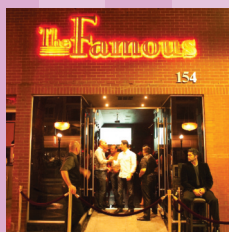


Financial Section

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 Basic 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, 2016, 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, 2016, 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) Statements No. 72, *Fair Value Measurement and Application*, and No. 82, *Pension Issues – an Amendment of GASB Statement No. 67, No. 68, and No. 73*, effective July 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 28, 2016, 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 28, 2016

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CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2016

(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, 2016. 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 – vii 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 2015-16 by \$1,496,644 (net position), which was comprised of net investment in capital assets of \$1,311,654, restricted net position of \$115,950 and unrestricted net position of \$69,040. The unrestricted net position consisted of a negative \$153,423 for governmental activities and \$222,463 for business-type activities. The negative unrestricted net position for governmental activities was primarily due to the recognition of net pension liability.
- The City's total net position increased by \$252,533. Most of this increase was attributable to higher investment income, reinstatement of loans from Glendale Successor Agency to the City, transfer of capital assets from Glendale Successor Agency to the City, elimination of OPEB implied subsidy, and the extraordinary gain resulted from San Fernando Corridor project area tax increment funds transferring from Glendale Successor Agency to the City.
- As of the close of FY 2015-16, the City's governmental funds reported combined ending fund balances of \$263,743, an increase of \$63,487 in comparison with the prior year. About 17.7% of this total amount, \$46,609 was unassigned and available for spending at the government's discretion.
- At the end of FY 2015-16, charter required stabilization reserve of \$24,870, and unassigned fund balance of \$55,954 for the General Fund totaled \$80,824, representing about 42.1% of the final FY 2015-16 adopted budget of \$191,825. 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 and liabilities decreased by \$89,861 (17.7%) in FY 2015-16. The factors of this decrease were a combination of items such as a decrease of claims payable of \$1,260; a decrease of post-employment benefits of \$86,709; an increase of compensated absences of \$1,166; and an increase of landfill postclosure care of \$1,766; as well as decreases in outstanding bonds payable and other long-term liabilities through regular annual debt retirements and refunding of Electric revenue bonds, 2006 and 2008 series.

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.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2016

(in thousands)

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 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 fire communications, sewer, refuse disposal, electric, and water.

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2016

(in thousands)

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

The City maintains 45 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 42 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.

The basic governmental fund financial statements can be found on pages 26-39 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 refuse disposal, fire communications, sewer, 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 40-44 of this report.

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

Since the resources of fiduciary fund are not available to support the City's own programs, it is not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on pages 45-46 of this report.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2016

(in thousands)

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 47-99 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 101-105 of this report. Combining and individual fund statements and schedules can be found on pages 107-170 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 \$1,496,644 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (87.6%) reflected its net investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment) less any related debt used to acquire those assets that was still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported as net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 480,436	361,186	364,184	326,366	844,620	687,552
Capital assets	926,004	923,344	654,773	643,611	1,580,777	1,566,955
Deferred outflows of resources	28,510	25,048	11,309	6,239	39,819	31,287
Total assets and deferred outflows of resources	<u>1,434,950</u>	<u>1,309,578</u>	<u>1,030,266</u>	<u>976,216</u>	<u>2,465,216</u>	<u>2,285,794</u>
Current liabilities	62,749	47,979	35,428	24,709	98,177	72,688
Noncurrent liabilities	490,694	549,066	335,537	330,701	826,231	879,767
Deferred inflows of resources	35,651	70,436	8,513	18,792	44,164	89,228
Total liabilities and deferred inflows of resources	<u>589,094</u>	<u>667,481</u>	<u>379,478</u>	<u>374,202</u>	<u>968,572</u>	<u>1,041,683</u>
Net investment in capital assets	888,998	882,741	422,656	437,125	1,311,654	1,319,866
Restricted	110,281	74,413	5,669	5,669	115,950	80,082
Unrestricted	<u>(153,423)</u>	<u>(315,057)</u>	<u>222,463</u>	<u>159,220</u>	<u>69,040</u>	<u>(155,837)</u>
Total net position	<u>\$ 845,856</u>	<u>642,097</u>	<u>650,788</u>	<u>602,014</u>	<u>1,496,644</u>	<u>1,244,111</u>

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2016

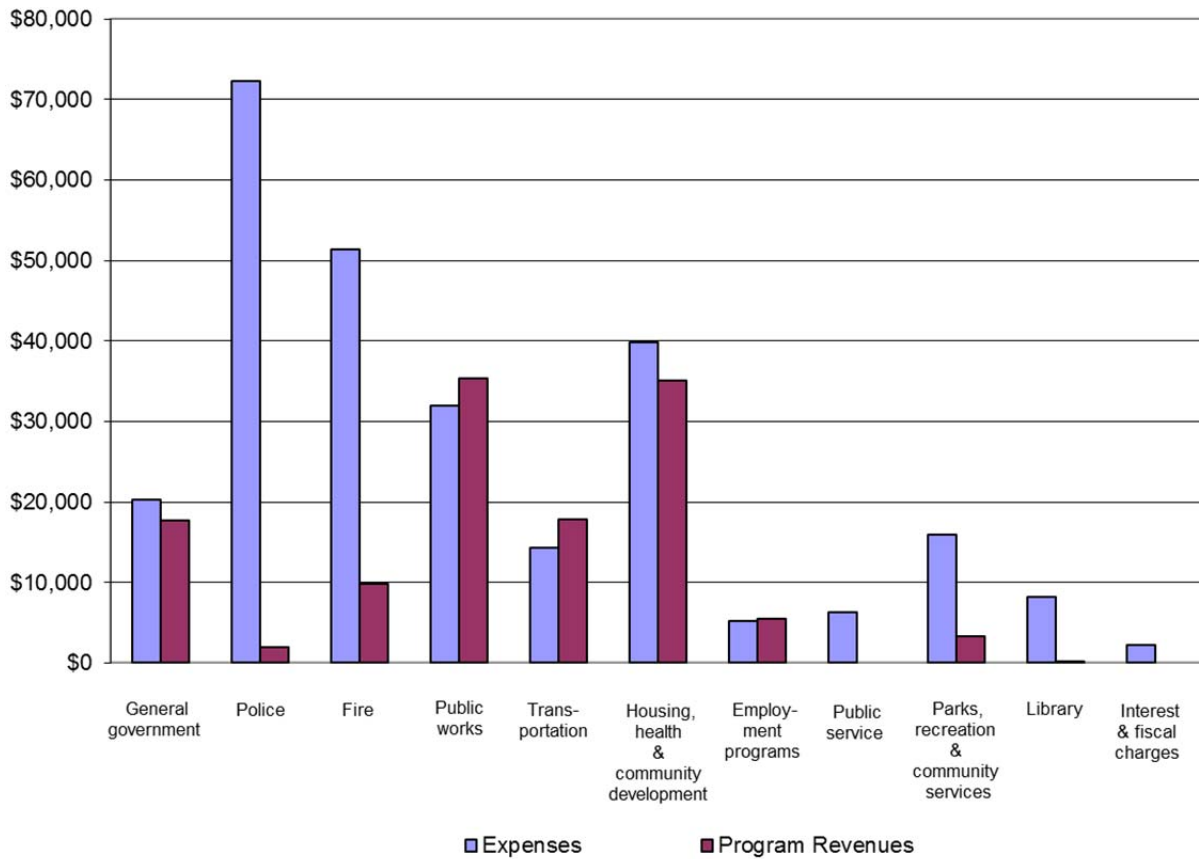
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As noted above, 7.7% of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$69,040 may be used to meet the government's ongoing obligations to citizens and creditors. Of this total, \$223,463 is in business-type activities such as electric, water, and sewer utilities.

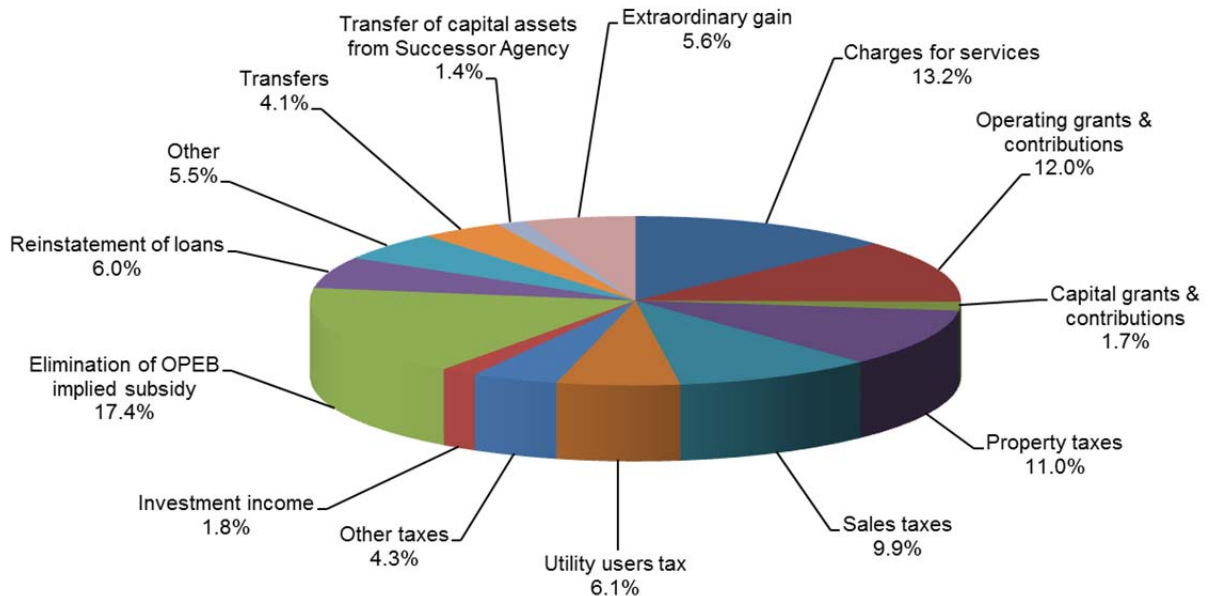
Governmental activities. Governmental activities increased the City's net position by \$203,759. Key elements of this increase are as follows:

- Charges for services increased by \$13,441 (27.5%) during the current fiscal year mainly due to the reclassification of Recreation Fund, Hazardous Disposal Fund and Parking Fund from business-type activities to governmental activities.
- Investment income increased by \$6,895 (441.7%) during the current fiscal year. The City portfolio had a better performance in the current fiscal year primarily due to higher portfolio value and rate of return ended at 1.30%, up by 10 basis points compared to previous fiscal year. The City portfolio had a 12-month average rate of return of 1.24% compared to 1.08% in the previous fiscal year.
- General government expense decreased by \$27,487 (57.5%) and the City's net OPEB obligation had a large decrease of \$82,247 (100.0%) during the current fiscal year. Both decreases were due to the elimination of the OPEB implied subsidy. In October 2015, the City Council approved unblending medical insurance premium rates between active employees and retired employees effective June 1, 2016, and authorized low income cash subsidies for existing retired employees currently participating in the City's retiree medical insurance plans who meet specific criteria. See Note 10 for more information.
- In FY 2015-16, Museum of Neon Art (MONA) building and Central Avenue improvements project capital assets in the amount of \$6,729 were transferred from Glendale Successor Agency to the City.
- An extraordinary gain of \$26,490 (100.0%) was recorded during the current year for the transfer of the San Fernando Corridor project area tax increment funds from Glendale Successor Agency to the City. The County of Los Angeles approved the transfer due to the dissolution of Glendale Redevelopment Agency pursuant to AB 1x 26.
- \$28,029 (100.0%) was a reinstatement of the loans from Glendale Successor Agency to the City. Department of Finance approved the loans as an enforceable obligation of Glendale Successor Agency to the City.

Expenses and Program Revenues – Governmental Activities



Revenues, Transfers, Special items, Extraordinary item, and Other increases by Source – Governmental Activities



CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2016

(in thousands)

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

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 62,371	48,930	306,996	318,216	369,367	367,146
Operating grants and contributions	56,398	55,415	54	120	56,452	55,535
Capital grants and contributions	8,083	6,969	305	2,306	8,388	9,275
General revenues:						
Taxes:						
Property taxes	51,709	50,883	-	-	51,709	50,883
Sales taxes	46,651	36,330	-	-	46,651	36,330
Utility users tax	28,662	27,766	-	-	28,662	27,766
Other taxes	20,378	17,305	-	-	20,378	17,305
Investment income	8,456	1,561	4,899	1,915	13,355	3,476
Other	25,988	22,766	7,702	8,593	33,690	31,359
Reinstatement of loans	28,029	-	-	-	28,029	-
Total revenues	<u>336,725</u>	<u>267,925</u>	<u>319,956</u>	<u>331,150</u>	<u>656,681</u>	<u>599,075</u>
Expenses:						
General government	20,335	47,822	-	-	20,335	47,822
Police	72,274	74,596	-	-	72,274	74,596
Fire	51,386	48,796	-	-	51,386	48,796
Public works	31,925	26,558	-	-	31,925	26,558
Transportation	14,367	15,222	-	-	14,367	15,222
Housing, health and community development	39,860	42,472	-	-	39,860	42,472
Employment program	5,265	5,557	-	-	5,265	5,557
Public service	6,230	5,895	-	-	6,230	5,895
Parks, recreation and community services	15,889	13,325	-	-	15,889	13,325
Library	8,222	8,392	-	-	8,222	8,392
Interest and fiscal charges	2,203	1,398	-	-	2,203	1,398
Recreation	-	-	-	2,584	-	2,584
Hazardous disposal	-	-	-	1,511	-	1,511
Fire communications	-	-	3,149	2,965	3,149	2,965
Parking	-	-	-	7,702	-	7,702
Refuse disposal	-	-	18,518	18,519	18,518	18,519
Sewer	-	-	15,327	17,421	15,327	17,421
Electric	-	-	172,647	187,864	172,647	187,864
Water	-	-	42,017	45,068	42,017	45,068
Total expenses	<u>267,956</u>	<u>290,033</u>	<u>251,658</u>	<u>283,634</u>	<u>519,614</u>	<u>573,667</u>
Excess (deficiency) before transfers, special items and extraordinary gain	68,769	(22,108)	68,298	47,516	137,067	25,408
Transfers	19,524	62,859	(19,524)	(62,859)	-	-
Special item: Transfer of capital assets	6,729	22,087	-	-	6,729	22,087
Special item: Elimination of OPEB implied subsidy	82,247	-	-	-	82,247	-
Extraordinary gain	26,490	-	-	-	26,490	-
Change in net position	<u>203,759</u>	<u>62,838</u>	<u>48,774</u>	<u>(15,343)</u>	<u>252,533</u>	<u>47,495</u>
Net position – Beginning of the year	<u>642,097</u>	<u>579,259</u>	<u>602,014</u>	<u>617,357</u>	<u>1,244,111</u>	<u>1,196,616</u>
Net position – End of the year	<u>\$ 845,856</u>	<u>642,097</u>	<u>650,788</u>	<u>602,014</u>	<u>1,496,644</u>	<u>1,244,111</u>

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2016

(in thousands)

Business-type activities. Business-type activities net position increased by \$48,774. Key elements of this increase are as follows:

- Charges for services decreased by \$11,220 (3.5%) during the current fiscal year. In spite of higher electric and water retail sales, the decrease was mainly due to the reclassification of Recreation Fund, Hazardous Disposal Fund, and Parking Fund to special revenue funds.
- Operating and capital grants and contributions decreased by \$2,067 (85.2%) during the current fiscal year. The decrease was mainly due to completion of Prop 50 state grant for phase 3, chromium 6 demonstration projects and a one-time reimbursement of \$1,279 from LADWP for the Bette Davis Water Project. As well as recycled water pipeline extension from the prior fiscal year, completion of grant from California Energy Commission for AMI Smart Grid project, and reclassification of Recreation Fund and Hazardous Disposal Fund grants to special revenue funds.
- Investment income increased by \$2,984 (155.8%) during the current fiscal year. The City portfolio had a better performance in the current fiscal year primarily due to higher portfolio value and rate of return ended at 1.30%, up by 10 basis points compared to previous fiscal year. The City portfolio had a 12-month average rate of return of 1.24% compared to 1.08% in the previous fiscal year.
- Other revenues decreased by \$891(10.4%) during the current fiscal year. The decrease was mainly due to a one-time write-off of unclaimed construction cash bond deposits and a refund from L.A. County Sanitation District due to billing error for Scholl Canyon Landfill maintenance charges in the Refuse Disposal Fund from the prior fiscal year, as well as an adjustment in Verdugo Fire Communication billing for capital maintenance for tri-cities. Also, the reclassification of Recreation Fund, Hazardous Disposal Fund, and Parking Fund to special revenue funds contributed to the decrease.
- Sewer expense decreased by \$2,094 (12.0%) during the current fiscal year. The decrease was mainly due to the completion and final payment of Glendale's share of the capital improvement costs at Los Angeles-Glendale Water Reclamation Plant.
- Electric expenses decreased by \$15,217 (8.1%) during the current fiscal year. The decrease was a result of a reduction in purchased power activities and decreased participation in natural gas activities.
- Water expenses decreased by \$3,051 (6.8%) during the current fiscal year. The decrease was mainly due to reduction of purchased water volume supplied by Metropolitan Water District (MWD) as a result of the water conservation mandates.
- Other expenses decreased by \$11,614 (34.9%) during the current fiscal year. The decrease was primarily attributable to the reclassification of Recreation Fund, Hazardous Disposal Fund, and Parking Fund to special revenue funds.

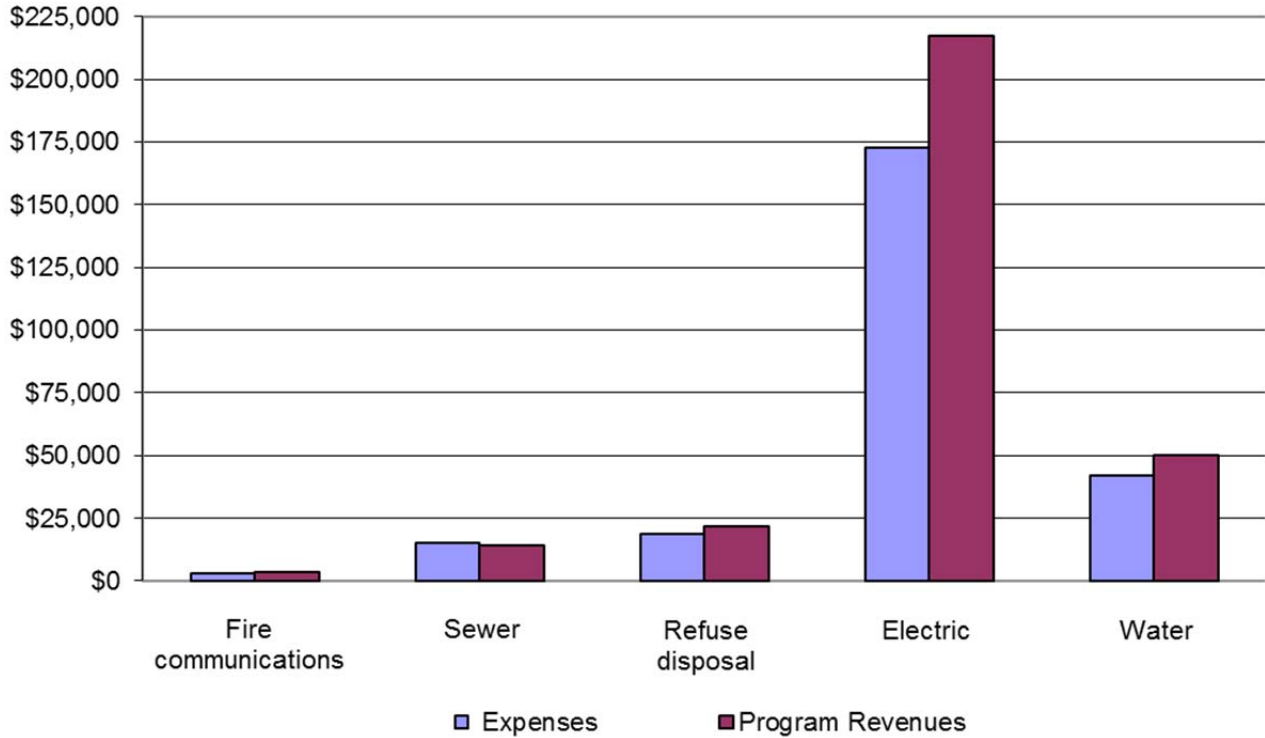
CITY OF GLENDALE

Management's Discussion and Analysis

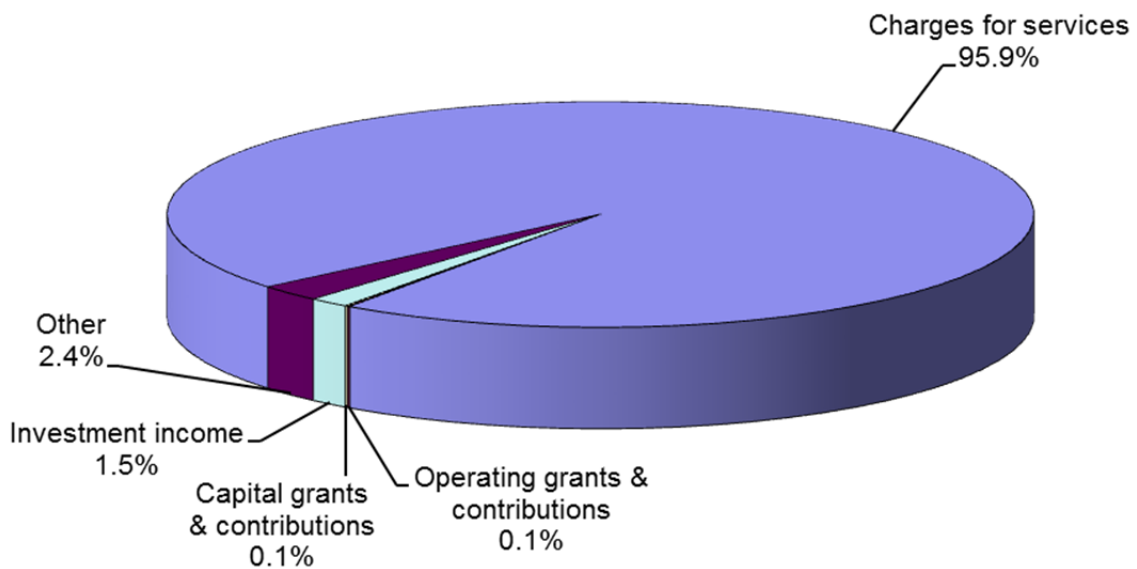
June 30, 2016

(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, 2016

(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 \$263,743, an increase of \$63,487 in comparison with the prior year. About 17.7% of this total amount, \$46,609, constituted unassigned fund balance, which was available for spending at the government's discretion. The remainder of fund balance in the amount of \$217,134 was not available for new spending because it was either nonspendable, restricted, committed or assigned. Nonspendable fund balance was \$3,393. Restricted fund balance was \$130,978, which was constrained by external creditors, grantors, laws or regulations of other governments and enabling legislation. Committed fund balance was \$75,437, and the assigned fund balance was \$7,326.

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 stabilization reserve of the General Fund were \$55,954 and \$24,870, respectively, while total fund balance was \$88,346. 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 stabilization reserve, totaling \$80,824, represented about 43.3% of FY 2015-16 General Fund expenditures plus transfers.

The fund balance of the City's General Fund had a net increase of \$16,371 during the current fiscal year. This net increase is primarily due to the following reasons:

- Compared to prior fiscal year, sales tax revenue increased by \$10,252, which was mainly due to unwinding of the Triple Flip and City's strong sales tax base. Factors that contributed to the City's strong sales tax base were auto industry, transportation, building and construction, restaurants and hotel segments.
- Compared to prior fiscal year, other taxes revenues increased by \$2,630, which was mainly due to higher transient occupancy tax and landfill host assessments. The transient occupancy tax rate was raised by the voters of Glendale to 12% from 10% in April 2015. Also, the landfill host assessment revenues increased because of the increased tonnage at the landfill in FY 2015-16.
- Compared to prior fiscal year, use of money and property increased by \$4,021, which was mainly due to higher loan repayment from Glendale Successor Agency to the City. On the other hand, investment income also increased because of the higher value of the City's portfolio and rate of return.

The Housing Assistance Fund (Section 8 grant) had a fund balance of \$5,107, an increase of \$492, compared to the prior fiscal year. The main reason was that the administrative expense is less than the administrative revenue earned because of efficient and effective administrative operations.

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The Capital Improvement Fund had a fund balance of \$11,295. In comparison with the prior fiscal year, the fund balance increased by \$1,921. The main reason of the increase was from higher landfill royalty tipping fee, which was due to increased tonnage at the landfill 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, net position was composed of \$213,650 for the Sewer Fund, \$297,839 for the Electric Fund, \$111,808 for the Water Fund, and \$35,135 for the nonmajor enterprise funds.

The net position of the Sewer Fund decreased by \$107 during the current fiscal year. The decrease was mainly attributable to lower single-family residential water usage during the winter months due to water conservation and additional project expenses such as the Chevy Chase Sewer Diversion and Public Works Yard Recycled Water Main Project.

The net position of the Electric Fund increased by \$28,765 during the current fiscal year. The increase in net position was due to an increase in electric retail sales as the Electric Fund continued phase 3 of the electric rate increase of 5% in FY 2015-16 and decrease in operating expenses. The decrease in operating expenses was primarily attributable to lower production and transmission costs.

The net position of the Water Fund increased by \$12,148 during the current fiscal year. The increase in net position was due to an increase in water retail sales as the Water Fund's drought surcharge was still in effect while the mandatory water measures were still in place in FY 2015-16. The decrease in operating expenses was due to lower production and customer related costs which also contributed to higher net position.

The net position of nonmajor enterprise funds increased by \$3,116 during the current fiscal year. The increase was primarily attributable to continued stable operations of Refuse Disposal Fund in providing residents refuse collection and disposal services, as well as Fire Communication Fund in providing residents of its member cities an emergency coordinated assistance services.

General Fund Budgetary Highlights

In comparison to the FY 2015-16 final General Fund revenue budget, the actual revenue received was over by \$11,957. The increase in revenue was driven by ERAF in lieu of sales tax, transient occupancy tax and landfill host assessment. The unwinding down of the Triple Flip and City's strong sales tax base increased ERAF in lieu of sales tax revenue by \$6,922. The transient occupancy tax rate was raised by the voters of Glendale to 12% from 10% in April 2015. The rate change increased revenue by \$1,076. The landfill host assessment revenue also increased by \$1,034. The increased tonnage at the landfill in FY 2015-16 contributed to the increase in revenue.

In comparison to the FY 2015-16 original General Fund expense budget, the final expense budget increased by \$6,763. The increase was primarily due to the following: \$4,233 for budget carryovers, \$540 for Management Services Utility User's Tax (UUT) election costs, \$143 for Human Resources compensation alignment adjustments resulting from the recent salary survey conducted and \$418 for Management Services Savings Incentive Program (SIP). The City utilizes a Savings Incentive Program designated to encourage departments to remain under their appropriated budgeted amounts. At the end of each fiscal year, the program gets activated.

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Compared to the FY 2015-16 final General Fund expense budget, the actual expenditures was under spent by \$5,175. 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 turnovers. Economic Development, Public Works and Library were also under spent in their maintenance and operation. The variance was primarily due to: \$1,100 Laemmle project that is still under construction, \$800 for Central Library's radio frequency identification equipment, \$586 for Public Works contractual services and \$362 also for Library's contractual services. The General Fund transfer was over spent by \$1,816. \$1,733 of the over spending was due to the refund to Water Fund based on the judgment of the General Fund transfer litigation, which was not budgeted. \$83 of the over spending was from 20% City Agency loan transfer to Low and Moderate Income Housing Asset Fund, of which the actual loan repayment was more than anticipated.

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, 2016, amounts to \$1,580,777 (net of \$818,610 accumulated depreciation, \$8,919 gas depletion and \$43,319 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 0.9%; this represents a 0.3% increase for governmental activities and a 1.7% increase for business-type activities.

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

- In FY 2015-16, \$6,729 of Museum of Neon Art (MONA) building and Central Avenue improvements project capital assets were transferred from Glendale Successor Agency to the City.
- The City received a grant to purchase 9 Beeline Buses in the amount of \$4,900. The City also capitalized \$5,342 in street and traffic light infrastructure improvements and \$2,053 in parks improvements in FY 2015-16.
- The capital and intangible assets of Sewer Fund increase by \$15,966 in the current fiscal year. The following projects contributed to the increase in the capital and intangible assets: Los Angeles-Glendale Water Reclamation Plant, Chevy Chase Sewer Diversion and Hyperion Wastewater System.
- At the end of the year, Electric Fund increased its construction in progress by \$24,595. The increase was due to capital improvement projects such as Grandview Substation renovation and upgrades to support the existing loads and the expected growth in the San Fernando corridor; and Unit No. 4 Boiler Water Wall Tubes Replacement at Grayson Power Plant. The decrease of \$9,058 in machinery and equipment was primarily due to the retirement of transmission and distribution equipment.

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- Glendale Water and Power has adopted a multi-year capital improvement program for water works projects scheduled for four consecutive years that included FY 2012-13 through FY 2015-16. At the end of the year, Water Fund decreased its construction in progress by \$7,951. This decrease primarily reflected the completion of some major capital improvement projects, such as improvement of Supervisory Control and Data Acquisition (SCADA) system; development of recycled water line in the Bette Davis Park; and rehabilitation and replacement of Adams Hill water mains. The increase of \$5,500 in infrastructure was primarily due to GWP's continuing effort on replacing aging water pipes and extension of the Glendale recycled water pipeline to provide recycled water to the City of Los Angeles. The increase of \$7,542 in machinery and equipment was primarily due to additions and upgrades to the Supervisory Control and Data Acquisition (SCADA) system which provides GWP Water the ability to centrally monitor and control all functions of City's water storage and distribution system.

City of Glendale's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 414,298	414,298	9,490	9,490	423,788	423,788
Natural gas reserve	-	-	22,144	22,276	22,144	22,276
Buildings and improvements	364,101	357,037	265,429	260,939	629,530	617,976
Machinery and equipment	126,928	120,502	558,390	561,221	685,318	681,723
Infrastructure	317,093	306,837	146,476	140,976	463,569	447,813
Construction in progress	59,114	59,341	68,414	43,992	127,528	103,333
Intangible assets	-	-	99,746	95,343	99,746	95,343
Total capital assets	1,281,534	1,258,015	1,170,089	1,134,237	2,451,623	2,392,252
Less: Accumulated depreciation	(355,530)	(334,671)	(463,078)	(442,264)	(818,608)	(776,935)
Less: Gas depletion	-	-	(8,919)	(7,986)	(8,919)	(7,986)
Less: Amortization	-	-	(43,319)	(40,376)	(43,319)	(40,376)
Net of depreciation, depletion, and amortization	\$ 926,004	923,344	654,773	643,611	1,580,777	1,566,955

Additional information on the City's capital assets can be found in Note 6 on pages 67-68 as well as pages 171-172 of this report.

Long-term debt and liabilities. The City's total debt and liabilities decreased by \$89,861 (17.7%) in FY 2015-16. The factors of this decrease were a combination of items such as a decrease of claims payable of \$1,260; a decrease of post-employment benefits of \$86,709; an increase of compensated absences of \$1,166; and an increase of landfill postclosure care of \$1,766; as well as decreases in outstanding bonds payable and other long-term liabilities through regular annual debt retirements and refunding of Electric revenue bonds, 2006 and 2008 series.

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City of Glendale's Debt and Liabilities

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Claims payable	\$ 41,942	43,202	-	-	41,942	43,202
Post-employment benefits	8,134	94,843	-	-	8,134	94,843
Compensated absences	21,278	20,430	6,456	6,138	27,734	26,568
Landfill postclosure care	44,684	42,918	-	-	44,684	42,918
Certificates of Participation (COPs)	35,605	38,400	-	-	35,605	38,400
Other long-term liabilities:						
Capital Lease-Fire equipment lease						
2009 – Wells Fargo	514	757	-	-	514	757
2011 HUD Section 108 loan	1,305	1,491	-	-	1,305	1,491
Total other long-term liabilities	1,819	2,248	-	-	1,819	2,248
Bonds payable:						
Electric Revenue Bonds,						
2006 refunding series	-	-	-	28,726	-	28,726
Electric Revenue Bonds, 2008 series	-	-	1,880	61,284	1,880	61,284
Electric Revenue Bonds,						
2013 refunding series	-	-	23,640	23,841	23,640	23,841
Electric Revenue Bonds, 2013 series	-	-	62,565	63,766	62,565	63,766
Electric Revenue Bonds,						
2016 refunding series	-	-	89,303	-	89,303	-
Water Revenue Bonds, 2008 series	-	-	46,479	47,829	46,479	47,829
Water Revenue Bonds, 2012 series	-	-	35,554	35,575	35,554	35,575
Total bonds payable	-	-	259,421	261,021	259,421	261,021
Total long-term debt and liabilities	\$ 153,462	242,041	265,877	267,159	419,339	509,200

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 and continues to have a strong capacity to meet its financial commitments on obligations.

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The City's bond ratings as of June 30, 2016 are as follows:

Debt Issue	Moody's	Standard & Poor's (S & P)	Fitch Ratings'
Issuer credit rating (Implied General Obligation)	Aa2	AA+	AA+
Certificates of Participation (COPs)	A1*	-	AA
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+
Electric revenue bonds, 2016 refunding series	-	AA-	A+
Water revenue bonds, 2008 series	A1	A+	A+
Water revenue bonds, 2012 series	A1	A+	A+

* As of 10/5/16, Moody's Investors Service has upgraded the rating of City of Glendale's Variable Rate Demand Certificates of Participation (COPs) to Aa3 from A1.

The Glendale Successor Agency's (Fiduciary Fund) bond ratings as of June 30, 2016 are as follows:

Debt Issue	Moody's	Standard & Poor's (S & P)	Fitch Ratings'
2011 GRA subordinate taxable tax allocation bonds	-	A+	-
2013 GSA tax allocation bonds, refunding series	-	A-	-
2016 GSA tax allocation bonds, refunding series	-	A-	-

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, 2016, the City's net assessed value of taxable property was \$21.7 billion and has no general obligation debt.

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 and regulations;
- Provide continuing disclosure and other reports to the municipal bond market;
- Manage liquidity and credit enhancement contracts.

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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:

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

As of June 30, 2016, 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 1 tax-exempt tax allocation bond and 2 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 69-74 of this report.

Economic Factors and Next Year's Budget and Rates

In the U.S. economy, the consumer sector is expected to account for almost three-quarters of all economic activity during FY 2016-17, making the consumer sector the largest of the economy's four sectors. During 2015, consumer spending grew at a rate of 3.1%, the fastest in 10 years – perhaps in response to a notable 6.2% increase in total personal income. Continued increases in nationwide household wealth have also led to higher levels of spending in the U.S. In addition, job gains in most sectors of the economy contributed to a decline in the unemployment rate throughout the year; the average U.S. unemployment rate was just 5.3%, equivalent to the natural rate of unemployment which is thought to be somewhere between 5.2% and 5.5%. Unemployment is expected to decline further to just 4.9% in 2016. Looking ahead, it is forecasted that the U.S. economy should see steady growth at 2.5% for the next two years, in part because of further spending on housing, construction and durable goods, such as vehicles, and the expectation that energy prices will remain low.

California remains the largest economy when compared to any other state in the U.S. (13% of the U.S. GDP), and its forecasted growth of 3.1% for 2016 is expected outpace that of any other state. Many regions in the state are close to regaining all of the jobs lost during the Great Recession. It is estimated that California's unemployment rate will continue its gradual decline from 6.2% in 2015, to 5.5% in 2016 – a rate of just 5.3% is projected for 2017. With continued improvements in the labor market, both personal income and total taxable sales should increase by 4.5% and 5.6% respectively in 2016, with continued growth forecasted in 2017.

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Los Angeles County is expected to experience another decline in the unemployment rate for this year, dropping from 6.9% in 2015 to 6.2% in 2016. Total personal income is expected grow at 4.4%, a - 0.1% change from last year. Finally, taxable sales are expected to increase by 5.5% in 2016, a welcome jump after a relatively weak increase of 2.9% in 2015.

The City's FY 2016-17 Budget incorporates the policy direction of the City Council for services and programs to address the needs of the community. The adopted budget for FY 2016-17 reflects a minor, but planned, budget gap of \$1,000. This gap has been anticipated in the financial forecasts for some time now; in fact, it is reduced from what earlier forecasts had predicted – a reflection of strengthening revenues and improved cost management. It is not uncharacteristic for a public corporation to occasionally utilize fund balance savings. As long as the City keeps the focus fixed on maintaining a structurally balanced agency, the City is confident in what the future holds. To that end, the City foresees a return to a gradual operational surplus in the General Fund as pension cost rate-smoothing takes effect in future years. Nonetheless, the City Council's top priority of fiscal responsibility continues to pay dividends to the community, taking form through restored programming, enhanced services and capital improvement projects which will further increase the quality of life experienced by residents, businesses and visitors.

The appropriation increase of \$11,800 in the General Fund, when compared to the adopted budget in FY 2015-16, is mainly attributable to the overall increase in salaries & benefits and maintenance & operations. The salaries & benefits variance amounts to \$5,500 and is mainly attributable to a \$2,300 increase for higher PERS rates and a \$1,700 increase for program restoration across all General Fund departments. General Fund departments once again froze their discretionary Maintenance & Operation budget, but were given increases at the discretion of City Council. The overall increase to this category was \$5,400, mainly due to a \$2,500 charge across departments to fund the Building Maintenance section which shifted out of the General Fund; this charge was offset by an equivalent reduction in salaries & benefits costs for the General Fund. The ISD service charge also increased by \$825 – this charge covers the use of services provided by the Information Services Department to General Fund departments. The ISD Rate increased due to more costs being allocated through the ISD rate plan. Also, Retiree Health Savings Plan, Liability Insurance and Workers' Compensation Rates were adjusted based on recent claims experience and the financial health of the funds. Lastly, there was a net \$920 increase to transfers & capital outlay, the majority of which is due to a \$1,400 increase in transfers to fund Capital Improvements and streets projects, all offset by a various decreases in appropriations for other Transfers and Capital Outlay.

The General Fund budget continues to include a 10% transfer of Electric Fund operating revenues, while the City is currently engaged in litigation regarding the City's transfer from the Electric Fund to the General Fund. Glendale Coalition for a Better Government v. City of Glendale, L.A. Superior Court Case No. 147376; Saavedra et al. v. City of Glendale, L.A. Superior Court Case No. BC539160. The court concluded that the amount of the "hidden" tax is the amount of the General Fund transfer (GFT) in the years since the new electric rate plan was imposed in August 2013. The court intends to order a remedy requiring the City to credit ratepayers the amount of the GFT since the electric rates were increased. The court will also issue a writ of mandate commanding the City to cease to include the GFT in the electric rates charged to consumers unless and until a majority of Glendale electorate approves the tax in the rates. The City has a motion for new trial that will be heard on January 19, 2017, and then the City will appeal. As such, status quo will remain in effect during the pendency of the appeal. See Note 14 for more information.

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The financial pressures are not limited to the General Fund. For Special Revenue Funds, program cuts at the State and Federal levels have reduced the amount of grant funding that the City will receive. The General Fund capital improvement program has been significantly scaled back over the last several years. As noted in prior years, the City still has a significant fund balance deficit in the Workers' Compensation Fund. The City plans to amortize this deficit over the next several years, and continues to work with departments to stabilize and reduce the amount of workers' compensation claims. Lastly, aging infrastructure in the ISD Funds and the need to fund future replacement of vehicles in the Fleet/Equipment Replacement Fund, continue to pose financial challenges that need to be addressed in the coming years.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Finance, 141 North Glendale Avenue, Suite 346, Glendale, CA 91206.

Exhibit A-1
CITY OF GLENDALE
Statement of Net Position
June 30, 2016 (in thousands)

	Governmental Activities	Business-type Activities	Total
Assets and deferred outflows of resources			
Current assets:			
Pooled cash and investments	\$ 356,106	187,736	543,842
Cash and investments with fiscal agent	22	11,249	11,271
Investment-gas/electric commodity	-	2,386	2,386
Interest receivable	1,158	645	1,803
Accounts receivable, net	37,294	51,322	88,616
Internal balances	(1,699)	1,699	-
Inventories	326	5,695	6,021
Prepaid items	5,106	6,206	11,312
Total current assets	<u>398,313</u>	<u>266,938</u>	<u>665,251</u>
Noncurrent assets:			
Capital assets, net of depreciation:			
Land	414,298	9,490	423,788
Natural gas reserve	-	13,225	13,225
Buildings and improvements	213,244	172,012	385,256
Machinery and equipment	34,692	237,606	272,298
Infrastructure	204,656	97,599	302,255
Construction in progress	59,114	68,414	127,528
Intangible	-	56,427	56,427
Total capital assets	<u>926,004</u>	<u>654,773</u>	<u>1,580,777</u>
Designated cash and investments	-	69,250	69,250
Restricted cash and investments	27,850	27,930	55,780
Prepaid energy	-	11	11
Loans receivable	47,285	55	47,340
Property held for resale	6,988	-	6,988
Total noncurrent assets	<u>1,008,127</u>	<u>752,019</u>	<u>1,760,146</u>
Total assets	<u>1,406,440</u>	<u>1,018,957</u>	<u>2,425,397</u>
Deferred outflows of resources:			
Loss on refunding	-	5,043	5,043
Deferred outflows of resources related to pensions	28,510	6,266	34,776
Total deferred outflows of resources	<u>28,510</u>	<u>11,309</u>	<u>39,819</u>
Total assets and deferred outflows of resources	<u>\$ 1,434,950</u>	<u>1,030,266</u>	<u>2,465,216</u>

Exhibit A-1
CITY OF GLENDALE
Statement of Net Position
June 30, 2016 (in thousands)

	Governmental Activities	Business-type Activities	Total
Liabilities, deferred inflows of resources and net position			
Current liabilities:			
Accounts payable	\$ 16,530	20,202	36,732
Accrued wages and withholding	6,423	-	6,423
Interest payable	63	3,060	3,123
Claims payable	11,454	-	11,454
Compensated absences	2,740	842	3,582
Certificates of participation	1,820	-	1,820
Bonds payable	-	5,988	5,988
Unearned revenues	336	-	336
Deposits	4,945	5,336	10,281
Other liabilities	18,438	-	18,438
Total current liabilities	62,749	35,428	98,177
Noncurrent liabilities:			
Claims payable	30,488	-	30,488
Post employment benefits	8,134	-	8,134
Compensated absences	18,538	5,614	24,152
Landfill postclosure	44,684	-	44,684
Net pension liability	353,692	76,490	430,182
Certificates of participation	33,785	-	33,785
Bonds payable	-	253,433	253,433
Other liabilities	1,373	-	1,373
Total noncurrent liabilities	490,694	335,537	826,231
Total liabilities	553,443	370,965	924,408
Deferred inflows of resources:			
Deferred inflows of resources related to pensions	35,651	8,513	44,164
Total liabilities and deferred inflows of resources	589,094	379,478	968,572
Net position:			
Net investment in capital assets	888,998	422,656	1,311,654
Restricted			
City Charter - stabilization	24,870	-	24,870
Federal and state grants	5,621	-	5,621
Public safety	1,820	-	1,820
Youth employment	52	-	52
Transportation	22,297	-	22,297
Landscaping district	139	-	139
Low and moderate housing	16,795	-	16,795
Air quality improvement	370	-	370
SCAQMD emission controls	-	5,669	5,669
Cable access	2,434	-	2,434
Electric public benefit AB1890	3,609	-	3,609
State gas tax mandates	3,240	-	3,240
Capital projects	29,034	-	29,034
Unrestricted	(153,423)	222,463	69,040
Total net position	\$ 845,856	650,788	1,496,644

CITY OF GLENDALE

Statement of Activities

Fiscal Year Ended June 30, 2016 (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	\$ 20,335	17,554	94	-	(2,687)	-	(2,687)
Police	72,274	1,229	772	-	(70,273)	-	(70,273)
Fire	51,386	8,242	1,641	2	(41,501)	-	(41,501)
Public works	31,925	20,732	6,526	8,081	3,414	-	3,414
Transportation	14,367	9,882	7,896	-	3,411	-	3,411
Housing, health and community development	39,860	68	35,081	-	(4,711)	-	(4,711)
Employment programs	5,265	1,509	4,012	-	256	-	256
Public service	6,230	-	-	-	(6,230)	-	(6,230)
Parks, recreation and community services	15,889	2,999	309	-	(12,581)	-	(12,581)
Library	8,222	156	67	-	(7,999)	-	(7,999)
Interest and fiscal charges	2,203	-	-	-	(2,203)	-	(2,203)
Total governmental activities	267,956	62,371	56,398	8,083	(141,104)	-	(141,104)
Business-type activities:							
Fire communications	3,149	3,515	2	5	-	373	373
Sewer	15,327	14,273	-	-	-	(1,054)	(1,054)
Refuse disposal	18,518	21,769	52	-	-	3,303	3,303
Electric	172,647	217,467	-	-	-	44,820	44,820
Water	42,017	49,972	-	300	-	8,255	8,255
Total business-type activities	251,658	306,996	54	305	-	55,697	55,697
Total primary government	\$ 519,614	369,367	56,452	8,388	(141,104)	55,697	(85,407)
General revenues:							
Taxes:							
Property taxes					\$ 51,709	-	51,709
Sales taxes					46,651	-	46,651
Utility users tax					28,662	-	28,662
Other taxes					20,378	-	20,378
Investment income					8,456	4,899	13,355
Other					25,988	7,702	33,690
Reinstatement of loans					28,029	-	28,029
Transfers					19,524	(19,524)	-
Special items:							
Transfer of capital assets from Successor Agency					6,729	-	6,729
Elimination of OPEB implied subsidy					82,247	-	82,247
Extraordinary gain					26,490	-	26,490
Total general revenues, transfers, special items and extraordinary gain					344,863	(6,923)	337,940
Change in net position					203,759	48,774	252,533
Net position, July 1					642,097	602,014	1,244,111
Net position, June 30					\$ 845,856	650,788	1,496,644

Exhibit B-1
CITY OF GLENDALE
 Balance Sheet
 Governmental Funds
 June 30, 2016 (in thousands)

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Housing Assistance Fund	Capital Improvement Fund		
Assets					
Pooled cash and investments	\$ 94,426	2,726	9,612	136,131	242,895
Cash and investments with fiscal agent	-	-	-	22	22
Restricted cash and investments	-	-	-	27,850	27,850
Interest receivable	290	6	-	328	624
Accounts receivable, net	20,947	219	1,766	13,726	36,658
Due from other funds	7,974	-	-	-	7,974
Inventories	107	-	-	-	107
Prepaid items	89	2,171	-	45	2,305
Loans receivable	40,133	-	-	-	40,133
Property held for resale	-	-	-	6,988	6,988
Total assets	163,966	5,122	11,378	185,090	365,556
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	4,597	15	24	10,879	15,515
Due to other funds	1,733	-	-	6,518	8,251
Interest payable	-	-	-	21	21
Wages and benefits payable	6,423	-	-	-	6,423
Unearned revenues	-	-	-	336	336
Deposits	4,698	-	-	247	4,945
Other liabilities	17,992	-	-	-	17,992
Total liabilities	35,443	15	24	18,001	53,483
Deferred inflows of resources:					
Unavailable revenues	40,177	-	59	8,094	48,330
Total liabilities and deferred inflows of resources	\$ 75,620	15	83	26,095	101,813

(Continued)

Exhibit B-1
CITY OF GLENDALE
 Balance Sheet
 Governmental Funds
 June 30, 2016 (in thousands)

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Housing Assistance Fund	Capital Improvement Fund		
Fund balances:					
Nonspendable:					
Inventory	\$ 107	-	-	-	107
Property held for resale	-	-	-	981	981
Prepaid	89	2,171	-	45	2,305
Restricted for:					
City Charter - stabilization	24,870	-	-	-	24,870
Federal and state grants	-	2,936	-	2,685	5,621
Public safety	-	-	-	1,820	1,820
Youth employment	-	-	-	52	52
Transportation	-	-	-	22,297	22,297
Landscaping district	-	-	-	139	139
Low and moderate housing	-	-	-	9,642	9,642
Air quality improvement	-	-	-	370	370
Cable access	-	-	-	2,434	2,434
Electric public benefit AB1890	-	-	-	3,609	3,609
State gas tax mandates	-	-	-	3,240	3,240
Landfill postclosure	-	-	-	27,850	27,850
Capital projects	-	-	-	29,034	29,034
Committed to:					
Debt service	-	-	-	19,287	19,287
Urban art	-	-	-	5,275	5,275
Public safety	-	-	-	13	13
Impact fee funded projects	-	-	-	26,078	26,078
Capital projects	-	-	11,295	-	11,295
Filming	-	-	-	373	373
Recreation	-	-	-	3,548	3,548
Hazardous materials	-	-	-	2,057	2,057
Parking	-	-	-	7,511	7,511
Assigned to:					
Economic development	4,526	-	-	-	4,526
Emergency medical services	2,000	-	-	-	2,000
Capital projects	800	-	-	-	800
Unassigned:	55,954	-	-	(9,345)	46,609
Total fund balances	88,346	5,107	11,295	158,995	263,743
Total liabilities, deferred inflows of resources and fund balances	\$ 163,966	5,122	11,378	185,090	365,556

Exhibit B-2

CITY OF GLENDALE

Reconciliation of Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2016 (in thousands)

Fund balances of governmental funds	\$	263,743
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		213,030
Equipment		18,414
Infrastructure		204,656
Construction in progress		<u>50,102</u>
		900,500
Long-term debt is not included in the governmental funds:		
Due within one year:		
Certificates of participation		(1,820)
2011 HUD Section 108 loan		<u>(194)</u>
		(2,014)
Due more than one year:		
Certificates of participation		(33,785)
Landfill postclosure		(44,684)
2011 HUD Section 108 loan		<u>(1,111)</u>
		(79,580)
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:		
		48,330
Loans receivable housing long term - non-forgiven portion		7,152
Deferred outflows of resources related to pensions		28,510
Deferred inflows of resources related to pensions		(35,651)
Post employment benefits		(8,134)
Net pension liability		(353,692)
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:		
Other improvement		214
Equipment		16,278
Construction in progress		9,012
Accrued interest - Fire Equipment Lease 2009		(12)
Fire Equipment Lease 2009 - Due within one year		(252)
Fire Equipment Lease 2009 - Due more than one year		(262)
Other assets and liabilities, net		<u>51,725</u>
		<u>76,703</u>
Net position of governmental activities	\$	<u><u>845,856</u></u>

CITY OF GLENDALE

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Fiscal Year Ended June 30, 2016 (in thousands)

	Major Funds				
	General Fund	Housing Assistance Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 51,709	-	-	-	51,709
Sales tax	44,451	-	-	2,200	46,651
Utility users tax	28,662	-	-	-	28,662
Other taxes	13,231	-	-	7,147	20,378
Revenue from other agencies	950	28,852	351	31,179	61,332
Licenses and permits	9,741	-	-	13,522	23,263
Fines and forfeitures	2,701	-	-	1,598	4,299
Charges for services	3,806	-	4,770	27,300	35,876
Use of money and property	9,364	47	-	2,409	11,820
Interfund revenue	14,950	-	-	-	14,950
Miscellaneous revenue	2,199	10	-	1,896	4,105
Total revenues	<u>181,764</u>	<u>28,909</u>	<u>5,121</u>	<u>87,251</u>	<u>303,045</u>
Expenditures:					
Current:					
General government	25,303	-	124	340	25,767
Police	71,232	-	-	1,964	73,196
Fire	45,541	-	490	7,394	53,425
Public works	18,335	-	424	9,759	28,518
Transportation	-	-	-	13,341	13,341
Housing, health and community development	3,885	28,417	-	7,563	39,865
Employment programs	-	-	-	5,603	5,603
Public service	-	-	-	6,381	6,381
Parks, recreation and community services	10,402	-	52	3,685	14,139
Library	8,218	-	7	430	8,655
Capital outlay	93	-	574	12,766	13,433
Debt service:					
Interest	-	-	-	268	268
Principal	-	-	-	2,981	2,981
Total expenditures	<u>183,009</u>	<u>28,417</u>	<u>1,671</u>	<u>72,475</u>	<u>285,572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,245)</u>	<u>492</u>	<u>3,450</u>	<u>14,776</u>	<u>17,473</u>
Other financing sources (uses):					
Transfers in	21,257	-	471	3,437	25,165
Transfers out	(3,641)	-	(2,000)	-	(5,641)
Total other financing sources (uses)	<u>17,616</u>	<u>-</u>	<u>(1,529)</u>	<u>3,437</u>	<u>19,524</u>
Extraordinary gain	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,490</u>	<u>26,490</u>
Net change in fund balances	16,371	492	1,921	44,703	63,487
Fund balances, July 1	71,975	4,615	9,374	114,292	200,256
Fund balances, June 30	<u>\$ 88,346</u>	<u>5,107</u>	<u>11,295</u>	<u>158,995</u>	<u>263,743</u>

Exhibit C-2

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, 2016 (in thousands)

Net change in fund balances - total governmental funds		\$ 63,487
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures		15,464
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		(21,495)
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>186</u>	2,981
Landfill postclosure care liability increased from prior year		(1,766)
Unavailable revenue in the governmental funds are recognized as revenues in the statement of activities		5,651
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 represents the net change in pension related amounts.		9,948
Accrued interest 2011 HUD Section 108 loan		(1)
Post employment benefits		86,709
Reinstatement of loans from former Redevelopment Agency to the City		28,029
Transfer of capital assets from Successor Agency		6,729
Change in net position of internal service funds allocated to governmental activities:		
Capital assets	2,379	
Depreciation	(1,260)	
Interest - Fire Equipment Lease 2009	(25)	
Other revenue (expenses)	<u>6,929</u>	<u>8,023</u>
Change in net position for governmental activities		\$ <u><u>203,759</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, 2016 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Revenues:				
Property taxes	\$ 52,740	52,740	51,709	(1,031)
Sales taxes:				
Sales tax	31,000	31,000	30,851	(149)
ERAF in lieu of sales tax	4,900	4,900	11,822	6,922
State 1/2% sales tax	1,800	1,800	1,778	(22)
Total	37,700	37,700	44,451	6,751
Utility users tax	28,250	28,250	28,662	412
Other Taxes:				
Franchise tax	3,000	2,900	2,693	(207)
Occupancy tax	5,200	5,350	6,426	1,076
Property transfer tax	800	900	1,078	178
Landfill host assessment	2,000	2,000	3,034	1,034
Total	11,000	11,150	13,231	2,081
Licenses and permits:				
Dog licenses	150	150	136	(14)
Building permits	5,000	5,000	5,555	555
Green building initiative SB 1473	-	-	1	1
American Disability Act SB1186	-	-	2	2
Plan check fees	400	600	561	(39)
Planning permits	1,200	1,200	1,679	479
Grading permits	55	105	152	47
Street permits	650	650	903	253
Business license permits	500	500	602	102
Business registration license	150	150	150	-
Total	8,105	8,355	9,741	1,386
Fines and forfeitures-traffic safety fines	2,850	2,800	2,701	(99)
Use of money and property:				
Interest and investment revenue	515	715	1,108	393
Interest and investment GASB 31	-	-	911	911
Landfill gas royalties	2,475	2,475	2,473	(2)
Rental income	550	550	538	(12)
Loan repayment	3,921	3,921	4,334	413
Total	\$ 7,461	7,661	9,364	1,703

(Continued)

Exhibit D-1

CITY OF GLENDALE

Statement of Revenues and Other Financing Sources - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2016 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Revenue from other agencies:				
Mutual aid reimbursement	\$ -	-	105	105
State SB 90	350	250	464	214
Motor vehicle in lieu fee	-	80	80	-
Local grants	-	265	301	36
Total	350	595	950	355
Miscellaneous revenue:				
Donations and contributions	15	15	61	46
Sponsorships	-	-	47	47
Advertising revenue	100	100	121	21
Miscellaneous revenue	1,887	2,137	1,970	(167)
Total	2,002	2,252	2,199	(53)
Charges for services:				
Zoning-subdivision fees	135	150	199	49
City Clerk fees	-	-	1	1
Map and publication fees	75	75	83	8
Filing-certification fee	15	15	22	7
Special event fees	150	-	3	3
Special police fees	764	764	726	(38)
Vehicle tow admin cost recovery (VTACR)	375	375	394	19
Fire fees	550	725	1,063	338
Joint air support maintenance fee	-	-	52	52
Code enforcement fees	50	50	31	(19)
Administrative citations	-	-	37	37
Outreach revenue	55	55	28	(27)
Express plan check fees	150	400	445	45
Final map checking fees	-	-	37	37
Excavation fees	175	175	218	43
Construction inspection fees	80	80	133	53
Collectible jobs	100	100	29	(71)
Library fines and fees	95	95	51	(44)
Rental civic auditorium	-	-	3	3
Program/registration revenue	12	12	11	(1)
Local assessment fees	-	-	6	6
Graphics fees	-	292	234	(58)
Total	2,781	3,363	3,806	443
Interfund revenue:				
Charges to enterprise funds for:				
Benefits cost recovery	650	500	509	9
Cost allocation revenue	14,441	14,441	14,441	-
Total	15,091	14,941	14,950	9
Other financing sources:				
Transfers in	21,257	21,257	21,257	-
Total revenues and transfers	\$ 189,587	191,064	203,021	11,957

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2016 (in thousands)

Salaries and Benefits				
	Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
General government:				
City clerk	\$ 625	651	553	98
Elections	11	11	-	11
City treasurer	579	580	570	10
City manager	2,857	2,878	2,790	88
Legal	2,926	2,985	2,985	-
Finance	3,969	3,984	3,806	178
Planning	6,977	7,250	7,250	-
Personnel	1,736	1,742	1,499	243
Non-departmental	1,698	1,698	1,698	-
Total	<u>21,378</u>	<u>21,779</u>	<u>21,151</u>	<u>628</u>
Police	<u>59,426</u>	<u>59,601</u>	<u>60,081</u>	<u>(480)</u>
Fire	<u>39,130</u>	<u>39,426</u>	<u>39,991</u>	<u>(565)</u>
Public works	<u>8,575</u>	<u>8,628</u>	<u>8,441</u>	<u>187</u>
Housing, health and community development:				
Economic development	610	925	737	188
Community development administration	1,569	1,574	1,538	36
Total	<u>2,179</u>	<u>2,499</u>	<u>2,275</u>	<u>224</u>
Parks, recreation and community services	<u>6,532</u>	<u>6,603</u>	<u>6,402</u>	<u>201</u>
Library	<u>5,562</u>	<u>5,811</u>	<u>5,428</u>	<u>383</u>
Total expenditures and transfers	<u>\$ 142,782</u>	<u>144,347</u>	<u>143,769</u>	<u>578</u>

(Continued)

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2016 (in thousands)

	Maintenance and Operation			
	Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
General government:				
City clerk	\$ 230	280	147	133
Elections	188	508	29	479
City treasurer	86	111	78	33
City manager	1,012	1,414	1,026	388
Legal	264	292	190	102
Finance	1,532	1,699	1,344	355
Planning	1,050	940	595	345
Personnel	925	975	743	232
Non-departmental	-	-	-	-
Total	<u>5,287</u>	<u>6,219</u>	<u>4,152</u>	<u>2,067</u>
Police	<u>10,875</u>	<u>10,921</u>	<u>11,151</u>	<u>(230)</u>
Fire	<u>5,897</u>	<u>5,895</u>	<u>5,550</u>	<u>345</u>
Public works	<u>9,390</u>	<u>10,712</u>	<u>9,894</u>	<u>818</u>
Housing, health and community development:				
Economic development	1,489	2,595	1,306	1,289
Community development administration	215	494	304	190
Total	<u>1,704</u>	<u>3,089</u>	<u>1,610</u>	<u>1,479</u>
Parks, recreation and community services	<u>3,968</u>	<u>4,393</u>	<u>4,000</u>	<u>393</u>
Library	<u>2,927</u>	<u>3,139</u>	<u>2,790</u>	<u>349</u>
Total expenditures and transfers	<u>\$ 40,048</u>	<u>44,368</u>	<u>39,147</u>	<u>5,221</u>

(Continued)

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2016 (in thousands)

	Capital Outlay			Variance With Final Budget (Over)/Under
	Original Budget	Final Budget	Actual	
General government:				
City clerk	\$ -	-	-	-
Elections	-	-	-	-
City treasurer	-	-	-	-
City manager	-	4	4	-
Legal	-	-	-	-
Finance	-	-	-	-
Planning	35	35	7	28
Personnel	-	-	-	-
Non-departmental	-	-	-	-
Total	<u>35</u>	<u>39</u>	<u>11</u>	<u>28</u>
Police	-	-	9	(9)
Fire	-	74	73	1
Public works	-	-	-	-
Housing, health and community development:				
Economic development	372	372	-	372
Community development administration	-	-	-	-
Total	<u>372</u>	<u>372</u>	<u>-</u>	<u>372</u>
Parks, recreation and community services	-	-	-	-
Library	-	800	-	800
Total expenditures and transfers	<u>\$ 407</u>	<u>1,285</u>	<u>93</u>	<u>1,192</u>

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2016 (in thousands)

	Transfers			Variance With Final Budget (Over)/Under
	Original Budget	Final Budget	Actual	
General government:				
City clerk	\$ -	-	-	-
Elections	-	-	-	-
City treasurer	-	-	-	-
City manager	-	-	-	-
Legal	-	-	-	-
Finance	-	-	-	-
Planning	-	-	-	-
Personnel	-	-	-	-
Non-departmental	1,825	1,825	3,641	(1,816)
Total	<u>1,825</u>	<u>1,825</u>	<u>3,641</u>	<u>(1,816)</u>
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Housing, health and community development:				
Economic development	-	-	-	-
Community development administration	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Parks, recreation and community services	-	-	-	-
Library	-	-	-	-
Total expenditures and transfers	<u>\$ 1,825</u>	<u>1,825</u>	<u>3,641</u>	<u>(1,816)</u>

(Continued)

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2016 (in thousands)

	Total			Variance With Final Budget (Over)/Under
	Original Budget	Final Budget	Actual	
General government:				
City clerk	\$ 855	931	700	231
Elections	199	519	29	490
City treasurer	665	691	648	43
City manager	3,869	4,296	3,820	476
Legal	3,190	3,277	3,175	102
Finance	5,501	5,683	5,150	533
Planning	8,062	8,225	7,852	373
Personnel	2,661	2,717	2,242	475
Non-departmental	3,523	3,523	5,339	(1,816)
Total	<u>28,525</u>	<u>29,862</u>	<u>28,955</u>	<u>907</u>
Police	<u>70,301</u>	<u>70,522</u>	<u>71,241</u>	<u>(719)</u>
Fire	<u>45,027</u>	<u>45,395</u>	<u>45,614</u>	<u>(219)</u>
Public works	<u>17,965</u>	<u>19,340</u>	<u>18,335</u>	<u>1,005</u>
Housing, health and community development:				
Economic development	2,471	3,892	2,043	1,849
Community development administration	1,784	2,068	1,842	226
Total	<u>4,255</u>	<u>5,960</u>	<u>3,885</u>	<u>2,075</u>
Parks, recreation and community services	<u>10,500</u>	<u>10,996</u>	<u>10,402</u>	<u>594</u>
Library	<u>8,489</u>	<u>9,750</u>	<u>8,218</u>	<u>1,532</u>
Total expenditures and transfers	<u>\$ 185,062</u>	<u>191,825</u>	<u>186,650</u>	<u>5,175</u>

Exhibit D-3

CITY OF GLENDALE

Statement of Revenues - Budget and Actual

Housing Assistance Fund

Fiscal Year Ended June 30, 2016 (in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
Revenues:				
Use of money and property	\$ 11	11	47	36
Revenue from other agencies	30,083	30,083	28,852	(1,231)
Miscellaneous revenue	26	26	10	(16)
Total revenues	<u>\$ 30,120</u>	<u>30,120</u>	<u>28,909</u>	<u>(1,211)</u>

Exhibit D-4

CITY OF GLENDALE

Statement of Expenditures - Budget and Actual

Housing Assistance Fund

Fiscal Year Ended June 30, 2016 (in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over)/Under</u>
Current:				
Housing, health and community development:				
Salaries and benefits	\$ 2,466	2,473	2,015	458
Maintenance and operations	27,977	27,992	26,402	1,590
Total expenditures	<u>\$ 30,443</u>	<u>30,465</u>	<u>28,417</u>	<u>2,048</u>

Exhibit E-1
CITY OF GLENDALE
Statement of Net Position
Proprietary Funds
June 30, 2016 (in thousands)

	Business-type Activities - Enterprise Funds					
	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets and deferred outflows of resources						
Current assets:						
Pooled cash and investments	\$ 55,603	91,048	3,794	37,291	187,736	113,211
Cash with fiscal agent	-	4,640	5,136	-	9,776	-
Investments with fiscal agent	-	1,473	-	-	1,473	-
Interest receivable	151	402	4	88	645	533
Investment-gas/electric commodity	-	2,386	-	-	2,386	-
Accounts receivable, net	1,808	39,706	7,429	2,379	51,322	634
Due from other funds	-	-	1,733	-	1,733	-
Inventories	-	5,695	-	-	5,695	219
Prepaid items	-	6,206	-	-	6,206	2,801
Total current assets	57,562	151,556	18,096	39,758	266,972	117,398
Noncurrent assets:						
Capital assets:						
Land	578	6,239	1,034	1,639	9,490	-
Natural gas reserve	-	22,144	-	-	22,144	-
Buildings and improvements	132,661	65,503	60,466	6,799	265,429	214
Machinery and equipment	2,048	496,926	37,952	21,464	558,390	41,649
Infrastructure	-	-	146,476	-	146,476	-
Intangible	99,746	-	-	-	99,746	-
Accumulated depreciation	(34,864)	(327,227)	(80,385)	(20,602)	(463,078)	(25,371)
Natural gas depletion	-	(8,919)	-	-	(8,919)	-
Amortization	(43,319)	-	-	-	(43,319)	-
Construction in progress	9,449	38,317	19,929	719	68,414	9,012
Total capital assets	166,299	292,983	185,472	10,019	654,773	25,504
Designated cash and investments	-	66,400	2,850	-	69,250	-
Restricted cash and investments	-	20,922	7,008	-	27,930	-
Loan receivable	-	-	-	55	55	-
Advance to other funds	1,153	-	-	-	1,153	-
Prepaid energy	-	11	-	-	11	-
Total noncurrent assets	167,452	380,316	195,330	10,074	753,172	25,504
Total assets	225,014	531,872	213,426	49,832	1,020,144	142,902
Deferred outflows of resources:						
Deferred outflows of resources related to pensions	355	3,634	1,229	1,048	6,266	-
Loss on refunding	-	5,043	-	-	5,043	-
Total deferred outflows of resources	355	8,677	1,229	1,048	11,309	-
Total assets and deferred outflows of resources	\$ 225,369	540,549	214,655	50,880	1,031,453	142,902

(Continued)

Exhibit E-1
CITY OF GLENDALE
Statement of Net Position
Proprietary Funds
June 30, 2016 (in thousands)

	Business-type Activities - Enterprise Funds					
	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Liabilities, deferred inflows of resources and net position						
Current liabilities:						
Accounts payable	\$ 6,606	8,883	3,866	846	20,201	1,013
Due to other funds	-	-	-	-	-	1,456
Interest payable	-	1,649	1,411	-	3,060	31
Capital leases	-	-	-	-	-	252
Claims payable	-	-	-	-	-	11,454
Compensated absences	-	-	-	-	-	3,582
Bonds payable	-	4,577	1,411	-	5,988	-
Deposits	296	3,762	949	329	5,336	-
Total current liabilities	<u>6,902</u>	<u>18,871</u>	<u>7,637</u>	<u>1,175</u>	<u>34,585</u>	<u>17,788</u>
Noncurrent liabilities:						
Claims payable	-	-	-	-	-	30,488
Compensated absences	-	-	-	-	-	24,152
Bonds payable	-	172,811	80,622	-	253,433	-
Advance from other funds	-	-	-	-	-	1,153
Net pension liability	4,313	45,890	13,228	13,059	76,490	-
Capital leases	-	-	-	-	-	262
Total noncurrent liabilities	<u>4,313</u>	<u>218,701</u>	<u>93,850</u>	<u>13,059</u>	<u>329,923</u>	<u>56,055</u>
Total liabilities	<u>11,215</u>	<u>237,572</u>	<u>101,487</u>	<u>14,234</u>	<u>364,508</u>	<u>73,843</u>
Deferred inflows of resources:						
Deferred inflows of resources related to pensions	504	5,138	1,360	1,511	8,513	-
Total liabilities and deferred inflows of resources	<u>11,719</u>	<u>242,710</u>	<u>102,847</u>	<u>15,745</u>	<u>373,021</u>	<u>73,843</u>
Net position:						
Net investment in capital assets	166,299	135,891	110,447	10,019	422,656	24,103
Restricted						
SCAQMD emission controls	-	5,669	-	-	5,669	-
Unrestricted	47,351	156,279	1,361	25,116	230,107	44,956
Total net position	<u>\$ 213,650</u>	<u>297,839</u>	<u>111,808</u>	<u>35,135</u>	<u>658,432</u>	<u>69,059</u>

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.

(7,644)

Total net position of business-type activities \$ 650,788

CITY OF GLENDALE

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Fiscal Year Ended June 30, 2016 (in thousands)

	Business-type Activities - Enterprise Funds					
	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues:						
Charges for services	\$ 14,273	217,467	49,972	25,284	306,996	92,904
Miscellaneous revenue	273	4,148	2,860	334	7,615	193
Total operating revenue	14,546	221,615	52,832	25,618	314,611	93,097
Operating expenses:						
Maintenance and operation	9,853	143,915	34,271	19,881	207,920	28,637
Claims and settlement	-	-	-	-	-	51,442
Depreciation	2,838	26,156	5,844	1,991	36,829	2,447
Gas depletion	-	933	-	-	933	-
Amortization	2,943	-	-	-	2,943	-
Total operating expenses	15,634	171,004	40,115	21,872	248,625	82,526
Operating income (loss)	(1,088)	50,611	12,717	3,746	65,986	10,571
Non operating revenues (expenses):						
Use of money and property	981	3,259	87	684	5,011	2,049
Intergovernmental grants	-	-	-	54	54	584
Loss on disposal of capital asset	-	-	-	(223)	(223)	-
Interest expense	-	(4,998)	(2,689)	-	(7,687)	(332)
Total non operating revenues (expenses)	981	(1,739)	(2,602)	515	(2,845)	2,301
Income before capital grants and contributions and transfers	(107)	48,872	10,115	4,261	63,141	12,872
Capital grants and contributions	-	-	300	5	305	-
Transfers in	-	-	1,733	-	1,733	5,640
Transfers out	-	(20,107)	-	(1,150)	(21,257)	(5,640)
Change in net position	(107)	28,765	12,148	3,116	43,922	12,872
Net position, July 1	213,757	269,074	99,660	32,019		56,187
Net position, June 30	\$ 213,650	297,839	111,808	35,135		69,059

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.

	4,852
Changes in net position of business-type activities	\$ 48,774

Exhibit E-3
CITY OF GLENDALE
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2016 (in thousands)

	Business-type Activities - Enterprise Funds					
	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:						
Cash from customers	\$ 14,689	221,240	51,087	25,764	312,780	92,663
Cash paid to employees	(3,416)	(31,925)	(7,348)	(9,829)	(52,518)	(17,547)
Cash paid to suppliers	(820)	(114,159)	(27,350)	(10,694)	(153,023)	(64,194)
Net cash provided by operating activities	10,453	75,156	16,389	5,241	107,239	10,922
Cash flows from noncapital financing activities:						
Amounts received from other funds	560	6,375	-	-	6,935	-
Amounts paid to other funds	-	-	(6,375)	-	(6,375)	(560)
Transfers out	-	(20,107)	-	(1,150)	(21,257)	(5,640)
Transfers in	-	-	1,733	-	1,733	5,640
Investments with fiscal agent	-	991	-	-	991	-
Operating grants received	-	-	300	54	354	584
Loans receivable	-	-	-	(55)	(55)	-
Net cash provided (used) by noncapital financing activities	560	(12,741)	(4,342)	(1,151)	(17,674)	24
Cash flows from capital and related financing activities:						
Interest on long-term debt	-	(6,665)	(2,706)	-	(9,371)	(50)
Principal payments and premiums	-	(229)	(1,371)	-	(1,600)	-
Capital Lease	-	-	-	-	-	(259)
Capital grants received	-	-	-	5	5	-
Acquisition of property, plant, gas and equipment	(15,979)	(28,447)	(6,465)	(1,200)	(52,091)	(4,691)
Net cash (used) by capital and related financing activities	(15,979)	(35,341)	(10,542)	(1,195)	(63,057)	(5,000)
Cash flows from investing activities:						
Investment - gas/electric commodity	-	(397)	-	-	(397)	-
Interest received	997	3,094	83	669	4,843	2,002
Net cash provided by investing activities	997	2,697	83	669	4,446	2,002
Net increase (decrease) in cash and cash equivalents	(3,969)	29,771	1,588	3,564	30,954	7,948
Cash and cash equivalents at July 1	59,572	153,239	17,200	33,727	263,738	105,263
Cash and cash equivalents at June 30	\$ 55,603	183,010	18,788	37,291	294,692	113,211

(Continued)

Exhibit E-3
CITY OF GLENDALE
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2016 (in thousands)

	Business-type Activities - Enterprise Funds					
	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (1,088)	50,611	12,717	3,746	65,986	10,571
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	2,838	26,156	5,844	1,991	36,829	2,447
Gas depletion	-	933	-	-	933	-
Amortization	2,943	-	-	-	2,943	-
Pension expense	(227)	(2,086)	(645)	(662)	(3,620)	-
(Increase) Decrease Accounts receivable net	143	(375)	(12)	146	(98)	(434)
(Increase) Due from other funds	-	-	(1,733)	-	(1,733)	-
(Increase) Decrease Inventories	-	234	-	-	234	(219)
(Increase) Prepaid expenses	-	(1,113)	-	-	(1,113)	(2,254)
(Increase) Deferred charges	-	(3,799)	-	-	(3,799)	-
Increase Compensated absences	-	-	-	-	-	1,166
Increase(Decrease) Accounts payable	5,854	3,869	170	(14)	9,879	(551)
Increase Due to other funds	-	-	-	-	-	1,456
Increase(Decrease) Deposits	(10)	726	48	34	798	-
(Decrease) Claims payable	-	-	-	-	-	(1,260)
Total adjustments	11,541	24,545	3,672	1,495	41,253	351
Net cash provided by operating activities	\$ 10,453	75,156	16,389	5,241	107,239	10,922
Noncash investing, capital, and financing activities:						
Increase in fair value of investments	471	1,433	13	315	2,232	988

Exhibit F-1
CITY OF GLENDALE
Statement of Net Position
Fiduciary Fund
June 30, 2016 (in thousands)

	Glendale Successor Agency Private Purpose Trust Fund
Assets and deferred outflows of resources	
Current assets:	
Cash and investments	\$ 71,458
Cash and investments with fiscal agent	16,007
Restricted cash and investments	29
Accounts receivable, net	28
Loans receivable	1,422
Property held for resale	1,442
Total current assets	<u>90,386</u>
Noncurrent assets:	
Land	105
Buildings and improvements	377
Accumulated depreciation	(235)
Construction in progress	13,314
Total noncurrent assets	<u>13,561</u>
Total assets	<u>103,947</u>
Deferred outflows of resources:	
Loss on refunding	2,978
Total assets and deferred outflows of resources	<u>106,925</u>
Liabilities and net position	
Current liabilities:	
Accounts payable and accrued liabilities	1,127
Interest payable	514
Bonds payable	7,995
Unamortized premium (discount)	861
Loans payable to the City	12,511
Total current liabilities	<u>23,008</u>
Noncurrent liabilities:	
Bonds payable	89,765
Unamortized premium (discount)	4,210
Loans payable to the City	27,622
Total noncurrent liabilities	<u>121,597</u>
Total liabilities	<u>144,605</u>
Net position held in trust (deficit)	\$ <u><u>(37,680)</u></u>

Exhibit F-2
CITY OF GLENDALE
Statement of Changes in Net Position
Fiduciary Fund
Fiscal Year Ended June 30, 2016 (in thousands)

	Glendale Successor Agency Private Purpose Trust Fund
Additions:	
Property tax	\$ 35,091
Interest income	283
Rental income	18
Total additions	<u>35,392</u>
Deductions:	
Interest and amortization expense on bonds	6,070
Depreciation	9
Operating expenses	1,122
Total deductions	<u>7,201</u>
Change in net position before special items and extraordinary loss	<u>28,191</u>
Special items:	
Proceeds from sale of property held for resale	2,375
Reestablishing refunding reserve	2,081
Reinstatement of loans payable to City	(32,363)
Transfer of capital assets to the City	(6,729)
Transfer of capital assets to the developer	(1,230)
Total special items	<u>(35,866)</u>
Extraordinary loss	<u>(26,490)</u>
Change in net position	(34,165)
Net position held in trust (deficit), July 1	<u>(3,515)</u>
Net position held in trust (deficit), June 30	<u><u>\$ (37,680)</u></u>