the prior year. About 16.2% of this total amount, \$26,153 is unassigned and available for spending at the government's discretion.
- At the end of FY 2013-14, charter required stabilization reserve of \$22,593, committed fund balance of \$7,000, and unassigned fund balance of \$36,480 for the General Fund totaled \$66,073, representing about 36.4% of FY 2014-15 adopted budget of \$181,502. The General Fund reserve levels have historically been maintained above 30.0% of General Fund appropriations, in accordance with the current reserve policy (a floor of 30.0% with a target of 35.0%) adopted by the City Council.
- The City's total debt increased by \$64,210 (15.1%) in FY 2013-14. The factors of this increase were a combination of items such as post-employment benefits, an increase of \$17,925; post-closure liability of Scholl Canyon Landfill, an increase of \$2,175; issuance of the Electric Revenue Bonds 2013 Series for \$60,000; an increase of \$847 in claims payable; a decrease of \$3,755 in compensated absences; as well as decreases such as debt retirements through regular annual payments.

### **Overview of the Financial Statements**

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

**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.

## CITY OF GLENDALE

### Management's Discussion and Analysis

June 30, 2014

(in thousands)

The statement of net position presents information on all of the City's assets and deferred outflows of resources, and liabilities, with the difference reported as net position. 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 presents information showing how the government's net position changed during the recent 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 vacation leave).

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, police, fire, public works, housing, health, and community development, employment programs, public service, parks, recreation, and community services, library, and interest and fiscal charges on bonds. The business-type activities of the City include recreation, hazardous disposal, fire communications, parking, sewer, refuse disposal, electric, and water.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate housing authority and financing authority for which the City is financially accountable. The housing authority and the financing authority, although legally separate, function for all practical purposes as departments of the City, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 23-25 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

## **CITY OF GLENDALE**

Management's Discussion and Analysis

June 30, 2014

(in thousands)

balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 39 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 General Fund, Housing Assistance Fund and the Capital Improvement Fund, all of which are considered to be major funds. Data from the other 36 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 elsewhere in this report.

The City adopts an annual budget for its General, Debt Service and Special Revenue fund types. A budgetary comparison statement has been provided for the above fund types to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 26-45 of this report.

**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 recreation, hazardous disposal, fire communications, parking, sewer, refuse disposal, and electric and water utility operations. 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 fleet of vehicles, information services and infrastructures, joint helicopter operation, uninsurable litigation, employee benefits, and various other insurances.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, electric, and water operations, all of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise and internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 46-49 of this report.

**Fiduciary funds.** A fiduciary fund is used to account for resources held for the benefit of parties outside the City. The City maintains one fiduciary fund – Glendale Successor Agency Trust Fund, a Private-Purpose Trust Fund.

Since the resources of fiduciary fund are not available to support the City's own programs, it is not reflected in the government-wide financial statements. The accounting used for fiduciary fund is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on pages 50-51 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53-102 of this report.



## CITY OF GLENDALE

### Management's Discussion and Analysis

June 30, 2014

(in thousands)

The combining statements referred to earlier in connection with non-major governmental and enterprise funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 105-169 of this report.

### Government-wide Financial Analysis

The government-wide financial analysis contained comparative information from the prior year.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$1,650,906 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (79.6%) reflects its net investment in capital assets (e.g., infrastructure, land, buildings, 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 net investment in its capital assets is reported as 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.

#### City of Glendale's Net Position As of June 30,

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 319,726	303,125	326,309	235,318	646,035	538,443
Capital assets	873,806	869,090	673,807	692,764	1,547,613	1,561,854
Deferred outflows of resources	-	-	1,291	1,443	1,291	1,443
Total assets and deferred outflow of resources	1,193,532	1,172,215	1,001,407	929,525	2,194,939	2,101,740
Current liabilities	41,029	54,297	36,168	23,892	77,197	78,189
Noncurrent liabilities	202,130	168,667	264,706	223,966	466,836	392,633
Total liabilities	243,159	222,964	300,874	247,858	544,033	470,822
Net investment in capital assets	829,862	816,785	484,467	516,774	1,314,329	1,333,559
Restricted	73,323	70,047	5,669	5,669	78,992	75,716
Unrestricted	47,188	62,419	210,397	159,224	257,585	221,643
Total net position	\$ 950,373	949,251	700,533	681,667	1,650,906	1,630,918

4.8% of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$257,585 may be used to meet the government's ongoing obligations to citizens and creditors. Of this total, \$210,397 is in business-type activities such as our electric, water, and sewer utilities.

## CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2014

(in thousands)

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, for government as a whole, as well as for all its separate governmental and business-type activities.

**Governmental activities.** Governmental activities increased the City's net position by \$1,122. Key elements of this increase are as follows:

- Capital grants and contributions decreased by \$6,815 (38.0%) during the current fiscal year due to less grant funding for capital projects. Also, there was a one-time only donation of the Doran Gardens open space to the City based on the housing development agreement in FY 2012-13.
- Investment income increased by \$1,861 to a positive amount of \$1,776, from a negative amount of \$85, during the current fiscal year primarily due to the increase in the fair value of the investments.
- Other revenue increased by \$16,696 (124.6%) during the current fiscal year mainly due to the accounting change to record the housing loans that are non-forgivable but the timing of loan payback is uncertain (depending on the transfer of the property), and also the reinstatement of the former Redevelopment Agency loans to the City.
- General government expense increased by \$31,344 (93.8%) during the current fiscal year mainly due to the reclassification of all the post-employment benefits expenses in governmental activities, instead of allocating between governmental activities and business-type activities. Also some of community development functions were moved to general government.
- Housing, health and community development expense decreased by \$5,998 (13.5%) during the current fiscal year mainly due to two main reasons: (1) some of community development functions were moved to general government; (2) less Building Equity and Growth in Neighborhoods (BEGIN) grant loan payments to the home owners of the Doran Gardens housing project, since the grant is in the final stage and completed in FY 2013-14.
- Interest & fiscal charges increased by \$621 (32.1%) during the current fiscal year mainly due to the increase in Scholl Canyon Post Closure liability.

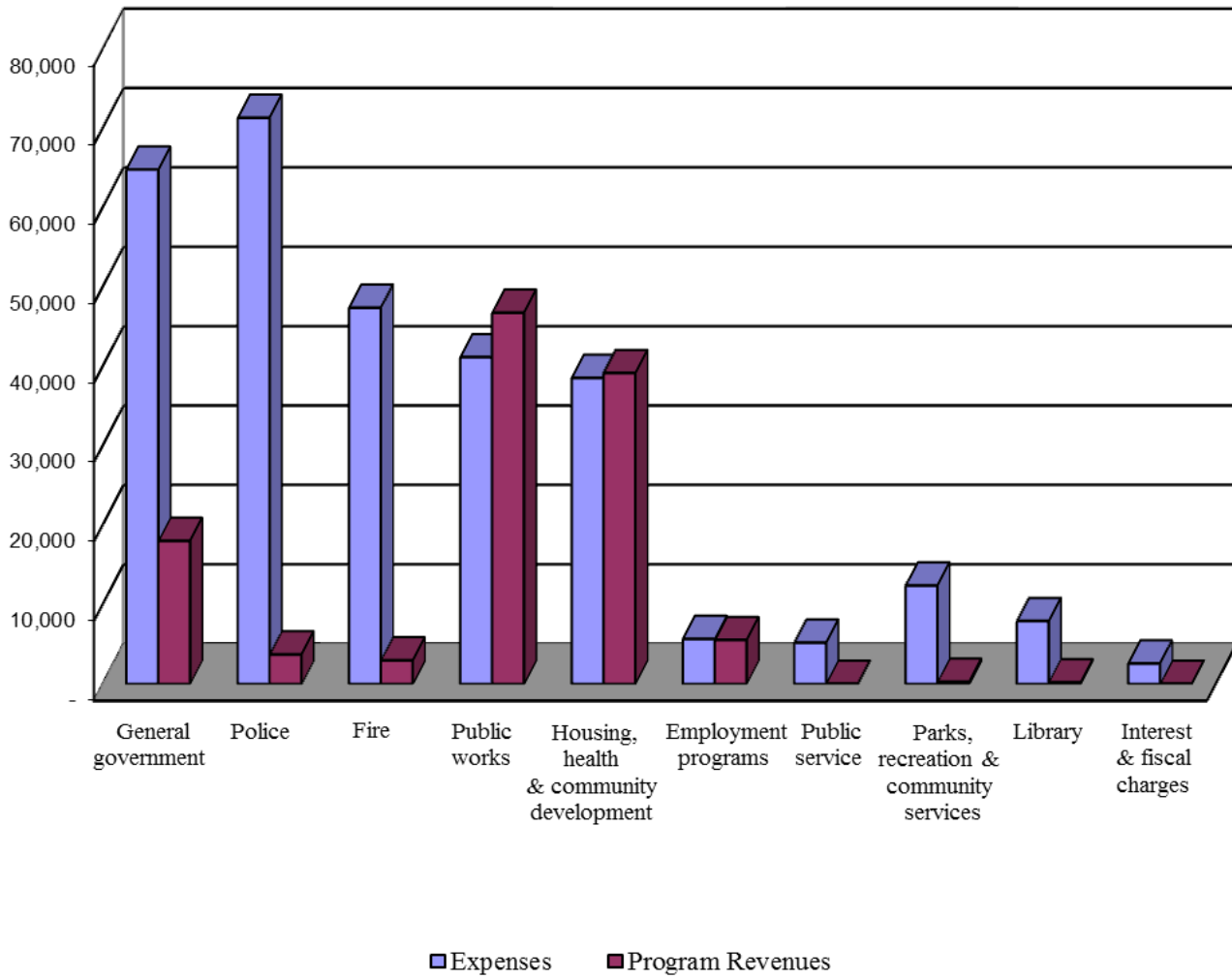
**CITY OF GLENDALE**

Management's Discussion and Analysis

June 30, 2014

(in thousands)

**Expenses and Program Revenues – Governmental Activities**



**CITY OF GLENDALE**

Management's Discussion and Analysis

June 30, 2014

(in thousands)

**City of Glendale's Change in Net Position  
For the Fiscal Year Ended June 30,**

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 42,129	45,733	292,602	272,344	334,731	318,077
Operating grants & contributions	63,195	59,855	299	223	63,494	60,078
Capital grants & contributions	11,134	17,949	796	1,203	11,930	19,152
General revenues:						
Taxes:						
Property taxes	47,623	45,943	-	-	47,623	45,943
Sales taxes	35,408	33,789	-	-	35,408	33,789
Utility users tax	27,018	26,968	-	-	27,018	26,968
Other taxes	15,512	14,594	-	-	15,512	14,594
Investment income	1,776	(85)	2,725	231	4,501	146
Other:						
Reinstatement of loans	13,613	-	-	-	13,613	-
Miscellaneous	16,484	13,401	11,505	8,270	27,989	21,671
Total revenues	<u>273,892</u>	<u>258,147</u>	<u>307,927</u>	<u>282,271</u>	<u>581,819</u>	<u>540,418</u>
Expenses:						
General government	64,776	33,432	-	-	64,776	33,432
Police	71,299	72,997	-	-	71,299	72,997
Fire	47,370	50,880	-	-	47,370	50,880
Public works	41,126	39,349	-	-	41,126	39,349
Housing, health & community development	38,536	44,534	-	-	38,536	44,534
Employment program	5,642	6,080	-	-	5,642	6,080
Public service	5,173	4,490	-	-	5,173	4,490
Parks, recreation & community services	12,372	12,326	-	-	12,372	12,326
Library	7,893	8,338	-	-	7,893	8,338
Interest & fiscal charges	2,553	1,932	-	-	2,553	1,932
Recreation	-	-	2,338	2,820	2,338	2,820
Hazardous disposal	-	-	1,170	1,709	1,170	1,709
Fire communications	-	-	2,521	3,291	2,521	3,291
Parking	-	-	6,317	7,683	6,317	7,683
Sewer	-	-	14,353	14,585	14,353	14,585
Refuse disposal	-	-	16,143	19,197	16,143	19,197
Electric	-	-	179,322	172,509	179,322	172,509
Water	-	-	42,927	41,862	42,927	41,862
Total expenses	<u>296,740</u>	<u>274,358</u>	<u>265,091</u>	<u>263,656</u>	<u>561,831</u>	<u>538,014</u>
Excess (deficiency) before transfers and extraordinary (loss)	(22,848)	(16,211)	42,836	18,615	19,988	2,404
Transfers	23,970	25,299	(23,970)	(25,299)	-	-
Extraordinary (loss)	-	(6,423)	-	-	-	(6,423)
Change in net position	<u>1,122</u>	<u>2,665</u>	<u>18,866</u>	<u>(6,684)</u>	<u>19,988</u>	<u>(4,019)</u>
Net position – Beginning of the year	<u>949,251</u>	<u>946,586</u>	<u>681,667</u>	<u>688,351</u>	<u>1,630,918</u>	<u>1,634,937</u>
Net position – End of the year	<u>\$ 950,373</u>	<u>949,251</u>	<u>700,533</u>	<u>681,667</u>	<u>1,650,906</u>	<u>1,630,918</u>

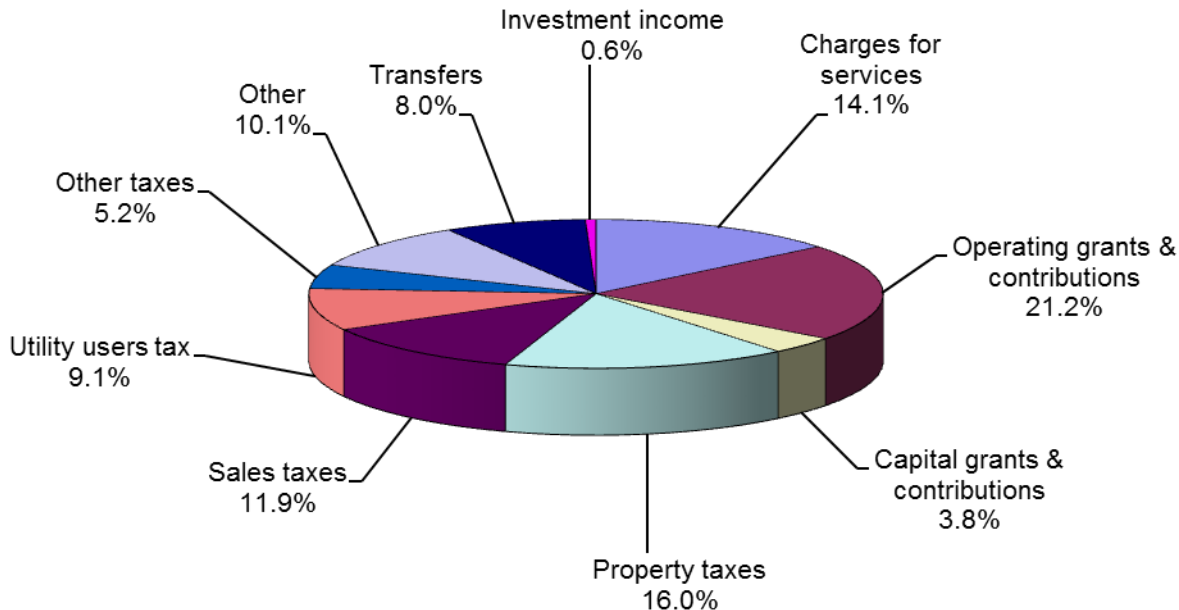
## CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2014

(in thousands)

### Revenues & Transfers By Source – Governmental Activities



**Business-type activities.** Business-type activities net position increased by \$18,866. Key elements of this increase are as follows.

- Charges for services increased by \$20,258 (7.4%) during the current fiscal year. Higher electric sales were the primary factor leading to an increase in charges for services in all business-type activities. Higher electric wholesale sales and electric sales to utilities were mainly due to the City's increased participation in wholesale transactions as a result of favorable market conditions based on the City's risk criteria. Improvement in revenue collection for electric street light sales, as well as increased domestic and commercial sales also contributed to the increase in charges for services.
- Operating and capital grants decreased by \$331 (23.2%) during the current fiscal year. The decrease was mostly due to near completion of the U.S. Department of Energy (DOE) and California Energy Commission (CEC) grants provided to GWP to support the modernization program in upgrading the City's 100 plus year old electric and water system. The completion of several grants received by GWP to fund the construction of Chromium 6 water treatment and testing facilities to support the research project also contributed to the decrease. The completion of the AB2766 Discretionary Fund to meet requirements of federal and state Clean Air Acts and implementation of motor vehicle emission reduction measures by South Coast Air Quality Management District (SCAQMD) also contributed to lower operating and capital grants compared to previous fiscal year. Also, lower receipt of State used oil recycling grant during the current fiscal year contributed to the decrease.

## **CITY OF GLENDALE**

### Management's Discussion and Analysis

June 30, 2014

(in thousands)

- Other revenues increased by \$3,235 (39.1%) during the current fiscal year. The increase is primarily due to an increase in miscellaneous revenue as a result of the receipt of Glendale's share of the surplus money from the Multiple Project Proceeds Account established under the Multiple Project Indenture of Trust, dated August 1, 1989, to the applicable accounts of the SCPPA Projects' Stabilization Fund for the benefit of the Mead-Adelanto and Mead-Phoenix Participants.
- Investment income increased by \$2,494 (1,079.7%) during the current fiscal year. Better return on investment and overall increase in the market value of the portfolio investments contributed to the higher investment income during the current fiscal year for all enterprise funds.
- Electric expenses increased by \$6,813 (3.9%) during the current fiscal year. This increase can primarily be attributed to an increase in Electric's operating expenses related to production and transmission as a result of increased participation in natural gas and wholesale activities.
- Water expenses increased by \$1,065 (2.5%) during the current fiscal year. This increase was due to a continuing rise in production costs as a result of purchased water volume supplied by Metropolitan Water District (MWD).
- Sewer expense decreased by \$232 (1.6%) during the current fiscal year primarily due to the reclassification of all the post-employment benefits expenses in governmental activities, instead of allocating between governmental activities and business-type activities.
- Other enterprise activities had a net decrease in expenses of \$6,211 (17.9%) during the current fiscal year also primarily due to the reclassification of all the post-employment benefits expenses in governmental activities, instead of allocating between governmental activities and business-type activities.

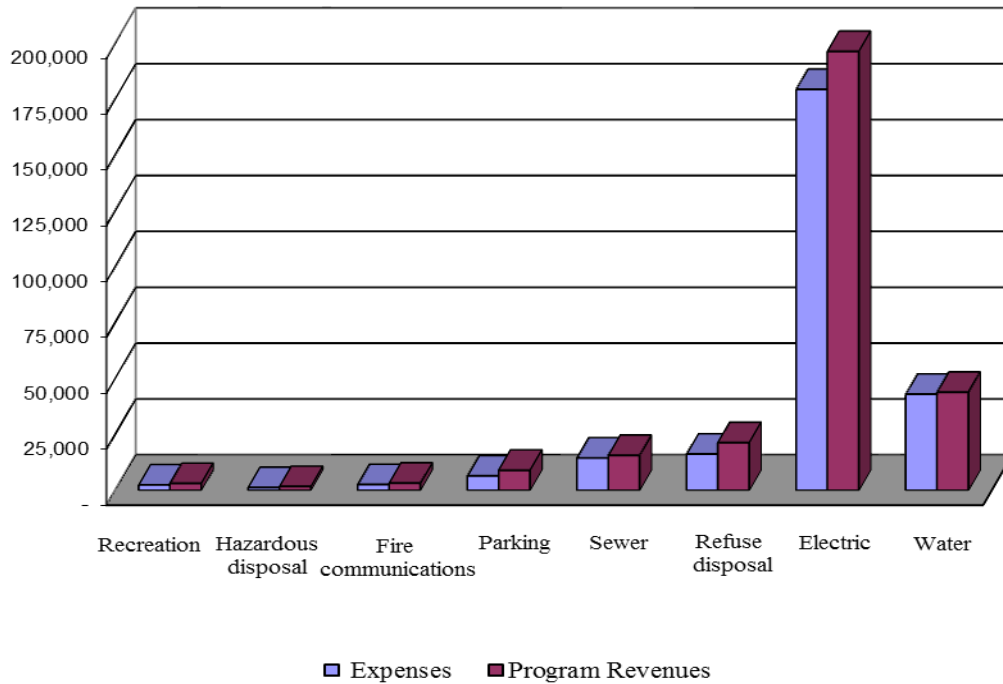
# CITY OF GLENDALE

Management's Discussion and Analysis

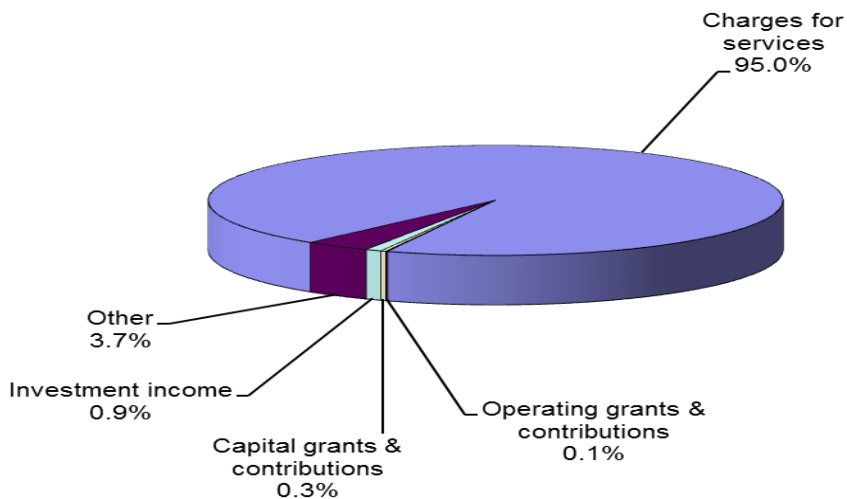
June 30, 2014

(in thousands)

## Expenses and Program Revenues – Business-type Activities



## Revenues By Source – Business-type Activities



## **CITY OF GLENDALE**

Management's Discussion and Analysis

June 30, 2014

(in thousands)

### **Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spending resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$161,718, a decrease of \$7,090 in comparison with the prior year. About 16.2% of this total amount, \$26,153, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance in the amount of \$135,565 is not available for new spending because it is either nonspendable, restricted, assigned or committed. Nonspendable fund balance of \$4,796 which consists of: 1) inventories \$372, 2) advance to other funds \$1,946, and 3) prepaid items \$2,478. Restricted fund balance of \$89,822 which is constrained by external creditors, grantors, laws or regulations of other governments and enabling legislation, consists of: 1) City charter stabilization reserve requirement \$22,593, 2) federal and state grants \$4,745, 3) public safety \$1,197, 4) youth employment \$18, 5) transportation \$17,019, 6) landscaping district \$63, 7) low and moderate housing \$9,820, 8) air quality improvement \$276, 9) cable access \$1,237, 10) electric public benefit AB1890 \$1,960, 11) State gas tax mandates \$7,044, and 12) landfill postclosure \$23,850. Committed fund balance of \$40,947 consists of: 1) debt service \$23,841, 2) urban art \$2,437, 3) public safety \$116, 4) impact fee funded projects \$5,562, and 5) capital projects \$8,991.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance and the charter-required reserve of the general fund were \$36,480 and \$22,593, respectively, while total fund balance was \$68,657. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance and restricted fund balance which consists of the charter-required reserve, totaling \$59,073, represent about 34.7% of FY 2013-14 General Fund expenditures plus transfers.

The fund balance of the City's General Fund has an increase of \$5,768 during the current fiscal year. This increase is primarily due to the following five reasons:

- 1) Compared to prior fiscal year, property tax revenue increased by \$1,680, which is due to higher property values in the City.
- 2) Compared to prior fiscal year, sales tax revenue increased by \$1,580, which is due to better retail sales.
- 3) Compared to prior fiscal year, license and permits revenue increased by \$851, which is due to the Council approved projects that commenced during the fiscal year.
- 4) Compared to prior fiscal year, use of money and property increased by \$1,341, which is due to the increase in fair value of the investments.



## CITY OF GLENDALE

### Management's Discussion and Analysis

June 30, 2014

(in thousands)

- 5) Compared to prior fiscal year, the expenditures increased by \$5,287, which is mainly due to three items: more overtime expenditures in Police and Fire departments because of vacant positions, more retirement benefit expenditures because of higher California Public Employees' Retirement System (CalPERS) rates, and more Information Services Department expenditures because of additional funding for depreciation, radios and equipment.

The Housing Assistance Fund (Section 8 grant) has a fund balance of \$4,315, an increase of \$675, compared to the prior fiscal year. There are two main reasons for this increase. First, more housing assistance payments were received than disbursed. The Housing Authority has been leasing up units to spend the excess balance. Second, the administrative expense is less than the administrative revenue earned because of efficient and effective administrative operations.

The Capital Improvement Fund has a positive fund balance of \$1,936. In comparison with the prior fiscal year, the fund balance decreased by \$277. There are two main reasons for this decrease. First, the reimbursement for some grant-funded capital projects, in the amount of \$3,224, has not been received. Second, the transfer to Landfill Postclosure Fund increased by \$1,250.

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

At the end of the year, unrestricted net position composed of \$69,055 for the Sewer Fund, \$120,355 for the Electric Fund, \$(7,902) for the Water Fund, and \$43,232 for the Non-major Enterprise Funds.

The net position of the Sewer Fund increased by \$779 during the current fiscal year. The increase is attributable to higher income before contributions and transfers as a result of improved expense management and higher interest revenue.

The net position of the Electric Fund decreased by \$10,315 during the current fiscal year. This decrease is due to lower income before contributions and transfers. The change in net position shows improvement compared to previous fiscal year as a result of increases in electric commercial & wholesale sales and electric sales to utilities.

The net position of the Water Fund decreased by \$1,084 during the current fiscal year. The decrease is due to lower income before contributions and transfers as a result of increases in purchased water expenses.

The net position of Non-major Enterprise Funds increased by \$2,434 during the current fiscal year. The increase is primarily attributable to higher interest revenue earned in each fund and the sale of Parking Lot 12 in the Parking Fund for a housing project.

### **General Fund Budgetary Highlights**

Compared to the FY 2013-14 original General Fund budget, the final budget increased by \$4,838. The increase was primarily due to the following: \$641 for budget carryovers, \$905 for Microsoft software license, \$825 for

## **CITY OF GLENDALE**

Management's Discussion and Analysis

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(in thousands)

Fire department overtime, \$728 for Laemmle Lofts project, \$624 for firefighter recruitment and training academy, and \$370 for June 2014 special election.

Compared to the FY 2013-14 final General Fund budget, the actual expenditures was under spent by \$5,207. The variance was mainly due to salary savings and the expenditures in contractual services coming in less than forecasted. Although much of the vacant positions have been eliminated in the General Fund, vacancies still exist across almost every department as a result of employee turnover.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$1,547,613. This investment in capital assets includes land, natural gas reserve, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was 0.9%; this represents a 0.5% increase for governmental activities and a 2.7% decrease for business-type activities.

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

- City received a grant to purchased 10 Beeline Buses in the amount of \$5,401. The City also capitalized \$11,376 in Street and Traffic Light Infrastructure improvements, \$2,150 in Library renovations and \$1,816 in Maple and Maryland parks improvements in FY 2013-14.
- At the end of the year, Electric Fund decreased its construction in progress by \$9,692. This decrease primarily reflects the completion of capital projects related to GWP's utility modernization program such as reducing electricity outages and increasing the utility's capacity in meeting customer demands. The increase of \$783 in building and improvements reflects completed projects related to the Automated Metering Infrastructure (AMI) portion of the Smart Grid Project. The increase of \$5,742 in machinery and equipment was primarily due to completed utility modernization and AMI projects. Natural gas reserve increased by \$19 as a result of GWP's continuing effort in meeting the state wide renewable portfolio of acquiring and using qualified renewable energy resources for its Glendale residents.
- Glendale Water and Power has adopted a multi-year capital improvement program for water works projects scheduled for three consecutive years that included fiscal years 2012-2013 through 2015-2016. At the end of the year, Water Fund decreased its construction in progress by \$12,813. This decrease primarily reflects the completion of capital projects related to the replacement and rehabilitation of Diederich water main, developments in the Glorietta Well to increase local groundwater supplies, and upgrades to potable water pump stations. Building and improvements increased by \$168 due to well development and water quality improvement activities. The increase of \$10,126 in machinery and equipment was primarily due to water potable pump station upgrades and groundwater & recycled water system developments. The increase of \$14,078 in infrastructure reflects completed projects related to building a new well in the Verdugo basin, the Diederich water main replacement, and upgrades to Glendale Geographic Information System (GIS) to better safeguard and protect the City's water system infrastructure.

**CITY OF GLENDALE**

## Management's Discussion and Analysis

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(in thousands)

**City of Glendale's Capital Assets**

(Net of depreciation)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2014	2013	2014	2013	2014	2013
Land	\$ 398,869	398,848	15,120	15,141	413,989	413,989
Natural gas reserve	-	-	22,148	22,129	22,148	22,129
Buildings and improvements	297,093	295,312	389,109	383,981	686,202	679,293
Machinery and equipment	114,657	109,285	580,893	565,340	695,550	674,625
Infrastructure	299,830	291,869	140,934	126,856	440,764	418,725
Construction in progress	45,928	41,047	15,128	37,569	61,056	78,616
Total capital assets	1,156,377	1,136,361	1,163,332	1,151,016	2,319,709	2,287,377
Less: Accumulated depreciation	(282,571)	(267,271)	(482,543)	(452,691)	(765,114)	(719,962)
Less: Gas depletion	-	-	(6,982)	(5,561)	(6,982)	(5,561)
Net of depreciation	\$ 873,806	869,090	673,807	692,764	1,547,613	1,561,854

Additional information on the City's capital assets can be found in Note 6 on pages 72-74 as well as pages 170-171 of this report.

**Long-term debt.** The City's total debt increased by \$64,210 (15.1%) in FY 2013-14. The factors of this increase was a combination of items such as post employment benefits, a net increase of \$17,925; post closure liability of Scholl Canyon Landfill, an increase of \$2,175; issuance of the Electric Revenue Bonds 2013 Series for \$60,000; a decrease in RDLP loan of \$4,643; a decrease of \$3,755 in compensated absences; an increase of \$847 in claims payable; as well as decreases such as debt retirements through regular annual payments.

# CITY OF GLENDALE

## Management's Discussion and Analysis

June 30, 2014

(in thousands)

### City of Glendale's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Long-term debt:						
Claims Payable	\$ 44,497	43,650	-	-	44,497	43,650
Compensated absences	13,848	16,426	4,544	5,721	18,392	22,147
Post employment benefits	75,922	39,066	-	18,931	75,922	57,997
Landfill post closure and post closure care	41,810	39,635	-	-	41,810	39,635
Police building project (COPs)	41,195	48,900	-	-	41,195	48,900
Bonds payable:						
Electric Revenue Bonds, 2006 Refunding	-	-	30,280	31,570	30,280	31,570
Electric Revenue Bonds, 2008 Series	-	-	60,000	60,000	60,000	60,000
Electric Revenue Bonds, 2013 Refunding	-	-	20,510	20,510	20,510	20,510
Electric Revenue Bonds, 2013 Series	-	-	60,000	-	60,000	-
Water Revenue Bonds, 2008 Series	-	-	47,615	48,825	47,615	48,825
Water Revenue Bonds, 2012 Series	-	-	35,000	35,000	35,000	35,000
Bond premium	-	-	11,308	7,293	11,308	7,293
Total bonds payable	-	-	264,713	203,198	264,713	203,198
Other long-term liabilities:						
Capital leases:						
MSB retrofit lease – Capital One	-	1,332	-	-	-	1,332
Fire equip't lease 2005 – Sun Trust	437	860	-	-	437	860
Fire equip't lease 2009 – Wells Fargo	989	1,213	-	-	989	1,213
2011 HUD Section 108 loan	1,669	1,839	-	-	1,669	1,839
Residential development loan program (RDLP)	-	4,643	-	-	-	4,643
Total other long-term liabilities	3,095	9,887	-	-	3,095	9,887
Total long-term debt	\$ 220,367	197,564	269,257	227,850	489,624	425,414

### Credit ratings

Municipal bond ratings provide investors with a simple way to compare the relative investment quality of different bonds. Bond ratings express the opinions of the rating agencies as to the issuer's ability and willingness to pay debt service when it is due. In general, the credit rating analysis includes the evaluation of the relative strengths and weaknesses of the following four factors as they affect an issuer's ability to pay debt and service: fiscal, economic, debt and administrative/management factors. The City continues to receive high general credit ratings from all three national rating agencies, despite the difficult financial and economic conditions the national and local economy has been faced with.

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### Management's Discussion and Analysis

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The City's bond ratings as of June 30, 2014 are as follows:

<b>Debt Issue</b>	<b>Moody's</b>	<b>Standard &amp; Poor's (S &amp; P)</b>	<b>Fitch Ratings'</b>
Issuer credit rating (Implied General Obligation )	Aa2	AA+	AA+
Police building project (COPs)	A1	-	AA
Electric revenue bonds, 2006 refunding series	Aa3	AA-	A+
Electric revenue bonds, 2008 series	Aa3	AA-	A+
Electric revenue bonds, 2013 refunding series	Aa3	AA-	A+
Electric revenue bonds, 2013 series	Aa3	AA-	A+
Water revenue bonds, 2008 series	Aa3	AA-	A+
Water revenue bonds, 2012 series	Aa3	A+	A+

The Glendale Successor Agency's (Fiduciary Fund) bond ratings as of June 30, 2014 are as follows:

<b>Debt Issue</b>	<b>Moody's</b>	<b>Standard &amp; Poor's (S &amp; P)</b>	<b>Fitch Ratings'</b>
2010 GSA tax allocation bonds	Ba1	A	N/A
2011 GSA subordinate taxable tax allocation bonds	-	A-	-
2013 GSA tax allocation bonds, refunding series	-	AA-	-

Bonds which are rated 'AAA' & 'Aaa' are judged to be of the best quality. They carry the smallest degree of investment risk. Interest payments are protected by a large or an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. Bonds rated 'AAA' are generally known as investment grade bonds of which the issuer of the Bonds is judged to have a very strong capacity to meet its financial commitments.

### Legal Debt Margins

Under the City Charter, the total bonded debt of the city shall at no time exceed 15% of the net assessed value of all real and personal property within the City limits ("debt limit"). General obligation debt is debt secured by the City's property tax revenues. As of June 30, 2014, the City's net assessed value of taxable property was \$19.6 billion and has no general obligation debt.

## **CITY OF GLENDALE**

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### **Debt Administration**

Finance works to ensure that the City meets its debt administration obligations to:

- Pay debt service timely;
- Monitor trustee-held accounts and guaranteed investment contracts;
- Comply with bond covenants and Internal Revenue Service (IRS) rules & regulations;
- Provide continuing disclosure and other reports to the municipal bond market;
- Manage liquidity and credit enhancement contracts.

### **Arbitrage Rebate**

Debt Management actively monitors the investment and disbursement of proceeds of tax exempt bonds for arbitrage compliance purposes. Arbitrage is the profit that results from investing low-yield tax-exempt bond proceeds in higher-yield securities (also referred to as positive arbitrage). Federal law stipulates that investment earnings in excess of the bond yield are arbitrage earnings and must be rebated to the Federal Government. However, if a jurisdiction meets certain IRS expenditure exceptions for bond proceeds, the arbitrage earnings will not have to be rebated to the Federal Government. Arbitrage regulations apply only to all of the City's tax-exempt financings.

Typically bond proceeds that are held by the Trustee are invested by the Trustee per bond covenant to invest at the highest yield possible, subject to the City's Investment Policy objectives of safety, liquidity and yield. The investment of bond proceeds is in accordance with the City's investment Policy and the Permitted Investment provisions of the governing documents of each series of bonds. For some types of bond funds, particularly a construction fund that must be held in short-term securities, it may be the case that the fund earns at a rate less than the bond yield. Therefore, the fund is said to be earning negative arbitrage. Through careful management of its investments, the City can use positive arbitrage earnings in one account of a bond series to offset negative arbitrage in another account of the same series.

Finance monitors and documents investments and cash flows of the City's bond funds, and then annually reviews all arbitrage provisions of individual bond funds and computes arbitrage earnings. Arbitrage earnings are rebated to the United States Treasury on a five-year installment basis. The City conducts informal arbitrage rebate calculations to assure that the City stays current on compliance issues and to facilitate accountability for any potential rebate liability.

Finance engages a consultant to prepare periodic arbitrage calculations for all of the City's tax-exempt bonds. This calculation includes: (1) review the City's arbitrage compliance at five-year anniversary dates when rebate is actually due to the Federal Government; (2) compute annual and five-year installment arbitrage rebate liability on the more complex financings; and (3) provide technical assistance to the City in the area of arbitrage

## **CITY OF GLENDALE**

### Management's Discussion and Analysis

June 30, 2014

(in thousands)

rebate compliance. This third-party review provides an added level of confidence that the City is in compliance with the arbitrage regulations. Such review is particularly important given that the Internal Revenue Service has stepped-up its random audit and target audit programs for tax-exempt bond issues. As of June 30, 2014, only the electric revenue bonds 2006 refunding series of the City's revenue bonds has a positive arbitrage rebate liability of \$7. The Glendale Successor Agency's tax-exempt bond issues have no arbitrage rebate liability.

### **Continuing Disclosure**

On November 10, 1994, the Securities and Exchange Commission ("SEC") adopted amendments to existing federal regulations ("Rule 15c-12" or the "Rule") under which municipalities issuing securities on or after July 3, 1995 is required to:

1. Prepare official statements meeting current requirements of the Rule;
2. Annually file certain financial information and operating data with national and state repositories; and
3. Prepare announcements of the significant events enumerated in the Rule.

As of June 30, 2014, the City had 6 series of bonds subject to Continuing Disclosure requirements. The City prepares the Continuing Disclosure (financial and operating information) for its 6 series bonds and engaged a dissemination agent, the Trustee to disseminate such disclosures. The Glendale Successor Agency (Agency) had 2 tax-exempt tax allocation bonds and 1 subordinate taxable tax allocation bonds. The Agency engages a consultant to prepare and disseminate continuing disclosure for its 2 tax-exempt tax allocation bonds and 1 subordinate taxable tax allocation bonds. These disclosures are disseminated through the use of Electronic Municipal Market Access ("EMMA"), the Municipal Securities Rulemaking Board's ("MSRB") disclosure website. Timely and accurate communication with the municipal marketplace is vital in retaining the City's creditworthiness and market access. Continuing Disclosure and compliance reporting constitute a significant part of Debt Management's compliance activity for the life of each series of bonds.

Additional information on the City's long-term debt can be found in Note 8 on pages 76-85 of this report.

### **Economic Factors and Next Year's Budget and Rates**

The slow economic recovery in conjunction with the State's efforts to address its budget deficit by taking resources from cities have combined to make these past few years some of the most difficult budget years in recent history. In spite of the difficulty involved in preparing the budget for FY 2014-15, the managers and staff from each department, as well as the City Council, have approached the challenge in a professional and constructive manner. The focus clearly remains on how to best serve our diverse community - carefully balancing the myriad of needs with limited resources.

The budget increase in the General Fund in FY 2014-15, when compared to FY 2013-14, is mainly attributable to a one-time use of \$7,000 of Fund Balance to fund the Information Technology Data Center Upgrade (\$2,000) and the Central Library Renovation (\$5,000). Overall, there was an increase in the Salaries & Benefits budget, mainly as a result of the increase in the PERS rate. Departments once again froze their discretionary

## **CITY OF GLENDALE**

Management's Discussion and Analysis

June 30, 2014

(in thousands)

Maintenance and Operation budget, and Internal Service Fund rates remained the same, except for the Fleet/Equipment Replacement, Liability Insurance, and Workers' Compensation Rates. Fleet/Equipment Replacement Rates were increased to fund future replacement of existing vehicles, while Liability Insurance and Worker's Compensation Rates changed based on recent claims experience.

Based on the revenue and appropriation estimates, a minimal budget gap of approximately \$495 is anticipated in FY 2014-15 (the use of fund balance does not include the transfers to ISD and Library to fund the Information Technology Data Center Upgrade and the Central Library Renovation since these are one time transfers). This is an improvement relative to FY 2013-14 when there was a \$1,200 budget gap.

The financial pressures are not limited to the General Fund. For Special Revenue Funds, program cuts at the State and Federal levels have reduced the amount of grant funding we will receive, most notably in the Community Development Block Grant (CDBG) Fund. The General Fund Capital Improvement program has been significantly scaled back over the last several years. As noted in prior years, we still have a significant fund balance deficit in the Workers' Compensation Fund. Lastly, aging infrastructure in the ISD Funds and the need to fund future replacement of vehicles in the Fleet Fund, pose financial challenges that need to be addressed in the coming years.

The elimination of redevelopment agencies in California has wiped out a major source of revenue that cities relied upon to rehabilitate blighted areas, repair aging infrastructure, and to fund affordable housing. After the Glendale Redevelopment Agency dissolved in February 2012, the City elected to serve as the Successor Agency for the former Redevelopment Agency. The Glendale Successor Agency is responsible for winding down redevelopment & housing operations, paying off debt service, and completing certain remaining infrastructure construction and community development activities as included in the State's approved Recognized Obligation Payment Schedules (ROPS). As Glendale emerges from the disruption and fiscal angst caused by the dissolution of the redevelopment agencies by the State, it has an opportunity to revise its economic development effort from one focused on the built environment to a more programmatic approach to developing the local economy, improving the business environment and assisting businesses to grow and prosper. As such, in May 2014 the City Council authorized the formation of a non-profit public benefit corporation, the Glendale Economic Development Corporation, which is dedicated to encouraging growth by leveraging public-private investment and fostering economic vitality in Glendale.

### **Requests 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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Finance, 141 North Glendale Avenue, Suite 346, Glendale, CA 91206.



Exhibit A-1  
**CITY OF GLENDALE**  
Statement of Net Position  
June 30, 2014 (in thousands)

	Governmental Activities	Business-type Activities	Total
<b>Assets and deferred outflows of resources</b>			
Current assets:			
Pooled cash and investments	\$ 225,479	153,886	379,365
Cash with fiscal agent	-	13,146	13,146
Investments with fiscal agent	-	2,464	2,464
Investment-gas/electric commodity	-	1,088	1,088
Interest receivable	973	634	1,607
Accounts receivable, net	31,395	39,563	70,958
Loans receivable	165	-	165
Internal balances	7,537	(7,537)	-
Inventories	372	5,756	6,128
Prepaid items	2,984	3,817	6,801
<b>Total current assets</b>	<b>268,905</b>	<b>212,817</b>	<b>481,722</b>
Noncurrent assets:			
Capital assets, net of depreciation:			
Land	398,869	15,120	413,989
Natural gas reserve	-	15,166	15,166
Buildings and improvements	190,665	246,783	437,448
Machinery and equipment	37,665	282,978	320,643
Infrastructure	200,679	98,632	299,311
Construction in progress	45,928	15,128	61,056
<b>Total capital assets</b>	<b>873,806</b>	<b>673,807</b>	<b>1,547,613</b>
Designated and invested cash	23,850	33,644	57,494
Restricted cash	-	79,751	79,751
Prepaid energy	-	97	97
Loans receivable	20,964	-	20,964
Property held for resale	6,007	-	6,007
<b>Total noncurrent assets</b>	<b>924,627</b>	<b>787,299</b>	<b>1,711,926</b>
<b>Total assets</b>	<b>1,193,532</b>	<b>1,000,116</b>	<b>2,193,648</b>
Deferred outflows of resources:			
Loss on refunding	-	1,291	1,291
<b>Total assets and deferred outflows of resources</b>	<b>\$ 1,193,532</b>	<b>1,001,407</b>	<b>2,194,939</b>

(Continued)

Exhibit A-1  
**CITY OF GLENDALE**  
Statement of Net Position  
June 30, 2014 (in thousands)

	Governmental Activities	Business-type Activities	Total
<b>Liabilities and net position</b>			
Current liabilities:			
Accounts payable	\$ 11,470	19,427	30,897
Accrued wages and withholding	6,292	-	6,292
Interest payable	92	5,256	5,348
Claims payable	11,939	-	11,939
Compensated absences	2,655	918	3,573
Bonds payable	2,795	3,633	6,428
Deposits	4,938	6,934	11,872
Other current liabilities	848	-	848
Total current liabilities	<u>41,029</u>	<u>36,168</u>	<u>77,197</u>
Noncurrent liabilities:			
Claims payable	32,558	-	32,558
Post employment benefits	75,922	-	75,922
Compensated absences	11,193	3,626	14,819
Landfill postclosure	41,810	-	41,810
Bonds payable	38,400	261,080	299,480
Other liabilities	2,247	-	2,247
Total noncurrent liabilities	<u>202,130</u>	<u>264,706</u>	<u>466,836</u>
Total liabilities	<u>243,159</u>	<u>300,874</u>	<u>544,033</u>
Net position:			
Net investment in capital assets	829,862	484,467	1,314,329
Restricted			
Air quality improvement	276	-	276
Cable access	1,237	-	1,237
City Charter - stabilization	22,593	-	22,593
Electric public benefit AB1890	1,960	-	1,960
Federal and state grants	4,745	-	4,745
Landscaping district	63	-	63
Low and moderate housing	17,171	-	17,171
Public safety	1,197	-	1,197
SCAQMD emission controls	-	5,669	5,669
State gas tax mandates	7,044	-	7,044
Transportation	17,019	-	17,019
Youth employment	18	-	18
Unrestricted	<u>47,188</u>	<u>210,397</u>	<u>257,585</u>
Total net position	<u>\$ 950,373</u>	<u>700,533</u>	<u>1,650,906</u>

**CITY OF GLENDALE**

## Statement of Activities

Fiscal Year Ended June 30, 2014 (in thousands)

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities:</b>							
General government	\$ 64,776	17,895	107	-	(46,774)	-	(46,774)
Police	71,299	759	2,935	-	(67,605)	-	(67,605)
Fire	47,370	2,206	804	(57)	(44,417)	-	(44,417)
Public works	41,126	19,544	16,004	11,191	5,613	-	5,613
Housing, health and comm dev	38,536	57	39,078	-	599	-	599
Employment programs	5,642	1,486	4,014	-	(142)	-	(142)
Public service	5,173	-	-	-	(5,173)	-	(5,173)
Parks, recreation and community services	12,372	11	245	-	(12,116)	-	(12,116)
Library	7,893	171	8	-	(7,714)	-	(7,714)
Interest and fiscal charges	2,553	-	-	-	(2,553)	-	(2,553)
<b>Total governmental activities</b>	<b>296,740</b>	<b>42,129</b>	<b>63,195</b>	<b>11,134</b>	<b>(180,282)</b>	<b>-</b>	<b>(180,282)</b>
<b>Business-type Activities:</b>							
Recreation	2,338	2,813	179	4	-	658	658
Hazardous disposal	1,170	1,598	55	-	-	483	483
Fire communications	2,521	3,191	-	-	-	670	670
Parking	6,317	8,897	-	-	-	2,580	2,580
Sewer	14,353	15,576	-	-	-	1,223	1,223
Refuse disposal	16,143	21,195	52	-	-	5,104	5,104
Electric	179,322	196,263	13	26	-	16,980	16,980
Water	42,927	43,069	-	766	-	908	908
<b>Total business-type activities</b>	<b>265,091</b>	<b>292,602</b>	<b>299</b>	<b>796</b>	<b>-</b>	<b>28,606</b>	<b>28,606</b>
<b>Total primary government</b>	<b>\$ 561,831</b>	<b>334,731</b>	<b>63,494</b>	<b>11,930</b>	<b>(180,282)</b>	<b>28,606</b>	<b>(151,676)</b>

## General revenues:

Taxes:				
Property taxes	\$	47,623	-	47,623
Sales taxes		35,408	-	35,408
Utility users tax		27,018	-	27,018
Other taxes		15,512	-	15,512
Investment income		1,776	2,725	4,501
Other:				
Reinstatement of loans		13,613	-	13,613
Miscellaneous		16,484	11,505	27,989
Transfers		23,970	(23,970)	-
<b>Total general revenues and transfers</b>		<b>181,404</b>	<b>(9,740)</b>	<b>171,664</b>
Change in net position		1,122	18,866	19,988
Net position, July 1		949,251	681,667	1,630,918
Net position, June 30	\$	950,373	700,533	1,650,906

Exhibit B-1  
**CITY OF GLENDALE**  
Balance Sheet  
Governmental Funds  
June 30, 2014 (in thousands)

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Housing Assistance Fund	Capital Improvement Fund		
<b>Assets</b>					
Pooled cash and investments	\$ 56,528	2,024	1,263	66,697	126,512
Designated and invested cash	-	-	-	23,850	23,850
Interest receivable	236	5	1	189	431
Accounts receivable, net	12,881	255	4,217	13,291	30,644
Due from other funds	12,040	-	-	-	12,040
Advance to other funds	1,946	-	-	-	1,946
Inventories	372	-	-	-	372
Prepaid items	266	2,174	-	38	2,478
Loans receivable	13,613	-	-	165	13,778
Property held for resale	-	-	-	6,007	6,007
<b>Total assets</b>	<b>97,882</b>	<b>4,458</b>	<b>5,481</b>	<b>110,237</b>	<b>218,058</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>					
Liabilities:					
Accounts payable	4,807	92	321	3,567	8,787
Due to other funds	-	-	-	12,040	12,040
Advance from other funds	-	-	-	1,946	1,946
Interest payable	-	-	-	17	17
Wages and benefits payable	6,292	-	-	-	6,292
Deposits	4,512	51	-	375	4,938
<b>Total liabilities</b>	<b>15,611</b>	<b>143</b>	<b>321</b>	<b>17,945</b>	<b>34,020</b>
Deferred inflows of resources:					
Unavailable revenues	13,614	-	3,224	5,482	22,320
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 29,225</b>	<b>143</b>	<b>3,545</b>	<b>23,427</b>	<b>56,340</b>

(Continued)

Exhibit B-1  
**CITY OF GLENDALE**  
Balance Sheet  
Governmental Funds  
June 30, 2014 (in thousands)

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Housing Assistance Fund	Capital Improvement Fund		
Fund Balances:					
Nonspendable:					
Inventory	\$ 372	-	-	-	372
Advance to other funds	1,946	-	-	-	1,946
Prepaid	266	2,174	-	38	2,478
Restricted for:					
City Charter - stabilization	22,593	-	-	-	22,593
Federal and state grants	-	2,141	-	2,604	4,745
Public safety	-	-	-	1,197	1,197
Youth employment	-	-	-	18	18
Transportation	-	-	-	17,019	17,019
Landscaping district	-	-	-	63	63
Low and moderate housing	-	-	-	9,820	9,820
Air quality improvement	-	-	-	276	276
Cable access	-	-	-	1,237	1,237
Electric public benefit AB1890	-	-	-	1,960	1,960
State gas tax mandates	-	-	-	7,044	7,044
Landfill postclosure	-	-	-	23,850	23,850
Committed to:					
Debt service	-	-	-	23,841	23,841
Urban art	-	-	-	2,437	2,437
Public safety	-	-	-	116	116
Impact fee funded projects	-	-	-	5,562	5,562
Capital projects	7,000	-	1,936	55	8,991
Unassigned:	36,480	-	-	(10,327)	26,153
Total fund balances	68,657	4,315	1,936	86,810	161,718
Total liabilities, deferred inflows of resources and fund balances	\$ 97,882	4,458	5,481	110,237	218,058

**CITY OF GLENDALE**

Reconciliation of Balance Sheet of  
Governmental Funds to the Statement of Net Position  
June 30, 2014 (in thousands)

Fund balances of governmental funds		\$	161,718
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets are not included as financial resources in governmental fund activity:			
Land	\$	398,869	
Buildings and improvements		190,665	
Equipment		20,640	
Infrastructure		200,679	
Construction in progress		<u>42,318</u>	853,171
Long-term debt not included in the governmental fund activity:			
Due within one year:			
Police building project (COPs)		(2,795)	
2011 HUD Section 108 loan		<u>(178)</u>	(2,973)
Due more than one year:			
Police building project (COPs)		(38,400)	
Post closure and post closure care		(41,810)	
2011 HUD Section 108 loan		<u>(1,491)</u>	(81,701)
Accrued interest payable for the current portion of interest due are not included in the governmental fund activity:			
2011 HUD Section 108 loan			(12)
Unavailable revenues in the governmental funds are reported as revenues in the statement of activities:			
			22,320
Loan receivable housing long term - non-forgiven portion			
			7,351
Some liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements:			
GASB 45 implied subsidy - OPEB			(75,922)
Internal Service Funds are used to charge the cost of certain activities to individual funds, such as self insurance, and post employment benefits. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the statement of net position:			
Equipment		17,025	
Construction in progress		3,610	
Accrued interest - Fire Equipment Leases		(63)	
Fire Equipment Lease 2005 - Due within one year		(437)	
Fire Equipment Lease 2009 - Due within one year		(233)	
Fire Equipment Lease 2009 - Due more than one year		(756)	
Other assets and liabilities		<u>47,275</u>	<u>66,421</u>
Net position of governmental activities		\$	<u><u>950,373</u></u>

**CITY OF GLENDALE**

## Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

Fiscal Year Ended June 30, 2014 (in thousands)

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Housing Assistance Fund	Capital Improvement Fund		
<b>Revenues:</b>					
Property taxes	\$ 47,623	-	-	-	47,623
Sales tax	33,373	-	-	2,035	35,408
Utility users tax	27,018	-	-	-	27,018
Other taxes	9,565	-	-	5,947	15,512
Revenue from other agencies	272	29,878	3,702	37,903	71,755
Licenses and permits	9,187	-	-	1,341	10,528
Fines and forfeitures	915	-	-	723	1,638
Charges for services	2,327	-	3,540	13,526	19,393
Use of money and property	3,746	18	1	1,231	4,996
Interfund revenue	16,182	-	-	-	16,182
Miscellaneous revenue	2,267	45	-	1,265	3,577
Total revenues	152,475	29,941	7,243	63,971	253,630
<b>Expenditures:</b>					
Current:					
General government	27,005	-	182	-	27,187
Community promotion	59	-	-	-	59
Police	66,201	-	-	3,422	69,623
Fire	41,244	-	34	5,570	46,848
Public works	17,301	-	78	15,931	33,310
Housing, health and community development	616	29,266	-	9,567	39,449
Employment programs	263	-	-	5,545	5,808
Public service	-	-	-	5,325	5,325
Parks, recreation and community services	9,457	-	322	552	10,331
Library	7,681	-	264	198	8,143
Capital	147	-	5,470	18,313	23,930
Debt service:					
Interest expenses	-	-	-	806	806
Principal	-	-	-	13,850	13,850
Total expenditures	169,974	29,266	6,350	79,079	284,669
Excess (deficiency) of revenues over (under) expenditures	(17,499)	675	893	(15,108)	(31,039)
<b>Other financing sources (uses):</b>					
Transfers in	23,657	-	1,722	2,952	28,331
Transfers out	(390)	-	(2,892)	(1,100)	(4,382)
Total financing sources (uses)	23,267	-	(1,170)	1,852	23,949
Net change in fund balances	5,768	675	(277)	(13,256)	(7,090)
Fund balances, July 1	62,889	3,640	2,213	100,066	168,808
Fund balances, June 30	\$ 68,657	4,315	1,936	86,810	161,718

Exhibit C-2

**CITY OF GLENDALE**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in the Fund Balances of Governmental Funds to the Statement of Activities  
 Fiscal Year Ended June 30, 2014 (in thousands)

Net change in fund balances - total governmental funds		\$	(7,090)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures			25,266
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.			(19,989)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:			
Police building project (COPs)	\$	7,705	
RDLP loan		4,643	
Capital lease - MSB Retrofit		1,332	
2011 HUD Section 108 loan		<u>170</u>	13,850
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:			
Change in GASB 45 implied subsidy - OPEB		(36,857)	
Change in RDLP Loan interest		455	
Change in Capital lease - MSB Retrofit interest		<u>45</u>	(36,357)
Landfill postclosure care liability increased from prior year			(2,175)
Unavailable revenues in the governmental funds are recognized as revenues in the statement of activities			6,651
Transfer land from Parking Enterprise Fund to Governmental Activities			21
Reinstatement of loans from former Redevelopment Agency to the City			13,613
Change in net position of Internal Service Funds allocated to governmental activities:			
Capital		1,096	
Depreciation		(1,365)	
Interest - Fire Equipment Lease 2005		(29)	
Interest - Fire Equipment Lease 2009		(44)	
Other revenues/(expenses)		<u>7,674</u>	<u>7,332</u>
Change in net position for governmental activities		\$	<u><u>1,122</u></u>



## Exhibit D-1

**CITY OF GLENDALE**

## Statement of Revenues and Other Financing Sources - Budget and Actual

## General Fund

Fiscal Year Ended June 30, 2014 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Revenues:				
Property taxes	\$ 45,185	45,785	47,623	1,838
Sales taxes:				
Sales tax	23,159	23,480	23,675	195
ERAF in lieu of sales tax	8,007	8,007	8,003	(4)
State 1/2% sales tax	1,700	1,700	1,695	(5)
Total	32,866	33,187	33,373	186
Utility users tax	27,600	27,600	27,018	(582)
Other taxes:				
Franchise tax	3,010	3,010	2,731	(279)
Occupancy tax	3,500	3,500	3,979	479
Property transfer tax	580	580	801	221
Landfill host assessment	2,000	2,000	2,054	54
Total	9,090	9,090	9,565	475
Licenses and permits:				
Dog licenses	150	150	169	19
Building permits	3,900	5,100	5,741	641
Green building initiative SB1473	-	-	1	1
ADAA - SB1186	-	-	2	2
Plan check fees	325	325	530	205
Planning permits	1,100	1,100	1,356	256
Grading permits	30	30	44	14
Street permits	450	450	806	356
Business license permits	500	500	477	(23)
Business registration license	-	-	61	61
Total	6,455	7,655	9,187	1,532
Fines & forfeitures-traffic safety fines	1,100	1,100	915	(185)
Use of money and property:				
Interest and investment revenue	575	575	562	(13)
Interest and investment GASB 31	-	-	396	396
Landfill gas royalties	2,475	2,475	2,473	(2)
Rental income	335	335	315	(20)
Total	\$ 3,385	3,385	3,746	361

(Continued)

## Exhibit D-1

**CITY OF GLENDALE**

## Statement of Revenues and Other Financing Sources - Budget and Actual

## General Fund

Fiscal Year Ended June 30, 2014 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Revenue from other agencies:				
Mutual aid reimbursement	\$ -	-	52	52
State S/B 90	100	100	89	(11)
Local grants	-	20	131	111
<b>Total</b>	<b>100</b>	<b>120</b>	<b>272</b>	<b>152</b>
Miscellaneous revenue:				
Donations and contribution	30	30	10	(20)
Developer revenue	-	16	5	(11)
Rose float donations	75	75	4	(71)
Sponsorships	-	-	39	39
Advertising revenue	100	100	111	11
Rebate revenue	50	50	52	2
Miscellaneous Revenue	840	840	2,046	1,206
<b>Total</b>	<b>1,095</b>	<b>1,111</b>	<b>2,267</b>	<b>1,156</b>
Charges for services:				
Zoning-subdivision fees	50	50	132	82
City clerk fees	-	-	4	4
Map and publication fees	60	60	73	13
Filing-certification fee	5	5	44	39
Notary fees	2	2	-	(2)
Film rentals of city property	10	10	57	47
Special event fees	80	80	139	59
Special police fees	425	425	440	15
Vehicle tow admin fee (VTACR)	165	165	187	22
Fire fees	450	450	594	144
Hydrant flow test fees	-	-	4	4
Code enforcement fees	75	75	57	(18)
Outreach revenue	50	50	48	(2)
Express plan check fees	147	147	107	(40)
Final map checking fees	25	25	9	(16)
Excavation fees	150	150	218	68
Construction inspection fees R-O-W	-	-	66	66
Collectible jobs - A & G	100	100	32	(68)
Library fines and fees	100	100	91	(9)
Program/registration revenue	10	10	11	1
Graphics fees	-	-	14	14
<b>Total</b>	<b>\$ 1,904</b>	<b>1,904</b>	<b>2,327</b>	<b>423</b>

(Continued)

Exhibit D-1

**CITY OF GLENDALE**

Statement of Revenues and Other Financing Sources - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2014 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Interfund revenue:				
Charges to enterprise funds for:				
Salary O/H budget Job	\$ 700	700	576	(124)
Cost allocation revenue	15,495	15,495	15,606	111
Total	16,195	16,195	16,182	(13)
Other financing sources:				
Transfers in	23,657	23,657	23,657	-
Total revenues and transfers	\$ 168,632	170,789	176,132	5,343

Exhibit D-2  
**CITY OF GLENDALE**  
Statement of Expenditures and Other  
Financing Uses - Budget and Actual  
General Fund  
Fiscal Year Ended June 30, 2014 (in thousands)

		Salaries and Benefits			
		Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
Current:					
General government:					
City clerk	\$	684	654	610	44
Elections		33	33	16	17
City treasurer		547	547	516	31
City manager		2,383	2,405	2,418	(13)
City auditor		932	932	894	38
Legal		2,891	2,891	2,880	11
Finance		3,956	3,956	3,421	535
Planning		7,974	7,999	7,916	83
Personnel		1,419	1,419	1,341	78
Training		-	-	-	-
Non-departmental		898	898	898	-
Total		21,717	21,734	20,910	824
Community promotion:					
Membership and dues		-	-	-	-
Total		-	-	-	-
Police		56,979	56,979	56,074	905
Fire:					
Fire		33,998	35,296	35,326	(30)
Fire prevention		783	807	719	88
Fire communications		-	-	-	-
Emergency services		117	117	107	10
Total	\$	34,898	36,220	36,152	68

(Continued)

Exhibit D-2

**CITY OF GLENDALE**

Statement of Expenditures and Other

Financing Uses - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2014 (in thousands)

		Maintenance and Operation			
		Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
Current:					
General government:					
City clerk	\$	242	242	203	39
Elections		194	564	49	515
City treasurer		96	96	91	5
City manager		706	809	701	108
City auditor		142	142	94	48
Legal		317	317	261	56
Finance		1,534	1,629	1,465	164
Planning		1,110	1,510	977	533
Personnel		875	875	810	65
Training		95	95	69	26
Non-departmental		-	1,375	1,375	-
Total		5,311	7,654	6,095	1,559
Community promotion:					
Membership and dues		100	100	59	41
Total		100	100	59	41
Police		9,895	9,895	10,127	(232)
Fire:					
Fire		4,049	4,199	4,156	43
Fire prevention		218	218	99	119
Fire communications		833	833	777	56
Emergency services		75	75	60	15
Total	\$	5,175	5,325	5,092	233

(Continued)

Exhibit D-2

**CITY OF GLENDALE**

Statement of Expenditures and Other

Financing Uses - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2014 (in thousands)

		Capital Outlay			Variance With
		Original Budget	Final Budget	Actual	Final Budget (Over)/Under
Current:					
General government:					
City clerk	\$	-	-	-	-
Elections		-	-	-	-
City treasurer		-	-	-	-
City manager		45	45	-	45
City auditor		-	-	-	-
Legal		-	-	-	-
Finance		-	-	-	-
Planning		100	145	44	101
Personnel		-	-	-	-
Training		-	-	-	-
Non-departmental		-	-	-	-
Total		145	190	44	146
Community promotion:					
Membership and dues		-	-	-	-
Total		-	-	-	-
Police		-	53	57	(4)
Fire:					
Fire		-	-	-	-
Fire prevention		-	-	-	-
Fire communications		-	-	-	-
Emergency services		-	-	-	-
Total	\$	-	-	-	-

(Continued)

Exhibit D-2

**CITY OF GLENDALE**

Statement of Expenditures and Other

Financing Uses - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2014 (in thousands)

	Transfers			Variance With Final Budget (Over)/Under
	Original Budget	Final Budget	Actual	
Current:				
General government:				
City clerk	\$ -	-	-	-
Elections	-	-	-	-
City treasurer	-	-	-	-
City manager	-	-	-	-
City auditor	-	-	-	-
Legal	-	-	-	-
Finance	-	-	-	-
Planning	-	-	-	-
Personnel	-	-	-	-
Training	-	-	-	-
Non-departmental	390	390	390	-
Total	390	390	390	-
Community promotion:				
Membership and dues	-	-	-	-
Total	-	-	-	-
Police	-	-	-	-
Fire:				
Fire	-	-	-	-
Fire prevention	-	-	-	-
Fire communications	-	-	-	-
Emergency services	-	-	-	-
Total	\$ -	-	-	-

(Continued)

Exhibit D-2

**CITY OF GLENDALE**

Statement of Expenditures and Other

Financing Uses - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2014 (in thousands)

	Total			Variance With Final Budget (Over)/Under
	Original Budget	Final Budget	Actual	
Current:				
General government:				
City clerk	\$ 926	896	813	83
Elections	227	597	65	532
City treasurer	643	643	607	36
City manager	3,134	3,259	3,119	140
City auditor	1,074	1,074	988	86
Legal	3,208	3,208	3,141	67
Finance	5,490	5,585	4,886	699
Planning	9,184	9,654	8,937	717
Personnel	2,294	2,294	2,151	143
Training	95	95	69	26
Non-departmental	1,288	2,663	2,663	-
Total	<u>27,563</u>	<u>29,968</u>	<u>27,439</u>	<u>2,529</u>
Community promotion:				
Membership and dues	100	100	59	41
Total	<u>100</u>	<u>100</u>	<u>59</u>	<u>41</u>
Police	<u>66,874</u>	<u>66,927</u>	<u>66,258</u>	<u>669</u>
Fire:				
Fire	38,047	39,495	39,482	13
Fire prevention	1,001	1,025	818	207
Fire communications	833	833	777	56
Emergency services	192	192	167	25
Total	<u>\$ 40,073</u>	<u>41,545</u>	<u>41,244</u>	<u>301</u>

(Continued)



Exhibit D-2  
**CITY OF GLENDALE**  
Statement of Expenditures and Other  
Financing Uses - Budget and Actual  
General Fund  
Fiscal Year Ended June 30, 2014 (in thousands)

	Salaries and Benefits			Variance With
	Original Budget	Final Budget	Actual	Final Budget (Over)/Under
Public works:				
Public works	\$ 174	174	103	71
Project management	-	-	-	-
Engineering	1,575	1,575	1,740	(165)
Corporation yard	5,694	5,694	5,491	203
Mechanical maintenance	610	610	516	94
Warehouse	-	-	-	-
Traffic engineering	385	385	680	(295)
Total	<u>8,438</u>	<u>8,438</u>	<u>8,530</u>	<u>(92)</u>
Housing, health and community development:				
Economic development	496	496	464	32
Neighborhood services	-	2	2	-
Total	<u>496</u>	<u>498</u>	<u>466</u>	<u>32</u>
Employment programs	<u>210</u>	<u>210</u>	<u>215</u>	<u>(5)</u>
Parks, recreation and community services:				
Parks administration	705	713	690	23
Parks	3,478	3,478	3,215	263
Facility and events services	1,431	1,431	1,371	60
Recreation and community services	416	416	470	(54)
Total	<u>6,030</u>	<u>6,038</u>	<u>5,746</u>	<u>292</u>
Library	<u>5,438</u>	<u>5,438</u>	<u>5,392</u>	<u>46</u>
Total expenditures and transfers	<u>\$ 134,206</u>	<u>135,555</u>	<u>133,485</u>	<u>2,070</u>

(Continued)

Exhibit D-2

**CITY OF GLENDALE**

Statement of Expenditures and Other

Financing Uses - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2014 (in thousands)

		Maintenance and Operation			
		Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
Public works:					
Public works	\$	245	245	225	20
Project management		-	-	-	-
Engineering		535	535	461	74
Corporation yard		6,612	6,612	6,513	99
Mechanical maintenance		188	188	154	34
Warehouse		4	4	1	3
Traffic engineering		1,904	1,904	1,417	487
Total		9,488	9,488	8,771	717
Housing, health and community development:					
Economic development		150	196	130	66
Neighborhood services		41	39	20	19
Total		191	235	150	85
Employment programs		48	48	48	-
Parks, recreation and community services:					
Parks administration		275	342	283	59
Parks		2,439	2,455	2,810	(355)
Facility and events services		416	416	394	22
Recreation and community services		167	210	224	(14)
Total		3,297	3,423	3,711	(288)
Library		2,337	2,337	2,289	48
Total expenditures and transfers	\$	35,842	38,505	36,342	2,163

(Continued)

Exhibit D-2

**CITY OF GLENDALE**

Statement of Expenditures and Other

Financing Uses - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2014 (in thousands)

		Capital Outlay			Variance With
		Original Budget	Final Budget	Actual	Final Budget (Over)/Under
Public works:					
Public works	\$	-	-	-	-
Project management		-	-	-	-
Engineering		-	-	-	-
Corporation yard		150	150	46	104
Mechanical maintenance		-	-	-	-
Warehouse		-	-	-	-
Traffic engineering		-	-	-	-
Total		150	150	46	104
Housing, health and community development:					
Economic development		-	728	-	728
Neighborhood services		-	-	-	-
Total		-	728	-	728
Employment programs					
		-	-	-	-
Parks, recreation and community services:					
Parks administration		-	-	-	-
Parks		-	-	-	-
Facility and events services		-	-	-	-
Recreation and community services		-	-	-	-
Total		-	-	-	-
Library					
		-	-	-	-
Total expenditures and transfers	\$	295	1,121	147	974

(Continued)

Exhibit D-2

**CITY OF GLENDALE**

Statement of Expenditures and Other

Financing Uses - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2014 (in thousands)

	Transfers			Variance With Final Budget (Over)/Under
	Original Budget	Final Budget	Actual	
Public works:				
Public works	\$ -	-	-	-
Project management	-	-	-	-
Engineering	-	-	-	-
Corporation yard	-	-	-	-
Mechanical maintenance	-	-	-	-
Warehouse	-	-	-	-
Traffic engineering	-	-	-	-
Total	-	-	-	-
Housing, health and community development:				
Economic development	-	-	-	-
Neighborhood services	-	-	-	-
Total	-	-	-	-
Employment programs	-	-	-	-
Parks, recreation and community services:				
Parks administration	-	-	-	-
Parks	-	-	-	-
Facility and events services	-	-	-	-
Recreation and community services	-	-	-	-
Total	-	-	-	-
Library	-	-	-	-
Total expenditures and transfers	\$ 390	390	390	-

(Continued)

## Exhibit D-2

**CITY OF GLENDALE**

## Statement of Expenditures and Other

## Financing Uses - Budget and Actual

## General Fund

Fiscal Year Ended June 30, 2014 (in thousands)

	Total			Variance With Final Budget (Over)/Under
	Original Budget	Final Budget	Actual	
Public works:				
Public works	\$ 419	419	328	91
Project management	-	-	-	-
Engineering	2,110	2,110	2,201	(91)
Corporation yard	12,456	12,456	12,050	406
Mechanical maintenance	798	798	670	128
Warehouse	4	4	1	3
Traffic engineering	2,289	2,289	2,097	192
Total	18,076	18,076	17,347	729
Housing, health and community development:				
Economic development	646	1,420	594	826
Neighborhood services	41	41	22	19
Total	687	1,461	616	845
Employment programs	258	258	263	(5)
Parks, recreation and community services:				
Parks administration	980	1,055	973	82
Parks	5,917	5,933	6,025	(92)
Facility and events services	1,847	1,847	1,765	82
Recreation and community services	583	626	694	(68)
Total	9,327	9,461	9,457	4
Library	7,775	7,775	7,681	94
Total expenditures and transfers	\$ 170,733	175,571	170,364	5,207

Exhibit D-3

**CITY OF GLENDALE**

Statement of Revenues - Budget and Actual

Housing Assistance Fund

Fiscal Year Ended June 30, 2014 (in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
Revenues:				
Use of money and property	\$ 15	15	18	3
Revenue from other agencies	31,041	31,041	29,878	(1,163)
Miscellaneous revenue	45	45	45	-
Total revenues	<u>\$ 31,101</u>	<u>31,101</u>	<u>29,941</u>	<u>(1,160)</u>

Exhibit D-4

**CITY OF GLENDALE**

Statement of Expenditures - Budget and Actual

Housing Assistance Fund

Fiscal Year Ended June 30, 2014 (in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over)/Under</u>
Current:				
Housing, health and community development:				
Salaries and benefits	\$ 2,134	2,134	2,103	31
Maintenance and operations	28,762	28,762	27,163	1,599
Total expenditures	<u>\$ 30,896</u>	<u>30,896</u>	<u>29,266</u>	<u>1,630</u>

Exhibit E-1  
**CITY OF GLENDALE**  
Statement of Net Position  
Proprietary Funds  
June 30, 2014 (in thousands)

Business-type Activities - Enterprise Funds

	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Assets and deferred outflows of resources</b>						
Current assets:						
Pooled cash and investments	\$ 57,914	53,770	-	42,202	153,886	98,967
Cash with fiscal agent	-	8,025	5,121	-	13,146	-
Investment with fiscal agent	-	2,464	-	-	2,464	-
Interest receivable	228	282	-	124	634	542
Investment-gas/electric commodity	-	1,088	-	-	1,088	-
Accounts receivable, net	1,973	27,803	7,112	2,675	39,563	751
Due from other funds	7,144	-	-	-	7,144	-
Advances to other funds	2,262	-	-	-	2,262	-
Inventories	-	5,756	-	-	5,756	-
Prepaid items	-	3,817	-	-	3,817	506
<b>Total current assets</b>	<b>69,521</b>	<b>103,005</b>	<b>12,233</b>	<b>45,001</b>	<b>229,760</b>	<b>100,766</b>
Noncurrent assets:						
Capital assets:						
Land	578	6,239	1,034	7,269	15,120	-
Natural gas reserve	-	22,148	-	-	22,148	-
Buildings and improvements	213,671	65,493	60,464	49,481	389,109	-
Machinery and equipment	2,059	515,362	37,404	26,068	580,893	38,572
Infrastructure	-	-	140,934	-	140,934	-
Accumulated depreciation	(66,871)	(300,341)	(70,621)	(44,710)	(482,543)	(21,548)
Gas depletion	-	(6,982)	-	-	(6,982)	-
Construction in progress	919	2,549	11,586	74	15,128	3,611
<b>Total capital assets</b>	<b>150,356</b>	<b>304,468</b>	<b>180,801</b>	<b>38,182</b>	<b>673,807</b>	<b>20,635</b>
Designated and invested cash	-	33,644	-	-	33,644	-
Restricted cash	-	60,358	19,393	-	79,751	-
Prepaid energy	-	97	-	-	97	-
<b>Total noncurrent assets</b>	<b>150,356</b>	<b>398,567</b>	<b>200,194</b>	<b>38,182</b>	<b>787,299</b>	<b>20,635</b>
<b>Total assets</b>	<b>219,877</b>	<b>501,572</b>	<b>212,427</b>	<b>83,183</b>	<b>1,017,059</b>	<b>121,401</b>
Deferred outflows of resources:						
Loss on refunding	-	1,291	-	-	1,291	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 219,877</b>	<b>502,863</b>	<b>212,427</b>	<b>83,183</b>	<b>1,018,350</b>	<b>121,401</b>

(Continued)



Exhibit E-1  
**CITY OF GLENDALE**  
Statement of Net Position  
Proprietary Funds  
June 30, 2014 (in thousands)

Business-type Activities - Enterprise Funds

	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Liabilities and net position</b>						
Current liabilities:						
Accounts payable	\$ 212	7,209	10,684	1,322	19,427	2,682
Due to other funds	-	-	7,144	-	7,144	-
Advance from other funds	-	-	-	-	-	2,262
Interest payable	-	3,813	1,443	-	5,256	63
Claims payable	-	-	-	-	-	11,939
Compensated absences	-	-	-	-	-	3,573
Bonds payable	-	2,302	1,331	-	3,633	-
Capital leases	-	-	-	-	-	670
Deposits	254	5,369	864	447	6,934	-
Total current liabilities	466	18,693	21,466	1,769	42,394	21,189
Noncurrent liabilities:						
Claims payable	-	-	-	-	-	32,558
Compensated absences	-	-	-	-	-	14,819
Bonds payable	-	177,676	83,404	-	261,080	-
Other liabilities	-	-	-	-	-	756
Total noncurrent liabilities	-	177,676	83,404	-	261,080	48,133
Total liabilities	466	196,369	104,870	1,769	303,474	69,322
Net position:						
Net investment in capital assets	150,356	180,470	115,459	38,182	484,467	17,886
Restricted						
SCAQMD emission controls	-	5,669	-	-	5,669	-
Unrestricted	69,055	120,355	(7,902)	43,232	224,740	34,193
Total net position	\$ 219,411	306,494	107,557	81,414	714,876	52,079

Some amounts reported for business-type activities in the statement of net position are different because the net adjustment pertains to items on the statement of net position of certain internal service funds reported with business-type activities. (14,343)

Total net position of business-type activities \$ 700,533

**CITY OF GLENDALE**

Statement of Revenues, Expenses and

Changes in Net Position

Proprietary Funds

Fiscal Year Ended June 30, 2014 (in thousands)

	Business-type Activities - Enterprise Funds					
	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues:</b>						
Charges for services	\$ 15,576	196,263	43,069	37,694	292,602	91,701
Miscellaneous revenue	85	7,370	2,597	1,149	11,201	1,051
Total operating revenue	15,661	203,633	45,666	38,843	303,803	92,752
<b>Operating expenses:</b>						
Maintenance and operation	10,293	161,379	39,611	30,395	241,678	31,875
Claims and settlement	-	-	-	-	-	43,378
Equipment purchased	-	-	-	-	-	928
Depreciation	5,480	26,264	5,402	3,545	40,691	2,950
Gas depletion	-	1,421	-	-	1,421	-
Total operating expenses	15,773	189,064	45,013	33,940	283,790	79,131
Operating income (loss)	(112)	14,569	653	4,903	20,013	13,621
<b>Non operating revenues (expenses):</b>						
Use of money and property	891	1,515	66	604	3,076	1,164
Intergovernmental grants	-	13	-	286	299	16
Interest expense	-	(5,831)	(2,569)	-	(8,400)	(120)
Total non operating revenues (expenses)	891	(4,303)	(2,503)	890	(5,025)	1,060
Income before capital contributions and transfers	779	10,266	(1,850)	5,793	14,988	14,681
Capital grants and contributions	-	26	766	4	796	774
Transfers in	-	-	-	1,100	1,100	-
Transfers out	-	(20,607)	-	(4,463)	(25,070)	-
Change in net position	779	(10,315)	(1,084)	2,434	(8,186)	15,455
Net position, July 1	218,632	316,809	108,641	78,980		36,624
Net position, June 30	\$ 219,411	306,494	107,557	81,414		52,079

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds are reported with business-type activities.

27,052

Changes in net position of business-type activities

\$ 18,866

Exhibit E-3  
**CITY OF GLENDALE**  
 Statement of Cash Flows  
 Proprietary Funds  
 Fiscal Year Ended June 30, 2014 (in thousands)

	Business-type Activities - Enterprise Funds					
	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities:</b>						
Cash from customers	\$ 15,880	200,242	46,098	39,231	301,451	93,643
Cash paid to employees	(3,493)	(29,292)	(7,499)	(14,711)	(54,995)	(11,673)
Cash paid to suppliers	(7,723)	(123,305)	(26,005)	(15,919)	(172,952)	(66,822)
Net cash provided by operating activities	4,664	47,645	12,594	8,601	73,504	15,148
<b>Cash flows from noncapital financing activities:</b>						
Amounts received from other funds	6,272	-	-	-	6,272	-
Amounts paid to other funds	-	-	(5,734)	-	(5,734)	(538)
Transfers out	-	(20,607)	-	(4,463)	(25,070)	-
Transfers in	-	-	-	1,100	1,100	-
Investment - gas/electric commodity	-	706	-	-	706	-
Investments with fiscal agent	-	(66)	-	-	(66)	-
Grant received	-	13	-	286	299	16
Net cash provided (used) by noncapital financing activities	6,272	(19,954)	(5,734)	(3,077)	(22,493)	(522)
<b>Cash flows from capital and related financing activities:</b>						
Interest on long-term debt	-	(4,412)	(2,925)	-	(7,337)	(138)
Bond proceeds, principal payments and premiums	-	62,815	(1,300)	-	61,515	(647)
Capital grants and contributions	-	26	766	4	796	774
Acquisition of property, plant, gas and equipment	(4,096)	(5,476)	(11,934)	(1,649)	(23,155)	(2,368)
Net cash provided (used) by capital and related financing activities	(4,096)	52,953	(15,393)	(1,645)	31,819	(2,379)
<b>Cash flows from investing activities</b>						
Interest received	864	1,434	90	573	2,961	1,084
Net increase (decrease) in cash and cash equivalents	7,704	82,078	(8,443)	4,452	85,791	13,331
Cash and cash equivalents at July 1	50,210	73,719	32,957	37,750	194,636	85,636
Cash and cash equivalents at June 30	57,914	155,797	24,514	42,202	280,427	98,967
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>						
Operating income (loss)	(112)	14,569	653	4,903	20,013	13,621
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	5,480	26,264	5,402	3,545	40,691	2,950
Gas depletion	-	1,421	-	-	1,421	-
(Increase)Decrease Accounts receivable net	219	(3,391)	432	388	(2,352)	891
Decrease Inventories	-	518	-	-	518	-
Decrease Prepaid expenses	-	1,665	-	-	1,665	77
Decrease Deferred charges	-	1,002	-	-	1,002	-
(Decrease) Compensated absences	-	-	-	-	-	(3,755)
Increase(Decrease) Accounts payable	(887)	2,494	6,050	(237)	7,420	517
Increase Contracts - retention	-	-	187	-	187	-
Increase(Decrease) Deposits	(36)	3,103	(130)	2	2,939	-
Increase Claims payable	-	-	-	-	-	847
Total adjustments	4,776	33,076	11,941	3,698	53,491	1,527
Net cash provided by operating activities	\$ 4,664	47,645	12,594	8,601	73,504	15,148
<b>Noncash investing, capital, and financing activities:</b>						
Increase in fair value of investments	41	97	7	27	172	61

Exhibit F-1  
**CITY OF GLENDALE**  
Statement of Net Position  
Fiduciary Fund  
June 30, 2014 (in thousands)

Glendale  
Successor Agency  
Private Purpose  
Trust Fund

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**Assets and deferred outflows of resources**

Cash and cash equivalents:

Cash and invested cash	\$	95,970
Cash with fiscal agent		14,555
Restricted Cash		29

Receivables:

Interest receivable		321
Accounts receivable, net		456
Loans receivable-LT		1,518

Other assets:

Property held for resale		6,114
Land		27,909
Buildings and improvements		15,719
Machinery and equipment		946
Accumulated depreciation		(4,449)
Construction in progress		8,479

Total assets		<u>167,567</u>
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Deferred outflows of resources:

Loss on refunding		<u>1,956</u>
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**Liabilities and net position**

Liabilities:

Accounts payable and accrued liabilities		661
Interest payable		1,632
Bonds payable, due in one year		7,471
Bonds payable, due in more than one year		113,037
Loans payable to the City of Glendale		<u>13,613</u>
Total liabilities		<u>136,414</u>

Net position:

Net position held in trust for others	\$	<u><u>33,109</u></u>
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