

# 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2015, 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***

As discussed in Note 19 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and Governmental Accounting Standards Board (GASB) Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinions are 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, the Schedule of Funding Progress, the Schedule of Changes in the Net Pension Liability and Related Ratios, and the Schedule of Contributions, 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 30, 2015, 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.

*Vavrinick, Trine, Day & Co. LLP*

Rancho Cucamonga, California  
November 30, 2015

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## **CITY OF GLENDALE**

### **Management's Discussion and Analysis**

June 30, 2015

(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, 2015. 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 - ix of this report.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of FY 2014-15 by \$1,244,111 (net position), which was comprised of net investment in capital assets of \$1,319,866, restricted net position of \$80,082 and unrestricted net deficit of (\$155,837). The unrestricted net position consists of a negative \$315,057 for governmental activities and \$159,220 for business-type activities. The negative unrestricted net position for governmental activities is due to the recognition of net pension liability.
- The City's total net position increased by \$47,495. Most of this increase is attributable to the increase in charges for services, taxes and transfers of capital assets from the Successor Agency.
- As of the close of FY 2014-15, the City's governmental funds reported combined ending fund balances of \$200,256, an increase of \$38,538 in comparison with the prior year. About 17.4% of this total amount, \$34,859 is unassigned and available for spending at the government's discretion.
- At the end of FY 2014-15, charter required stabilization reserve of \$23,433, and unassigned fund balance of \$40,819 for the General Fund totaled \$64,252, representing about 35.1% of FY 2015-16 adopted budget of \$182,891. 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 \$19,576 (4.0%) in FY 2014-15. The factors of this increase were a combination of items such as an increase of post-employment benefits of \$18,921; an increase of compensated absences of \$8,176; an increase of landfill postclosure care of \$1,108; 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.

The statement of net position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over

## **CITY OF GLENDALE**

### **Management's Discussion and Analysis**

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(in thousands)

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, transportation, housing, health, and community development, employment programs, public service, parks, recreation, and community services, library, and interest and fiscal charges. 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 25-27 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



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### Management's Discussion and Analysis

June 30, 2015

(in thousands)

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

The City maintains 41 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 General Fund, Housing Assistance Fund and the Capital Improvement Fund, all of which are considered to be major funds. Data from the other 38 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 Fund, special revenue and debt service fund types. Budgetary comparison information has been provided for the above fund types to demonstrate compliance with the budget.

Effective June 30, 2015, Recreation Fund, Hazardous Disposal Fund and Parking Fund have been reclassified as special revenue funds from enterprise funds per Council approval in June 2015. The three funds' activities are presented in enterprise funds during the current fiscal year, and assets and deferred outflows of resources, liabilities and deferred inflows of resources, and equities have been transferred from enterprise fund type to special revenue fund type and governmental activities as of June 30, 2015.

The basic governmental fund financial statements can be found on pages 28-42 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 infrastructure, 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 43-46 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.

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### **Management's Discussion and Analysis**

June 30, 2015

(in thousands)

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 funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on pages 47-48 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 49-97 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and enterprise funds and internal service funds are presented immediately following the required supplementary information, which can be found on pages 98-102 of this report. Combining and individual fund statements and schedules can be found on pages 103-171 of this report.

### **Government-wide Financial Analysis**

The government-wide financial analysis contains 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 and deferred inflows of resources by \$1,244,111 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (106.1%) 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**

## Management's Discussion and Analysis

June 30, 2015

(in thousands)

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

		<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
		2015	2014	2015	2014	2015	2014
Current and other assets	\$	361,186	319,726	326,366	326,309	687,552	646,035
Capital assets		923,344	873,806	643,611	673,807	1,566,955	1,547,613
Deferred outflows of resources		25,048	-	6,239	1,291	31,287	1,291
Total assets and deferred outflows of resources		1,309,578	1,193,532	976,216	1,001,407	2,285,794	2,194,939
Current liabilities		47,979	41,029	24,709	36,168	72,688	77,197
Noncurrent liabilities		549,066	202,130	330,701	264,706	879,767	466,836
Deferred inflows of resources		70,436	-	18,792	-	89,228	-
Total liabilities and deferred inflows of resources		667,481	243,159	374,202	300,874	1,041,683	544,033
Net investment in capital assets		882,741	829,862	437,125	484,467	1,319,866	1,314,329
Restricted		74,413	73,323	5,669	5,669	80,082	78,992
Unrestricted		(315,057)	47,188	159,220	210,397	(155,837)	257,585
Total net position	\$	642,097	950,373	602,014	700,533	1,244,111	1,650,906

As noted above, 6.4% 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 deficit of (\$155,837) resulted from the recognition of net pension liability. Of this total, \$159,220 is in business-type activities such as electric, water, and sewer utilities.

**Governmental activities.** Governmental activities increased the City's net position by \$62,838. Key elements of this increase are as follows:

- Police and Fire expenses increased by \$3,297 (4.6%) and \$1,426 (3.0%) respectively. The increase is primarily due to the increase of compensation insurance and PERS rates.
- Transfers increased by \$38,889 (162.2%) during the current fiscal year mainly due to the reclassification of Recreation, Hazardous Disposal and Parking Funds from business-type activities to governmental activities.
- Transfers of capital assets increased by \$22,087 (100.0%) during the current fiscal year due to the transfer of Americana open space and Alex Theater from Glendale Successor Agency to the City.
- Capital grants and contributions decreased by \$4,165 (37.4%) during the current fiscal year due to less grant funding for capital projects.

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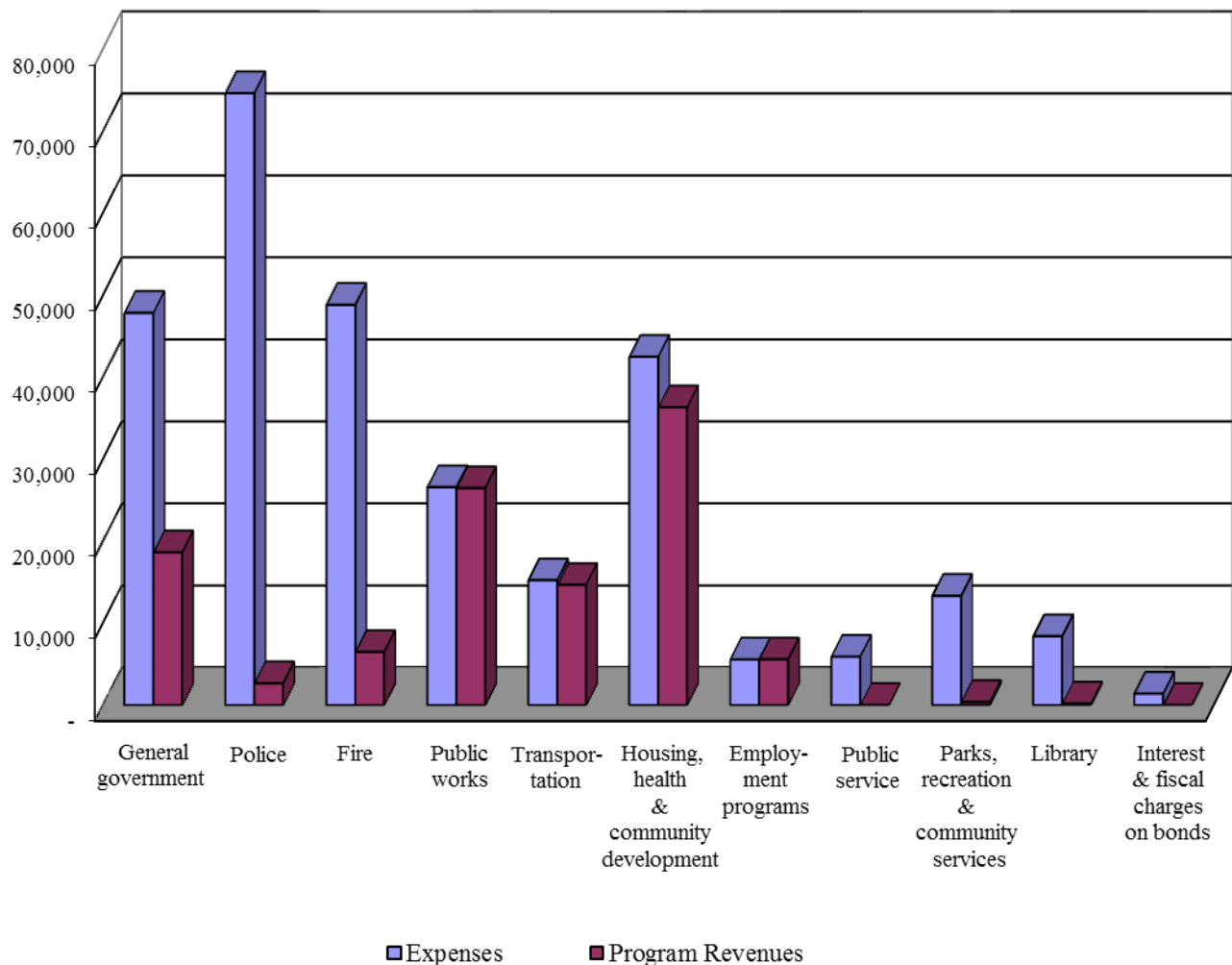
### Management's Discussion and Analysis

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(in thousands)

- Investment income decreased by \$215 (12.1%) during the current fiscal year. In spite of better return on investments and overall increase in the market value of the portfolio investments during the current fiscal year for all governmental activities, investment income showed a decrease as a result of the reversal of the unrealized loss of the City investments recorded in FY 2013-14 per GASB 31.
- General government expense decreased by \$16,954 (26.2%) during the current fiscal year. There was a one-time reclassification of post employment benefit expenses to governmental activities from business-type activities in FY 2013-14, which resulted in more expenses in governmental activities relative to the current fiscal year. Also some of community development functions were moved to general government in the current fiscal year.

### Expenses and Program Revenues – Governmental Activities



# CITY OF GLENDALE

## Management's Discussion and Analysis

June 30, 2015

(in thousands)

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

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 48,930	42,129	318,216	292,602	367,146	334,731
Operating grants and contributions	55,415	63,195	120	299	55,535	63,494
Capital grants and contributions	6,969	11,134	2,306	796	9,275	11,930
General revenues:						
Taxes:						
Property taxes	50,883	47,623	-	-	50,883	47,623
Sales taxes	36,330	35,408	-	-	36,330	35,408
Utility users tax	27,766	27,018	-	-	27,766	27,018
Other taxes	17,305	15,512	-	-	17,305	15,512
Investment income	1,561	1,776	1,915	2,725	3,476	4,501
Other:						
Reinstatement of loans	-	13,613	-	-	-	13,613
Miscellaneous	22,766	16,484	8,593	11,505	31,359	27,989
Total revenues	267,925	273,892	331,150	307,927	599,075	581,819
Expenses:						
General government	47,822	64,776	-	-	47,822	64,776
Police	74,596	71,299	-	-	74,596	71,299
Fire	48,796	47,370	-	-	48,796	47,370
Public works	26,558	41,126	-	-	26,558	41,126
Transportation	15,222	-	-	-	15,222	-
Housing, health and community development	42,472	38,536	-	-	42,472	38,536
Employment program	5,557	5,642	-	-	5,557	5,642
Public service	5,895	5,173	-	-	5,895	5,173
Parks, recreation and community services	13,325	12,372	-	-	13,325	12,372
Library	8,392	7,893	-	-	8,392	7,893
Interest and fiscal charges	1,398	2,553	-	-	1,398	2,553
Recreation	-	-	2,584	2,338	2,584	2,338
Hazardous disposal	-	-	1,511	1,170	1,511	1,170
Fire communications	-	-	2,965	2,521	2,965	2,521
Parking	-	-	7,702	6,317	7,702	6,317
Sewer	-	-	17,421	14,353	17,421	14,353
Refuse disposal	-	-	18,519	16,143	18,519	16,143
Electric	-	-	187,864	179,322	187,864	179,322
Water	-	-	45,068	42,927	45,068	42,927
Total expenses	290,033	296,740	283,634	265,091	573,667	561,831
Excess (deficiency) before transfers and special item	(22,108)	(22,848)	47,516	42,836	25,408	19,988
Transfers	62,859	23,970	(62,859)	(23,970)	-	-
Special item: Transfers of capital assets	22,087	-	-	-	22,087	-
Change in net position	62,838	1,122	(15,343)	18,866	47,495	19,988
Net position – Beginning of the year, as restated	579,259	949,251	617,357	681,667	1,196,616	1,630,918
Net position – End of the year	\$ 642,097	950,373	602,014	700,533	1,244,111	1,650,906

## CITY OF GLENDALE

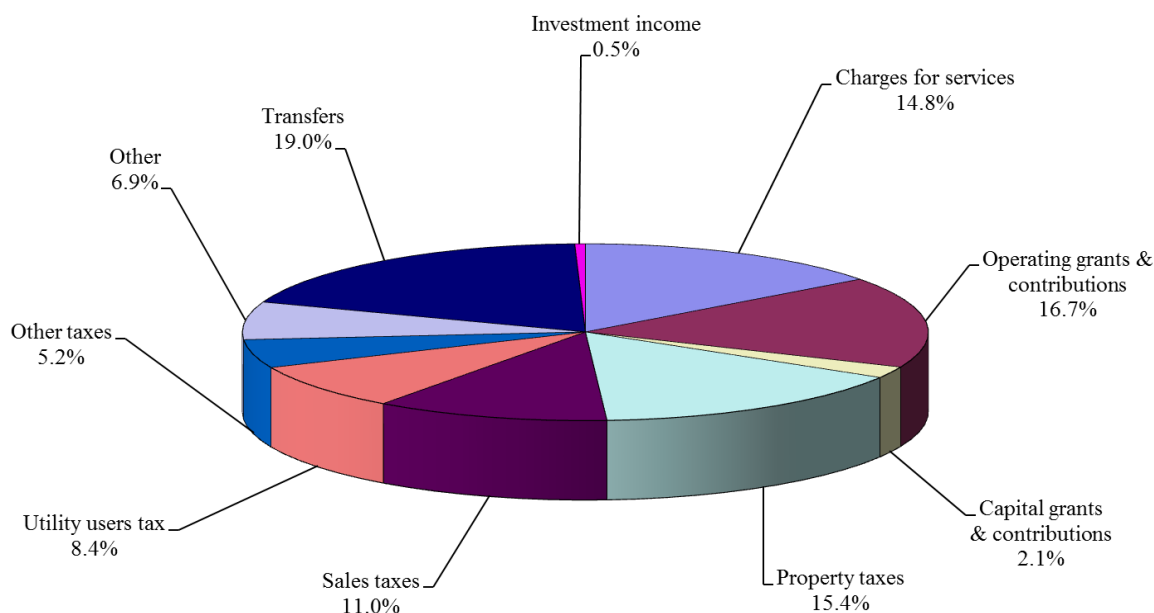
### Management's Discussion and Analysis

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(in thousands)

Due to the implementation of the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, the beginning net position of FY 2014-15 was restated. However, the FY 2013-14 net position was not restated because California Public Employees' Retirement System (CalPERS), the investment and administrative agent for the City's retirement system, did not provide the information, as such, it was not practicable to restate for all prior years.

### Revenues & Transfers by Source – Governmental Activities



**Business-type activities.** Business-type activities net position decreased by \$15,343. Key elements of this decrease are as follows.

- Other revenues decreased by \$2,912 (25.3%) during the current fiscal year. The decrease is mainly due to a one-time receipt of Glendale's share of the surplus money from the Multiple Project Proceeds Account for the benefit of the SCPA Mead-Adelanto and Mead-Phoenix participants from the prior fiscal year.
- Investment income decreased by \$810 (29.7%) during the current fiscal year. In spite of better return on investment and overall increase in the market value of the portfolio investments during the current fiscal year for all business-type activities, investment income showed a decrease as a result of the reversal of the unrealized loss of City investments recorded in FY 2013-14 per GASB 31.
- Charges for services increased by \$25,614 (8.8%) during the current fiscal year. Higher domestic and commercial electric sales were the primary factor leading to an increase in charges for services in all business-type activities. The implementation of the drought surcharge that went effective in March 2015 as part of the mandatory water conservation mandates by the Glendale City Council also contributed to the increase in charges for services.

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### **Management's Discussion and Analysis**

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(in thousands)

- Operating and capital grants and contributions increased by \$1,331 (121.6%) during the current fiscal year. The net increase is mainly due to (i) a decrease in Recreation Fund operating grant for Sports Complex by \$175, (ii) an increase in Electric Fund capital grant for AMI Smart Grid by \$323 received from California Energy Commission, and (iii) an increase in Water Fund capital contributions by \$1,279 due to LADWP reimbursements for the Bette Davis Water Project recycled water pipeline extension.
- Electric expenses increased by \$8,542 (4.8%) during the current fiscal year. There was a one-time reclassification of post employment benefit expenses to governmental activities from business-type activities in FY 2013-14, which resulted in fewer expenses in business-type activities relative to the current fiscal year.
- Water expenses increased by \$2,141 (5.0%) during the current fiscal year. There was a one-time reclassification of post employment benefit expenses to governmental activities from business-type activities in FY 2013-14, which resulted in fewer expenses in business-type activities relative to the current fiscal year.
- Sewer expense increased by \$3,068 (21.4%) during the current fiscal year. There was a one-time reclassification of post employment benefit expenses to governmental activities from business-type activities in FY 2013-14, which resulted in fewer expenses in business-type activities relative to the current fiscal year.
- Other enterprise activities' expense increase by \$4,792 (16.8%) during the current fiscal year. There was a one-time reclassification of post employment benefit expenses to governmental activities from business-type activities in FY 2013-14, which resulted in fewer expenses in business-type activities relative to the current fiscal year.

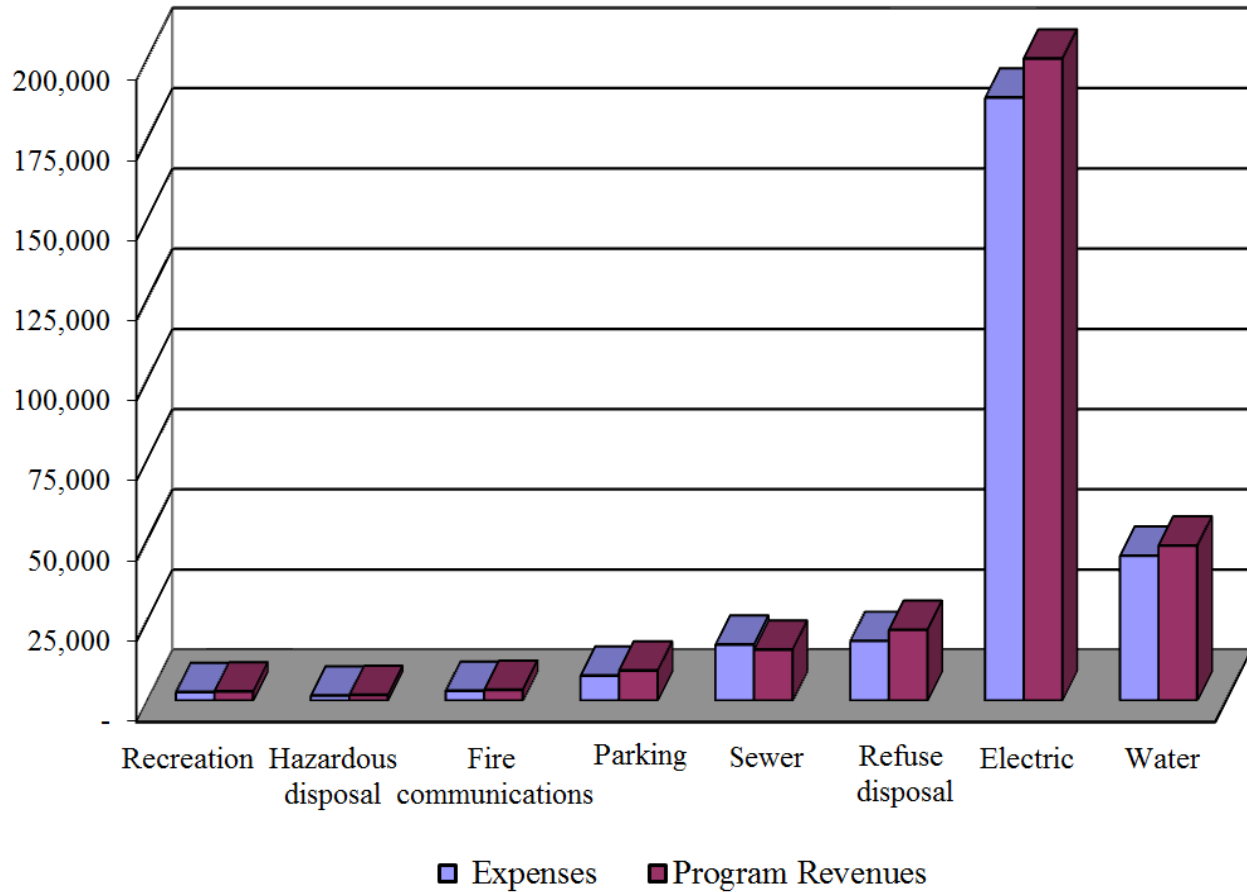
## CITY OF GLENDALE

### Management's Discussion and Analysis

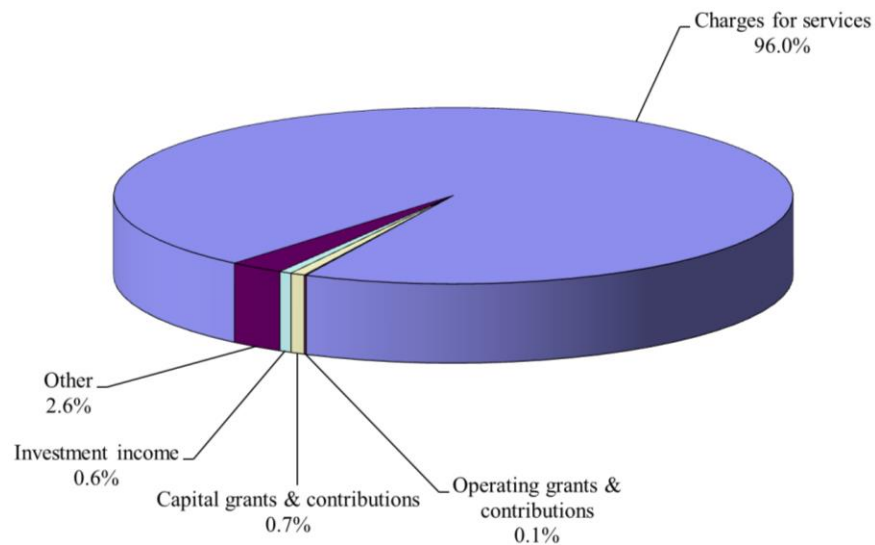
June 30, 2015

(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, 2015

(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 \$200,256, an increase of \$38,538 in comparison with the prior year. About 17.4% of this total amount, \$34,859 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance in the amount of \$165,397 is not available for new spending because it is either nonspendable, restricted, committed or assigned. Nonspendable fund balance is \$5,682. Restricted fund balance is \$92,946, which is constrained by external creditors, grantors, laws or regulations of other governments and enabling legislation. Committed fund balance is \$61,551, and the assigned fund balance is \$5,218.

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 \$40,819 and \$23,433, respectively, while total fund balance was \$71,975. 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 \$64,252, represent about 35.1% of FY 2014-15 General Fund expenditures plus transfers.

The fund balance of the City's General Fund has a net increase of \$3,318 during the current fiscal year. This net increase is primarily due to the following reasons:

- Compared to prior fiscal year, property taxes revenues increased by \$3,260, which is mainly due to a large increase in AB 1X26 property tax increments.
- Compared to prior fiscal year, other taxes revenues increased by \$1,036, which is mainly due to higher transient occupancy tax and property transfer tax. The transient occupancy tax rate was raised to 12% from 10% in April 2015, and there were more property ownership transfers in the current fiscal year.
- Compared to prior fiscal year, revenue from other agencies revenue increased by \$1,041, which is mainly due to more SB90 reimbursements from the State for prior fiscal years' claims.
- Compared to prior fiscal year, license and permits revenue increased by \$1,430, which is mainly due to (i) some fee increases, and (ii) more building permits were issued during the fiscal year.
- The City also received the first loan repayment from Glendale Successor Agency, \$1,509, after the dissolution of the Glendale Redevelopment Agency.

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### Management's Discussion and Analysis

June 30, 2015

(in thousands)

- Compared to prior fiscal year, the Police expenditures increased by \$2,823, which is mainly due to higher workers' comp and retirement benefit expenditures, resulting from higher rates.
- Compared to prior fiscal year, the Fire expenditures increased by \$1,311, which is mainly due to higher workers' comp and retirement benefit expenditures, resulting from higher rates.
- Compared to prior fiscal year, the Housing, health and community development expenditures increased by \$2,426, which is mainly due to re-categorizing some of the Community Development Department expenditures from General Government to Housing, Health and Community Development.

The Housing Assistance Fund (Section 8 grant) has a fund balance of \$4,615, an increase of \$300, compared to the prior fiscal year. The main reason is that 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 \$9,374. In comparison with the prior fiscal year, the fund balance increased by \$7,438. There are two main reasons for this increase. First, there was a one-time General Fund transfer of \$5,000 to Capital Improvement Fund for the Central Library renovation, and the project had not started by the end of the current fiscal year. Second, the reimbursement of prior year grant-funded projects, \$2,834, was received in the current fiscal year.

**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 was composed of \$57,655 for the Sewer Fund, \$106,939 for the Electric Fund, (\$13,864) for the Water Fund, and \$20,986 for the nonmajor enterprise funds.

The net position of the Sewer Fund decreased by \$901 during the current fiscal year. The decrease is mainly attributable to additional project expenses.

The net position of the Electric Fund increased by \$12,486 during the current fiscal year. The increase in net position is due to an increase in electric retail sales as a result of rate increases and decrease in operating expenses. The decrease in operating expenses is primarily attributable to lower production costs related to (i) decreased participation in natural gas and wholesale activities, (ii) lower purchased power costs for Hoover, Intermountain Power Project, and Magnolia Power Project, and (iii) lower cost of landfill gas from Scholl Canyon.

The net position of the Water Fund increased by \$6,362 during the current fiscal year. The increase in net position is due to an increase in water retail sales as a result of rate increases and decrease in operating expenses. The decrease in operating expenses is primarily due to lower production costs as a result of a decrease in purchased water volume supplied by Metropolitan Water District (MWD) due to drought.

The net position of nonmajor enterprise funds decreased by \$35,136 during the current fiscal year. The decrease is primarily attributable to the reclassification of Recreation Fund, Hazardous Disposal Fund and Parking Fund from enterprise to special revenue funds.

## **CITY OF GLENDALE**

### **Management's Discussion and Analysis**

June 30, 2015

(in thousands)

#### **General Fund Budgetary Highlights**

In comparison to the FY 2014-15 original General Fund budget, the final budget increased by \$6,997. The increase was primarily due to the following: \$533 for budget carryovers, \$800 for Central Library's radio frequency identification equipment, \$354 for Police memorandum of understanding generated expenses, \$200 for rose float, \$423 for election, and \$779 for gain share. The gainsharing concept is based on the organization's achievement of targeted performance goals and correlation and/or causational budget savings/surplus, wherein the City will "share" such financial gains with its employees, up to 1.0% of their annual salary.

Compared to the FY 2014-15 final General Fund budget, the actual expenditures was under spent by \$6,389. The variance was mainly due to salary savings from vacant positions 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, 2015, amounts to \$1,566,955 (net of \$776,935 accumulated depreciation, \$7,986 gas depletion and \$40,376 amortization). This investment in capital assets includes land, natural gas reserve, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 1.2%; this represents a 5.7% increase for governmental activities and a 4.5% decrease for business-type activities.

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

- Successor Agency transferred the following assets to the City: \$2,482 for 212 & 216 S. Brand, \$13,042 for Alex Theatre and \$6,563 for American Open Space. \$27,428 of capital assets from business-type activities, Recreation, Hazardous Disposal and Parking Funds, were reclassified to governmental activities.
- At the end of the year, Electric Fund increased its construction in progress by \$11,173. This increase is due to GWP's efforts in modernizing its electric grid through upgrades to reduce outage recovery time and improvements in the electric system reliability by installing new software and intelligent devices. The increase is also due to capital improvements such as the modernization and renovation of the Grandview Substation to upgrade its distribution lines; and the overhaul and replacement of the existing vibration monitoring system of the Unit No.1 turbine-generator at Grayson Power Plant. The increase of \$10 in building and improvements reflects GWP's efforts in improving its technology infrastructure through Geographic Information Systems (GIS). The decrease of \$9,378 in machinery and equipment was primarily due to the retirements of transmission and distribution equipment. Natural gas reserve increased by \$128 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.

## CITY OF GLENDALE

### Management's Discussion and Analysis

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- 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 increased its construction in progress by \$16,294. This increase primarily reflects GWP's efforts to improve the Supervisory Control and Data Acquisition (SCADA) system for the continuous remote monitoring and recording of water distribution operations. The increase is also due to capital improvements such as the GPPS Beaudry Hammer Issue pumping equipment upgrades, rehabilitation and replacement of Canada and Adams Hill water mains, and developments in the Bette Davis Park to provide recycled water to the park for irrigation purposes. Building and improvements increased by \$12 due to recycled water storage rehabilitations such as the Park Manor reservoir and recycled water tanks retrofit projects. The increase of \$42 in infrastructure reflects GWP's continuing effort in protecting and safeguarding the City's water system through its Cross-Connection program to prevent non-potable water ending up in the drinking water pipeline.
- Due to a change in presentation, \$93,476 of the prior years' building and improvements capital assets are reclassified to intangible assets in the business-type activities.

#### City of Glendale's Capital Assets (Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 414,298	398,869	9,490	15,120	423,788	413,989
Natural gas reserve	-	-	22,276	22,148	22,276	22,148
Buildings and improvements	357,037	297,093	260,939	389,109	617,976	686,202
Machinery and equipment	120,502	114,657	561,221	580,893	681,723	695,550
Infrastructure	306,837	299,830	140,976	140,934	447,813	440,764
Construction in progress	59,341	45,928	43,992	15,128	103,333	61,056
Intangible	-	-	95,343	-	95,343	-
Total capital assets	1,258,015	1,156,377	1,134,237	1,163,332	2,392,252	2,319,709
Less: Accumulated depreciation	(334,671)	(282,571)	(442,264)	(482,543)	(776,935)	(765,114)
Less: Gas depletion	-	-	(7,986)	(6,982)	(7,986)	(6,982)
Less: Amortization	-	-	(40,376)	-	(40,376)	-
Net of depreciation, depletion, and amortization	\$ 923,344	873,806	643,611	673,807	1,566,955	1,547,613

Additional information on the City's capital assets can be found in Note 6 on pages 66-67 as well as pages 172-173 of this report.

## CITY OF GLENDALE

### Management's Discussion and Analysis

June 30, 2015

(in thousands)

**Long-term debt.** The City's total debt increased by \$19,576 (4.0%) in FY 2014-15. The factors of this increase were a combination of items such as an increase of post-employment benefits of \$18,921; an increase of compensated absences of \$8,176; and an increase of landfill postclosure care of \$1,108; as well as decreases such as debt retirements through regular annual payments.

#### City of Glendale's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Long-term debt:						
Claims payable	\$ 43,202	44,497	-	-	43,202	44,497
Post-employment benefits	94,843	75,922	-	-	94,843	75,922
Compensated absences	20,430	13,848	6,138	4,544	26,568	18,392
Landfill postclosure care	42,918	41,810	-	-	42,918	41,810
Certificates of Participation (COPs)	38,400	41,195	-	-	38,400	41,195
Bonds payable:						
Electric Revenue Bonds, 2006 Refunding	-	-	28,726	30,105	28,726	30,105
Electric Revenue Bonds, 2008 Series	-	-	61,284	61,341	61,284	61,341
Electric Revenue Bonds, 2013 Refunding	-	-	23,841	24,042	23,841	24,042
Electric Revenue Bonds, 2013 Series	-	-	63,766	64,490	63,766	64,490
Water Revenue Bonds, 2008 Series	-	-	47,829	49,138	47,829	49,138
Water Revenue Bonds, 2012 Series	-	-	35,575	35,597	35,575	35,597
Total bonds payable	-	-	261,021	264,713	261,021	264,713
Other long-term liabilities:						
Capital leases:						
Fire equip't lease 2005 – BofA Public Capital Corp	-	437	-	-	-	437
Fire equip't lease 2009 – Wells Fargo	757	989	-	-	757	989
2011 HUD Section 108 loan	1,491	1,669	-	-	1,491	1,669
Total other long-term liabilities	2,248	3,095	-	-	2,248	3,095
Total long-term debt	\$ 242,041	220,367	267,159	269,257	509,200	489,624

## 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.

**CITY OF GLENDALE**

## Management's Discussion and Analysis

June 30, 2015

(in thousands)

The City's bond ratings as of June 30, 2015 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+
Certificates of Participation (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	A1	AA-	A+
Water revenue bonds, 2012 series	A1	A+	A+

The Glendale Successor Agency's (Fiduciary Fund) bond ratings as of June 30, 2015 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 GRA tax allocation bonds	Ba1	A	-
2011 GRA subordinate taxable tax allocation bonds	-	A-	-
2013 GSA tax allocation bonds, refunding series	-	A-	-

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, 2015, the City's net assessed value of taxable property was \$20.6 billion and has no general obligation debt.

## **CITY OF GLENDALE**

### **Management's Discussion and Analysis**

June 30, 2015

(in thousands)

#### **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**

Finance 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 rebate compliance. This third-party review provides an added level of confidence that

## **CITY OF GLENDALE**

### **Management's Discussion and Analysis**

June 30, 2015

(in thousands)

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, 2015, only the electric revenue bonds 2006 refunding series of the City's revenue bonds has a positive arbitrage rebate liability of \$8. 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, 2015, 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 68-74 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 this budget, however, 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 decrease in the General Fund in FY 2015-16, when compared to the revised budget in FY 2014-15, is mainly attributable to a one-time use of \$7,000 of fund balance to fund: \$2,000 for the Information Technology Data Center Upgrade and \$5,000 for the Central Library Renovation in FY 2014-15. Overall, there was an increase in the Salaries and Benefits budget relative to FY 2014-15, mainly as a result of the



## **CITY OF GLENDALE**

### **Management's Discussion and Analysis**

June 30, 2015

(in thousands)

increase in the PERS rate. Departments once again froze their discretionary Maintenance and Operation budget. Internal service fund rates for the Fleet/Equipment Management, ISD infrastructure, Liability Insurance, Compensation Insurance and Retiree Health Savings Plan Benefits Funds were adjusted. Fleet/Equipment Management Fund rates were increased to fund future replacement of existing vehicles, while ISD rates decreased due to less costs being allocated through the ISD Cost Allocation. Also, Liability Insurance, Compensation Insurance and Retiree Health Savings Plan Benefits Funds' rates were adjusted based on recent claims experience and the financial health of the funds.

Based on the revenue and appropriation estimates in the General Fund, it is anticipated a budget surplus of \$2,700 in FY 2015-16. This is a vast improvement relative to FY 2014-15 when it is estimated a use of fund balance of \$495 (not including one-time use of \$2,000 for ISD Data Center and \$5,000 for Central Library Renovation). The Great Recession wreaked havoc on this organization, however, in partnership with the employees and volunteers, the City has been able to sustain much of the service desired and expected by the community. Glendale has led the way in the areas of pension reform and compensation reform in order to help ensure that operating costs do not crowd out service provision to the community. This is not by accident, but rather it is a reflection of the employees' professionalism and dedication to the people they serve, through the City Council's vision, leadership, patience and discipline. And while the City is more streamlined and productive than it has been in nearly twenty years, and while the City continues to deliver on a value proposition that features exceptional customer service and an enviable quality of life, the City must reconcile with the fact that it can only run so fast, so far, for so long. Thus, the FY 2015-16 adopted budget incorporates limited program restoration across the organization, making the FY 2015-16 the truest and most structurally comprehensive budget Glendale has seen in many years.

With positive indicators such as rising consumer confidence, improvements in the housing market, increased construction activity, and reduced rate of unemployment, Glendale is forecasting modest growth in the key General Fund revenues such as property, sales, and utility user's taxes for the upcoming year. Long-term growth rates for General Fund revenues are projected to grow rather modestly, averaging about 2.8% annual growth over the next seven years. Although the City continues to face challenges such as the ongoing increase in pension costs, the significant fund deficit in the Compensation Insurance Fund, as well as aging infrastructure, the financial forecasts that factor in these challenges show that as long as the City continues to remain diligent and disciplined, the City is headed towards an operationally and structurally balanced organization in the years to come.

### **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.

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Exhibit A-1  
**CITY OF GLENDALE**  
Statement of Net Position  
June 30, 2015 (in thousands)

	Governmental Activities	Business-type Activities	Total
<b>Assets and deferred outflows of resources</b>			
Current assets:			
Pooled cash and investments	\$ 273,026	153,058	426,084
Cash and investments with fiscal agent	17	12,197	12,214
Investment-gas/electric commodity	-	1,989	1,989
Interest receivable	892	477	1,369
Accounts receivable, net	27,046	51,224	78,270
Internal balances	4,645	(4,645)	-
Inventories	385	5,929	6,314
Prepaid items	2,916	5,093	8,009
Total current assets	308,927	225,322	534,249
Noncurrent assets:			
Capital assets, net of depreciation:			
Land	414,298	9,490	423,788
Natural gas reserve	-	14,290	14,290
Buildings and improvements	215,056	173,432	388,488
Machinery and equipment	34,134	252,058	286,192
Infrastructure	200,515	95,382	295,897
Construction in progress	59,341	43,992	103,333
Intangible	-	54,967	54,967
Total capital assets	923,344	643,611	1,566,955
Designated cash and investments	25,850	41,900	67,750
Restricted cash	-	59,047	59,047
Prepaid energy	-	97	97
Loans receivable	19,421	-	19,421
Property held for resale	6,988	-	6,988
Total noncurrent assets	975,603	744,655	1,720,258
Total assets	1,284,530	969,977	2,254,507
Deferred outflows of resources:			
Loss on refunding	-	1,158	1,158
Deferred outflows of resources related to pensions	25,048	5,081	30,129
Total deferred outflows of resources	25,048	6,239	31,287
Total assets and deferred outflows of resources	\$ 1,309,578	976,216	2,285,794

(Continued)

Exhibit A-1  
**CITY OF GLENDALE**  
Statement of Net Position  
June 30, 2015 (in thousands)

	Governmental Activities	Business-type Activities	Total
<b>Liabilities, deferred inflows of resources and net position</b>			
Current liabilities:			
Accounts payable	\$ 18,737	10,323	29,060
Accrued wages and withholding	5,930	-	5,930
Interest payable	75	4,744	4,819
Claims payable	12,309	-	12,309
Compensated absences	2,837	863	3,700
Certificates of participation	2,795	-	2,795
Bonds payable	-	4,241	4,241
Unearned revenues	52	-	52
Deposits	4,816	4,538	9,354
Other liabilities	428	-	428
Total current liabilities	47,979	24,709	72,688
Noncurrent liabilities:			
Claims payable	30,893	-	30,893
Post employment benefits	94,843	-	94,843
Compensated absences	17,593	5,275	22,868
Landfill postclosure	42,918	-	42,918
Net pension liability	325,394	68,646	394,040
Certificates of participation	35,605	-	35,605
Bonds payable	-	256,780	256,780
Other liabilities	1,820	-	1,820
Total noncurrent liabilities	549,066	330,701	879,767
Total liabilities	597,045	355,410	952,455
Deferred inflows of resources:			
Deferred inflows of resources related to pensions	70,436	18,792	89,228
Total liabilities and deferred inflows of resources	667,481	374,202	1,041,683
Net position:			
Net investment in capital assets	882,741	437,125	1,319,866
Restricted			
City Charter - stabilization	23,433	-	23,433
Federal and state grants	5,129	-	5,129
Public safety	1,465	-	1,465
Youth employment	4	-	4
Transportation	19,965	-	19,965
Landscaping district	99	-	99
Low and moderate housing	16,536	-	16,536
Air quality improvement	293	-	293
SCAQMD emission controls	-	5,669	5,669
Cable access	1,833	-	1,833
Electric public benefit AB1890	2,788	-	2,788
State gas tax mandates	2,868	-	2,868
Unrestricted	(315,057)	159,220	(155,837)
Total net position	\$ 642,097	602,014	1,244,111

**CITY OF GLENDALE**

## Statement of Activities

Fiscal Year Ended June 30, 2015 (in thousands)

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities:							
General government	\$ 47,822	18,554	80	-	(29,188)	-	(29,188)
Police	74,596	1,087	1,574	-	(71,935)	-	(71,935)
Fire	48,796	6,330	138	5	(42,323)	-	(42,323)
Public works	26,558	14,469	5,013	6,964	(112)	-	(112)
Transportation	15,222	6,849	7,807	-	(566)	-	(566)
Housing, health and community development	42,472	55	36,252	-	(6,165)	-	(6,165)
Employment programs	5,557	1,401	4,173	-	17	-	17
Public service	5,895	-	-	-	(5,895)	-	(5,895)
Parks, recreation and community services	13,325	11	354	-	(12,960)	-	(12,960)
Library	8,392	174	24	-	(8,194)	-	(8,194)
Interest and fiscal charges	1,398	-	-	-	(1,398)	-	(1,398)
Total governmental activities	290,033	48,930	55,415	6,969	(178,719)	-	(178,719)
Business-type activities:							
Recreation	2,584	2,773	10	3	-	202	202
Hazardous disposal	1,511	1,632	54	-	-	175	175
Fire communications	2,965	3,253	56	-	-	344	344
Parking	7,702	9,303	-	-	-	1,601	1,601
Sewer	17,421	15,790	-	-	-	(1,631)	(1,631)
Refuse disposal	18,519	21,989	-	-	-	3,470	3,470
Electric	187,864	215,956	-	325	-	28,417	28,417
Water	45,068	47,520	-	1,978	-	4,430	4,430
Total business-type activities	283,634	318,216	120	2,306	-	37,008	37,008
Total primary government	\$ 573,667	367,146	55,535	9,275	(178,719)	37,008	(141,711)

## General revenues:

## Taxes:

Property taxes	\$ 50,883	-	50,883
Sales taxes	36,330	-	36,330
Utility users tax	27,766	-	27,766
Other taxes	17,305	-	17,305
Investment income	1,561	1,915	3,476
Other	22,766	8,593	31,359
Transfers	62,859	(62,859)	-
Special item: Transfers of capital assets from Successor Agency	22,087	-	22,087
Total general revenues, transfers, and special item	241,557	(52,351)	189,206
Change in net position	62,838	(15,343)	47,495
Net position, July 1, as restated	579,259	617,357	1,196,616
Net position, June 30	\$ 642,097	602,014	1,244,111

Exhibit B-1  
**CITY OF GLENDALE**  
Balance Sheet  
Governmental Funds  
June 30, 2015 (in thousands)

	Major Funds				
	General Fund	Housing Assistance Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Pooled cash and investments	\$ 70,171	2,206	8,714	86,672	167,763
Investments with fiscal agent	-	-	-	17	17
Designated cash and investments	-	-	-	25,850	25,850
Interest receivable	207	5	-	194	406
Accounts receivable, net	14,588	260	931	11,067	26,846
Due from other funds	8,560	-	-	-	8,560
Advance to other funds	1,946	-	-	-	1,946
Inventories	385	-	-	-	385
Prepaid items	174	2,154	-	42	2,370
Loans receivable	12,104	-	-	-	12,104
Property held for resale	-	-	-	6,988	6,988
Total assets	108,135	4,625	9,645	130,830	253,235
<b>Liabilities, deferred inflows of resources and fund balances</b>					
Liabilities:					
Accounts payable	13,955	10	271	2,938	17,174
Due to other funds	-	-	-	8,560	8,560
Advance from other funds	-	-	-	1,946	1,946
Interest payable	-	-	-	17	17
Wages and benefits payable	5,930	-	-	-	5,930
Unearned revenues	18	-	-	34	52
Deposits	4,153	-	-	663	4,816
Total liabilities	24,056	10	271	14,158	38,495
Deferred inflows of resources:					
Unavailable revenues	12,104	-	-	2,380	14,484
Total liabilities and deferred inflows of resources	\$ 36,160	10	271	16,538	52,979

(Continued)

Exhibit B-1  
**CITY OF GLENDALE**  
Balance Sheet  
Governmental Funds  
June 30, 2015 (in thousands)

	Major Funds				
	General Fund	Housing Assistance Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable:					
Inventory	\$ 385	-	-	-	385
Advance to other funds	1,946	-	-	-	1,946
Property held for resale	-	-	-	981	981
Prepaid	174	2,154	-	42	2,370
Restricted for:					
City Charter - stabilization	23,433	-	-	-	23,433
Federal and state grants	-	2,461	-	2,668	5,129
Public safety	-	-	-	1,465	1,465
Youth employment	-	-	-	4	4
Transportation	-	-	-	19,965	19,965
Landscaping district	-	-	-	99	99
Low and moderate housing	-	-	-	9,219	9,219
Air quality improvement	-	-	-	293	293
Cable access	-	-	-	1,833	1,833
Electric public benefit AB1890	-	-	-	2,788	2,788
State gas tax mandates	-	-	-	2,868	2,868
Landfill postclosure	-	-	-	25,850	25,850
Committed to:					
Debt service	-	-	-	21,522	21,522
Urban art	-	-	-	4,283	4,283
Public safety	-	-	-	121	121
Impact fee funded projects	-	-	-	14,227	14,227
Capital projects	-	-	9,374	-	9,374
Recreation	-	-	-	3,602	3,602
Hazardous materials	-	-	-	1,646	1,646
Parking	-	-	-	6,776	6,776
Assigned to:					
Economic development	3,418	-	-	-	3,418
Capital	800	-	-	-	800
Building maintenance	1,000	-	-	-	1,000
Unassigned:	40,819	-	-	(5,960)	34,859
Total fund balances	71,975	4,615	9,374	114,292	200,256
Total liabilities, deferred inflows of resources and fund balances	\$ 108,135	4,625	9,645	130,830	253,235

## Exhibit B-2

**CITY OF GLENDALE**

Reconciliation of Balance Sheet of  
Governmental Funds to the Statement of Net Position  
June 30, 2015 (in thousands)

Fund balances of governmental funds	\$ 200,256
-------------------------------------	------------

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	\$ 414,298	
Buildings and improvements	215,056	
Equipment	17,446	
Infrastructure	200,515	
Construction in progress	<u>52,487</u>	899,802

Long-term debt is not included in the governmental funds:

Due within one year:

Certificates of participation	(2,795)	
2011 HUD Section 108 loan	<u>(186)</u>	(2,981)

Due more than one year:

Certificates of participation	(35,605)	
Landfill postclosure	(42,918)	
2011 HUD Section 108 loan	<u>(1,305)</u>	(79,828)

Accrued interest payable for the current portion of interest due is  
not included in the governmental funds:

2011 HUD Section 108 loan		(11)
---------------------------	--	------

Unavailable revenue in the governmental funds is revenue in the  
statement of activities:

14,484

Loans receivable housing long-term - non-forgiven portion	7,317
---	-------

Deferred outflows of resources related to pensions	25,048
--	--------

Deferred inflows of resources related to pensions	(70,436)
---	----------

Net pension liability	(325,394)
-----------------------	-----------

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	16,688	
Construction in progress	6,854	
Accrued interest - Fire Equipment Lease 2009	(47)	
Fire Equipment Lease 2009 - Due within one year	(242)	
Fire Equipment Lease 2009 - Due more than one year	(515)	
Other assets and liabilities, net	<u>(48,898)</u>	<u>(26,160)</u>

Net position of governmental activities	<u>\$ 642,097</u>
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## Exhibit C-1

**CITY OF GLENDALE**

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

## Governmental Funds

Fiscal Year Ended June 30, 2015 (in thousands)

	Major Funds				
	General Fund	Housing Assistance Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 50,883	-	-	-	50,883
Sales tax	34,199	-	-	2,131	36,330
Utility users tax	27,766	-	-	-	27,766
Other taxes	10,601	-	-	6,704	17,305
Revenue from other agencies	1,313	28,852	2,743	36,769	69,677
Licenses and permits	10,617	-	-	10,975	21,592
Fines and forfeitures	802	-	-	611	1,413
Charges for services	3,218	-	3,596	14,927	21,741
Use of money and property	5,343	17	2	608	5,970
Interfund revenue	16,577	-	-	-	16,577
Miscellaneous revenue	1,883	49	-	4,610	6,542
Total revenues	163,202	28,918	6,341	77,335	275,796
<b>Expenditures:</b>					
Current:					
General government	27,236	-	14	-	27,250
Police	69,024	-	-	2,575	71,599
Fire	42,555	-	386	4,960	47,901
Public works	17,547	-	116	2,375	20,038
Transportation	-	-	-	13,780	13,780
Housing, health and community development	3,042	28,618	-	10,804	42,464
Employment programs	-	-	-	5,589	5,589
Public service	-	-	-	5,896	5,896
Parks, recreation and community services	9,703	-	193	555	10,451
Library	7,900	-	182	370	8,452
Capital outlay	65	-	1,359	14,630	16,054
Debt service:					
Interest	-	-	-	242	242
Principal	-	-	-	2,973	2,973
Total expenditures	177,072	28,618	2,250	64,749	272,689
Excess (deficiency) of revenues over (under) expenditures	(13,870)	300	4,091	12,586	3,107
<b>Other financing sources (uses):</b>					
Transfers in	23,407	-	5,347	14,896	43,650
Transfers out	(6,219)	-	(2,000)	-	(8,219)
Total other financing sources	17,188	-	3,347	14,896	35,431
Net change in fund balances	3,318	300	7,438	27,482	38,538
Fund balances, July 1	68,657	4,315	1,936	86,810	161,718
Fund balances, June 30	\$ 71,975	4,615	9,374	114,292	200,256

**CITY OF GLENDALE**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Fiscal Year Ended June 30, 2015 (in thousands)

Net change in fund balances - total governmental funds	\$	38,538
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures		17,469
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense		(20,352)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Certificates of participation	\$	2,795
2011 HUD Section 108 loan		<u>178</u>
		2,973
Landfill postclosure care liability increased from prior year		(1,108)
Unavailable revenues in the governmental funds are recognized as revenues in the statement of activities		(6,361)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represent the net change in pension related amounts.		332
Transfer of capital assets to governmental activities from business-type activities due to change in fund type		27,428
Loan repayment from Successor Agency		(1,509)
Transfers of capital assets from Successor Agency		22,087
Change in net position of internal service funds allocated to governmental activities:		
Capital assets		2,416
Depreciation		(1,152)
Interest - Fire Equipment Lease 2009		(47)
Other revenues (expenses)		<u>(17,876)</u>
		<u>(16,659)</u>
Change in net position for governmental activities	\$	<u><u>62,838</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, 2015 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Revenues:				
Property taxes	\$ 48,466	49,216	50,883	1,667
Sales taxes:				
Sales tax	24,700	25,800	24,619	(1,181)
ERAF in lieu of sales tax	8,200	7,825	7,824	(1)
State 1/2% sales tax	1,800	1,800	1,756	(44)
Total	34,700	35,425	34,199	(1,226)
Utility users tax	27,746	27,746	27,766	20
Other taxes:				
Franchise tax	3,040	2,800	2,780	(20)
Occupancy tax	3,700	4,100	4,467	367
Property transfer tax	600	700	1,132	432
Landfill host assessment	2,000	2,000	2,222	222
Total	9,340	9,600	10,601	1,001
Licenses and permits:				
Dog licenses	145	145	152	7
Building permits	4,200	5,200	6,622	1,422
Green building initiative SB 1473	-	-	1	1
American Disability Act SB 1186	-	-	2	2
Plan check fees	350	350	379	29
Planning permits	1,150	1,150	1,646	496
Grading permits	30	100	123	23
Street permits	500	730	969	239
Business license permits	500	500	569	69
Business registration license	50	100	154	54
Total	6,925	8,275	10,617	2,342
Fines and forfeitures-traffic safety fines	950	950	802	(148)
Use of money and property:				
Interest and investment revenue	500	500	871	371
Interest and investment GASB 31	-	-	78	78
Landfill gas royalties	2,475	2,475	2,473	(2)
Rental income	503	503	412	(91)
Loan repayment	1,200	1,502	1,509	7
Total	\$ 4,678	4,980	5,343	363

(Continued)

## Exhibit D-1

**CITY OF GLENDALE**

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

## General Fund

Fiscal Year Ended June 30, 2015 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Revenue from other agencies:				
Disaster relief reimbursement	\$ -	-	24	24
Mutual aid reimbursement	-	-	54	54
Historic preservation grant	-	24	24	-
State SB 90	100	300	1,095	795
Motor vehicle in lieu fee	-	-	85	85
Local grants	-	20	31	11
Total	100	344	1,313	969
Miscellaneous revenue:				
Donations and contributions	38	38	9	(29)
Developer revenue	-	-	10	10
Sponsorships	-	-	70	70
Advertising revenue	100	100	110	10
Miscellaneous revenue	1,026	1,126	1,684	558
Total	1,164	1,264	1,883	619
Charges for services:				
Zoning-subdivision fees	60	185	231	46
City Clerk fees	-	-	3	3
Map and publication fees	65	65	77	12
Filing-certification fee	5	5	21	16
Film rentals of city property	10	50	71	21
Special event fees	95	95	87	(8)
Special police fees	400	400	654	254
Vehicle tow admin cost recovery (VTACR)	165	285	395	110
Fire fees	450	600	830	230
Code enforcement fees	50	50	30	(20)
Administrative citations	-	-	26	26
Outreach revenue	55	55	30	(25)
Express plan check fees	100	250	369	119
Final map checking fees	-	-	1	1
Excavation fees	150	150	212	62
Construction inspection fees	50	100	92	(8)
Collectible jobs	100	100	(27)	(127)
Library fines and fees	105	105	90	(15)
Program/registration revenue	12	12	11	(1)
Graphics fees	-	-	15	15
Total	\$ 1,872	2,507	3,218	711

(Continued)

## Exhibit D-1

**CITY OF GLENDALE**

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

## General Fund

Fiscal Year Ended June 30, 2015 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Interfund revenue:				
Charges to enterprise funds for:				
Benefits cost recovery	\$ 600	600	488	(112)
Cost allocation revenue	15,923	15,923	16,089	166
Total	16,523	16,523	16,577	54
Other financing sources:				
Transfers in	23,407	23,407	23,407	-
Total revenues and transfers	\$ 175,871	180,237	186,609	6,372

## Exhibit D-2

**CITY OF GLENDALE**

## Statement of Expenditures and Other

## Financing Uses - Budget and Actual

## General Fund

Fiscal Year Ended June 30, 2015 (in thousands)

		Salaries and Benefits			
		Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
General government:					
City clerk	\$	663	667	612	55
Elections		33	65	97	(32)
City treasurer		560	564	547	17
City manager		3,517	3,587	3,396	191
Legal		2,995	3,055	2,980	75
Finance		3,373	3,396	3,087	309
Planning		6,555	6,595	6,680	(85)
Personnel		1,504	1,514	1,337	177
Non-departmental		898	1,123	1,097	26
Total		20,098	20,566	19,833	733
Police					
		57,076	57,834	58,817	(983)
Fire					
		37,387	37,560	37,294	266
Public works					
		8,305	8,669	8,350	319
Housing, health and community development:					
Economic development		489	493	503	(10)
Neighborhood services		-	-	-	-
Community development administration		2,139	2,171	1,842	329
Total		2,628	2,664	2,345	319
Parks, recreation and community services					
		6,283	6,376	6,085	291
Library					
		5,641	5,680	5,419	261
Total expenditures and transfers	\$	137,418	139,349	138,143	1,206

(Continued)

## Exhibit D-2

**CITY OF GLENDALE**

## Statement of Expenditures and Other

## Financing Uses - Budget and Actual

## General Fund

Fiscal Year Ended June 30, 2015 (in thousands)

		Maintenance and Operation			
		Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
General government:					
City clerk	\$	255	255	219	36
Elections		192	679	626	53
City treasurer		90	90	82	8
City manager		1,065	1,161	1,001	160
Legal		296	296	234	62
Finance		1,502	1,502	1,354	148
Planning		1,166	1,342	996	346
Personnel		977	1,012	884	128
Non-departmental		2,000	2,007	2,007	-
Total		7,543	8,344	7,403	941
Police		10,102	10,239	10,207	32
Fire		5,274	5,508	5,261	247
Public works		9,398	10,680	9,197	1,483
Housing, health and community development:					
Economic development		694	894	432	462
Neighborhood services		26	26	26	-
Community development administration		198	469	239	230
Total		918	1,389	697	692
Parks, recreation and community services		3,408	3,639	3,618	21
Library		2,602	2,602	2,481	121
Total expenditures and transfers	\$	39,245	42,401	38,864	3,537

(Continued)

## Exhibit D-2

**CITY OF GLENDALE**

## Statement of Expenditures and Other

## Financing Uses - Budget and Actual

## General Fund

Fiscal Year Ended June 30, 2015 (in thousands)

		Capital Outlay			
		Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
General government:					
City clerk	\$	-	-	-	-
Elections		-	-	-	-
City treasurer		3	3	3	-
City manager		-	34	34	-
Legal		-	-	-	-
Finance		-	-	-	-
Planning		-	46	22	24
Personnel		-	-	-	-
Non-departmental		-	-	-	-
Total		3	83	59	24
Police					
		-	-	-	-
Fire					
		100	100	6	94
Public works					
		-	-	-	-
Housing, health and community development:					
Economic development		-	728	-	728
Neighborhood services		-	-	-	-
Community development administration		-	-	-	-
Total		-	728	-	728
Parks, recreation and community services					
		-	-	-	-
Library					
		-	800	-	800
Total expenditures and transfers		\$ 103	1,711	65	1,646

(Continued)



## Exhibit D-2

**CITY OF GLENDALE**

## Statement of Expenditures and Other

## Financing Uses - Budget and Actual

## General Fund

Fiscal Year Ended June 30, 2015 (in thousands)

		Transfers			
		Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
General government:					
City clerk	\$	-	-	-	-
Elections		-	-	-	-
City treasurer		-	-	-	-
City manager		-	-	-	-
Legal		-	-	-	-
Finance		-	-	-	-
Planning		-	-	-	-
Personnel		-	-	-	-
Non-departmental		5,917	6,219	6,219	-
Total		5,917	6,219	6,219	-
Police					
		-	-	-	-
Fire					
		-	-	-	-
Public works					
		-	-	-	-
Housing, health and community development:					
Economic development		-	-	-	-
Neighborhood services		-	-	-	-
Community development administration		-	-	-	-
Total		-	-	-	-
Parks, recreation and community services					
		-	-	-	-
Library					
		-	-	-	-
Total expenditures and transfers	\$	5,917	6,219	6,219	-

(Continued)

## Exhibit D-2

**CITY OF GLENDALE**

## Statement of Expenditures and Other

## Financing Uses - Budget and Actual

## General Fund

Fiscal Year Ended June 30, 2015 (in thousands)

		Total			
		Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
General government:					
City clerk	\$	918	922	831	91
Elections		225	744	723	21
City treasurer		653	657	632	25
City manager		4,582	4,782	4,431	351
Legal		3,291	3,351	3,214	137
Finance		4,875	4,898	4,441	457
Planning		7,721	7,983	7,698	285
Personnel		2,481	2,526	2,221	305
Non-departmental		8,815	9,349	9,323	26
Total		33,561	35,212	33,514	1,698
Police					
		67,178	68,073	69,024	(951)
Fire					
		42,761	43,168	42,561	607
Public works					
		17,703	19,349	17,547	1,802
Housing, health and community development:					
Economic development		1,183	2,115	935	1,180
Neighborhood services		26	26	26	-
Community development administration		2,337	2,640	2,081	559
Total		3,546	4,781	3,042	1,739
Parks, recreation and community services					
		9,691	10,015	9,703	312
Library					
		8,243	9,082	7,900	1,182
Total expenditures and transfers		\$ 182,683	189,680	183,291	6,389

## Exhibit D-3

**CITY OF GLENDALE**

## Statement of Revenues - Budget and Actual

## Housing Assistance Fund

Fiscal Year Ended June 30, 2015 (in thousands)

		Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
<b>Revenues:</b>					
Use of money and property	\$	10	10	17	7
Revenue from other agencies		30,885	30,885	28,852	(2,033)
Miscellaneous revenue		41	41	49	8
Total revenues	\$	30,936	30,936	28,918	(2,018)

## Exhibit D-4

**CITY OF GLENDALE**

Statement of Expenditures - Budget and Actual

Housing Assistance Fund

Fiscal Year Ended June 30, 2015 (in thousands)

		Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
<hr/>					
Current:					
Housing, health and community development:					
Salaries and benefits	\$	2,196	2,209	1,920	289
Maintenance and operations		28,698	28,698	26,698	2,000
		<hr/>			
Total expenditures	\$	30,894	30,907	28,618	2,289
		<hr/>			

Exhibit E-1  
**CITY OF GLENDALE**  
Statement of Net Position  
Proprietary Funds  
June 30, 2015 (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	\$ 59,572	59,759	-	33,727	153,058	105,263
Cash with fiscal agent	-	4,610	5,123	-	9,733	-
Investments with fiscal agent	-	2,464	-	-	2,464	-
Interest receivable	167	237	-	73	477	486
Investment-gas/electric commodity	-	1,989	-	-	1,989	-
Accounts receivable, net	1,951	39,331	7,417	2,525	51,224	200
Due from other funds	-	6,375	-	-	6,375	-
Inventories	-	5,929	-	-	5,929	-
Prepaid items	-	5,093	-	-	5,093	546
Total current assets	61,690	125,787	12,540	36,325	236,342	106,495
Noncurrent assets:						
Capital assets:						
Land	578	6,239	1,034	1,639	9,490	-
Natural gas reserve	-	22,276	-	-	22,276	-
Buildings and improvements	128,161	65,503	60,476	6,798	260,938	-
Machinery and equipment	2,059	505,984	30,410	22,767	561,220	40,007
Infrastructure	-	-	140,976	-	140,976	-
Intangible	95,343	-	-	-	95,343	-
Accumulated depreciation	(32,038)	(314,113)	(75,925)	(20,186)	(442,262)	(23,319)
Natural gas depletion	-	(7,986)	-	-	(7,986)	-
Amortization	(40,376)	-	-	-	(40,376)	-
Construction in progress	2,375	13,722	27,880	15	43,992	6,854
Total capital assets	156,102	291,625	184,851	11,033	643,611	23,542
Designated cash and investments	-	41,900	-	-	41,900	-
Restricted cash	-	46,970	12,077	-	59,047	-
Advances to other funds	1,713	-	-	-	1,713	-
Prepaid Energy	-	97	-	-	97	-
Total noncurrent assets	157,815	380,592	196,928	11,033	746,368	23,542
Total assets	219,505	506,379	209,468	47,358	982,710	130,037
Deferred outflows of resources:						
Loss on refunding	-	1,158	-	-	1,158	-
Deferred outflows of resources related to pensions	308	2,982	986	805	5,081	-
Total deferred outflows of resources	308	4,140	986	805	6,239	-
Total assets and deferred outflows of resources	\$ 219,813	510,519	210,454	48,163	988,949	130,037

(Continued)

Exhibit E-1  
**CITY OF GLENDALE**  
Statement of Net Position  
Proprietary Funds  
June 30, 2015 (in thousands)

	Business-type Activities - Enterprise Funds					Internal Service Funds
	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	
<b>Liabilities, deferred inflows of resources and net position</b>						
Current liabilities:						
Accounts payable	\$ 753	5,014	3,696	860	10,323	1,563
Due to other funds	-	-	6,375	-	6,375	-
Advance from other funds	-	-	-	-	-	1,713
Interest payable	-	3,316	1,428	-	4,744	47
Claims payable	-	-	-	-	-	12,309
Compensated absences	-	-	-	-	-	3,700
Bonds payable	-	2,870	1,371	-	4,241	-
Capital leases	-	-	-	-	-	242
Deposits	306	3,036	901	295	4,538	-
Total current liabilities	1,059	14,236	13,771	1,155	30,221	19,574
Noncurrent liabilities:						
Claims payable	-	-	-	-	-	30,893
Compensated absences	-	-	-	-	-	22,868
Bonds payable	-	174,747	82,033	-	256,780	-
Net pension liability	3,923	41,187	11,768	11,768	68,646	-
Capital leases	-	-	-	-	-	515
Total noncurrent liabilities	3,923	215,934	93,801	11,768	325,426	54,276
Total liabilities	4,982	230,170	107,572	12,923	355,647	73,850
Deferred inflows of resources:						
Deferred inflows of resources related to pensions	1,074	11,275	3,222	3,221	18,792	-
Total liabilities and deferred inflows of resources	6,056	241,445	110,794	16,144	374,439	73,850
Net position:						
Net investment in capital assets	156,102	156,466	113,524	11,033	437,125	21,338
Restricted						
SCAQMD emission controls	-	5,669	-	-	5,669	-
Unrestricted (deficits)	57,655	106,939	(13,864)	20,986	171,716	34,849
Total net position	\$ 213,757	269,074	99,660	32,019	614,510	56,187
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.					(12,496)	
Total net position of business-type activities					\$ 602,014	

**CITY OF GLENDALE**Statement of Revenues, Expenses and  
Changes in Net Position

## Proprietary Funds

Fiscal Year Ended June 30, 2015 (in thousands)

	Business-type Activities - Enterprise Funds					Internal Service Funds
	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	
<b>Operating revenues:</b>						
Charges for services	\$ 15,790	215,956	47,520	38,951	318,217	92,113
Miscellaneous revenue	255	4,622	2,244	1,315	8,436	186
Total operating revenue	16,045	220,578	49,764	40,266	326,653	92,299
<b>Operating expenses:</b>						
Maintenance and operation	11,987	154,086	36,706	30,068	232,847	30,053
Claims and settlement	-	-	-	-	-	56,158
Equipment purchased	-	-	-	-	-	339
Depreciation	2,649	26,691	5,818	3,177	38,335	2,551
Gas depletion	-	1,004	-	-	1,004	-
Amortization	2,895	-	-	-	2,895	-
Total operating expenses	17,531	181,781	42,524	33,245	275,081	89,101
Operating income (loss)	(1,486)	38,797	7,240	7,021	51,572	3,198
<b>Non operating revenues (expenses):</b>						
Use of money and property	585	1,043	15	465	2,108	974
Intergovernmental grants	-	-	-	120	120	20
Loss on disposal of capital asset	-	-	-	(243)	(243)	-
Interest expense	-	(7,322)	(2,871)	-	(10,193)	(84)
Total non operating revenues (expenses)	585	(6,279)	(2,856)	342	(8,208)	910
Income before capital contributions and transfers	(901)	32,518	4,384	7,363	43,364	4,108
Capital grants and contributions	-	325	1,978	3	2,306	-
Transfers out	-	(20,357)	-	(42,502)	(62,859)	-
Change in net position	(901)	12,486	6,362	(35,136)	(17,189)	4,108
Net position, July 1, as restated	214,658	256,588	93,298	67,155		52,079
Net position, June 30	\$ 213,757	269,074	99,660	32,019		56,187

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.

1,846

Changes in net position of business-type activities

\$ (15,343)

Exhibit E-3  
**CITY OF GLENDALE**  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2015 (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	\$ 16,067	209,050	49,459	40,416	314,992	92,850
Cash paid to employees	(3,414)	(31,184)	(7,443)	(14,764)	(56,805)	(15,405)
Cash paid to suppliers	(8,044)	(129,172)	(36,469)	(15,993)	(189,678)	(65,423)
Net cash provided by operating activities	4,609	48,694	5,547	9,659	68,509	12,022
<b>Cash flows from noncapital financing activities:</b>						
Amounts received from other funds	7,693	-	6,375	-	14,068	-
Amounts paid to other funds	-	(6,375)	(7,144)	-	(13,519)	(549)
Transfers out	-	(20,357)	-	(15,074)	(35,431)	-
Operating grants received	-	-	-	120	120	20
Net cash provided (used) by noncapital financing activities	7,693	(26,732)	(769)	(14,954)	(34,762)	(529)
<b>Cash flows from capital and related financing activities:</b>						
Interest on long-term debt	-	(7,819)	(2,886)	-	(10,705)	(100)
Principal payments and premiums	-	(2,361)	(1,331)	-	(3,692)	(669)
Capital grants and contributions	-	325	1,978	3	2,306	-
Acquisition of property, plant, gas and equipment	(11,290)	(14,852)	(9,868)	(3,700)	(39,710)	(5,458)
Net cash provided (used) by capital and related financing activities	(11,290)	(24,707)	(12,107)	(3,697)	(51,801)	(6,227)
<b>Cash flows by investing activities</b>						
Investment - gas/electric commodity	-	(901)	-	-	(901)	-
Interest received	646	1,088	15	517	2,266	1,030
Net cash provided by investing activities	646	187	15	517	1,365	1,030
Net increase (decrease) in cash and cash equivalents	1,658	(2,558)	(7,314)	(8,475)	(16,689)	6,296
Cash and cash equivalents at July 1	57,914	155,797	24,514	42,202	280,427	98,967
Cash and cash equivalents at June 30	59,572	153,239	17,200	33,727	263,738	105,263
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>						
Operating income (loss)	(1,486)	38,797	7,240	7,021	51,572	3,198
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	2,649	26,691	5,818	3,177	38,335	2,551
Amortization	2,895	-	-	-	2,895	-
Gas depletion	-	1,004	-	-	1,004	-
(Increase) Decrease Accounts receivable net	22	(11,528)	(305)	150	(11,661)	551
(Increase) Inventories	-	(173)	-	-	(173)	-
(Increase) Prepaid expenses	-	(1,276)	-	-	(1,276)	(40)
Decrease Deferred charges	-	133	-	-	133	-
Increase Compensated absences	-	-	-	-	-	8,176
Increase (Decrease) Accounts payable	541	(2,195)	(6,988)	(462)	(9,104)	(1,119)
(Decrease) Net pension liability	(64)	(426)	(255)	(75)	(820)	-
Increase (Decrease) Deposits	52	(2,333)	37	(152)	(2,396)	-
(Decrease) Claims payable	-	-	-	-	-	(1,295)
Total adjustments	6,095	9,897	(1,693)	2,638	16,937	8,824
Net cash provided by operating activities	\$ 4,609	48,694	5,547	9,659	68,509	12,022
<b>Noncash investing, capital and financing activities:</b>						
Increase in fair value of investments	86	147	-	45	278	143



Exhibit F-1  
**CITY OF GLENDALE**  
Statement of Net Position  
Fiduciary Fund  
June 30, 2015 (in thousands)

	Glendale Successor Agency Private Purpose Trust Fund
<b>Assets and deferred outflows of resources</b>	
Current Assets:	
Pooled cash and investments	\$ 84,135
Investments with fiscal agent	17,488
Restricted cash	29
Interest receivable	314
Accounts receivable, net	3
Loans receivable	1,655
Property held for resale	<u>3,632</u>
Total current assets	<u>107,256</u>
Noncurrent assets:	
Land	155
Buildings and improvements	377
Accumulated depreciation	(226)
Construction in progress	<u>13,297</u>
Total noncurrent assets	<u>13,603</u>
Total assets	<u>120,859</u>
Deferred outflows of resources:	
Loss on refunding	<u>1,695</u>
Total assets and deferred outflows of resources	<u>122,554</u>
<b>Liabilities and net position</b>	
Liabilities:	
Accounts payable and accrued liabilities	921
Interest payable	549
Bonds payable, due in one year	8,360
Bonds payable, due in more than one year	104,135
Loans payable to the City	<u>12,104</u>
Total liabilities	<u>126,069</u>
Net position held in trust (deficit)	<u>\$ (3,515)</u>

**CITY OF GLENDALE**

## Statement of Changes in Net Position

## Fiduciary Fund

Fiscal Year Ended June 30, 2015 (in thousands)

	<u>Glendale Successor Agency Private Purpose Trust Fund</u>
<b>Additions:</b>	
Property tax	\$ 10,709
Interest income	217
Rental income	85
Miscellaneous revenues	19
Contribution from the City	<u>243</u>
Total additions	<u>11,273</u>
<b>Deductions:</b>	
Interest and amortization expense on bonds	5,896
Depreciation	438
Operating expenses	1,879
Loss on disposal of capital assets	<u>17,597</u>
Total deductions	<u>25,810</u>
Change in net position before special item	<u>(14,537)</u>
<b>Special item:</b>	
Transfers of capital assets to the City	<u>(22,087)</u>
Change in net position	(36,624)
Net position held in trust, July 1	<u>33,109</u>
Net position held in trust (deficit), June 30	<u><u>\$ (3,515)</u></u>