



City of Glendale, California
Popular Annual Financial Report

Year Ended June 30, 2015



GLENDALE

Downtown Dining & Shopping ↑

Alex Theatre ↑

Brand Boulevard of Cars ↑

Civic Center ↑



City of Glendale, California

City Council



Ara Najarian
MAYOR



Paula Devine
COUNCILMEMBER



Laura Friedman
COUNCILMEMBER



Vartan Gharpetian
COUNCILMEMBER



Zareh Sinanyan
COUNCILMEMBER



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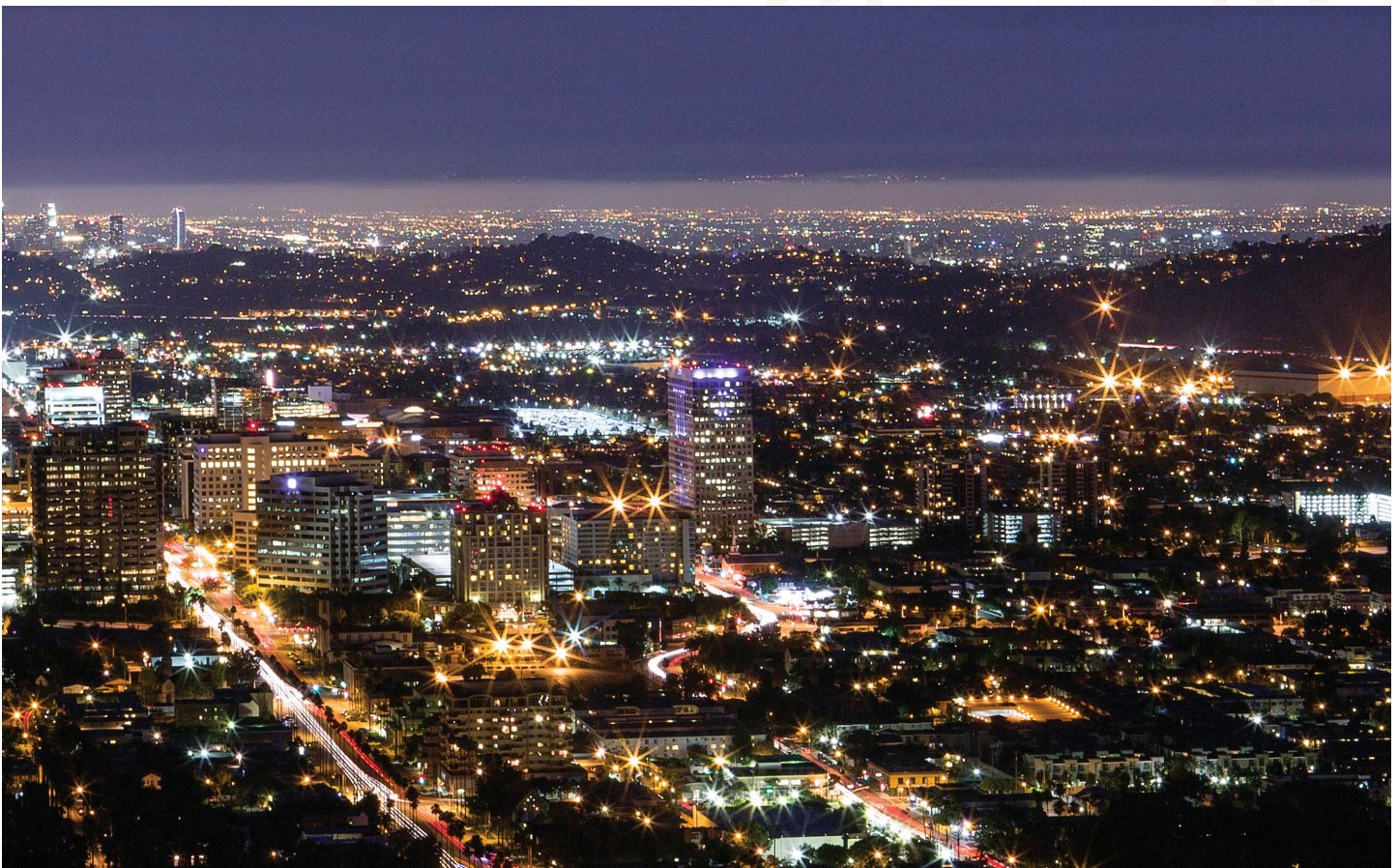
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Introduction

As part of our continuous effort to keep you informed about how your tax dollars are being spent, we are pleased to present the 2015 Popular Annual Financial Report (PAFR). The PAFR is a summary of the financial activities of the City, and most of the information is drawn from the City's 2015 Comprehensive Annual Financial Report (CAFR). Both reports are available for public viewing at the Finance department and online at <http://www.glendaleca.gov/government/departments/finance/accounting>. It is important to note that the financial data in this report is unaudited and presented on a GAAP (Generally Accepted Accounting Principles) basis with selected funds.

The information included in this report contains an overview of the City's economic outlook, an analysis of the City's financial position, and key financial information. In addition, the report highlights the City's investments, capital assets, and debts. Moreover, it provides in-depth analysis of the general fund and how the monies are received and spent.

We hope you enjoy reading this report and invite you to access our audited CAFR referenced above for more detailed information. Questions concerning either CAFR or PAFR can be addressed to Director of Finance, 141 North Glendale Avenue, Suite 346, Glendale, CA 91206.

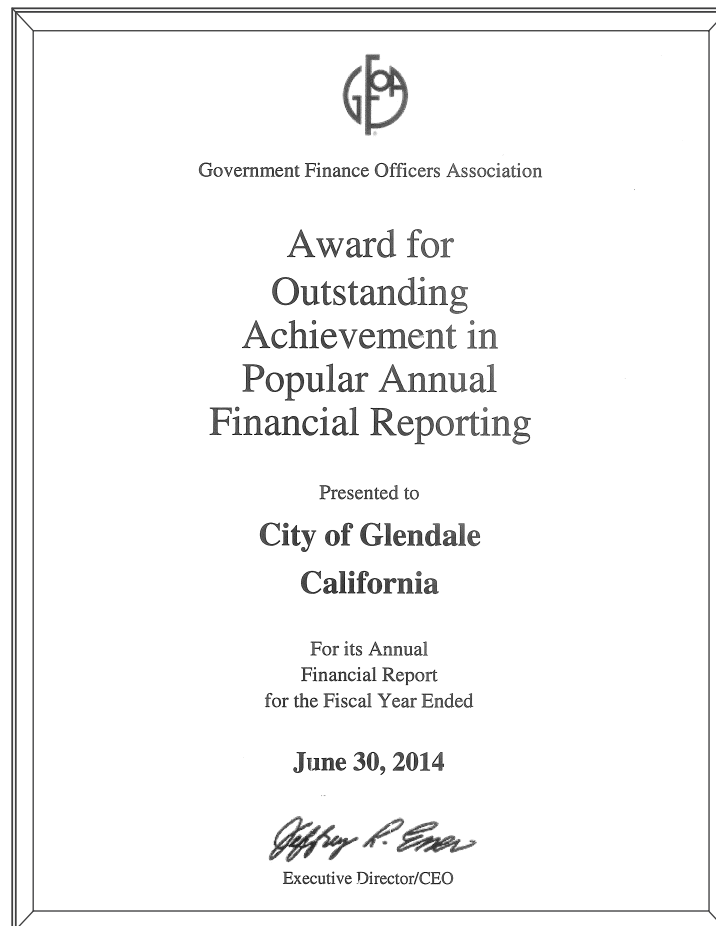


Outstanding Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Glendale for its Popular Annual Financial Report for the fiscal year ended June 30, 2014. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. City of Glendale has received a Popular Award for the last four consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, as we prepare for its submission to GFOA.



History

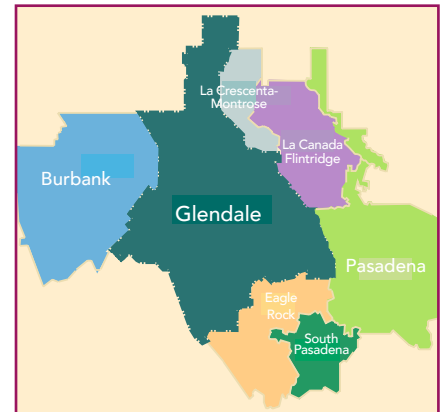
This area, originally consisting of 36,400 acres of woodland and grassland, was inhabited by the Native American Tongva people, and attracted the attention of Corporal Jose Maria Verdugo of the San Diego Company of the Spanish army. In 1784 Corporal Verdugo, a native of Baja California, received permission from his army commander to settle and graze this land. In 1798 he retired from the army to become a full-time rancher. His ranch, Rancho San Rafael, supported herds of cattle, horses, sheep, mules, watermelons, corn, beans, peppers, and fruit. Señor Verdugo's route to and from Los Angeles, via San Fernando Road at his property's southern edge, came to be known as Verdugo Road. The next half-century brought many changes, with California being ceded to the United States in 1848, being admitted as a state in 1850, and the railroads being built to link Glendale to Los Angeles and destinations beyond.

In the years that followed, the Great Partition paved the way for more American settlers, who cleared the cactus and sagebrush for the purpose of establishing fruit orchards. Following Thanksgiving dinner in 1883, settlers met at the schoolhouse (which also served as the community church) on lower Verdugo Road to discuss the possible names for the town. Ultimately, a young female painter from Chicago offered the two-word name "Glen Dale." By 1887, Glendale, having an established name and consisting of approximately 150 acres, was officially surveyed and recorded as a town and by the turn of the century, Glendale was rapidly becoming urbanized.

In 1902, the Glendale Improvement Society, under the leadership of Mr. Edgar D. Goode and Dr. D.W. Hunt, embarked on a campaign to advertise Glendale, develop new business, attract residents, and above all to bring the Los Angeles Interurban railroad to Glendale from Los Angeles. The tracks were laid in 1904 through a strip of land owned by Leslie C. Brand -- a location well to the west of the then main thoroughfare, Glendale Avenue. The railway (by then called the Pacific Electric) eventually helped shift the business center of Glendale to Brand Boulevard, and also sparked the desired population growth. Two short years later, Glendale was officially incorporated in 1906.

The City of Glendale currently consists of 34 neighborhoods which are delineated by streets, washes, and mountain ridges. Each neighborhood has a unique history and character and as these neighborhoods have developed, they have combined to form the City of Glendale as we know it today. Glendale is noted for its high quality of life and fiscal stability, and it is the 4th largest city in Los Angeles County.

Source: Glendale Historical Society & City of Glendale
www.glendalehistorical.org | www.glendaleca.gov



Area

- Total 30.7 sq mi (79.4 km²)
- Land 30.66 sq mi (79.3 km²)
- Water 0.04 sq mi (0.1 km²)

Elevation 522 ft. (159 m)

Population (January 1, 2015)

Dept. of Finance

- Total 199,182
- Density 6,488/sq mi

Zip Codes 91201-91210, 91221, 91222, 91225, 91226

Area Code 818

Website www.glendaleca.gov

Organizational Structure

City of Glendale Form of Government

Glendale is a full-service Charter City governed by a Council-Manager form of government. Five Councilmembers are elected at-large and serve 4-year staggered terms. Elections take place every other year during odd numbered years on the first Tuesday in April. The Mayor's position is filled by one of the Councilmembers, who vote each year to decide who will hold this honor. Other elected officials include the City Clerk and City Treasurer. The City Manager and City Attorney are appointed by the City Council.

A variety of Boards, Commissions, and Committees assist the City Council in serving the Glendale community. These bodies identify specific needs and problems within their purview. Each body meets on a regular basis and each meeting is open to the public. The length of member terms and the interval of appointments vary.

The City Manager, who is appointed by the City Council, acts as the chief executive officer responsible for the daily operations of the City. The City Manager appoints all non-elected department heads who are responsible for the daily operations within their individual departments. The City provides a full range of municipal services.

Executive Management Team

As of June 30, 2015

Scott Ochoa
City Manager

Yasmin K. Beers
Assistant City Manager

John Takhtalian
Deputy City Manager

Robert M. Castro
Police Chief

Cindy Cleary
Director of Library, Arts & Culture

Matthew Doyle
Director of Human Resources

Jess Duran
Director of Community Services & Parks

Robert P. Elliot, CPA
Director of Finance

Gregory Fish
Interim Fire Chief

Brian Ganley
Chief Information Officer

Michael J. Garcia
City Attorney

Roubik Golanian
Director of Public Works

Ardashes Kassakhian
City Clerk

Philip Lanzafame
Director of Economic Development

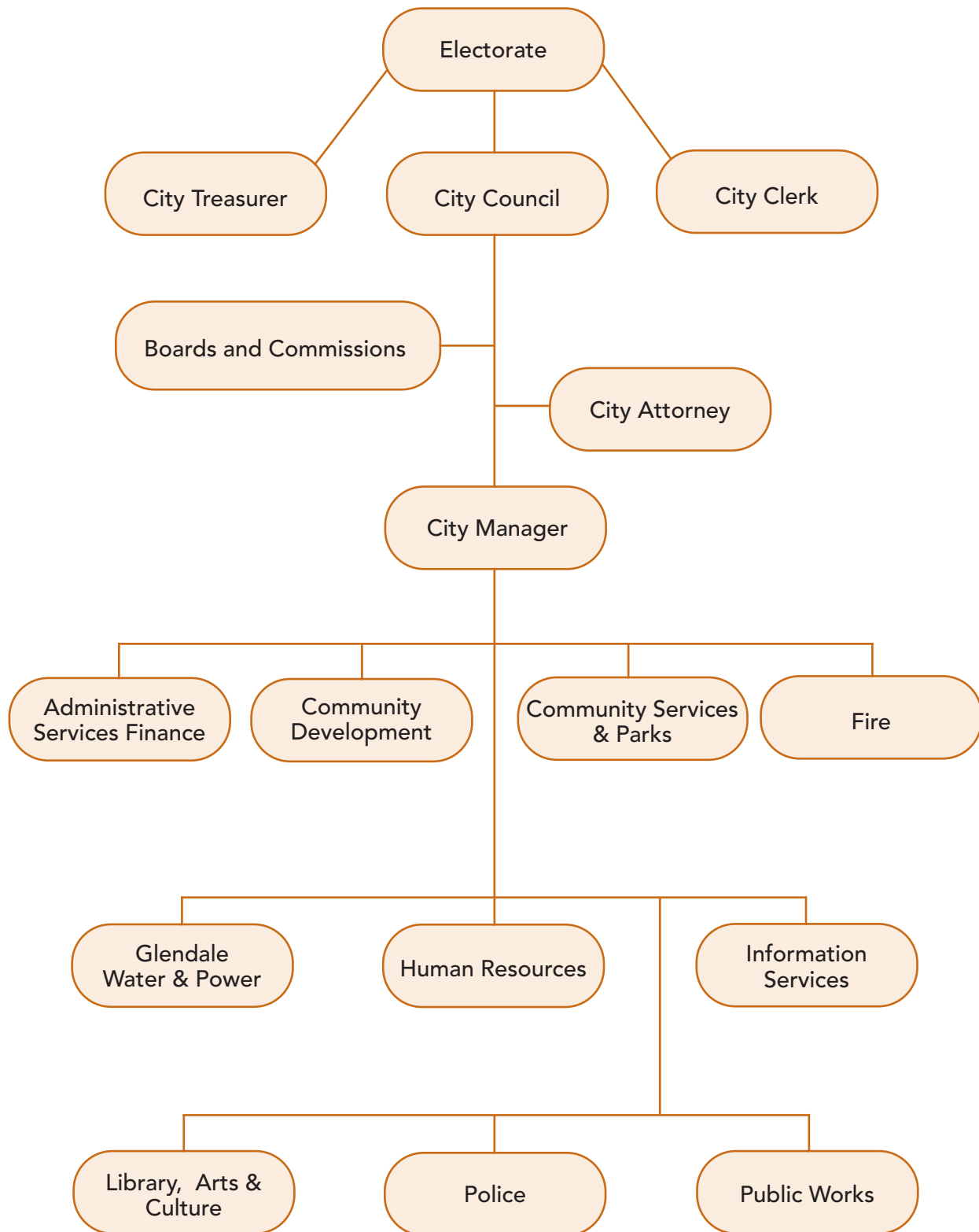
Philip Lanzafame
Interim Director of Community Development

Tom Lorenz
Director of Communications & Community Relations

Rafi Manoukian, CPA
City Treasurer

Stephen M. Zurn
General Manager of Glendale Water & Power

Organizational Chart



Economic Outlook

The Local Economy: Glendale has been exhibiting continued capital investment in the form of business expansion as well as attraction to Glendale’s central location, public safety records, and robust business environment. The Verdugo Region (Glendale/Burbank) of Southern California is home to a hub of businesses in the entertainment industry particularly known for production, animation, visual effects, and digital distribution. Glendale will benefit from growth in this sector through companies wanting to co-locate with Disney, DreamWorks, and hundreds of ancillary production and equipment firms. Also, the Glendale Galleria and Americana at Brand have both undergone expansion and renovation, reaffirming Glendale as one of the region’s leading shopping destinations. Additionally, many large development projects that have recently been completed or are underway in Glendale will provide approximately 3,500 new residential units and 210,000 square feet of commercial space. These investments by the business community indicate a continued confidence in Glendale.

Economic Development Highlights:

- Class A Office Attraction - Due to an increase in lifestyle amenities located in Downtown Glendale, more companies have relocated their offices to Glendale in the last five years. In 2015, the City met its goal of reducing Class A office vacancy.
- Glendale’s “18-hour City” - Sales tax records confirm that 2015 was a banner year for Glendale as a destination. On-trend restaurant chains, a new cultural venue, update to the Central Library, and the opening of the Museum of Neon Art will better serve the 18-hour community.
- Tech Focus - Glendale is already host to several companies that represent the highest technology innovations in their respective industries. Recently, Glendale developed a detailed implementation plan that further supports its technology based firms.

- Media Campaign - Glendale has been recognized as the Most Business Friendly City in L.A. County by the Los Angeles Economic Development Corporation. To further complement Glendale’s online presence, GlendaleBiz, a new social media campaign, has been initiated.
- Business Districts - Through partnerships with economic development staff, the Downtown Glendale Association, Montrose Shopping Park, Brand Boulevard of Cars, and others continue to be successful.

Employment: The largest industries in Glendale consist of healthcare, entertainment, and retail. The healthcare employment growth has been positive, because the increased volume of insured patients under the Affordable Care Act requires additional healthcare personnel. The entertainment industry is quickly growing as digital media and entertainment are rapidly becoming the norm. The retail sector continues to experience moderate growth as the region’s economy continues to recover from the effects of the Great Recession.

Housing: In FY 2014-15, Glendale experienced a net taxable property value increase of 5.2%. Compared to FY 2013-14, Glendale’s housing market showed a decrease in sales volume and an increase in average home price.

Top 10 Principal Employers	
<i>Employer</i>	<i>Number of Employees</i>
Glendale Adventist Medical Center	2,567
Glendale Unified School District	2,400
City of Glendale	2,017
Glendale Community College	1,877
Dream Works Animation	1,478
Glenair Inc.	1,300
Nestle Company	1,270
Glendale Memorial Medical Center	1,050
USC Verdugo Hills Hospital	656
Public Storage Inc.	338

Financial Highlights

(In Thousands)

- 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). Compared to FY 2013-14, the big increase in noncurrent liabilities and decrease in unrestricted net position are due to the recognition of net pension liability, resulted from the implementation of GASB 68 (Governmental Accounting Standards Board).
- 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.

Statement of Net Position as of June 30,

	Total		Increase/ (Decrease)
	2015	2014	Amount
Current and other assets	\$ 687,552	646,035	41,517
Capital assets	1,566,955	1,547,613	19,342
Deferred outflows of resources	31,287	1,291	29,996
Total assets and deferred outflows of resources	2,285,794	2,194,939	90,855
Current liabilities	72,688	77,197	(4,509)
Noncurrent liabilities	879,767	466,836	412,931
Deferred inflows of resources	89,228	-	89,228
Total liabilities and deferred inflows of resources	1,041,683	544,033	497,650
Net investment in capital assets	1,319,866	1,314,329	5,537
Restricted	80,082	78,992	1,090
Unrestricted	(155,837)	257,585	(413,422)
Total net position	\$ 1,244,111	1,650,906	(406,795)

Assets are resources owned and controlled by the City that are expected to benefit future operations.

Deferred outflows of resources are the consumption of net assets applicable to future reporting periods.

Liabilities are debt or obligations that the City must pay.

Deferred inflows of resources are the acquisition of net assets applicable to future reporting periods.

Net investment in capital assets represents the City's investment in capital assets, less any related outstanding debt used to acquire those assets.

Net position reflects the City's net worth.

(Net position = Assets + Deferred outflows of resources – Liabilities – Deferred inflows of resources)

General Fund

(In Thousands)

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund revenues exceeded its expenditures by \$3,318. The fund balance increased to \$71,975 from \$68,657 in prior year. The fund balance comprised of \$2,505 Nonspendable, \$23,433 Restricted for City Charter stabilization, \$5,218 Assigned and \$40,819 Unassigned.

In the next few sections of this document we will look at General Fund Revenues and Expenditures as well as General Fund available resources. In addition, we will provide a history of our property tax revenues in relation to enterprise fund transfers and additional detail on other major revenue categories.

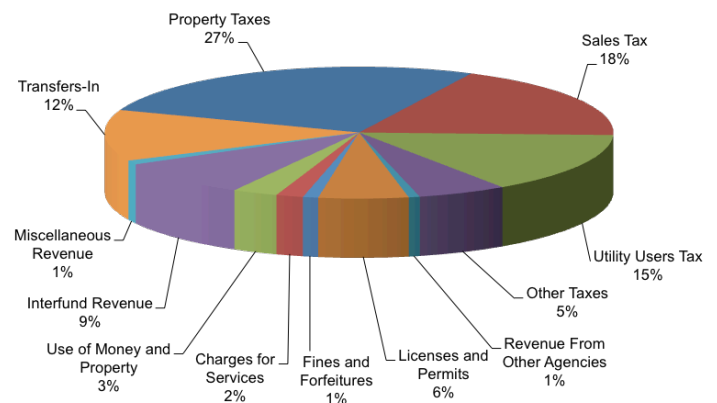
General Fund Revenues

(In Thousands)

Compared to prior fiscal year, the revenues of the City's General Fund have an increase of \$10,477 during the current fiscal year. This 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, licenses and permits revenues increased by \$1,430, which is mainly due to (i) some fee increases and (ii) more building permits were issued during the fiscal year.

Revenue by Source	FY2015	FY2014	FY2013
Property Taxes	\$ 50,883	47,623	45,943
Sales Tax	34,199	33,373	31,793
Utility Users Tax	27,766	27,018	26,968
Other Taxes	10,601	9,565	8,863
Revenue From Other Agencies	1,313	272	369
Licenses and Permits	10,617	9,187	8,336
Fines and Forfeitures	802	915	833
Charges for Services	3,218	2,327	2,063
Use of Money and Property	5,343	3,746	2,405
Interfund Revenue	16,577	16,182	14,921
Miscellaneous Revenue	1,883	2,267	2,653
Transfers In	23,407	23,657	23,907
Total Revenues	\$ 186,609	176,132	169,054



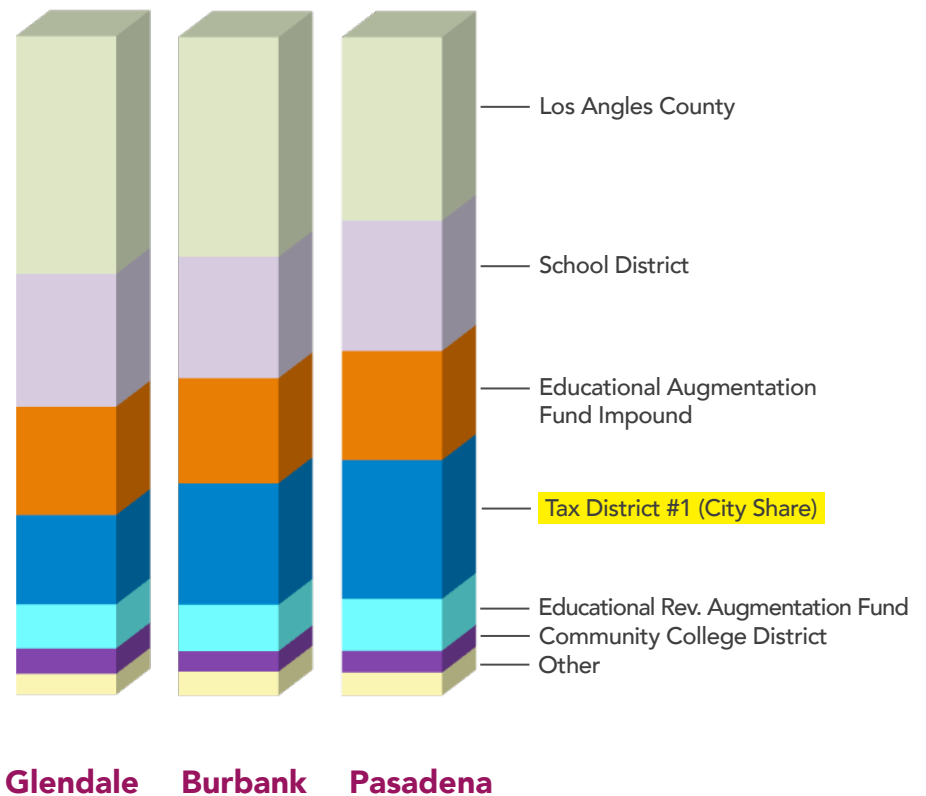
General Fund Revenues (continued)

Prior to Proposition 13, the City endeavored to levy as small a property tax on Glendale taxpayers as possible. The City's strategy was to draw funding from the utility company for general government. When Proposition 13 passed, it effectively eliminated the City's ability to determine the tax rate on property.

Proposition 13 set real estate property assessed values for tax purposes at the full 1975–1976 market value, limited real estate taxes to 1% of that value, and limited increases in assessed value to the lesser of the annual rate of inflation or 2%, unless a property was sold or improvements were added. Upon the sale of a property, the assessed value is based on the sale price. Subsequent legislation allowed for tax levies above the 1% Proposition 13 tax rate but only if the levy was approved by a two-thirds vote. Proposition 13 froze the City's share of the property tax revenues. As can be seen in the chart, Glendale's share of property tax rate is 13.57%. This share is considerably less than the property tax shares received by the neighboring cities of Burbank and Pasadena. The amount Glendale Water and Power transferred from the electric utility to the general fund was \$20.4 million in 2015. This represents 9% of Electric operating revenue, while the City Charter allows up to 25% to be transferred to general fund for each fiscal year.

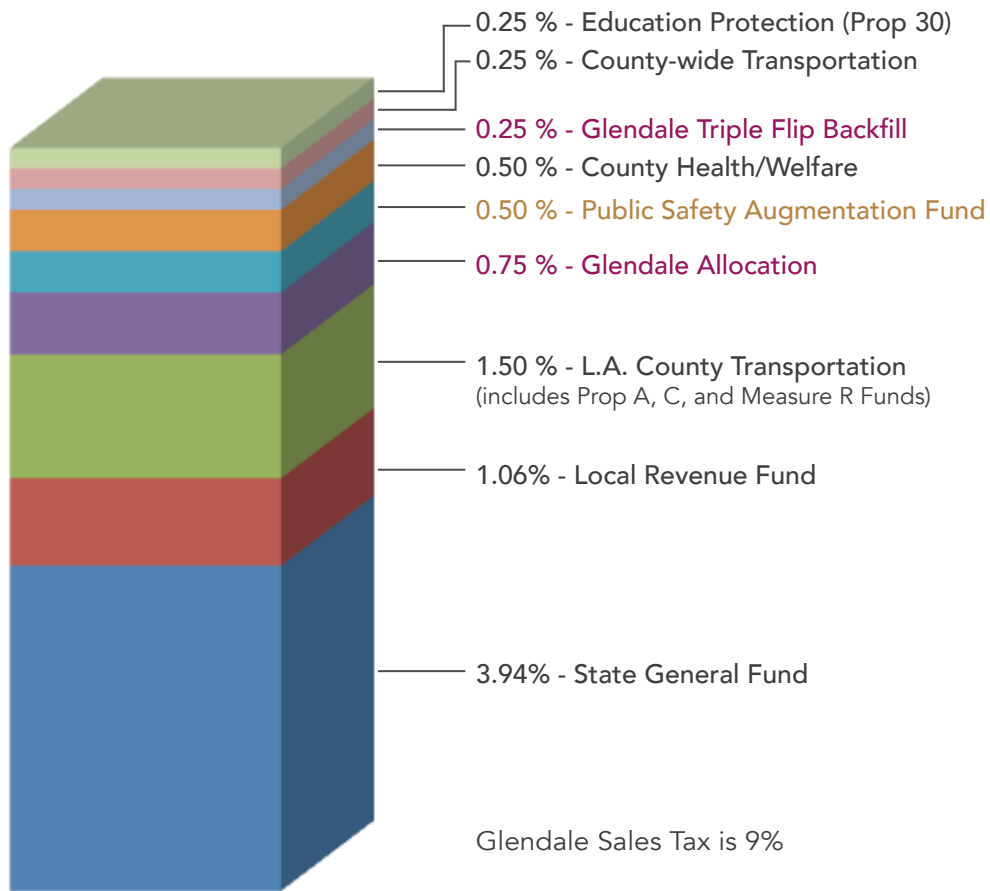
Property Tax Dollar Breakdown for Glendale, Burbank and Pasadena

	Glendale	Burbank	Pasadena
Los Angeles County	0.3612	0.3337	0.2788
School District	0.2016	0.1843	0.1977
Educational Augmentation Fund Impound	0.1645	0.1596	0.1659
Tax District #1 (City Share)	0.1357	0.1847	0.2109
Educational Revenue Augmentation Fund	0.0671	0.0704	0.0787
Community College District	0.0386	0.0312	0.0333
Other	0.0313	0.0361	0.0347



General Fund Revenues (continued)

Sales Tax Breakdown



Utility Users Tax			
	Glendale	Burbank	Pasadena
Telecommunication	6.50%	7.00%	8.28%
Video (Cable)	6.50%	-	9.40%
Electricity	7.00%	7.00%	7.67%
Water	7.00%	-	7.67%
Gas	7.00%	7.00%	7.90%

- In 2009 voters approved a rate reduction for Telecommunications and Video (reduced from 7% to 6.5%)

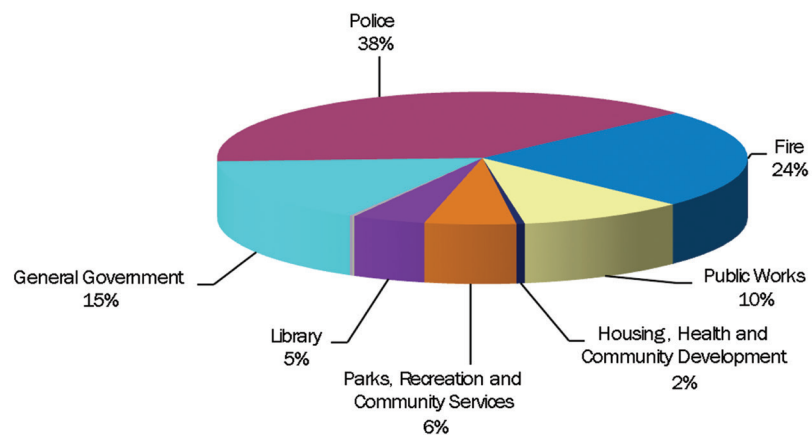
General Fund Expenditures

(In Thousands)

Expenditures by Function		FY2015	FY2014	FY2013
General Government	\$	27,236	27,005	22,826
Community Promotion		-	59	111
Police		69,024	66,201	64,364
Fire		42,555	41,244	39,350
Public Works		17,547	17,301	14,692
Housing, Health and Community Development		3,042	616	6,397
Employment Programs		-	263	221
Parks, Recreation and Community Services		9,703	9,457	8,841
Library		7,900	7,681	7,601
Capital		65	147	284
Transfers to Other Funds		6,219	390	1,044
Total Expenditures	\$	183,291	170,364	165,731

Overall, General Fund Expenditures increased by \$12,927 in FY 2014-15 compared to the prior year. Here are some of the key elements for the increase:

- Police and fire expenses increased by \$2,823 and \$1,311, respectively, during the current fiscal year, which is mainly due to higher workers' compensation and retirement benefit expenditures, resulting from higher compensation insurance and PERS rates.
- Transfers to Other Funds increased by \$5,829, because there was a one-time transfer of \$5,000 to the Capital Improvement Fund for the Central Library renovation.



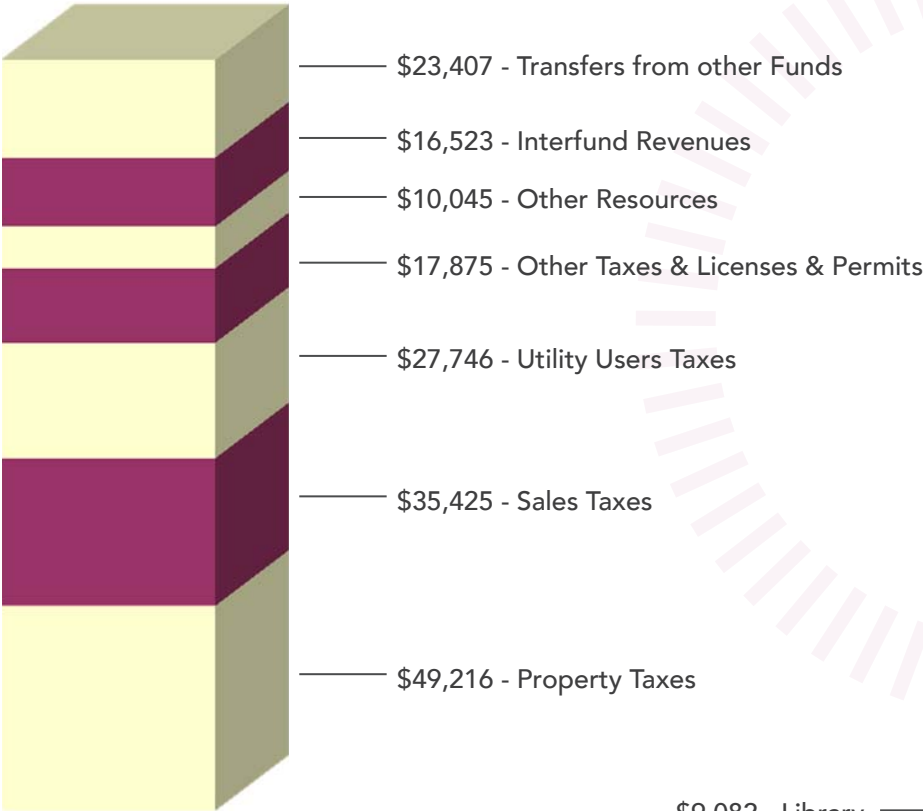
As we continue to cut cost, Glendale is still facing many challenges including:

- Cost increases due to retirement, workers' compensation and other employee benefits.
- Uncertainty of the Glendale Redevelopment Agency (GRA) loan repayment.
- Shoring up internal service funds.
- A stable funding source for General Fund Capital Improvement Projects.

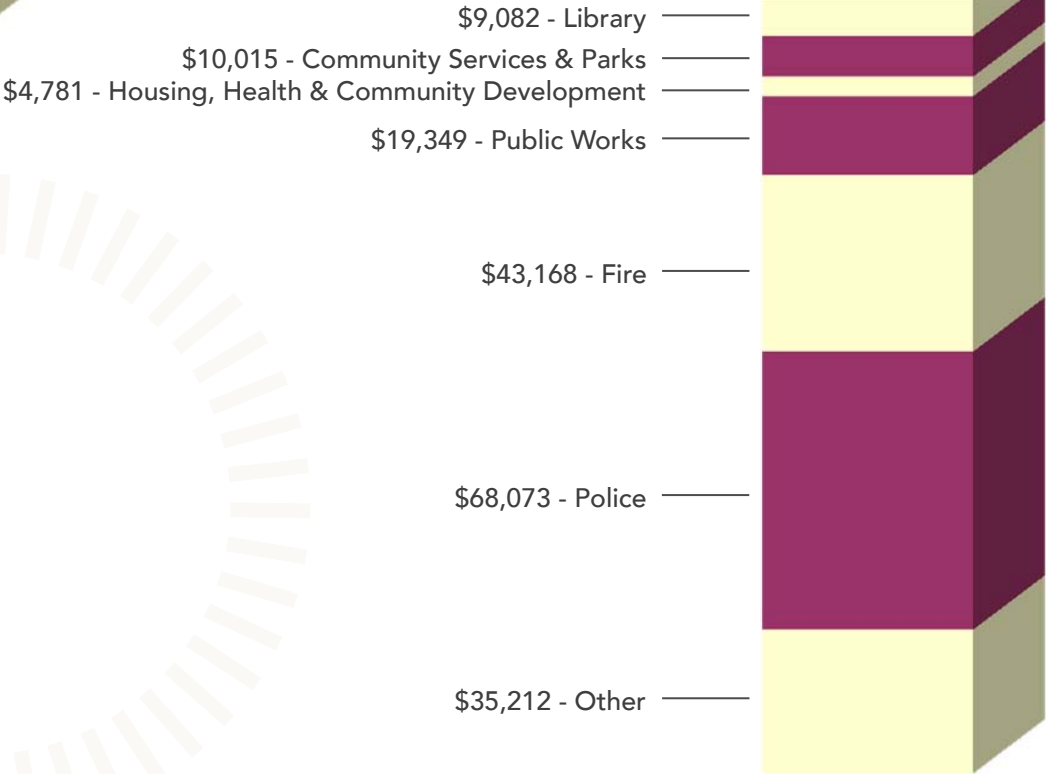
General Fund Resources vs. Appropriations

Final Budget (In Thousands)

Resources \$180,237

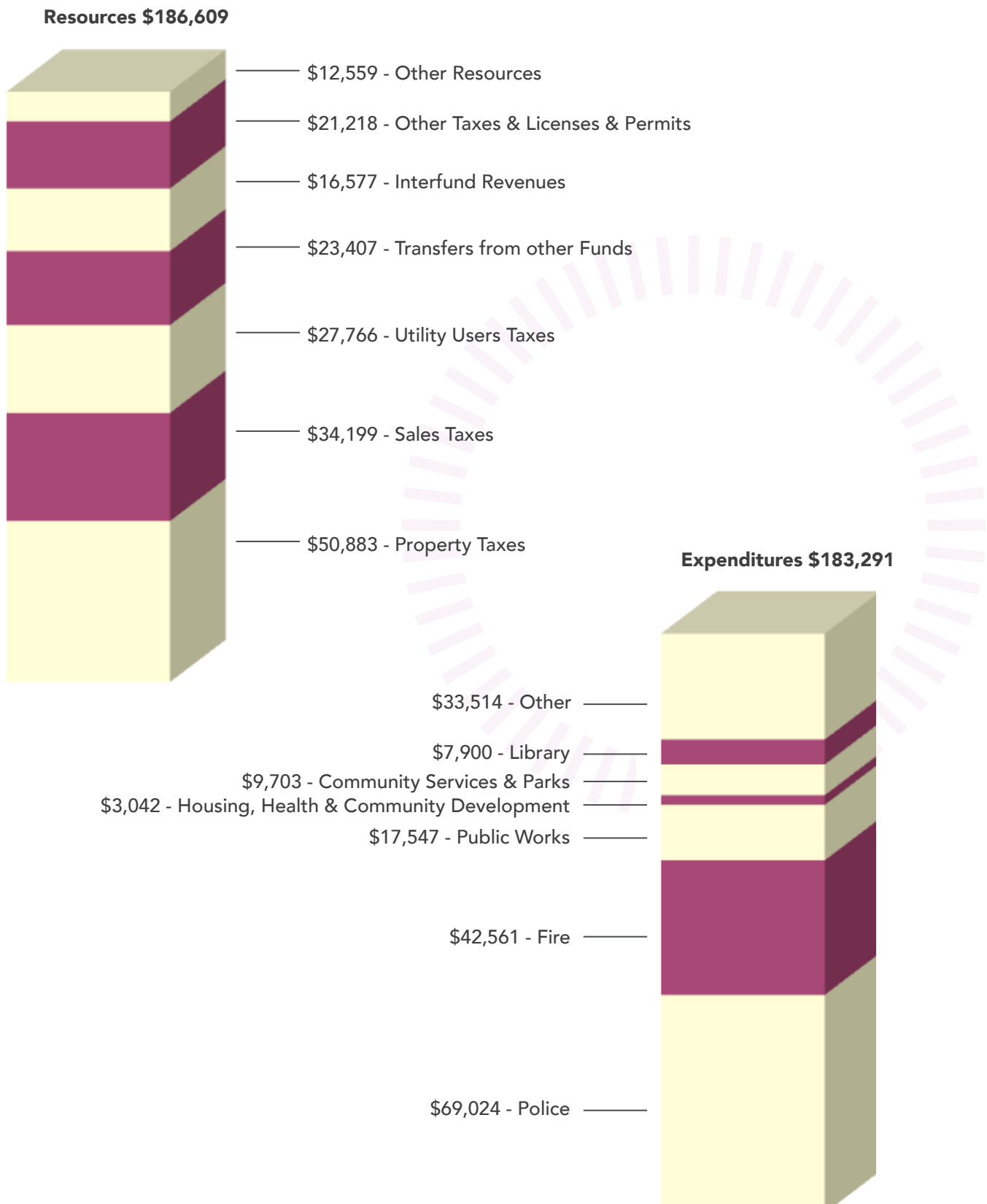


Appropriations \$189,680



General Fund Revenues vs. Expenditures

Actuals (In Thousands)

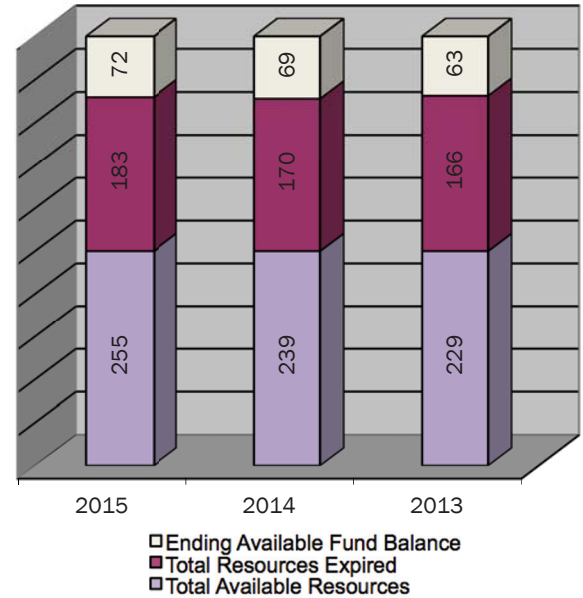


General Fund Available Resources

General Fund Available Resources (In Thousands)

General Fund Resources		FY 2015	FY 2014	FY 2013
Beginning Fund Balance	\$	68,657	62,889	59,566
Taxes		123,449	117,579	113,567
Other Revenue		39,753	34,896	31,580
Transfer From GWP		20,357	20,607	20,857
Other Transfers		3,050	3,050	3,050
Total Available Resources		255,266	239,021	228,620
Operating Expenditures		177,072	169,974	164,687
Operating Transfers-Out		6,219	390	1,044
Total Resources Expired		183,291	170,364	165,731
Ending Available Fund Balance	\$	71,975	68,657	62,889

General Fund Available Resources (In Millions)



The fund balance of the City's General Fund has a net increase of \$3,318 during the current fiscal year finishing at \$71,975 from \$68,657 compared to last year. This increase is primarily due to increase in property tax revenues, transient occupancy taxes, SB90 reimbursements, and licenses/permits. In addition, it is also due to management's ongoing effort to reduce expenditures especially contractual services and salary savings generated by existing vacancies.

General Fund Ratio (In Thousands)

General Fund		FY 2015	FY 2014	FY 2013
Unassigned Fund Balance	\$	40,819	36,480	38,082
City Charter		23,433	22,593	22,228
Committed		-	7,000	-
Total	\$	64,252	66,073	60,310
Original Total Adopted Budget (for the following fiscal year)	\$	182,891	181,502	170,732
Charter Reserve Ratio		35.1%	36.4%	35.3%

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.

Business-Type Activities

Business-type activities, which consist of enterprise funds, are used to account for a government's ongoing programs and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows. They are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services which are supported primarily by user charges. The following table comprises the City's enterprise funds.

Effective June 30, 2015, Recreation Fund, Hazardous Disposal Fund and Parking Fund are 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.

Major Funds:	
Sewer Fund	Used to account for operations and maintenance of the sewer system. The service is primarily contracted with the City of Los Angeles.
Electric Fund	Used to account for the operations of the City-owned electric utility services.
Water Fund	Used to account for the operations of the City-owned water utility services.
NonMajor Funds:	
Recreation Fund	Used to account for recreation programs of the Parks, Recreation, and Community Services department on a proprietary user fee basis.
Hazardous Disposal Fund	Used to account for operations of the toxic waste disposal in the City.
Parking Fund	Used to account for operations of City-owned public parking lots and garages.
Refuse Disposal Fund	Used to account for operations of the City-owned refuse collection and disposal services.
Fire Communication Fund	Used to account for monies received and expended, as the lead city, for the tri-city (Burbank, Glendale, and Pasadena) fire communication operations.

Business-Type Activities Highlights

(In Thousands)

Change In Net Position	Business-type activities	
	FY2015	FY2014
Program revenues:		
Charges for services	\$ 318,216	292,602
Operating grants and contributions	120	299
Capital grants and contributions	2,306	796
Investment income	1,915	2,725
Other	8,593	11,505
Total revenues	331,150	307,927
Expenses:		
Recreation	2,584	2,338
Hazardous disposal	1,511	1,170
Fire communications	2,965	2,521
Parking	7,702	6,317
Sewer	17,421	14,353
Refuse disposal	18,519	16,143
Electric	187,864	179,322
Water	45,068	42,927
Total expenses	283,634	265,091
Excess (deficiency) before transfers	47,516	42,836
Transfers	(62,859)	(23,970)
Change in net position	(15,343)	18,866
Net position – Beginning of the year, as restated	617,357	681,667
Net position – End of the year	\$ 602,014	700,533

Statement of Net Position	Business-type activities	
	FY2015	FY2014
Current and other assets	\$ 326,366	326,309
Capital assets	643,611	673,807
Deferred outflows of resources	6,239	1,291
Total assets and deferred outflows of resources	976,216	1,001,407
Current liabilities	24,709	36,168
Noncurrent liabilities	330,701	264,706
Deferred inflows of resources	18,792	-
Total liabilities and deferred inflows of resources	374,202	300,874
Net investment in capital assets	437,125	484,467
Restricted	5,669	5,669
Unrestricted	159,220	210,397
Total net position	\$ 602,014	700,533

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.

- 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.

- 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.

Cash Management

(In Thousands)

To obtain flexibility in cash management, the City employs a pooled cash system. Under the City's pooling concept, all available cash is invested daily in various securities, while still maintaining reasonable liquidity to meet maturing obligations and maximizing return through the use of competitive rate comparisons from various investment sources.

The City manages its pooled idle cash and investments under a formal investment policy that follows the guidelines of the State of California Government Code, which is then reviewed by the Investment Committee and adopted by the City Council. Individual investments cannot be identified with any single fund because the City may be required to liquidate its investments at any time to cover large outlays required in excess of normal operating needs. Funds must request large outlays in advance in order for the City Treasurer to have the funding available.

Interest income from the investment of pooled cash is allocated to all funds monthly (except Capital Improvement Funds), based upon the prior month's ending cash balance in each fund as a percent of the month end total pooled cash balance. The City normally holds the investment to term; therefore, no realized gain/loss is recorded.

Interest rate risk is the risk that fluctuations in market rates may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The City manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations as of June 30, 2015 is provided by the following table that shows the distribution of the City's investment by maturity:

	Remaining Maturity (In Months)				
	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Federal Agency Term Notes	\$ 46,091	5,007	3,492	37,592	-
Federal Agency Callable Bonds	93,268	5,007	-	88,261	-
Medium Term Notes	83,127	10,012	12,830	60,285	-
Obligations of Other States	26,543	-	-	26,543	-
State and Municipal Bonds	45,358	2,006	7,785	35,567	-
State Investment Pool	160,609	160,609	-	-	-
Los Angeles County Pool	38,052	38,052	-	-	-
Money Market Mutual Fund	19,819	19,819	-	-	-
Held by Fiscal Agents:					
Guaranteed Investment Contracts	2,398	-	-	-	2,398
U.S. Treasury Notes	2,258	2,258	-	-	-
Money Market Mutual Fund	7,558	7,558	-	-	-
	<u>\$ 525,081</u>	<u>250,328</u>	<u>24,107</u>	<u>248,248</u>	<u>2,398</u>

Capital Assets

(In Thousands)

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, intangible and construction in progress.

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
- Electric Fund increased its construction in progress by \$11,173. This increase is mainly 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.
- Water Fund increased its construction in progress by \$16,294. This increase is mostly due to adoption of a multi-year capital improvement program for water works projects.
- 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.

	Governmental Activities		Business-type Activities		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
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

Debt

(In Thousands)

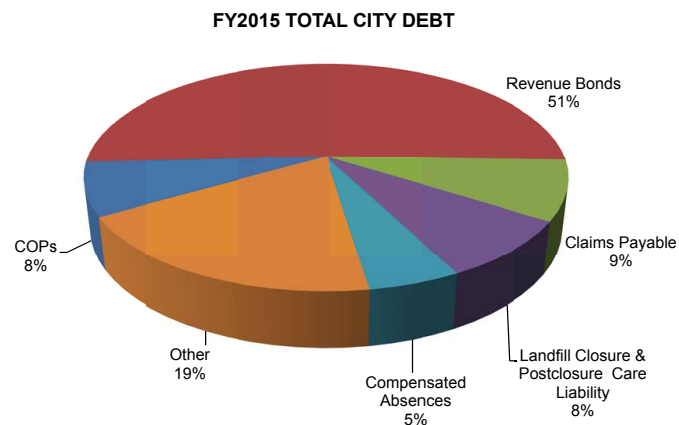
At June 30, 2015, the City had total debt outstanding of \$509,200, an increase of \$19,576 or 4%. The increase was due to increases in post-employment benefits of \$18,921, compensated absences of \$8,176, and landfill post-closure care of \$1,108.

As of June 30, 2015 City's Debt is comprised of the following:

Debt Composition	FY 2015	FY 2014
Certificates of Participation (Police Facility)	\$ 38,400	41,195
Revenue Bonds	261,021	264,713
Claims Payable	43,202	44,497
Landfill Closure & Post-closure Care Liability	42,918	41,810
Compensated Absences	26,568	18,392
Other	97,091	79,017
Total General Long-term Debt	\$ 509,200	489,624

The City continues to maintain strong credit ratings on all of its debt issues, despite the difficult financial and economic conditions the national and local economy has been faced with. The table below shows the latest ratings as determined by the three national rating agencies, Moody's, Standard & Poor's, and Fitch Ratings' as of June 30, 2015.

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



Financial Ratios

(In Thousands)

Liquidity Ratios

The current ratio and quick ratio indicate the City's ability to pay its obligations. The current ratio represents the number of times the City's current assets could cover current liabilities. The quick ratio is the conservative version of the current ratio. It takes inventories out of the equation to include very liquid assets only. For the City of Glendale, the ratios illustrate the City's ability to pay its current liabilities 7.35 times in FY 2014-15.

Liquidity Ratios:	FY 2015	FY 2014	FY 2013
Total Current Assets	\$ 534,249	481,722	434,212
Total Current Liabilities	\$ 72,688	77,197	78,189
Total Inventories	\$ 6,314	6,128	6,907
Current Ratio	7.35	6.24	5.55
Quick Ratio	7.26	6.16	5.47

Debt Ratios

The debt ratio and debt-to-equity ratio measure the City's financial leverage. The debt ratio measures the City's obligations against its assets, while the debt-to-equity ratio measures the City's obligations against its net position. Between FY 2013-14 and FY 2014-15, the City of Glendale's debt ratio has increased from 25% to 42% and the debt-to-equity ratio has increased from 33% to 77%. As a result of the implementation of GASB 68 during FY 2014-15, the City recognized a net pension liability of \$394,040, which caused an increase to the debt ratio and debt-to-equity ratio.

Debt Ratios:	FY 2015	FY 2014	FY 2013
Total Assets	\$ 2,254,507	2,193,648	2,100,297
Total Liabilities	\$ 952,455	544,033	470,822
Total Net Position	\$ 1,244,111	1,650,906	1,630,918
Debt Ratio	42%	25%	22%
Debt To Equity Ratio	77%	33%	29%

Window To The Future

Glendale is a thriving cosmopolitan city and has seen a surge of private investment in its downtown. Glendale is well positioned to continue to be a burgeoning City which attracts more business, visitors, and residents. Here are some of the notable future projects which will be completed in the next few years:



New Hotels: Hampton Inn and Hyatt Hotel - To meet the growing demand of visitors, employers, and residents, hotel development has been a strong part of the City's attraction and recruitment efforts for Downtown Glendale. Expecting completion in spring 2016, the Hampton Inn & Suites will be a five-story 94-room hotel on Colorado Street just south of Brand Boulevard. The Hyatt will be located on the corner of Wilson and Central, and is expected to be completed mid-2017. The 11-story 172-room hotel will help meet the increasing demand for hotels.



Affordable Housing: Arts Colony - In an ongoing commitment to provide quality, low income housing to Glendale residents, the City and partners broke ground on a 70-unit affordable housing project for local artists. The five-story colony, located at 121 North Kenwood Street, will feature a public/private art gallery, idea lab, digital media lab, and music room. The project is expected to be completed by September 2016.



Arts & Entertainment District: Laemmle - Glendale's Arts & Entertainment District provides cultural opportunities for those who live, work, and play in Glendale. Currently under construction in the District, the Laemmle Lofts is a mixed-use apartment project featuring a five-screen Laemmle theater. The four-story project will include 42 apartments above commercial space on the ground level. The project is located on the corner of Wilson Ave and Maryland Ave and is expected to be completed spring 2017.



Mixed Use Developments - Ten years ago, Glendale set out to create a walkable vibrant downtown with the Downtown Specific Plan (DSP). By focusing on mixed use developments, those that live in the apartments have amenities such as restaurants and retail built right in, in addition to all the downtown offers. Mixed use developments currently under construction in the downtown include 301 N Central (six-story, 84-unit mixed use) and 319 N Central / 312 Myrtle St (six-story, 94 unit mixed use).

City by The Numbers

Property Tax Rate	1.0854%
Unemployment Rate	8.00%
Standard & Poor's Bond Rating	AA+, A+ & AA-
Moody's Bond Rating	A1, Aa2 & Aa3
Fitch Bond Rating	AA+, AA & A+
Current Ratio	7.35 times
Debt Ratio	42%
Total Assets	\$2,255 million
Total Debt	\$509 million
Total Net Position	\$1,244 million
Population	199,182
School Enrollment	45,723
Percent High School Graduate or Higher	84.4%
Per Capita Personal Income	\$28,912
Total Personal Income	\$5,759 million
Median Age	40.7
Adopted Annual Budget FY 2014-15	\$833 million
City Website	http://www.glendaleca.gov
City Address	613 E. Broadway, Glendale, CA 91206
City Phone	(818) 548-4844



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