



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017



City of Glendale, California



The Downtown Glendale Central Library is one of the rare gems of the Jewel City. Two years ago, the City of Glendale decided that it was time to polish this gem to meet the needs of a dynamic and modern community. A major renovation project was undertaken to make significant improvements to the Central Library, which reopened in May of this year. Equipped with an audio production studio, MakerSpace, state-of-the-art technology, new and improved collaborative environments, Remembrance Room, and other tools to explore the wondrous world in and around Glendale, this newly renovated public facility is like no other in the region.

The Glendale Central Library is an artistic, technological, and informational community hub for all Glendale residents. To commemorate the renovation of the Central Library, this year's Comprehensive Annual Financial Report cover features scenes from this newly re-polished Glendale jewel.

Glendale Central Library



City of Glendale, California

City Council



Vartan Gharpetian
MAYOR



Ara Najarian
COUNCILMEMBER



Zareh Sinanyan
COUNCILMEMBER



Paula Devine
COUNCILMEMBER



Vrej Agajanian
COUNCILMEMBER



City of Glendale, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017

Prepared by the Finance Department - Accounting Section

Robert P. Elliot, CPA, Director of Finance
Michele Flynn, CPA, CIA, CGAP, Assistant Director of Finance

City of Glendale, California

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STATISTICAL SECTION

(Not Covered by Independent Auditors' Report)

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Introductory Section

The Introductory Section of the Comprehensive Annual Financial Report provides general information of the City of Glendale, California's structure and its personnel, as well as information useful in assessing the City's financial condition. This section includes the:

- Letter of Transmittal
- City's Organizational Chart and List of Principal Officials
- Government Finance Officer Association Certificate of Achievement for Excellence in Financial Reporting



November 22, 2017

The Honorable Mayor and City Council
City of Glendale
Glendale, California

Council Members:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Glendale (the City) for the fiscal year ended June 30, 2017.

This report consists of management's representations concerning the finances of the City. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Glendale's MD&A can be found immediately following the independent auditors' report.

The financial reporting entity includes all the funds of the primary government (The City of Glendale), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are in substance, part of the primary government. Accordingly, the Glendale Housing Authority, the City of Glendale Financing Authority, and the Glendale Economic Corporation are reported in the appropriate funds of the City's financial report.

Profile of the City of Glendale

The City of Glendale is located northeast of Los Angeles in the foothills of the San Gabriel Mountains. The City was incorporated on February 16, 1906 under the general laws of the state of California. The City Charter was adopted on March 29, 1921. The City provides the full range of municipal services. This includes public safety (police, fire and paramedic), streets, and sanitation, refuse collection, sewer, hazardous disposal, electric and water utilities, parking, parks and recreation, library, public improvements, planning and zoning, housing and community development and general administrative and support services.

Noted for its high quality of life and fiscal stability, Glendale is the fourth largest city in Los Angeles County, encompassing 30.6 square miles and serving over 201,000 residents. The City operates under a council-manager form of government, with a five-member council elected at large to four-year overlapping

terms, in addition to an elected City Clerk and City Treasurer. The mayor is elected by the City Council for a one-year term and is the presiding officer of the Council. The City Council is responsible for passing ordinances, adopting the budget, appointing various boards and commissions, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

Factors Affecting the Glendale Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Glendale operates.

The Local Economy – Continued capital investment is seen throughout the City in the form of business expansion and attraction to Glendale’s central location, public safety record and robust business environment. Of particular note is the entertainment industry which remains rooted in Southern California, with the Verdugo Region (Glendale/Burbank) particularly known for production (pre & post), animation, visual effects, and digital distribution. Glendale continues to benefit from growth in this sector through companies co-locating with powerhouses Disney and DreamWorks, and hundreds of ancillary production and equipment firms. The City has 3 major area hospitals, which heighten desire to co-locate business development near medical clusters, such as biopharmaceutical sectors. Also of note are Glendale’s regional shopping centers, the Glendale Galleria, Americana at Brand and Brand Boulevard of Cars. Several large development projects either recently completed or underway in Glendale will provide approximately 3,500 new residential units and 210,000 square feet of commercial space. Such investments by the business community indicate a continued confidence in Glendale. Overall, Glendale’s economy is one of the most diverse within the Los Angeles region largely due to a healthy mix of business and industry that operates within its borders.

Economic Development Highlights – The City focuses on collaborative strategies to create jobs, generate revenue, and improve the quality of life for residents, the business community, and visitors of Glendale. Throughout the years, the City has encouraged economic development through proactive efforts to target and attract businesses; improve Class A office vacancies; provide support to existing businesses through concierge services; create a workforce development program that is operated by the Verdugo Job Center; promote City-wide branding and marketing efforts; and by adopting strategic planning methods. Economic Development accomplishments for FY 2016-17 were focused around three main goals:

- 1. Asset Management:** Glendale actively employs ways to provide additional value of City assets through proactive, profitability-focused management practices. The priority was to achieve the highest and best use of City facilities through an effective asset management strategy. Accomplishments include:
 - Commenced business and funding plan, park/open space vision process, and conceptual development entitlement process relating to Space 134, a freeway cap park over the 134 freeway that would cover about 25 acres between Central and Glendale Avenues. Space 134 would connect the community to the City’s civic, cultural, and business core through public open space and pedestrian and bike friendly trails, which will make Glendale’s downtown an even greater destination.
 - Commenced negotiations and entitlement for boutique hotel development in Downtown Glendale on a City owned parcel.

- Commenced due diligence on the Exclusive Negotiating Agreement (ENA) with the Armenian American Museum and Cultural Center of California. The vision for the Museum is a cultural campus that enriches the community, educates the public on the Armenian American story, and empowers individuals to embrace cultural diversity and speak out against prejudice. It could serve as the south anchor to the Downtown's Arts & Entertainment District.
- Commenced negotiations for a new lease for the Verdugo Jobs Center offices.
- Completed the Request for Proposals Process for the City owned Historic Rockhaven site and entered into an Exclusive Negotiating Agreement.

2. Business Attraction: The City is committed to attracting business and investment to Glendale in an effort to create a diverse economy. This is done through Business Concierge services and fast-track permitting, broker relationships, site selection assistance, utility consultation, and connecting potential businesses with resources, marketing campaigns and support. Accomplishments in business attraction include:

- Completed Glendale Tech Strategy and continued implementation of recommendations to strengthen the technology based industry ecosystem in and around Glendale and to strategically attract more companies.
- Successfully hosted the second annual Glendale Tech Week during October 2017. Nearly 1,000 people registered to attend the week of pop-ups hosted by local businesses and the 2-day City summit. The event strengthened Glendale's tech ecosystem and position as a tech hub in the Los Angeles region.
- Maintained Class A Office Vacancy rate of 10%, down from an all-time high of 24% in 2010.
- Added new businesses during the fiscal year to include The San Fernando, Eggslut, California Poke, Halal Guys, Tarme Mediterranean Grill, 85 Degrees, Antaeus Theatre, Ace 121 Apartments, Bacari GDL, Capital One, Menchies, T'sujita, Sugarfina, Pie Hole, GreenLeaf, Under Armour, Ombra Wine Bar, C'est La Vie, Mainland Poke, Shake Shack, Little Ground, Highlight Coffee, Philz Coffee, and 1Denim.
- Hosted the first CicLAvia Open Streets event from Downtown Glendale to Atwater Village. This event was in line with the City's many initiatives to encourage an active lifestyle and alternate modes of transportation, including the Be Street Smart Campaign. Inspired by Bogotá's weekly *ciclovía*, CicLAvia temporarily closes streets to car traffic and opens them to Los Angelinos to use as a public park. Free for all, CicLAvia connects communities to each other, creating a safe place to bike, walk, skate, roll, and dance.
- In an effort to attract more visitors, businesses, and residents to downtown Glendale, City Council closed down a portion of Maryland to increase pedestrian activity and to act as an economic driver to the paseo portion of the downtown area.

3. Business Services: Recognizing that a majority of job growth in any community is generated by the businesses already located there, Glendale focuses on services to businesses to propel economic growth. Harnessing the power of the thousands of businesses in the City and the nearly 100,000 employees, the City's priority was to strengthen neighborhood districts and the businesses within them. Accomplishments related to this effort include:

- Implemented the Business Expansion Grant program to assist local businesses with permanent infrastructure improvements or specialty equipment needs.
- Introduced GRIT, the Glendale Relationship Initiation Team, to solicit feedback to help gauge satisfaction when conducting business with the City, County, and the State.
- Assisted nearly 1,000 current and expanding companies with resources to further drive business in the community.

Employment – According to the most recent Census estimates available, 38,852 people in Glendale were employed in management, business, arts, or science occupations (the single largest group) in 2015 with inflation-adjusted median annual earnings of \$60,658. The Census' American Community Survey (ACS) also found 24,366 employed in sales and office occupations (second largest) with median annual earnings of \$36,284, and 15,714 employees in service occupations (the third largest group) with median annual earnings of \$20,233. Median household income was \$52,574 for the year, and the poverty rate was 14.6% according to Census records. Monthly reports from the California Employment Development Department (EDD) Labor Market Information Division (LMID) indicate 102,900 individuals, ages 16 and older worked in Glendale in June 2017. The information provided below includes additional employment statistics pertaining to the City of Glendale and the surrounding region.

- **Unemployment Levels** – In December 2007, at the start of the Great Recession, the Glendale unemployment rate was 4.8%; by the (reported) end of the Recession in June 2010, the rate had peaked to 10.1% and declined to 8.1% in June 2013, demonstrating the recovery period following the Recession. In marked contrast to its Great Recession peak, Glendale unemployment measured 5.1% in June 2017, recording a slightly higher rate than its 4.8% pre-recession level.
- **Industry Employment Status** – According to the ACS, by employment, the top six (6) Glendale industries in 2015 were: Educational, Healthcare and Social Assistance (22,661), Professional, Scientific, and Technical Services (11,534), Retail (10,802), the Arts, Entertainment and Recreation (8,369), Finance and Insurance and Real Estate (7,114) and Manufacturing (6,368).
- **Large Employers** – DreamWorks Animation, Walt Disney Imagineering, Glendale Adventist, and Glendale Memorial Medical Center remained among the City's largest employers in FY 2016-17.

• **Fastest Growing Occupations** – Current EDD projections indicate that through 2024 the fastest growing occupations in Los Angeles County will include:

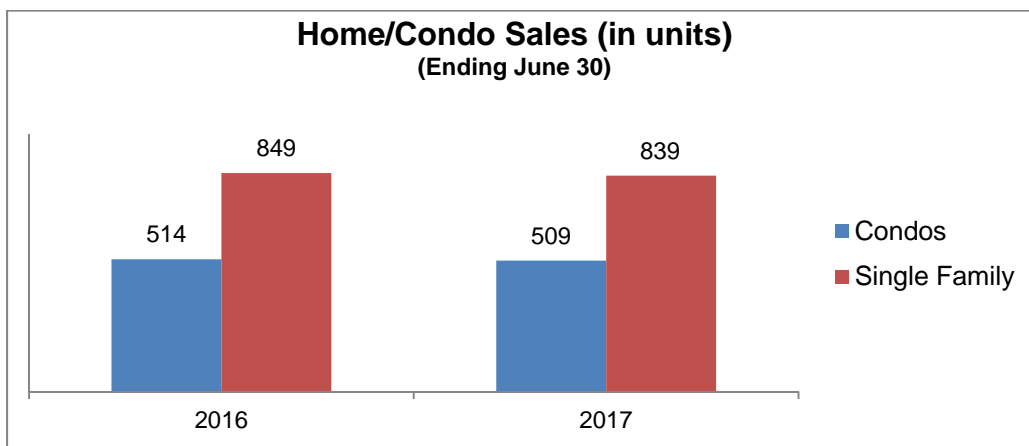
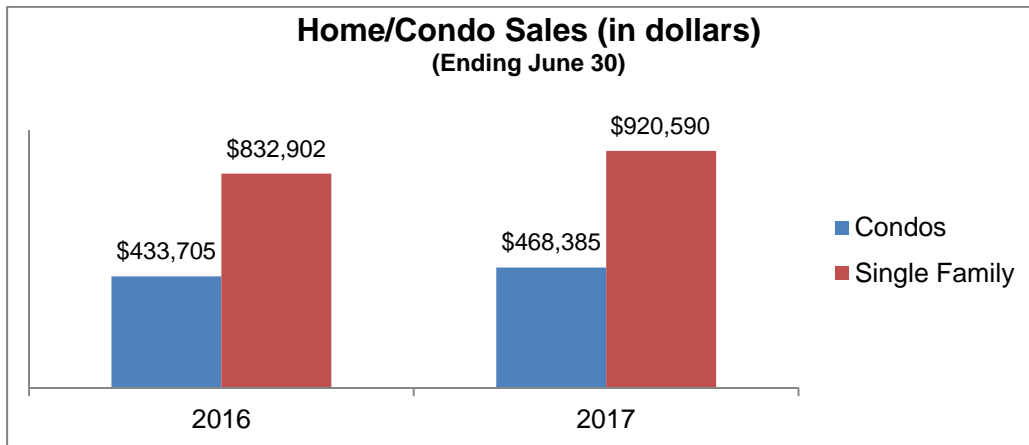
- Personal Care Aides
- Statisticians
- Reinforcing Iron and Rebar Workers
- Brickmasons and Blockmasons
- Helpers-Brickmasons, Blockmasons, Stonemasons, and Tile and Marble Setters
- Cooks, Restaurant
- Nurse Practitioners
- Floor Layers, Except Carpet, Wood, and Hard Tiles
- Home Health Aides
- Web Developers
- Operations Research Analysts
- Occupational Therapy Assistants
- Law Teachers, Postsecondary
- Massage Therapists
- Roofers
- Physical Therapist Aides
- Biomedical Engineers
- Helpers-Painters, Paperhangers, Plasterers, and Stucco Masons
- Combined Food Preparation and Serving Workers, Including Fast Food
- Marriage and Family Therapists

Trends – EDD also reports that industry employment, which includes self-employment, private household workers, farm, and non-farm employment in Los Angeles County, is expected to reach 5,063,300 by 2024, an increase of 12.7% between 2014 and 2024. Further, 12 of 13 non-farm industry sectors are projected to grow in this ten-year period.

Total non-farm employment is projected to grow by nearly 535,700 jobs by 2024, with 75% of all projected nonfarm job growth concentrated in (1) Educational services (private), health care, and social assistance, (2) Leisure and hospitality, and (3) Professional and business services.

Occupational employment forecasts approximately 608,000 new jobs from industry growth and more than 1 million job openings from replacement needs for a combined total of approximately 1.6 million job openings. The top three occupations with the most job openings are (1) personal care aides, (2) combined food preparation and serving workers (including fast food), and (3) retail salespersons. These occupations have median wages ranging from \$9.64 to \$11.19 per hour and require no formal educational credential. The fastest growing occupations anticipate an annual growth rate of 2.4% or higher.

Housing – Based on the “2016 Annual Report” issued by the Los Angeles Office of the Assessor, Glendale experienced a net taxable property value increase of 5.5%, which was less than the increase experienced countywide at 5.58%. According to the City’s property tax consultant, HdL, Glendale’s housing market fell slightly in sales volume and showed an increase in an average home price of \$920,590 in FY 2016-17, compared to \$832,902 in FY 2015-16. The condominium sales also showed a decline in sales volume and an increase in an average price of \$468,385 for FY 2016-17, compared to \$433,705 for FY 2015-16.



Local Government Finance

The southland’s slow economic recovery, legal challenges to the long-standing and charter-mandated General Fund Transfer from Glendale Water & Power, low investment returns for CalPERS have all combined to make these past few years some of the most difficult years for budgeting in recent history. However, the managers and staff from each department, as well as the City Council, have pressed on despite these challenges, and have performed their service in a professional and constructive manner. The focus clearly remains on developing a structurally balanced financial plan that best serves the diverse community – carefully weighing the community’s myriad of needs with limited resources.

The positive national, regional and local indicators – such as increased spending and income, steady improvements in the housing market, and reduced rates of unemployment – align with the City’s forecasted revenue growth which ranges from 3.0% to 4.6% across the three key General Fund revenue sources: property, sales, and utility user’s taxes. Long-term growth rates for General Fund revenues are projected to grow rather modestly, averaging about 3% annually over the next five years. According to

industry experts, one potential challenge on the horizon may prove to be a flattening in the growth rate of auto sales occurring within the City. As auto sales are a significant portion of the City's sales tax revenue, staff is working diligently to add diversity to the City's portfolio of resources by increasing transient occupancy tax revenues generated by A-list hotels – an amenity that is in short supply for the Jewel City given its status as a regional hotspot for retail, entertainment and the arts. Although Glendale continues to face challenges such as increased pension costs, a deficit in the Compensation Insurance Fund, and aging infrastructure, the City Council has taken action to reduce the City's OPEB liability. In October 2015, the City Council approved unblending medical insurance premium rates between active employees and retired employees effective June 1, 2016. Accordingly, City's actuarial liability decreased from \$214 million from the June 30, 2013 valuation to \$16 million from the June 30, 2016 valuation, due to the fact that there is no more "implied subsidy" after June 1, 2016. The City's net OPEB obligation decreased from \$94.8 million in FY 2014-15 to \$8.7 million in FY 2016-17 because of the elimination of implied subsidy. The financial projections demonstrate that as long as the City stays diligent and disciplined, Glendale will remain an operationally and structurally balanced organization in the years to come.

Long-term Financial Planning

Financial Challenges – Despite the fact that the economy is improving and the economic indicators are all trending positive, the City still faces notable challenges in the coming years. As mentioned above, the General Fund remains highly dependent on sales taxes generated from automobiles sales. Revenues from auto sales have steadily risen over the past few years following the Great Recession; however, an economic downturn could place that revenue stream in jeopardy. We all know that the best offense is a good defense, and when it comes to finance, that means diversification. In that regard, staff and City Council are working diligently to attract new upscale hotels that would generate considerable occupancy tax revenue for the City.

The possible loss of the voter-approved General Fund Transfer (GFT) from Glendale Water & Power's (GWP) electrical operations still looms. Currently at about \$20 million per year, the transfer has been a feature of the City's General Fund revenue stream since the 1940s. Basically, the municipal forbearers established the water and power utility as a means of helping the City grow, as well as to bring revenue into the City's General Fund. This inflow of funding helped City Councils through the years keep Glendale a low-tax city (for example, only 13.7 cents on the property tax dollar comes to the City of Glendale; there is no business license tax, etc.). And, although the City Charter allows for a maximum transfer of up to 25% of gross operating revenues from the electrical operations, the GFT has never risen to that level; indeed, the current transfer is at 10% of retail operating revenues.

What does the potential loss of the GFT mean to Glendale? For the time being, the City will continue to move forward with the status quo. After having experienced deep cuts across all departments in recent years, Glendale is currently running as lean as it ever has. The loss of the transfer would, without doubt, mean cuts directly to the essential programs and services the community depends on day in and day out. Hence, there would be no alternative but to make cuts that would drastically impact the quality of life for the community. Specifically, the City Council would need to consider cuts to Libraries, Parks, Fire and Police. The effects of these cuts would be experienced in the form of reduced hours at libraries and parks, the closing of libraries and parks, and the contracting out of Police and Fire services with the County of Los Angeles.

Other significant challenges on the horizon include: expected increases in pension costs due primarily to changes in the PERS actuarial assumptions and the fund's low investment returns during the recession and subsequent years (average 10-year returns are estimated to be 4.3% through FY 2016-17), shoring up the Internal Service Funds (e.g. Compensation Insurance and Fleet/Equipment Management), and providing a stable funding source for General Fund Capital Improvement Projects. In July, 2017 the City Council appropriated \$26.5 million from General Fund for a Pension Rate Stabilization Program IRC

Section 115 Trust to mitigate the impacts of rising CalPERS contributions on the General Fund. A trust fund is useful as a means to pre-fund upcoming pension costs because contributions to the trust are eligible to earn a higher rate of return than the City's investment pool. The \$26.5 million was wired to the Trust in three installments in August and September 2017.

Moving forward, the continuing challenge is to minimize the negative impact on the community and customers from past restructuring efforts and ensure the City adds ongoing value to the taxpayers. Glendale's value proposition is the combination of the Council's priorities, the City's strategic goals and key performance indicators. Council ultimately sets the tone, the vision and the policy for the City. During this year's budget process, Council has reaffirmed the following priorities:

- Fiscal Responsibility
- Exceptional Customer Service
- Economic Vibrancy
- Informed and Engaged Community
- Safe and Healthy Community
- Balanced, Quality Housing
- Community Services and Facilities
- Infrastructure and Mobility
- Arts and Culture
- Sustainability

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

The City manages its pooled idle cash and investments under a formal investment policy that follows the guidelines of the State of California Government Code, which is then reviewed by the Investment Committee and adopted by the City Council.

The following table presents a comparison of the City's cash and investments for previous four fiscal years.

	Fiscal year ended June 30,			
	2017	2016	2015	2014
Cash and investments	\$ 765,797,000	682,529,000	567,084,000	533,308,000

Risk Management – The City is self-insured up to \$2 million for claims filed under the comprehensive general liability and Workers' Compensation insurance programs. The City purchases excess liability insurance policies for general liability claims to cover losses up to \$25 million, and an amount up to statutory limits for the Workers' Compensation program. The City also purchases Property/Casualty, Aviation, Employment Practices, Directors and Officers, Cyber Security, and other smaller insurance policies for specific activities. Insurance coverage and the associated premiums are reviewed annually to ensure the City is properly covered.

The City's Risk Management program is comprised of Insurance Services and Employee Safety. The primary goal of Insurance Services is to effectively address potential risk factors that affect both the City and its employees. The Safety Section works with City Departments to evaluate and mitigate workplace

hazards, assist in providing safety training, conduct accident investigations, and ensure compliance with Cal/OSHA regulations.

Risk Management staff, in conjunction with the Finance Department, annually reviews internal funding levels to address claims costs. Internal insurance costs are charged to each department and based on analysis of recent claims costs, as well as the outstanding reserves. Input from an actuarial study, performed annually, is considered in assessing the charges.

Independent Audit

The City's financial statements have been audited by the firm of Vavrinek, Trine, Day & Company, LLP, a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Glendale, California for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Glendale, California's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. Their unmodified opinion on the City's basic financial statements is included within this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and other financial reporting and compliance with legal requirements, and on compliance and internal control over compliance for each major federal program selected. These reports are available in the City's separately issued *Single Audit Report*.

Award

The Government Finance Officers Association (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its comprehensive annual financial report for the past twenty two fiscal years ended June 30, 1995 through June 30, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. This award is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement for Excellence requirements and we will be submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has my sincere appreciation for their contribution in the preparation of this report.

In closing, without the leadership and support of the Glendale City Council, City Manager, and the Assistant City Manager, the preparation of this report, as well as the favorable financial results of the past year, would not have been possible.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Robert Elliot". The signature is fluid and cursive, with a large, sweeping flourish at the end.

ROBERT P. ELLIOT, CPA
DIRECTOR OF FINANCE

City of Glendale, California

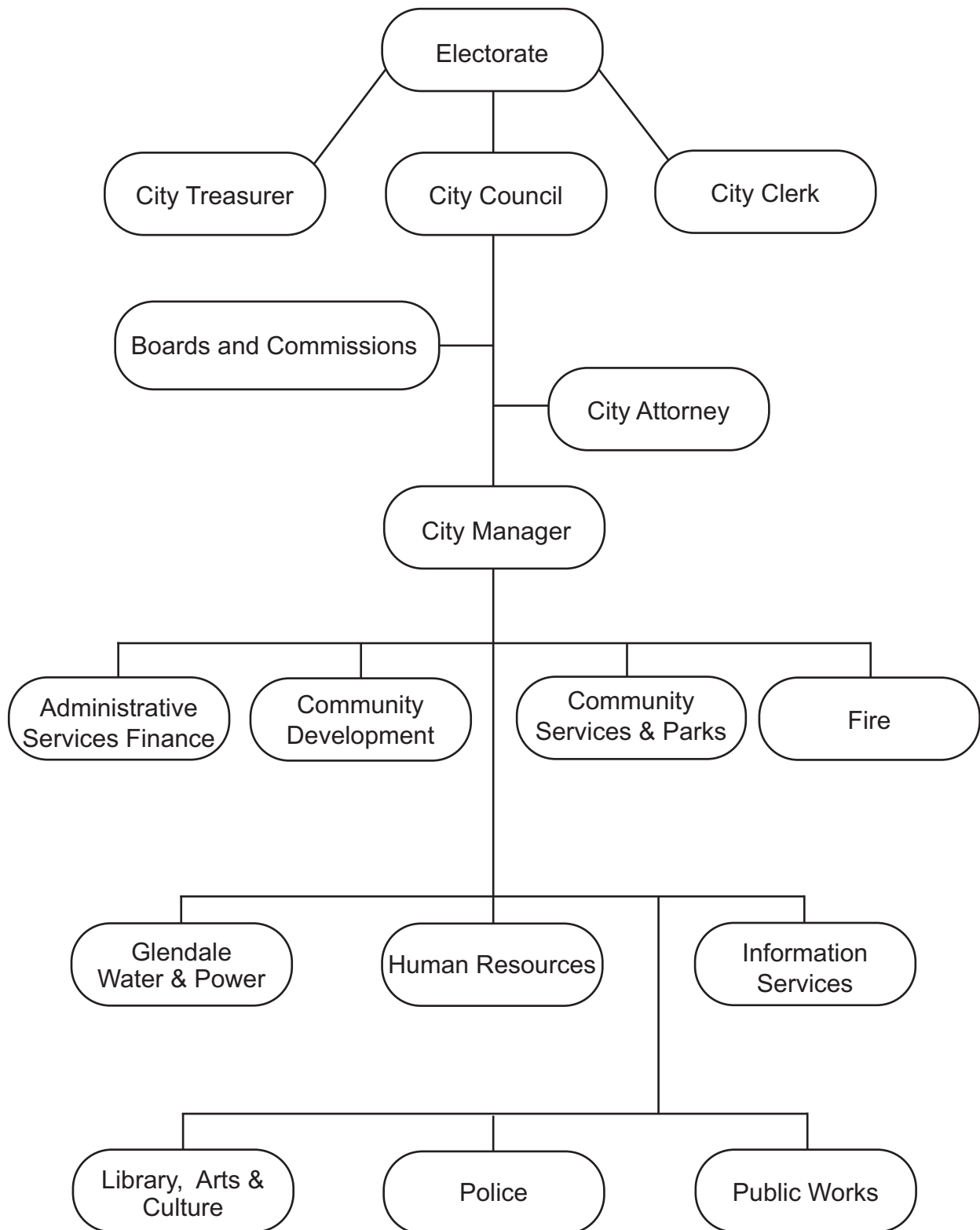
Officials of the City of Glendale

June 30, 2017

Administration and Executive Management Team

City Manager	Scott Ochoa
Assistant City Manager	Yasmin K. Beers
Deputy City Manager	John Takhtalian
Director of Community Services & Parks	Onnig Bulanikian
Police Chief	Robert M. Castro
Director of Library, Arts & Culture	Cindy Cleary
Director of Human Resources	Matthew Doyle
Director of Finance	Robert P. Elliot, CPA
Fire Chief	Gregory Fish
Chief Information Officer	Brian Ganley
City Attorney	Michael J. Garcia
Director of Public Works	Roubik Golanian
City Clerk	Ardashes Kassakhian
Director of Community Development	Philip Lanzafame
Director of Communications & Community Relations	Thomas R. Lorenz
City Treasurer	Rafi Manoukian, CPA
General Manager of Glendale Water & Power	Stephen Zurn

City of Glendale, California
Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Glendale for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the 22nd consecutive year that the City of Glendale has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Glendale
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

A handwritten signature in black ink, reading "Jeffrey R. Egan".

Executive Director/CEO

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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, (City) as of and for the year ended June 30, 2017, 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, 2017, 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.

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 schedules of changes in the net pension liability and related ratios, and the schedules 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 the schedule of expenditures of federal awards 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 22, 2017, 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 the City's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California
November 22, 2017

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CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(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, 2017. 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 – x 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 2016-17 by \$1,562,436 (net position), which was comprised of net investment in capital assets of \$1,331,785, restricted net position of \$130,160 and unrestricted net position of \$100,491. The unrestricted net position consisted of a negative \$162,510 for governmental activities and \$263,001 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 \$65,792. Most of this increase was attributable to an increase in property taxes, and transfer of capital assets from Glendale Successor Agency to the City.
- As of the close of FY 2016-17, the City's governmental funds reported combined ending fund balances of \$287,931, an increase of \$24,188 in comparison with the prior year. About 19.5% of this total amount, \$56,119 was unassigned and available for spending at the government's discretion.
- At the end of FY 2016-17, charter required stabilization reserve of \$27,296, and unassigned fund balance of \$60,701 for the General Fund totaled \$87,997, representing about 41.8% of the final FY 2016-17 adopted budget of \$210,367. 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 increased by \$3,874 (0.9%) in FY 2016-17. The factors of this increase were a combination of items such as an increase of claims payable of \$9,452; an increase of post-employment benefits of \$531; a decrease of compensated absences of \$230; and an increase of landfill postclosure care of \$2,375; as well as decreases in other long-term liabilities and outstanding bonds payable through regular annual debt retirements.

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 basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(in thousands)

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, financing authority and economic development corporation for which the City is financially accountable. The housing authority, the financing authority, and the economic development corporation although legally separate, function for all practical purposes as departments of the City, and therefore have been included as an integral part of the primary government.

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

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

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

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

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(in thousands)

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, building maintenance, 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.

Notes to the basic 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 47-100 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 can be found on pages 107-170 of this report.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(in thousands)

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 \$1,562,436 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (85.2%) 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 513,766	480,436	384,677	364,184	898,443	844,620
Capital assets	956,546	926,004	655,479	654,773	1,612,025	1,580,777
Total assets	1,470,312	1,406,440	1,040,156	1,018,957	2,510,468	2,425,397
Deferred outflows of resources	84,920	28,510	27,580	11,309	112,500	39,819
Total assets and deferred outflows of resources	1,555,232	1,434,950	1,067,736	1,030,266	2,622,968	2,465,216
Current liabilities	81,211	62,749	39,261	35,428	120,472	98,177
Noncurrent liabilities	566,302	490,694	344,023	335,537	910,325	826,231
Total liabilities	647,513	553,443	383,284	370,965	1,030,797	924,408
Deferred inflows of resources	23,240	35,651	6,495	8,513	29,735	44,164
Total liabilities and deferred inflows of resources	670,753	589,094	389,779	379,478	1,060,532	968,572
Net investment in capital assets	922,498	888,998	409,287	422,656	1,331,785	1,311,654
Restricted	124,491	110,281	5,669	5,669	130,160	115,950
Unrestricted	(162,510)	(153,423)	263,001	222,463	100,491	69,040
Total net position	\$ 884,479	845,856	677,957	650,788	1,562,436	1,496,644

As noted earlier, 8.3% 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 \$100,491 may be used to meet the government's ongoing obligations to citizens and creditors. Of this total, \$263,001 is in business-type activities such as electric, water, and sewer utilities.

CITY OF GLENDALE

Management's Discussion and Analysis

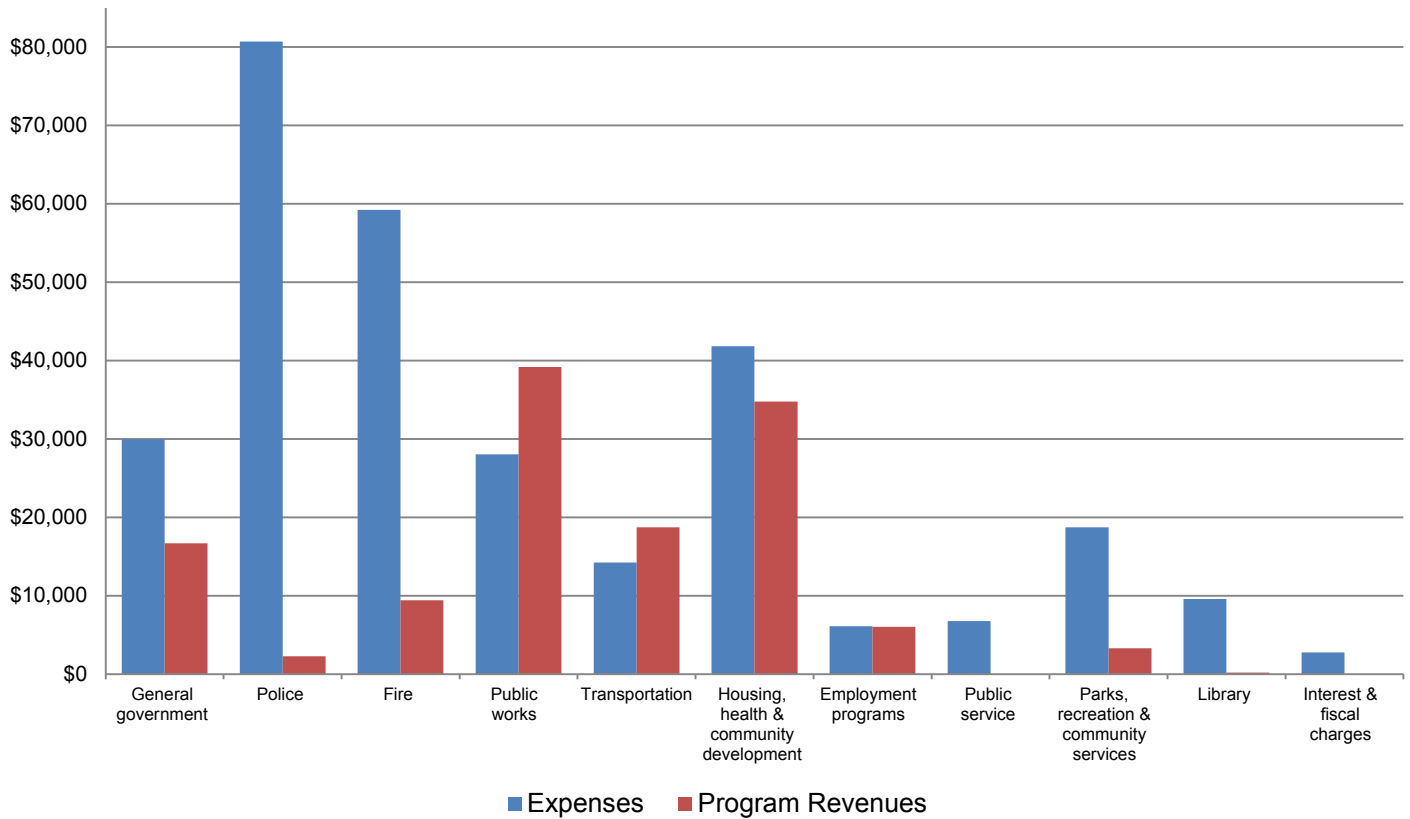
June 30, 2017

(in thousands)

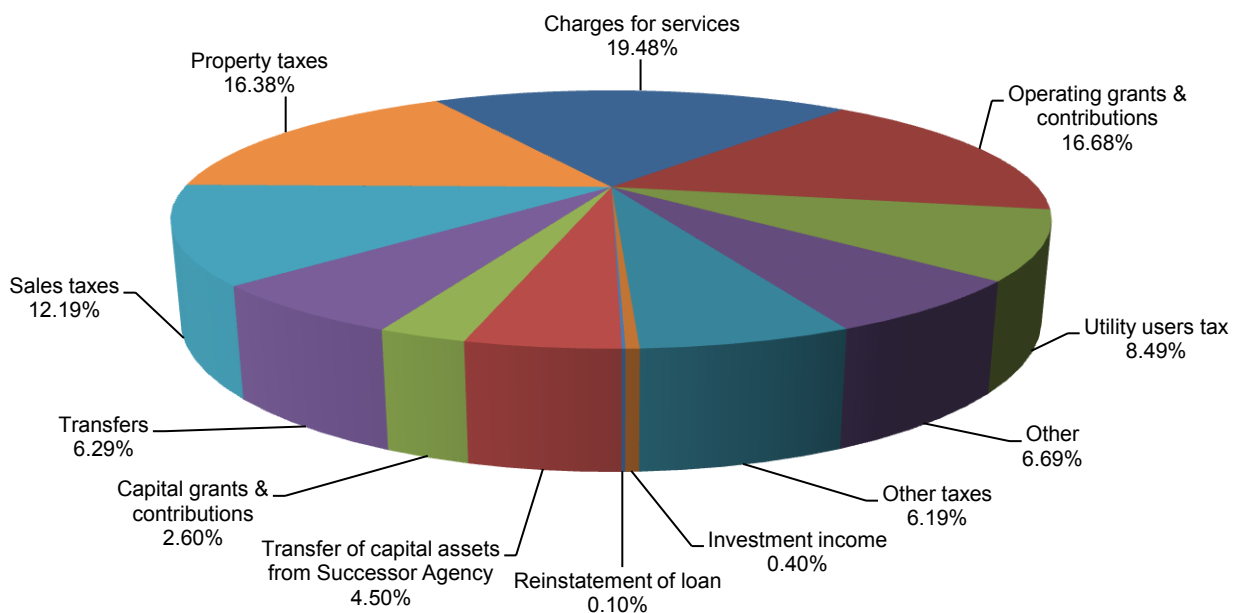
Governmental activities. Governmental activities increased the City's net position by \$38,623. Key elements of this increase are as follows:

- Compared to prior fiscal year, property tax revenue increased by \$3,508 (6.8%) mainly due to the increase in home values and the strong real estate market in the City.
- Sales tax revenue decreased by \$5,555 (11.9%) during the current fiscal year mainly due to the elimination of the Triple Flip, which was the result of the State voter approved proposition 57.
- Investment income decreased by \$7,194 (85.1%) during the current fiscal year due to the decline in the fair market value of investments.
- Governmental activities expense increased by \$29,897 (11.2%) during the current fiscal year. The increase is mostly driven by \$13,120 pension expense and \$5,050 building maintenance service charge. Pension expenses increased due to an increase in pension liabilities. The building maintenance service charge is higher due to the establishment of building maintenance rate. The Building Maintenance Fund was established in FY 2015-16 while the rate was established in FY 2016-17 in order to centralize the building maintenance operation into a single fund and establish a rate for cost recovery.
- In FY 2016-17, the following capital assets were transferred to the City by Glendale Successor Agency: \$1,442 for 218 S. Brand (Paseo property), \$11,405 Central Library renovation, \$1,915 Grandview/Sonora Streets Railroad Crossings improvements and \$355 for Broadway and Doran Street Railroad improvements, for a total of \$15,117.

Expenses and Program Revenues – Governmental Activities



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



CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(in thousands)

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

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 65,445	62,371	307,259	306,996	372,704	369,367
Operating grants and contributions	56,317	56,398	207	54	56,524	56,452
Capital grants and contributions	8,776	8,083	61	305	8,837	8,388
General revenues:						
Taxes:						
Property taxes	55,217	51,709	-	-	55,217	51,709
Sales taxes	41,096	46,651	-	-	41,096	46,651
Utility users tax	28,605	28,662	-	-	28,605	28,662
Other taxes	20,998	20,378	-	-	20,998	20,378
Investment income	1,262	8,456	1,859	4,899	3,121	13,355
Other	22,377	25,988	8,559	7,702	30,936	33,690
Reinstatement of loans	206	28,029	-	-	206	28,029
Total revenues	<u>300,299</u>	<u>336,725</u>	<u>317,945</u>	<u>319,956</u>	<u>618,244</u>	<u>656,681</u>
Expenses:						
General government	29,958	20,335	-	-	29,958	20,335
Police	80,687	72,274	-	-	80,687	72,274
Fire	59,228	51,386	-	-	59,228	51,386
Public works	28,021	31,925	-	-	28,021	31,925
Transportation	14,215	14,367	-	-	14,215	14,367
Housing, health and community development	41,831	39,860	-	-	41,831	39,860
Employment program	6,099	5,265	-	-	6,099	5,265
Public service	6,751	6,230	-	-	6,751	6,230
Parks, recreation and community services	18,710	15,889	-	-	18,710	15,889
Library	9,590	8,222	-	-	9,590	8,222
Interest and fiscal charges	2,763	2,203	-	-	2,763	2,203
Fire communications	-	-	3,399	3,149	3,399	3,149
Sewer	-	-	16,697	15,327	16,697	15,327
Refuse disposal	-	-	19,448	18,518	19,448	18,518
Electric	-	-	186,772	172,647	186,772	172,647
Water	-	-	43,400	42,017	43,400	42,017
Total expenses	<u>297,853</u>	<u>267,956</u>	<u>269,716</u>	<u>251,658</u>	<u>567,569</u>	<u>519,614</u>
Excess before transfers, special items and extraordinary gain	2,446	68,769	48,229	68,298	50,675	137,067
Transfers	21,060	19,524	(21,060)	(19,524)	-	-
Special item: Transfer of capital assets from Successor Agency	15,117	6,729	-	-	15,117	6,729
Special item: Elimination of OPEB implied subsidy	-	82,247	-	-	-	82,247
Extraordinary gain	-	26,490	-	-	-	26,490
Change in net position	<u>38,623</u>	<u>203,759</u>	<u>27,169</u>	<u>48,774</u>	<u>65,792</u>	<u>252,533</u>
Net position – Beginning 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>
Net position – End of the year	<u>\$ 884,479</u>	<u>845,856</u>	<u>677,957</u>	<u>650,788</u>	<u>1,562,436</u>	<u>1,496,644</u>

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(in thousands)

Business-type activities. Business-type activities net position increased by \$27,169. Key elements of this increase are as follows:

- Charges for services increased by \$263 (0.1%) during the current fiscal year. Charges for services remain stable compared to prior fiscal year as Electric and Water funds continued phase 4 and phase 3 of its rate increases of 2% and 4%, respectively. Sewer, Refuse and Fire Communication funds charges for services remain stable in spite of a decrease in Sewer consumption and increases in Refuse services, AB 939 waste & recycling fees, and Fire Communication tri-cities and contract agencies fees.
- Operating and capital grants and contributions decreased by \$91 (25.4%) during the current fiscal year. The decrease was mainly due to full completion of Prop 50 state capital grants for phase 3, chromium 6 demonstration projects despite an increase in operating grants from CalRecycle to promote awareness and convenience in recycling beverage containers.
- Investment income decreased by \$3,040 (62.1%) during the current fiscal year as a result of a decline in the fair market value of investments.
- Other revenues increased by \$857 (11.1%) during the current fiscal year. The increase was mainly due to a one-time litigation settlement proceeds against the consultant for professional negligence and breach of contract arising from flawed water rate study.
- Sewer expense increased by \$1,370 (8.9%) during the current fiscal year. The increase was mainly due to higher contract costs with City of Los Angeles for the operation and maintenance of Los Angeles/Glendale Wastewater Reclamation Plant (LAGWRP).
- Electric expenses increased by \$14,125 (8.2%) during the current fiscal year. The increase was mainly due to higher production expenses as a result of increased purchased power activities that have more renewable energy attributes and higher transmission expenses due to increased operation & maintenance activities.
- Water expenses increased by \$1,383 (3.3%) during the current fiscal year. The increase was mainly due to higher depreciation expenses as a result of increased capitalization. Operating expenses as a whole remain on par with prior fiscal year level due to continued water conservation mandates.
- Other expenses increased by \$1,180 (5.5%) during the current fiscal year as a result of increased operational activities in refuse, recycling and yard-trimming collections and an increase in Glendale's share of operating costs due to higher per incident volume calls.

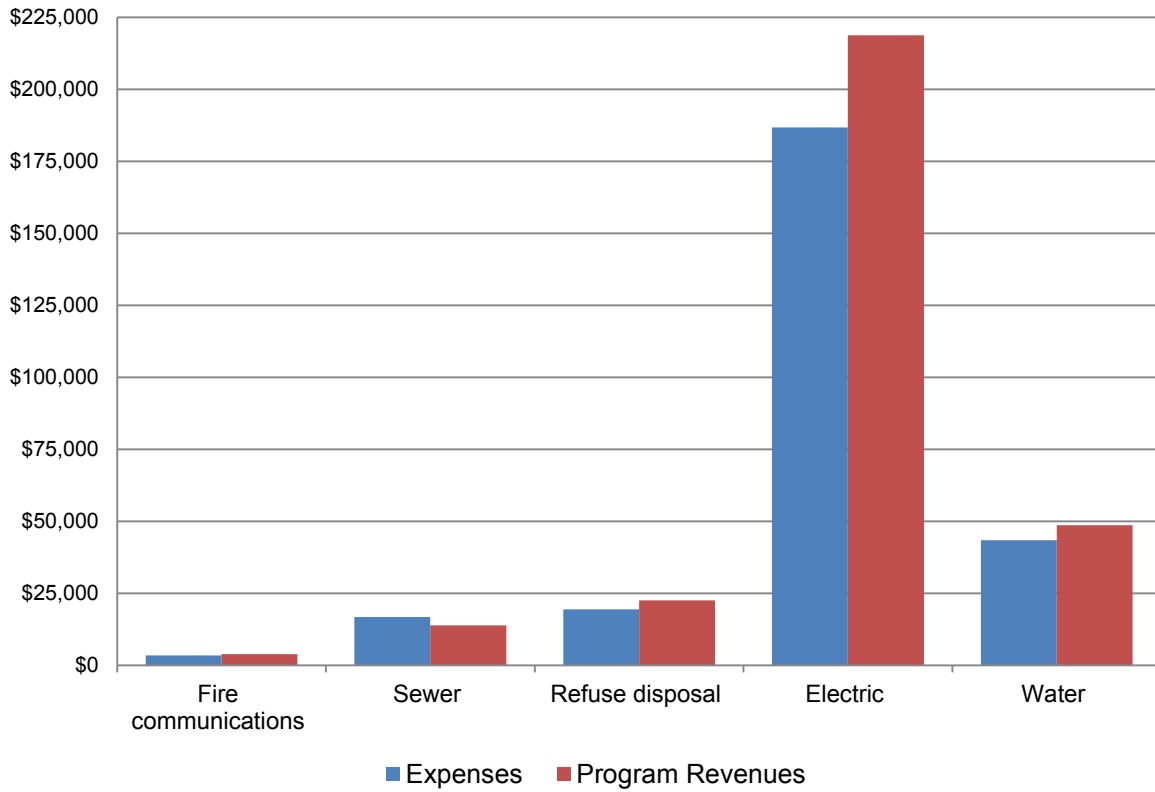
CITY OF GLENDALE

Management's Discussion and Analysis

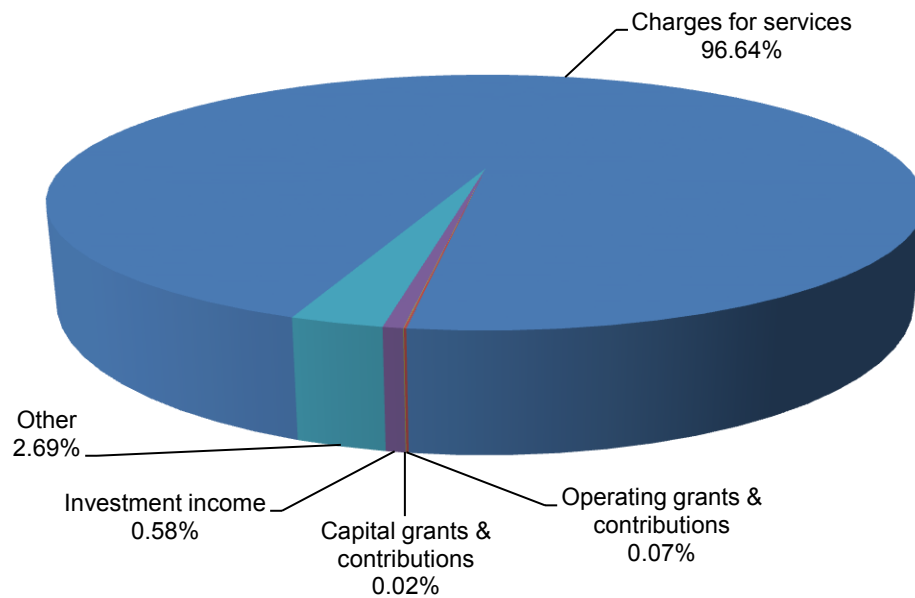
June 30, 2017

(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, 2017

(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 \$287,931, an increase of \$24,188 in comparison with the prior year. About 19.5% of this total amount, \$56,119, constituted unassigned fund balance, which was available for spending at the government's discretion. The remainder of fund balance in the amount of \$231,812 was not available for new spending because it was either nonspendable, restricted, committed or assigned. Nonspendable fund balance was \$2,663. Restricted fund balance was \$147,094, which was constrained by external creditors, grantors, laws or regulations of other governments and enabling legislation. Committed fund balance was \$77,450, and the assigned fund balance was \$4,605.

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 \$60,701 and \$27,296, respectively, while total fund balance was \$92,869. 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 \$87,997, represented about 43.6% of FY 2016-17 General Fund expenditures plus transfers.

The fund balance of the City's General Fund had a net increase of \$4,523 during the current fiscal year. This net increase is primarily due to the following reasons:

- Compared to prior fiscal year, property tax revenue increased by \$3,508, which was mainly due to the increases in home values and the strong real estate market in the City.
- Compared to prior fiscal year, other taxes revenue increased by \$715, which was mainly due to higher landfill host assessments and transient occupancy tax. The landfill host assessment revenues increased because of the increased tonnage at the landfill. The transient occupancy tax increased because of new hotels and improved economy.
- Compared to prior fiscal year, licenses and permits increased by \$524, which was mainly due to the revenue from building permits. Because of strong housing market and increased demands for developments in the City, more building permits were issued during the fiscal year.
- Compared to prior fiscal year, use of money and property increased by \$6,780, which was mainly due to higher loan repayment from Glendale Successor Agency to the City.

The Housing Assistance Fund (Section 8 grant) had a fund balance of \$5,089, a decrease of \$18, compared to the prior fiscal year. The funding for Section 8 grant is on a calendar year basis. In the first half of the calendar year 2017, the City received less housing assistance payment from the Department of Housing and Urban Development (HUD) than the payments to the landlords. The City has been actively working with HUD to apply for shortfall assistance. On the other hand, the City spent less administrative

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(in thousands)

expenditures than the earned administrative revenue due to efficient and effective administrative operations.

The Capital Improvement Fund had a fund balance of \$13,405. In comparison with the prior fiscal year, the fund balance increased by \$2,110. Due to the Central Library renovation and street improvement projects, \$6,661 more expenditures were spent in FY 2016-17. At the same time, compared to prior fiscal year, \$6,850 more revenues were also received for three main reasons: (1) \$708 more landfill royalty tipping fee because of increased tonnage at the landfill, (2) the final state grant reimbursement \$1,725 for Maryland mini-park, and (3) a one-time \$3,000 transfer from General Fund for street improvements and Fremont Park renovation.

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 \$211,161 for the Sewer Fund, \$315,904 for the Electric Fund, \$120,797 for the Water Fund, and \$38,321 for the nonmajor enterprise funds.

The net position of the Sewer Fund decreased by \$2,489 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 an increase in operating expenses due to higher Glendale's share of operation and maintenance costs for the Los Angeles/Glendale Water Reclamation Plant (LAGWRP).

The net position of the Electric Fund increased by \$18,065 during the current fiscal year. The increase in net position was mainly due to stable electric retail sales as the Electric Fund continued phase 4 of the electric rate increase of 2% in FY 2016-17, an increase in sales to other utilities, and an increase in operating expenses due to higher production and transmission costs.

The net position of the Water Fund increased by \$8,989 during the current fiscal year. The increase in net position was due to stable water retail sales as the Water Fund continued phase 3 of the water rate increase of 4% in FY 2016-17. The operating expenses are on a par with the prior year level.

The net position of nonmajor enterprise funds increased by \$3,186 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 2016-17 final General Fund revenue budget, the actual revenues received had a net decrease of \$249. Some of the revenue categories such as property taxes, other taxes, licenses and permits, revenue from other agencies, charges for services came in \$1,766 higher when compared with final budgeted revenues. This was mainly due to strong housing market and increased demand for development in the City. In contrast to these increases some of the revenue categories such as sales tax, utility users tax, fines and forfeitures, use of money and property, miscellaneous revenue, and transfer from other funds, came \$1,826 short when compared with final budgeted revenues. It is worth noting that the decrease in telecommunications tax and video/cable tax under the utility users tax category is mainly due to wireless customers shifting from conventional contracts to prepaid wireless services and cable customers shifting to online streaming service providers, such as Netflix, Hulu, etc.

CITY OF GLENDALE

Management's Discussion and Analysis

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(in thousands)

In FY 2016-17, the final expense budget increased by \$15,588 in comparison to the original expense budget. The increase is driven by the following items: \$4,120 for budget carryovers, \$1,548 for the new Glendale Police Officers' Association (GPOA) Memorandum of Understanding (MOU) approved adjustments and anticipated overtime costs, \$1,398 for firefighter recruit academy, \$3,000 for transfer to the Capital Improvement Fund to fund for Street Improvements and Fremont Park Renovation, \$1,000 for transfer to the Building Maintenance Fund and \$400 for the funding of the Savings Incentive Programs (SIP). The City utilizes a Savings Incentive Program designated to encourage departments to remain under their appropriated budgeted amounts. At the end of each year, the program gets activated. \$1,902 was appropriated for the transfer to the Low & Moderate Income Housing Asset Fund. This appropriation is from the 20% of the Glendale Successor Agency loan repayment and is offset by additional revenue received.

Compared to the FY 2016-17 final General Fund expense budget, the actual expenditures were under spent by \$8,712. The variance was mainly due to salary savings from vacant positions and the expenditures in contractual services coming in less than forecasted. Although much of the vacant positions have been eliminated in the General Fund, vacancies still exist across almost every department as a result of employee turnover. Some of the variance is also due to the Savings Incentive Program appropriation by \$800, which is a program that allows departments to retain a portion of their budgetary savings for future use and is designed to encourage departments to control and remain under their appropriated budgeted amounts. The maintenance and operations and the Capital Outlay budget was also underspent mainly due to the Laemmle project in the amount of \$1,100, the Continuum of Care and other Housing programs in the amount of \$347, and the Central Library's radio frequency identification equipment in the amount of \$534. The General Fund transfer was over by \$1,270 due to the Emergency Medical Services Fund closing into the General Fund.

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, 2017, amounts to \$1,612,025 (net of \$860,248 accumulated depreciation, \$9,854 gas depletion and \$46,371 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 2.0%; this represents a 3.3% increase for governmental activities and a 0.1% increase for business-type activities.

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

- In FY 2016-17, the following capital assets were transferred to the City by Glendale Successor Agency: \$1,442 for 218 S. Brand (Paseo property), \$11,405 Central Library renovation, \$1,915 Grandview/Sonora Streets Railroad Crossings improvements and \$355 for Broadway and Doran Street Railroad improvements.
- The City transferred 5th and Sonora Land from Property Held for Resale to Capital Assets in the amount of \$6,007. The property will be for development of 65 units of affordable rental housing.
- The City purchased 2 Pierce Fire Engines in the amount of \$1,272. The City also capitalized improvements to the following capital assets: \$7,081 for Central Library, \$2,107 for Pacific Avenue/Burchett Street, \$1,947 for Palmer Park.
- The following projects contributed to the increase in the capital and intangible assets in the Sewer Fund: \$3,863 for Los Angeles-Glendale Water Reclamation Plant, \$2,899 for Hyperion Wastewater

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System and \$10,898 for Chevy Chase Sewer Diversion. The City is upgrading the Los Angeles – Glendale Water Reclamation Plant and Hyperion Wastewater Treatment Plant and Conveyance System Facilities to meet federal and state mandates. The Chevy Chase Sewer Diversion project is for constructing approximately 4,300 linear feet of gravity sewer pipeline.

- At the end of the year, Electric Fund increased its construction in progress by \$6,060. The increase was due to capital improvement projects such as the repowering of the Grayson Power Plant, Grandview Substation renovation and upgrade and repairs of generation units, designated as Unit 8A and 8B/C. The decrease of \$2,729 in machinery and equipment was primarily due to the retirement of production, transmission and distribution equipment.
- Water Fund decreased its construction in progress by \$6,969 at the end of FY 2016-17. This decrease primarily reflected the completion of some major capital improvement projects, such as the Phase III demonstration study of treatment technologies for hexavalent chromium in groundwater supplies; and cleaning, lining and replacement of distribution mains and valves and fire hydrant assemblies in vicinity of Canada Boulevard. The increase of \$5,654 in infrastructure was primarily due to replacement of distribution mains and valves and fire hydrant assemblies to improve the water system infrastructure reliability. The increase of \$5,132 in machinery and equipment was primarily due to completion of the Phase III of IV phase program to identify and implement drinking water treatment technologies for hexavalent chromium in ground water supplies.

City of Glendale's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 421,748	414,298	9,557	9,490	431,305	423,788
Natural gas reserve	-	-	22,149	22,144	22,149	22,144
Buildings and improvements	400,720	364,101	271,976	265,429	672,696	629,530
Machinery and equipment	134,686	126,928	562,591	558,390	697,277	685,318
Infrastructure	324,734	317,093	152,130	146,476	476,864	463,569
Construction in progress	48,882	59,114	76,681	68,414	125,563	127,528
Intangible assets	-	-	102,644	99,746	102,644	99,746
Total capital assets	1,330,770	1,281,534	1,197,728	1,170,089	2,528,498	2,451,623
Less: Accumulated depreciation	(374,224)	(355,530)	(486,024)	(463,078)	(860,248)	(818,608)
Less: Gas depletion	-	-	(9,854)	(8,919)	(9,854)	(8,919)
Less: Amortization	-	-	(46,371)	(43,319)	(46,371)	(43,319)
Net of depreciation, depletion, and amortization	\$ 956,546	926,004	655,479	654,773	1,612,025	1,580,777

Additional information on the City's capital assets can be found in Note 6 on pages 67-69 as well as pages 171-172 of this report.

Long-term debt and liabilities. The City's total debt and liabilities increased by \$3,874 (0.9%) in FY 2016-17. The factors of this increase were a combination of items such as an increase of claims payable of \$9,452; an increase of post-employment benefits of \$531; a decrease of compensated absences of \$230; and an increase of landfill postclosure care of \$2,375; as well as decreases in other long-term liabilities and outstanding bonds payable through regular annual debt retirements.

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(in thousands)

City of Glendale's Debt and Liabilities

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Claims payable	\$ 51,394	41,942	-	-	51,394	41,942
Post-employment benefits	8,665	8,134	-	-	8,665	8,134
Compensated absences	21,395	21,278	6,109	6,456	27,504	27,734
Landfill postclosure care	47,059	44,684	-	-	47,059	44,684
Certificates of Participation (COPs)	33,785	35,605	-	-	33,785	35,605
Other long-term liabilities:						
Capital Lease-Fire equipment lease 2009 – Wells Fargo	262	514	-	-	262	514
2011 HUD Section 108 loan	1,111	1,305	-	-	1,111	1,305
Total other long-term liabilities	1,373	1,819	-	-	1,373	1,819
Bonds payable:						
Electric Revenue Bonds, 2008 series	-	-	1,880	1,880	1,880	1,880
Electric Revenue Bonds, 2013 refunding series	-	-	22,539	23,640	22,539	23,640
Electric Revenue Bonds, 2013 series	-	-	61,307	62,565	61,307	62,565
Electric Revenue Bonds, 2016 refunding series	-	-	87,085	89,303	87,085	89,303
Water Revenue Bonds, 2008 series	-	-	45,089	46,479	45,089	46,479
Water Revenue Bonds, 2012 series	-	-	35,533	35,554	35,533	35,554
Total bonds payable	-	-	253,433	259,421	253,433	259,421
Total long-term debt and liabilities	\$ 163,671	153,462	259,542	265,877	423,213	419,339

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, 2017 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)	Aa3	-	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+

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, 2017, the City's net assessed value of taxable property was \$23 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.

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.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(in thousands)

As of June 30, 2017, 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. 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, household spending is expected to account for two-thirds of all economic activity during FY 2017-18, making the consumer sector the largest of the four components of Gross Domestic Product (GDP) and the main sector driving U.S. economic growth. During 2017, personal consumption expenditures are expected to grow by 2.5%, a slight drop from the 2.7% growth of 2016. Given steady job growth and low unemployment rates, consumer spending should still remain on the rise in the coming years. However, wages remain relatively stagnant and struggle to keep up with rising consumer prices, leading economists to project a slight 2.2% growth in GDP for 2017, up from 1.6% in 2016.

California remains the largest economy when compared to any other state in the U.S. (13.6% of total U.S. GDP) and it is forecasted to grow an additional 2.4% during 2017, once again outpacing the growth of any other state in the nation. Many regions in the state are close to regaining all of the jobs lost during the Great Recession, with just about every major industry showing job gains during 2016. At the forefront of private sector job growth are the healthcare, hospitality, and professional/technical services industries; however, manufacturing and natural resources industries continue to shed thousands of jobs annually, approximately 11 in 2016. Nonetheless, California's unemployment rate is expected to continue its gradual decline from 5.4% in 2016 to 5.1% in 2017. With continued improvements in the labor market, 2017 personal income should increase by 3.3% with continued growth forecasted for 2018.

More locally, Los Angeles County is expected to experience further improvements to its unemployment rate, dropping from 5.1% in 2016 to 5.0% in 2017. Average personal income across the county is expected increase by 4.7% in 2017, up from 2.0% in 2016. For Glendale, median home prices rose 7.4% in 2016 and foreclosures dropped by 40%.

The City's FY 2017-18 Budget incorporates the policy direction of the City Council for services and programs to address the needs of the community, which is structurally balanced with projected resources available to support all projected expenditures. The total budget for FY 2017-18 is \$836,900 and includes all City funds, departments and programs.

The General Fund's budget is \$215,000 from which the City pays for services commonly associated with local government: police and fire services, libraries, parks, public works, and administration. The increase in the FY 2017-18 General Fund adopted budget of \$20,300, when compared to FY 2016-17 adopted budget, is mainly attributable to the addition of programs and services provided by the 13 city departments housed in the General Fund.

In FY 2017-18, the General Fund's one-time expenditures amount to \$2,200 in service level increases across multiple departments, such as: Library, Arts & Culture; Community Services & Parks; Police; Fire; and Community Development. General Fund departments once again froze their discretionary

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(in thousands)

Maintenance & Operation budget, but were given increases at the discretion of City Council. The overall increase to this category was \$5,800.

The General Fund Budget for FY 2017-18 reflects a minimal, but planned use of fund balance. This slight use of fund balance amounts to 0.3% of the General Fund appropriation for FY 2017-18 and has been anticipated in the financial forecasts for some time now. It is not uncharacteristic for a public corporation to occasionally utilize fund balance (i.e. savings) for one-time expenditures.

For FY 2017-18, the budgeted increase in Salaries & Benefits is \$14,900 when compared to FY 2016-17. Of this amount, \$4,400 is for the increase in PERS costs. CalPERS' sustained significant investment losses during the Great Recession, the impacts of which continue to reverberate through just about every government agency in the state. Hence, Glendale is not alone in seeing higher employer costs from CalPERS due to the City's obligation to pick up the partial tab for those investment losses and CalPERS' low returns in subsequent years. Due to the recent adoption of more conservative actuarial and investment policies by the CalPERS Board (e.g. lowering their anticipated rate of return and extending the life expectancy of annuitants), the City has been advised by outside actuary to continue to expect slight increases to the annual costs going forward. These risk mitigation policies will eventually rebuild the CalPERS fund and lower the burden on local governments that have committed to provide reasonable retirements for their employees.

With rising PERS costs the subject of many council meetings, the City Council took a proactive step to address the matter by voting to establish a Pension Rate Stabilization Trust (i.e. a Section 115 Trust) at the time of budget adoption. The trust is to be funded with one-time surplus revenues. Glendale joins a group of more than 80 public agencies across the state to have adopted this rate-stabilization strategy. This decision demonstrates the City Council's intent to keep rising PERS costs at containable level—ideally below 20% of the Adopted General Fund Budget. City staff is actively appraising other strategies to address the trend in rising PERS costs and will work to implement more solutions in the coming years.

And while General Fund's support of the City's Capital Improvement Program increased by \$2,300 compared to FY 2016-17, overall, across all CIP Funds, the program was scaled back by \$9,400 largely due to a decrease in project appropriations within the Parks Mitigation Fee Fund.

An increase in the anticipated claims to be paid by the Compensation Insurance Fund in FY2017-18 comprises \$585 of the total \$1,500 overall increase to the City's Internal Service Funds. As noted in prior years, the City still has a diminishing, yet significant, fund balance deficit in the Compensation Insurance Fund, and the City's goal is to amortize the fund's deficit over the next four years. As the City continues to chip away at the deficit, all departments need to work together to stabilize, and hopefully reduce, the amount of workers' compensation claims. Lastly, aging technology infrastructure supported by the ISD Funds and the need to fund future replacement of vehicles in the Fleet/Equipment Management 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.

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Exhibit A-1

CITY OF GLENDALE

Statement of Net Position

June 30, 2017 (in thousands)

	Governmental Activities	Business-type Activities	Total
Assets and deferred outflows of resources			
Current assets:			
Pooled cash and investments	\$ 406,958	234,047	641,005
Cash and investments with fiscal agent	37	11,407	11,444
Investment-gas/electric commodity	-	1,495	1,495
Interest receivable	1,543	1,018	2,561
Accounts receivable, net	33,058	41,580	74,638
Internal balances	1,535	(1,535)	-
Inventories	388	5,670	6,058
Prepaid items	4,342	8,914	13,256
Total current assets	447,861	302,596	750,457
Noncurrent assets:			
Capital assets, net of depreciation:			
Land	421,748	9,557	431,305
Natural gas reserve	-	12,295	12,295
Buildings and improvements	240,849	172,664	413,513
Machinery and equipment	39,192	228,126	267,318
Infrastructure	205,875	99,883	305,758
Construction in progress	48,882	76,681	125,563
Intangible	-	56,273	56,273
Total capital assets	956,546	655,479	1,612,025
Designated cash and investments	-	73,900	73,900
Restricted cash and investments	29,850	8,103	37,953
Loans receivable	35,074	78	35,152
Property held for resale	981	-	981
Total noncurrent assets	1,022,451	737,560	1,760,011
Total assets	1,470,312	1,040,156	2,510,468
Deferred outflows of resources:			
Deferred outflows of resources related to pensions	84,920	22,773	107,693
Loss on refunding	-	4,807	4,807
Total deferred outflows of resources	84,920	27,580	112,500
Total assets and deferred outflows of resources	\$ 1,555,232	1,067,736	2,622,968

(Continued)

CITY OF GLENDALE
Statement of Net Position
June 30, 2017 (in thousands)

	Governmental Activities	Business-type Activities	Total
Liabilities, deferred inflows of resources and net position			
Current liabilities:			
Accounts payable	\$ 17,078	17,500	34,578
Accrued wages and withholding	9,977	3,190	13,167
Interest payable	62	4,492	4,554
Claims payable	14,507	-	14,507
Compensated absences	2,789	808	3,597
Certificates of participation	1,905	-	1,905
Bonds payable	-	8,133	8,133
Unearned revenues	644	-	644
Deposits	5,783	5,138	10,921
Other liabilities	28,466	-	28,466
Total current liabilities	<u>81,211</u>	<u>39,261</u>	<u>120,472</u>
Noncurrent liabilities:			
Claims payable	36,887	-	36,887
Post employment benefits	8,665	-	8,665
Compensated absences	18,606	5,301	23,907
Landfill postclosure	47,059	-	47,059
Net pension liability	422,297	93,422	515,719
Certificates of participation	31,880	-	31,880
Bonds payable	-	245,300	245,300
Other liabilities	908	-	908
Total noncurrent liabilities	<u>566,302</u>	<u>344,023</u>	<u>910,325</u>
Total liabilities	<u>647,513</u>	<u>383,284</u>	<u>1,030,797</u>
Deferred inflows of resources:			
Deferred inflows of resources related to pensions	23,240	6,495	29,735
Total liabilities and deferred inflows of resources	<u>670,753</u>	<u>389,779</u>	<u>1,060,532</u>
Net position:			
Net investment in capital assets	922,498	409,287	1,331,785
Restricted			
City Charter - stabilization	27,296	-	27,296
Federal and state grants	5,929	-	5,929
Public safety	2,730	-	2,730
Transportation	25,471	-	25,471
Landscaping district	172	-	172
Low and moderate housing	19,403	-	19,403
Air quality improvement	425	-	425
SCAQMD emission controls	-	5,669	5,669
Cable access	2,895	-	2,895
Electric public benefit AB1890	3,962	-	3,962
State gas tax mandates	2,257	-	2,257
Capital projects	33,951	-	33,951
Unrestricted	<u>(162,510)</u>	<u>263,001</u>	<u>100,491</u>
Total net position	<u>\$ 884,479</u>	<u>677,957</u>	<u>1,562,436</u>

CITY OF GLENDALE

Statement of Activities

Fiscal Year Ended June 30, 2017 (in thousands)

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities:							
General government	\$ 29,958	16,601	88	-	(13,269)	-	(13,269)
Police	80,687	1,282	975	-	(78,430)	-	(78,430)
Fire	59,228	8,405	1,011	6	(49,806)	-	(49,806)
Public works	28,021	23,629	6,793	8,770	11,171	-	11,171
Transportation	14,215	10,632	8,085	-	4,502	-	4,502
Housing, health and community development	41,831	118	34,645	-	(7,068)	-	(7,068)
Employment programs	6,099	1,711	4,329	-	(59)	-	(59)
Public service	6,751	-	-	-	(6,751)	-	(6,751)
Parks, recreation and community services	18,710	2,984	300	-	(15,426)	-	(15,426)
Library	9,590	83	91	-	(9,416)	-	(9,416)
Interest and fiscal charges	2,763	-	-	-	(2,763)	-	(2,763)
Total governmental activities	297,853	65,445	56,317	8,776	(167,315)	-	(167,315)
Business-type activities:							
Fire Communications	3,399	3,794	14	-	-	409	409
Sewer	16,697	13,859	-	-	-	(2,838)	(2,838)
Refuse disposal	19,448	22,319	193	-	-	3,064	3,064
Electric	186,772	218,686	-	-	-	31,914	31,914
Water	43,400	48,601	-	61	-	5,262	5,262
Total business-type activities	269,716	307,259	207	61	-	37,811	37,811
Total primary government	\$ 567,569	372,704	56,524	8,837	(167,315)	37,811	(129,504)
General revenues:							
Taxes:							
Property taxes				\$	55,217	-	55,217
Sales taxes					41,096	-	41,096
Utility users tax					28,605	-	28,605
Other taxes					20,998	-	20,998
Investment income					1,262	1,859	3,121
Other					22,377	8,559	30,936
Reinstatement of loans					206	-	206
Transfers					21,060	(21,060)	-
Special item:							
Transfer of capital assets from Successor Agency					15,117	-	15,117
Total general revenues, transfers and special item					205,938	(10,642)	195,296
Change in net position					38,623	27,169	65,792
Net position, July 1					845,856	650,788	1,496,644
Net position, June 30				\$	884,479	677,957	1,562,436

Exhibit B-1
CITY OF GLENDALE
 Balance Sheet
 Governmental Funds
 June 30, 2017 (in thousands)

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Housing Assistance Fund	Capital Improvement Fund		
Assets					
Pooled cash and investments	\$ 117,811	2,995	12,635	152,718	286,159
Cash and investments with fiscal agent	-	-	-	37	37
Restricted cash and investments	-	-	-	29,850	29,850
Interest receivable	444	10	-	452	906
Accounts receivable, net	17,737	192	1,557	10,679	30,165
Due from other funds	3,731	-	-	-	3,731
Inventories	196	-	-	-	196
Prepaid items	71	2,355	-	41	2,467
Loans receivable	27,828	-	-	-	27,828
Property held for resale	-	-	-	981	981
Total assets	167,818	5,552	14,192	194,758	382,320
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	5,905	144	723	6,555	13,327
Due to other funds	-	-	-	3,731	3,731
Interest payable	-	-	-	36	36
Wages and benefits payable	7,471	142	64	1,017	8,694
Unearned revenues	-	-	-	644	644
Deposits	5,612	-	-	171	5,783
Other liabilities	28,001	-	-	-	28,001
Total liabilities	46,989	286	787	12,154	60,216
Deferred inflows of resources:					
Unavailable revenues	27,960	177	-	6,036	34,173
Total liabilities and deferred inflows of resources	\$ 74,949	463	787	18,190	94,389

(Continued)

Exhibit B-1
CITY OF GLENDALE
 Balance Sheet
 Governmental Funds
 June 30, 2017 (in thousands)

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Housing Assistance Fund	Capital Improvement Fund		
Fund balances:					
Nonspendable:					
Inventory	\$ 196	-	-	-	196
Prepaid	71	2,355	-	41	2,467
Restricted for:					
Property held for resale	-	-	-	981	981
City Charter - stabilization	27,296	-	-	-	27,296
Federal and state grants	-	2,734	-	3,195	5,929
Public safety	-	-	-	2,730	2,730
Transportation	-	-	-	25,471	25,471
Landscaping district	-	-	-	172	172
Low and moderate housing	-	-	-	11,175	11,175
Air quality improvement	-	-	-	425	425
Cable access	-	-	-	2,895	2,895
Electric public benefit AB1890	-	-	-	3,962	3,962
State gas tax mandates	-	-	-	2,257	2,257
Landfill postclosure	-	-	-	29,850	29,850
Capital projects	-	-	-	33,951	33,951
Committed to:					
Debt service	-	-	-	17,981	17,981
Urban art	-	-	-	6,372	6,372
Public safety	-	-	-	206	206
Impact fee funded projects	-	-	-	24,132	24,132
Capital projects	-	-	13,405	-	13,405
Filming	-	-	-	622	622
Recreation	-	-	-	3,652	3,652
Hazardous materials	-	-	-	2,342	2,342
Parking	-	-	-	8,738	8,738
Assigned to:					
Economic development	4,033	-	-	-	4,033
Capital projects	572	-	-	-	572
Unassigned:	60,701	-	-	(4,582)	56,119
Total fund balances	92,869	5,089	13,405	176,568	287,931
Total liabilities, deferred inflows of resources and fund balances	\$ 167,818	5,552	14,192	194,758	382,320

Exhibit B-2

CITY OF GLENDALE

Reconciliation of Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2017 (in thousands)

Fund balances of governmental funds	\$	287,931
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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	\$	421,748	
Buildings and improvements		240,656	
Equipment		16,021	
Infrastructure		205,875	
Construction in progress		<u>43,109</u>	927,409

Long-term debt not included in the governmental funds:

Due within one year:

Certificates of participation	(1,905)	
2011 HUD Section 108 loan	<u>(203)</u>	(2,108)

Due more than one year:

Certificates of participation	(31,880)	
Landfill postclosure	(47,059)	
2011 HUD Section 108 loan	<u>(908)</u>	(79,847)

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

2011 HUD Section 108 loan		(10)
---------------------------	--	------

Unavailable revenue in the governmental funds is revenue in the statement of activities	34,173
---	--------

Loans receivable housing long term - non-forgiven portion	7,246
---	-------

Deferred outflows of resources related to pensions	84,920
--	--------

Deferred inflows of resources related to pensions	(23,240)
---	----------

Post employment benefits	(8,665)
--------------------------	---------

Net pension liability	(422,297)
-----------------------	-----------

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, net	193	
Equipment, net	23,171	
Construction in progress	5,773	
Accrued interest - Fire Equipment Lease 2009	(6)	
Fire Equipment Lease 2009 - Due within one year	(262)	
Other assets and liabilities, net	<u>50,098</u>	<u>78,967</u>

Net position of governmental activities	\$	<u><u>884,479</u></u>
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Exhibit C-1

CITY OF GLENDALE

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Fiscal Year Ended June 30, 2017 (in thousands)

	Major Funds				
	General Fund	Housing Assistance Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 55,217	-	-	-	55,217
Sales tax	38,835	-	-	2,261	41,096
Utility users tax	28,605	-	-	-	28,605
Other taxes	13,946	-	-	7,052	20,998
Revenue from other agencies	289	29,905	2,410	38,986	71,590
Licenses and permits	10,265	-	-	3,788	14,053
Fines and forfeitures	2,533	-	-	2,784	5,317
Charges for services	3,951	-	5,477	27,584	37,012
Use of money and property	16,144	17	-	1,083	17,244
Interfund revenue	13,996	-	-	-	13,996
Miscellaneous revenue	1,335	-	-	7,900	9,235
Total revenues	185,116	29,922	7,887	91,438	314,363
Expenditures:					
Current:					
General government	28,830	-	-	456	29,286
Police	74,703	-	-	2,205	76,908
Fire	49,167	-	-	7,431	56,598
Public works	13,309	-	949	9,093	23,351
Transportation	-	-	-	13,251	13,251
Housing, health and community development	4,402	29,908	-	5,792	40,102
Employment programs	-	-	-	6,254	6,254
Public service	-	-	-	6,720	6,720
Parks, recreation and community services	12,459	-	77	3,975	16,511
Library	9,209	-	53	398	9,660
Capital outlay	336	32	7,253	22,587	30,208
Debt service:					
Interest	-	-	-	374	374
Principal	-	-	-	2,014	2,014
Total expenditures	192,415	29,940	8,332	80,550	311,237
Excess (deficiency) of revenues over (under) expenditures	(7,299)	(18)	(445)	10,888	3,126
Other financing sources (uses):					
Transfers in	21,062	-	4,555	6,685	32,302
Transfers out	(9,240)	-	(2,000)	-	(11,240)
Total financing sources (uses)	11,822	-	2,555	6,685	21,062
Net change in fund balances	4,523	(18)	2,110	17,573	24,188
Fund balances, July 1	88,346	5,107	11,295	158,995	263,743
Fund balances, June 30	\$ 92,869	5,089	13,405	176,568	287,931

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, 2017 (in thousands)

Net change in fund balances - total governmental funds	\$	24,188
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures		32,183
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		(20,389)
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	\$	1,820
2011 HUD Section 108		<u>194</u>
		2,014
Landfill postclosure care liability increased from prior year		(2,375)
Unavailable revenue in the governmental funds are recognized as revenues in the statement of activities		(1,758)
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		216
Post employment benefits		(531)
Accrued interest 2011 Section 108 loan		(1)
Reinstatement of loans from former Redevelopment Agency to the City		206
Payment of loans from former Redevelopment Agency to the City		(12,511)
Transfer of capital assets from Successor Agency		15,117
Change in net position of internal service funds allocated to governmental activities:		
Capital assets		3,243
Depreciation		(1,377)
Interest - Fire Equipment Lease 2009		(15)
Other revenue/(expenses)		<u>413</u>
		<u>2,264</u>
Change in net position for governmental activities	\$	<u><u>38,623</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, 2017 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Revenues:				
Property taxes	\$ 54,593	55,006	55,217	211
Sales taxes:				
Sales tax	37,336	37,462	37,010	(452)
State 1/2% sales tax	1,872	1,849	1,825	(24)
Total	39,208	39,311	38,835	(476)
Utility users tax	28,745	29,050	28,605	(445)
Other Taxes:				
Franchise tax	3,000	2,800	2,634	(166)
Occupancy tax	6,000	6,876	6,600	(276)
Property transfer tax	900	1,000	1,242	242
Landfill host assessment	2,000	3,000	3,470	470
Total	11,900	13,676	13,946	270
Licenses and permits:				
Dog licenses	150	150	186	36
Building permits	5,450	5,500	6,177	677
Green building initiative SB 1473	-	-	1	1
American Disability Act SB1186	-	-	3	3
Plan check fees	432	500	360	(140)
Planning permits	1,236	1,400	1,746	346
Grading permits	100	100	86	(14)
Street permits	860	960	1,042	82
Business license permits	525	525	582	57
Business registration license	200	404	82	(322)
Total	8,953	9,539	10,265	726
Fines and forfeitures-traffic safety fines	2,700	2,600	2,533	(67)
Use of money and property:				
Interest and investment revenue	600	1,000	1,690	690
Interest and investment GASB 31	-	-	(1,049)	(1,049)
Landfill gas royalties	2,475	2,475	2,473	(2)
Rental income	550	550	519	(31)
Loan repayment	3,000	12,511	12,511	-
Total	\$ 6,625	16,536	16,144	(392)

(Continued)

Exhibit D-1

CITY OF GLENDALE

Statement of Revenues and Other Financing Sources - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2017 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Revenue from other agencies:				
State SB 90	\$ 100	100	96	(4)
Motor vehicle in lieu fee	-	-	90	90
County grants	-	-	1	1
Local grants	-	-	102	102
Total	100	100	289	189
Miscellaneous revenue:				
Donations and contributions	-	-	9	9
Sponsorships	30	30	86	56
Advertising revenue	110	110	147	37
Miscellaneous revenue	1,397	1,397	1,093	(304)
Total	1,537	1,537	1,335	(202)
Charges for services:				
Zoning-subdivision fees	150	175	209	34
Map and publication fees	75	80	76	(4)
Filing-certification fee	15	20	23	3
Special event fees	-	-	2	2
Special police fees	775	800	841	41
Vehicle tow admin cost recovery (VTACR)	400	400	399	(1)
Fire fees	750	1,000	1,221	221
Joint air support maintenance fee	-	-	17	17
Code enforcement fees	40	40	51	11
Administrative citations	25	25	67	42
Outreach revenue	40	40	11	(29)
Express plan check fees	200	400	465	65
Final map checking fees	-	-	32	32
Excavation fees	200	200	266	66
Construction inspection fees	85	150	152	2
Collectible jobs	50	50	18	(32)
Library fines and fees	90	90	25	(65)
Program/registration revenue	11	11	11	-
Local assessment fees	-	-	(2)	(2)
Credit/Debit card service fee	-	-	3	3
Graphics fees	100	100	64	(36)
Total	3,006	3,581	3,951	370
Interfund revenue:				
Charges to enterprise funds for:				
Benefits cost recovery	500	500	354	(146)
Cost allocation revenue	13,685	13,685	13,642	(43)
Total	14,185	14,185	13,996	(189)
Other financing sources:				
Transfers in	21,306	21,306	21,062	(244)
Total revenues and transfers	\$ 192,858	206,427	206,178	(249)

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2017 (in thousands)

Salaries and Benefits

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over)/Under</u>
General government:				
City clerk	\$ 683	687	605	82
Elections	-	-	56	(56)
City treasurer	635	639	607	32
City manager	3,090	3,109	2,953	156
Legal	3,232	3,253	3,175	78
Finance	4,302	4,331	4,039	292
Planning	7,819	7,869	7,974	(105)
Personnel	2,068	2,082	1,693	389
Non-departmental	898	923	897	26
Total	<u>22,727</u>	<u>22,893</u>	<u>21,999</u>	<u>894</u>
Police	<u>60,846</u>	<u>62,825</u>	<u>62,470</u>	<u>355</u>
Fire	<u>41,065</u>	<u>42,371</u>	<u>41,948</u>	<u>423</u>
Public works	<u>6,301</u>	<u>6,348</u>	<u>5,634</u>	<u>714</u>
Housing, health and community development:				
Economic development	1,700	1,709	1,555	154
Community development administration	1,673	1,708	1,468	240
Total	<u>3,373</u>	<u>3,417</u>	<u>3,023</u>	<u>394</u>
Parks, recreation and community services	<u>7,198</u>	<u>7,259</u>	<u>6,697</u>	<u>562</u>
Library	<u>6,224</u>	<u>6,263</u>	<u>5,853</u>	<u>410</u>
Total expenditures and transfers	<u>\$ 147,734</u>	<u>151,376</u>	<u>147,624</u>	<u>3,752</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, 2017 (in thousands)

	Maintenance and Operation			
	Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
General government:				
City clerk	\$ 273	373	174	199
Elections	393	944	1,004	(60)
City treasurer	107	182	105	77
City manager	1,302	1,499	1,119	380
Legal	316	416	250	166
Finance	1,040	1,190	843	347
Planning	2,196	2,502	1,951	551
Personnel	586	686	385	301
Non-departmental	-	1,000	1,000	-
Total	<u>6,213</u>	<u>8,792</u>	<u>6,831</u>	<u>1,961</u>
Police	<u>11,885</u>	<u>11,893</u>	<u>12,233</u>	<u>(340)</u>
Fire	<u>7,638</u>	<u>7,939</u>	<u>7,219</u>	<u>720</u>
Public works	<u>7,883</u>	<u>8,225</u>	<u>7,675</u>	<u>550</u>
Housing, health and community development:				
Economic development	1,255	2,530	903	1,627
Community development administration	301	572	476	96
Total	<u>1,556</u>	<u>3,102</u>	<u>1,379</u>	<u>1,723</u>
Parks, recreation and community services	<u>5,433</u>	<u>6,303</u>	<u>5,762</u>	<u>541</u>
Library	<u>3,370</u>	<u>3,512</u>	<u>3,356</u>	<u>156</u>
Total expenditures and transfers	<u>\$ 43,978</u>	<u>49,766</u>	<u>44,455</u>	<u>5,311</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, 2017 (in thousands)

	Capital Outlay			Variance With Final Budget (Over)/Under
	Original Budget	Final Budget	Actual	
General government:				
City clerk	\$ -	-	-	-
Elections	-	-	-	-
City treasurer	-	-	-	-
City manager	-	-	-	-
Legal	-	-	-	-
Finance	-	-	-	-
Planning	-	2	9	(7)
Personnel	-	-	-	-
Non-departmental	-	-	-	-
Total	-	2	9	(7)
Police	-	-	-	-
Fire	-	31	30	1
Public works	-	-	-	-
Housing, health and community development:				
Economic development	-	372	-	372
Community development administration	-	-	-	-
Total	-	372	-	372
Parks, recreation and community services	-	-	-	-
Library	-	850	297	553
Total expenditures and transfers	\$ -	1,255	336	919

(Continued)

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2017 (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	3,067	7,970	9,240	(1,270)
Total	<u>3,067</u>	<u>7,970</u>	<u>9,240</u>	<u>(1,270)</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>\$ 3,067</u>	<u>7,970</u>	<u>9,240</u>	<u>(1,270)</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, 2017 (in thousands)

	Total			Variance With Final Budget (Over)/Under
	Original Budget	Final Budget	Actual	
General government:				
City clerk	\$ 956	1,060	779	281
Elections	393	944	1,060	(116)
City treasurer	742	821	712	109
City manager	4,392	4,608	4,072	536
Legal	3,548	3,669	3,425	244
Finance	5,342	5,521	4,882	639
Planning	10,015	10,373	9,934	439
Personnel	2,654	2,768	2,078	690
Non-departmental	3,965	9,893	11,137	(1,244)
Total	<u>32,007</u>	<u>39,657</u>	<u>38,079</u>	<u>1,578</u>
Police	<u>72,731</u>	<u>74,718</u>	<u>74,703</u>	<u>15</u>
Fire	<u>48,703</u>	<u>50,341</u>	<u>49,197</u>	<u>1,144</u>
Public works	<u>14,184</u>	<u>14,573</u>	<u>13,309</u>	<u>1,264</u>
Housing, health and community development:				
Economic development	2,955	4,611	2,458	2,153
Community development administration	1,974	2,280	1,944	336
Total	<u>4,929</u>	<u>6,891</u>	<u>4,402</u>	<u>2,489</u>
Parks, recreation and community services	<u>12,631</u>	<u>13,562</u>	<u>12,459</u>	<u>1,103</u>
Library	<u>9,594</u>	<u>10,625</u>	<u>9,506</u>	<u>1,119</u>
Total expenditures and transfers	<u>\$ 194,779</u>	<u>210,367</u>	<u>201,655</u>	<u>8,712</u>

Exhibit D-3

CITY OF GLENDALE

Statement of Revenues - Budget and Actual

Housing Assistance Fund

Fiscal Year Ended June 30, 2017 (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	\$ 10	10	17	7
Revenue from other agencies	32,596	32,747	29,905	(2,842)
Total revenues	<u>\$ 32,606</u>	<u>32,757</u>	<u>29,922</u>	<u>(2,835)</u>

Exhibit D-4

CITY OF GLENDALE

Statement of Expenditures - Budget and Actual

Housing Assistance Fund

Fiscal Year Ended June 30, 2017 (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	\$ 2,592	2,592	2,237	355
Maintenance and operations	30,154	30,325	27,671	2,654
Capital	35	35	32	3
Total expenditures	<u>\$ 32,781</u>	<u>32,952</u>	<u>29,940</u>	<u>3,012</u>

Exhibit E-1
CITY OF GLENDALE
Statement of Net Position
Proprietary Funds
June 30, 2017 (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	\$ 37,117	141,569	14,913	40,448	234,047	120,799
Cash with fiscal agent	-	3,852	5,157	-	9,009	-
Investment with fiscal agent	-	2,398	-	-	2,398	-
Interest receivable	146	688	57	127	1,018	636
Investment-gas/electric commodity	-	1,495	-	-	1,495	-
Accounts receivable, net	1,932	29,360	7,636	2,652	41,580	2,889
Inventories	-	5,670	-	-	5,670	192
Prepaid items	-	8,914	-	-	8,914	1,875
Total current assets	39,195	193,946	27,763	43,227	304,131	126,391
Noncurrent assets:						
Capital assets:						
Land	578	6,306	1,034	1,639	9,557	-
Natural gas reserve	-	22,149	-	-	22,149	-
Buildings and improvements	137,979	65,799	60,940	7,258	271,976	214
Machinery and equipment	2,055	494,197	43,084	23,255	562,591	51,123
Infrastructure	-	-	152,130	-	152,130	-
Intangible	102,644	-	-	-	102,644	-
Accumulated depreciation	(37,811)	(339,649)	(86,533)	(22,031)	(486,024)	(27,973)
Natural gas depletion	-	(9,854)	-	-	(9,854)	-
Amortization	(46,371)	-	-	-	(46,371)	-
Construction in progress	19,344	44,377	12,960	-	76,681	5,773
Total capital assets	178,418	283,325	183,615	10,121	655,479	29,137
Designated cash and investments	-	66,400	7,500	-	73,900	-
Restricted cash and investments	-	5,669	2,434	-	8,103	-
Loan receivable	-	-	-	78	78	-
Advances to other funds	582	-	-	-	582	-
Total noncurrent assets	179,000	355,394	193,549	10,199	738,142	29,137
Total assets	218,195	549,340	221,312	53,426	1,042,273	155,528
Deferred outflows of resources:						
Deferred outflows of resources related to pensions	1,255	13,306	4,527	3,685	22,773	-
Loss on refunding	-	4,807	-	-	4,807	-
Total deferred outflows of resources	1,255	18,113	4,527	3,685	27,580	-
Total assets and deferred outflows of resources	\$ 219,450	567,453	225,839	57,111	1,069,853	155,528

(Continued)

CITY OF GLENDALE

Statement of Net Position

Proprietary Funds

June 30, 2017 (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	\$ 2,251	10,343	3,944	962	17,500	3,747
Wages and benefits payable	186	1,950	415	639	3,190	1,282
Interest payable	-	3,103	1,389	-	4,492	16
Capital leases	-	-	-	-	-	262
Claims payable	-	-	-	-	-	14,507
Compensated absences	-	-	-	-	-	3,597
Bonds payable	-	6,262	1,871	-	8,133	-
Deposits	290	3,428	1,057	363	5,138	-
Total current liabilities	<u>2,727</u>	<u>25,086</u>	<u>8,676</u>	<u>1,964</u>	<u>38,453</u>	<u>23,411</u>
Noncurrent liabilities:						
Claims payable	-	-	-	-	-	36,887
Compensated absences	-	-	-	-	-	23,907
Bonds payable	-	166,550	78,750	-	245,300	-
Advance from other funds	-	-	-	-	-	582
Net pension Liability	5,211	56,051	16,387	15,773	93,422	-
Total noncurrent liabilities	<u>5,211</u>	<u>222,601</u>	<u>95,137</u>	<u>15,773</u>	<u>338,722</u>	<u>61,376</u>
Total liabilities	<u>7,938</u>	<u>247,687</u>	<u>103,813</u>	<u>17,737</u>	<u>377,175</u>	<u>84,787</u>
Deferred inflows of resources:						
Deferred inflows of resources related to pensions	351	3,862	1,229	1,053	6,495	-
Total liabilities and deferred inflows of resources	<u>8,289</u>	<u>251,549</u>	<u>105,042</u>	<u>18,790</u>	<u>383,670</u>	<u>84,787</u>
Net position:						
Net Investment in capital assets Restricted	178,418	115,320	105,428	10,121	409,287	28,875
SCAQMD emission controls	-	5,669	-	-	5,669	-
Unrestricted	32,743	194,915	15,369	28,200	271,227	41,866
Total net position	<u>\$ 211,161</u>	<u>315,904</u>	<u>120,797</u>	<u>38,321</u>	<u>686,183</u>	<u>70,741</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.					<u>(8,226)</u>	
Total net position of business-type activities					<u>\$ 677,957</u>	

CITY OF GLENDALE

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Fiscal Year Ended June 30, 2017 (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	\$ 13,859	218,686	48,601	26,113	307,259	96,118
Miscellaneous revenue	208	4,299	2,613	637	7,757	164
Total operating revenue	14,067	222,985	51,214	26,750	315,016	96,282
Operating expenses:						
Maintenance and operation	10,654	154,554	34,109	21,369	220,686	37,752
Claims and settlement	-	-	-	-	-	54,597
Depreciation	2,946	25,469	6,411	1,429	36,255	2,682
Gas depletion	-	935	-	-	935	-
Amortization	3,052	-	-	-	3,052	-
Total operating expenses	16,652	180,958	40,520	22,798	260,928	95,031
Operating income (loss)	(2,585)	42,027	10,694	3,952	54,088	1,251
Non operating revenues (expenses):						
Use of money and property	96	1,377	226	175	1,874	460
Intergovernmental grants	-	-	-	207	207	-
Litigation settlement	-	-	800	-	800	-
Interest expense	-	(5,427)	(2,792)	-	(8,219)	(29)
Total non operating revenues (expenses)	96	(4,050)	(1,766)	382	(5,338)	431
Income before capital grants and contributions and transfers	(2,489)	37,977	8,928	4,334	48,750	1,682
Capital grants and contributions	-	-	61	-	61	-
Transfers in	-	-	-	2	2	-
Transfers out	-	(19,912)	-	(1,150)	(21,062)	-
Change in net position	(2,489)	18,065	8,989	3,186	27,751	1,682
Net position, July 1	213,650	297,839	111,808	35,135		69,059
Net position, June 30	\$ 211,161	315,904	120,797	38,321		70,741

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.

	(582)
Changes in net position of business-type activities	\$ 27,169

CITY OF GLENDALE

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2017 (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	\$ 13,943	233,331	51,007	26,477	324,758	94,027
Cash paid to employees	(3,112)	(30,872)	(7,046)	(9,599)	(50,629)	(19,572)
Cash paid to suppliers	(11,871)	(123,829)	(26,732)	(11,362)	(173,794)	(60,042)
Cash from litigation settlement	-	-	800	-	800	-
Net cash provided (used) by operating activities	(1,040)	78,630	18,029	5,516	101,135	14,413
Cash flows from noncapital financing activities:						
Amounts received from other funds	571	-	1,733	-	2,304	-
Amounts paid to other funds	-	-	-	-	-	(571)
Transfers out	-	(19,912)	-	(1,150)	(21,062)	-
Transfers in	-	-	-	2	2	-
Investments with fiscal agent	-	(925)	-	-	(925)	-
Operating grants received	-	-	-	207	207	-
Loans receivable	-	-	-	(23)	(23)	-
Net cash provided (used) by noncapital financing activities	571	(20,837)	1,733	(964)	(19,497)	(571)
Cash flows from capital and related financing activities:						
Interest on long-term debt	-	(3,973)	(2,814)	-	(6,787)	(29)
Principal payments and premiums	-	(4,576)	(1,412)	-	(5,988)	-
Payments on capital lease	-	-	-	-	-	(267)
Capital grants received	-	-	61	-	61	-
Acquisition of property, plant, gas and equipment	(18,118)	(16,746)	(4,554)	(1,531)	(40,949)	(6,315)
Net cash (used) by capital and related financing activities	(18,118)	(25,295)	(8,719)	(1,531)	(53,663)	(6,611)
Cash flows from investing activities						
Investment - gas/electric commodity	-	891	-	-	891	-
Interest received	101	1,091	173	136	1,501	357
Net cash provided by investing activities	101	1,982	173	136	2,392	357
Net increase (decrease) in cash and cash equivalents	(18,486)	34,480	11,216	3,157	30,367	7,588
Cash and cash equivalents at July 1	55,603	183,010	18,788	37,291	294,692	113,211
Cash and cash equivalents at June 30	\$ 37,117	217,490	30,004	40,448	325,059	120,799

(Continued)

CITY OF GLENDALE

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2017 (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 (used) by operating activities:						
Operating income (loss)	\$ (2,584)	42,027	10,694	3,952	54,089	1,251
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Litigation settlement	-	-	800	-	800	-
Depreciation	2,946	25,469	6,411	1,429	36,255	2,682
Gas depletion	-	935	-	-	935	-
Amortization	3,052	-	-	-	3,052	-
Pension expense	(155)	(787)	(270)	(381)	(1,593)	-
(Increase) Decrease Accounts receivable net	(124)	10,346	(207)	(273)	9,742	(2,255)
Decrease Inventories	-	25	-	-	25	27
(Increase) Decrease Prepaid expenses	-	(2,708)	-	-	(2,708)	926
Decrease Deferred charges	-	247	-	-	247	-
Increase Accrued wages payable	186	1,950	415	639	3,190	1,282
(Decrease) Compensated absences	-	-	-	-	-	(230)
Increase (Decrease) Accounts payable	(4,355)	1,460	78	116	(2,701)	2,734
(Decrease) Due to other funds	-	-	-	-	-	(1,456)
Increase (Decrease) Deposits	(6)	(334)	108	34	(198)	-
Increase Claims payable	-	-	-	-	-	9,452
Total adjustments	1,544	36,603	7,335	1,564	47,046	13,162
Net cash provided (used) by operating activities	\$ (1,040)	78,630	18,029	5,516	101,135	14,413
Noncash investing, capital, and financing activities:						
Decrease in fair value of investments	(3)	(16)	(1)	(3)	(23)	(9)

Exhibit F-1

CITY OF GLENDALE

Statement of Net Position

Fiduciary Fund

June 30, 2017 (in thousands)

	Glendale Successor Agency Private Purpose Trust Fund
Assets and deferred outflows of resources	
Current assets:	
Cash and investments	\$ 60,932
Cash and investments with fiscal agent	16,491
Restricted cash and investments	29
Loans receivable	1,302
Total current assets	<u>78,754</u>
Noncurrent assets:	
Land	105
Buildings and improvements	377
Accumulated depreciation	(245)
Construction in progress	2,672
Total noncurrent assets	<u>2,909</u>
Total assets	<u>81,663</u>
Deferred outflows of resources:	
Loss on refunding	2,536
Total assets and deferred outflows of resources	<u>84,199</u>
Liabilities and net position	
Current liabilities:	
Accounts payable and accrued liabilities	10
Accrued wages payable	26
Interest payable	448
Bonds payable	8,770
Unamortized premium (discount)	861
Loans payable to the City	4,885
Total current liabilities	<u>15,000</u>
Noncurrent liabilities:	
Bonds payable	80,995
Unamortized premium (discount)	3,349
Loans payable to the City	22,943
Total noncurrent liabilities	<u>107,287</u>
Total liabilities	<u>122,287</u>
Net position (deficit) held in trust	<u>\$ (38,088)</u>

Exhibit F-2

CITY OF GLENDALE

Statement of Changes in Net Position

Fiduciary Fund

Fiscal Year Ended June 30, 2017 (in thousands)

	Glendale Successor Agency Private Purpose Trust Fund
Additions:	
Property tax	\$ 16,407
Interest income	708
Miscellaneous revenues	<u>3,706</u>
Total additions	<u>20,821</u>
Deductions:	
Interest and amortization expense on bonds	5,299
Depreciation	10
Operating expenses	<u>597</u>
Total deductions	<u>5,906</u>
Change in net position before special items	<u>14,915</u>
Special items:	
Reinstatement of loans	(206)
Transfer of capital assets to the City	<u>(15,117)</u>
Total special items	<u>(15,323)</u>
Change in net position	(408)
Net position held in trust (deficit), July 1	<u>(37,680)</u>
Net position held in trust (deficit), June 30	<u>\$ (38,088)</u>

Notes to the Basic Financial Statements

NOTES TO THE BASIC
FINANCIAL STATEMENTS



CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

These financial statements present the financial results of the City of Glendale, California (the City) and its component units as required by generally accepted accounting principles in the United States of America. Component units are legally separate entities for which the primary government is financially accountable. The City has three component units: the Glendale Housing Authority (the Authority), the City of Glendale Financing Authority (the Financing Authority), and the Glendale Economic Development Corporation (the Corporation). The City Council serves as the Board of the Housing Authority, the Financing Authority, and the Glendale Economic Development Corporation. Management of the City has operational responsibility for the Authority, the Financing Authority and the Corporation as these component units are essentially managed in the same manner as other City departments. Also, the Financing Authority provides financial services entirely to the City. Therefore, these entities are reported as blended component units within the City's comprehensive annual financial report (CAFR). Both the City and its blended component units have a June 30 year-end.

Component Units

The Housing Authority was established by the Glendale City Council in 1975. The Authority is responsible for the administration of Department of Housing and Urban Development (HUD) funded Housing Choice Voucher rental assistance program (often called "Section 8"), which is funded annually. The Housing Authority also administers five other affordable housing program funds on behalf of the City, including the HUD HOME entitlement grant, the HUD Continuum of Care grant, the HUD Shelter Plus Care grant, the Low and Moderate Income Housing Asset Fund (former 20% Redevelopment Set Aside funds program income dollars), and the state funded BEGIN grant for First Time Home Buyers in the Doran Gardens homeownership development. The Housing Authority's mission is to provide decent, safe, and sanitary dwellings for low to moderate income families, to preserve existing affordable housing, and to increase the supply and quality of new affordable housing. The Authority's financial data and transactions are included within the special revenue funds, and no separate financial report is issued for the Authority.

The Financing Authority was established on December 7, 1999, by a joint powers authority between the City of Glendale and the Glendale Redevelopment Agency. The stated purpose was to provide financial assistance to the City in connection with the construction and improvement of a Police Services Building located at west side of Isabel Street between Wilson and Broadway in the City of Glendale. On July 11, 2000, the Financing Authority issued \$64,200 in variable rate demand certificates of participation for the construction of the Police Services Building. The Financing Authority's financial data and transactions are included within the debt service funds, and no separate financial report is issued for the Financing Authority.

The Glendale Economic Development Corporation, formed in July 2014, was established to implement the City's economic development program. It provides physical, economic, educational development, redevelopment, and revitalization efforts within the City. These efforts will assist and support the City in the expansion of job opportunities, stimulate economic development, contribute to the physical improvement of the City, and implement, assist, and support the City in development activities and programs that will lessen neighborhood tensions and combat community deterioration. The overarching objective of the Glendale Economic Development Corporation is to expand business opportunities, increase employment, and foster economic prosperity for businesses and residents. As of June 30, 2017, there are no financial transactions to be reported and no separate financial report is issued for the Corporation.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City except for the fiduciary fund. The effect of interfund activity has been removed from these statements except for the interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental, proprietary, and the fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The accounts of the City are organized by funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise of its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance or net position, revenues, and expenditures or expenses, as appropriate. The City reports a total of 66 funds, which are comprised of the General Fund, 1 fiduciary fund, 35 special revenue funds, 1 debt service fund, 8 capital project funds, 5 enterprise funds, and 15 internal service funds.

Governmental Fund Types

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used, current liabilities are assigned to the fund from which they are paid, and the difference between governmental fund assets and deferred outflows, and liabilities and deferred inflows is the fund balance.

The following comprise the City's major governmental funds:

- General Fund: Used to account for all financial resources, except those required to be accounted for in another fund.
- Housing Assistance - Special Revenue Fund: Used to account for monies received and expended by the City under Section 8 of the Federal Housing and Urban Development Act for housing assistance to low and moderate income families.
- Capital Improvement - Capital Project Fund: Used to account for financial resources used for major capital projects of the general government operations. The City has categorized the capital improvement fund as a major fund for public interest reasons. The City believes that this judgmentally determined major fund is particularly important to the financial statements users.

Other governmental funds consist of debt service funds which are used to account for the accumulation and disbursement of financial resources that will be used to make principal and interest payments on long-term debt of the City of Glendale, special revenue funds which account for revenue derived from specific sources as required by law or regulation, and capital projects funds which are used to account for financial resources used for the acquisition of major capital facilities other than those financed by special revenue and proprietary funds.

Effective June 30, 2017, Emergency Medical Services Fund was closed, and the deficit was transferred to the General Fund. The operations of the emergency transport and paramedic service will be recorded in the General Fund starting FY 2017-18.

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2017
(in thousands)

Proprietary Fund Types

Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector.

Enterprise funds are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services which are supported primarily by user charges. The following comprise the City's major enterprise funds:

- Sewer Fund – Used to account for operations and maintenance of the sewer system. This service is primarily contracted with the City of Los Angeles.
- Electric Fund – Used to account for the operations of the City-owned electric utility services.
- Water Fund – Used to account for the operations of the City-owned water utility services.

Other nonmajor enterprise funds consist of Refuse Disposal and Fire Communication Funds. The Refuse Disposal Fund is used for the operations of the City-owned refuse collection and disposal services. The Fire Communication Fund is used for the monies received and expended, for the tri-city (Burbank, Glendale, and Pasadena) fire communication operations as the lead City.

Additionally, internal service funds are used to finance and account for services and commodities provided by designated departments or agencies to other departments and agencies of the City.

Fiduciary Fund Type

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

Since the resources of the fiduciary fund are not available to support the City's programs, it is not reflected in the City's government-wide financial statements. The accounting used for the fiduciary fund is based on the economic measurement focus and the accrual basis of accounting.

Effective February 1, 2012, due to AB 1x 26, the dissolution of Redevelopment Agencies throughout California, the activities of the dissolved Glendale Redevelopment Agency are recorded in the Glendale Successor Agency Private Purpose Trust Fund.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon after to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for the sales tax, landfill host assessment and

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

landfill loyalty tipping fee that are collected within 90 days. Under the accrual basis of accounting, expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, Other Post-Employment Benefits (OPEB), claims, and judgments, are recorded only when payment is due.

Intergovernmental revenues are recognized in the period when all eligibility requirements imposed by the provider are met, and amounts are available.

Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash. However, since investment earnings are measurable and available, they are recorded as earned.

All property taxes are collected and allocated by the County of Los Angeles to the various taxing entities. Property taxes are determined annually as of January 1st and attached as enforceable liens on real property as of July 1st. Taxes are due November 1st and February 1st and are delinquent if not paid by December 10th and April 10th, respectively. Secured property taxes become a lien on the property on March 1st. Property taxes on the unsecured roll are due on the March 1st lien date and become delinquent if unpaid on August 31st. Property tax revenues are recognized in the fiscal period for which they are levied and collected, adjusted for any amounts deemed uncollectible and amounts expected to be collected more than 60 days after the fiscal year for governmental funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance or Net Position

Cash and Investments

The City combines the cash and investments of all funds into a pool except for funds required to be held by outside fiscal agents under the provisions of bond indentures. Each fund's portion of the pooled cash and investments is displayed on the governmental funds' balance sheets, the proprietary funds' statement of net position, or the fiduciary fund's statement of net position.

The City values its cash and investments at fair value in the statement of net position and recognizes the corresponding change in the fair value of investments in the year in which the change occurred. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City manages its pooled idle cash and investments under a formal investment policy that is reviewed by the Investment Committee, adopted by the City Council and follows the guidelines of the State of California Government Code. Individual investments cannot be identified with any single fund because the City may be required to liquidate its investments at any time to cover large outlays required more than normal operating needs.

Interest income from the pooled cash and investments is allocated to all funds, except the Capital Improvement Fund, on a monthly basis based upon the prior month-end cash balance of the fund and as a percentage of the month-end total pooled cash balance.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

For purposes of the statement of cash flows of the proprietary fund types, cash, and cash equivalents include all pooled cash and investments, restricted cash, and cash with fiscal agents with an original maturity of three months or less. The City considers the cash and investments pool to be a demand deposit account where funds may be withdrawn and deposited at any time without prior notice or penalty.

Investment-gas/electric commodity represents the City's implementation of a program to purchase and sell options, calls and puts, in natural gas futures contracts at strike prices. These transactions allow the City to stabilize the ultimate purchase price of natural gas for the City's power plant. These, and other transactions, also give the City the ability to manage its overall exposure to fluctuations in the purchase price of natural gas. The options are carried at fair market value.

Designated Cash and Investments

The cash reserve policies for the Electric Fund and Water Fund were adopted by the City Council in 2003 and subsequently revised in 2006 to ensure long-term sustainable financial health for electric and water operations. Its provisions call for an annual review of the cash reserves to determine if the recommended levels are sufficient. The currently approved cash reserve levels are \$124,100 for the Electric Fund and \$11,300 for the Water Fund as adopted by the City Council on August 29, 2006. As of June 30, 2017, \$66,400 was designated for the Electric Fund in the following categories: \$40,400 for contingency reserve; \$10,000 for rate stabilization reserve, and \$16,000 for gas reserve project. As of June 30, 2017, \$7,500 was designated for the Water Fund in the following categories: \$6,500 for contingency reserve, and \$1,000 for rate stabilization reserve. Glendale Water and Power has hired a consultant to review and re-evaluate the current Electric and Water cash reserve funding levels and to establish a new cash reserve targets based on current and expected market conditions.

Restricted Cash and Investments

The restricted cash and investments include unspent bond proceeds of the 2012 Water Revenue Bonds as well as the environmental compliance funds mandated by South Coast Air Quality Management District (SCAQMD). As of June 30, 2017, the Water Fund has \$2,434 in remaining bond proceeds. As of June 30, 2017, the Electric Fund has \$4,978 in SCAQMD restricted cash dedicated for environmental projects in compliance with reductions in nitrogen oxides for the utility boilers and the gas turbines, and \$691 in SCAQMD restricted cash for environmental projects dedicated to the reduction of emission and improvement of public health in Glendale.

The restricted cash and investments also include \$29,850 in Landfill Postclosure capital project fund as of June 30, 2017 for the postclosure maintenance cost of Scholl Canyon landfill.

Receivables

Interest Receivable – The City accrues interest earned but not received.

Accounts Receivables – These are comprised primarily of revenues that have been earned but not yet received by the City as of June 30th from individual customers, private entities, and government agencies. Also, this account includes accrued revenues due from other agencies for expenditure driven types of grants whereby the City accrues grant revenues for expenditures or expenses incurred but not yet reimbursed by the grantors. Also, included in this amount are property taxes earned but not received from the County of Los Angeles as of June 30th and unbilled services for utility and other services delivered to customers but not billed as of June 30th. Management determines the allowance for doubtful accounts by evaluating individual customer accounts. Utility customer closed accounts are written off when deemed uncollectible. Recoveries to utility customer receivables previously written off are recorded when received. For non-utility accounts receivable, delinquent notices are sent out to customers with outstanding balances after 30 days. After 60 days, accounts still outstanding are forwarded to a collection agency.

Loans Receivable – The City currently has three types of loans receivable: (1) from City of Vernon for purchasing dispatching equipment and infrastructure to join the Verdugo Fire Communications Center, (2) from Glendale Successor Agency for enforceable obligations with the City after the dissolution of Glendale Redevelopment Agency,

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2017
(in thousands)

and (3) from various Glendale residents and organizations for affordable housing assistance. See Note 4 for more information.

Interfund Transactions

Interfund services provided and used would be treated as revenues and expenditures or expenses if the funds are involved. External organizations to the City’s government are accounted for as revenues, referred to as seller funds, and expenditures or expenses, referred to as purchaser funds, in the funds involved. For the fiscal year ended June 30, 2017, the General Fund recorded \$13,996 as interfund revenue for general government services provided to other funds.

Due to/from Other Funds are used when a fund has a temporary cash overdraft. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Transfers in or out are authorized budgetary exchanges of cash between funds.

Inventories and Prepaid Items

Inventories, consisting primarily of construction and maintenance materials as well as tools held by the Electric and Water enterprise funds, are stated at lower of cost or market, using the weighted average cost method or disposal value. Inventory shown in the General Fund and Fleet Management Fund consists of expendable supplies held for consumption. The consumption method of accounting is used where inventory acquisitions are recorded in inventory accounts initially and charged as expenditures when used. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method, such as insurance, energy purchases, rent, etc.

Capital Assets

Capital assets including land, buildings, improvements, equipment, and infrastructure assets (e.g. roads, sidewalks, traffic lights and signals, street lights, etc.), are reported in the applicable governmental or business-type activities columns in the government-wide and respective proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5 or more and an estimated useful life more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Capital outlay is recorded as expenditures of the General Fund, special revenue and capital project funds, and as assets in the government-wide financial statements to the extent the City’s capitalization is met. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest costs are capitalized as part of the historical cost of acquiring certain assets. Interest costs capitalized in the Electric and Water Funds for the fiscal year ended June 30, 2017 are as follows:

		Capitalized Interest	Total Interest Incurred
Electric Fund	\$	1,827	7,254
Water Fund		487	3,279

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Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

Building and improvements, infrastructure and equipment assets are depreciated using the straight-line depreciation at the beginning of the following fiscal year over the following estimated useful lives:

Assets	Years
Building and Improvements	
General Structure and Parking Lot Landscaping Improvements	10
Building and Parking Lot Improvements	20
Land Improvements	30
Parks and Wastewater Capacity Upgrades	40
Transmission-Off System	50
Machinery and Equipment	
Police Patrol Vehicles	3
Computer Systems and Software	5
Passenger Cars, Pickup/Refuse	6
Cargo Vans, Street Sweepers	7
Dump/Tractor/Trailer Trucks	10
Helicopters	20
Emergency Response Engines	20
Sewer Improvements	
Intangible Assets	40
Local Sewer System	80
Infrastructure (non-sewer)	
Traffic Signals	15
Potable-Services	20
Supply-Mains and Wells	25
Supply-Structure Improvements	30
Supply-Springs, Tunnels, and Potable-Hydrants	40
Streets, Paved Streets, Paved Alleys and Sidewalks	50
Potable-Mains	75

In June 2005, the City elected to participate in the Natural Gas Reserve Project through SCPPA and entered into a 25 year Gas Sales Agreement with SCPPA for up to 2,000 MMBtu per day. The project calls for the acquisition and development of gas resources, reserves, fields, wells, and related facilities to provide a long-term supply of natural gas for its participants. The first acquisition was completed on July 1, 2005, with the total cost to the participants at \$306,100. The City's initial share in the project was \$13,100 or 4.28%, with an estimated peak daily volume between 1,600 to 1,800 MMBtu. As of June 30, 2017, the net balance for Natural Gas Reserve Project, including drilling program capitalization is \$12,295.

Long-term Debt

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt, and other obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary and fiduciary fund statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred. In the governmental funds' statement of revenues, expenditures and changes in fund balances, issuance of debt is recorded as other financing source or use in the respective fund. Issuance costs and payment of principal are reported as debt service expenditures.

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2017
(in thousands)

Pension

For purposes of measuring the net pension liability and deferred outflows or inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plan's) and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable by the benefit terms. Investments are reported at fair value. See Note 9 for more information.

Compensated Absences

The total compensated absences liability for the City is \$27,504, which comprises of liabilities from two internal service funds: Employee Benefits Fund and Retiree Health Savings Plan Benefits Fund.

The City records the expense and liability for its employees' earned but unused accumulated vacation and overtime in the Employee Benefits Fund. As of June 30, 2017, the liability is \$13,936, and the City has \$13,693 available in cash dedicated to this liability in the fund.

The City also provides sick leave conversion benefits through the Retiree Health Savings Plan (RHSP). Employees earn one day of sick leave per month and the unused sick leave hours are converted to a dollar amount and deposited in the employee's RHSP account at retirement or termination with 20 years of City service. The account is used to pay healthcare premiums for the retiree and beneficiaries. After the account is exhausted, the retirees can terminate coverage or elect to continue paying from personal funds. The sick leave conversion rates range from \$0.022 to \$0.031 for each hour of sick leave balance, based on the memoranda of understanding agreements between the City and the unions. The sick leave conversions related expense and liability are recorded in the Retiree Health Savings Plan Benefits Fund. As of June 30, 2017, the liability is \$13,568, and the City has \$13,507 available in cash dedicated to this liability in the Fund.

Based on the most recent actuarial valuation dated June 30, 2016, the actuarial accrued liability for the RHSP is \$13,973. The City has a cash reserve of \$11,707 in the RHSP Benefits Fund, which is dedicated to providing benefits, so the unfunded actuarial accrued liability is \$2,266 as of June 30, 2016. As of June 30, 2017, the City has \$13,507 cash reserve for RHSP, and the actuarial accrued liability rolling forward from FY 2015-16 to FY 2016-17 is \$13,568, so the unfunded actuarial accrued liability is \$61. The actuarial accrued liability takes into account an estimate of future sick leave usage, additional sick leave accumulation for current active employees, the investment return of 3.75%, and no increase for sick leave conversion hourly rate.

Post-Employment Benefits

For Glendale City Employees Association (GCEA) and Glendale Management Association (GMA) employees who retired prior to July 2001, Glendale Police Officers Association (GPOA) employees who retired prior to December 2001, and Glendale Fire Fighters Association (GFFA) employees who retired prior to September 2002, the accumulated unused sick leave upon their retirement may be converted to the number of months that the City will contribute all or partial monthly medical insurance premiums for these retirees. The conversion calculations are based on the respective bargaining units' MOU or Benefit Ordinance. Currently, there are five retirees receiving this City paid benefit. Also, at any time, these five retirees may elect to receive a one-time cash payment of a maximum of 50% of the value of the remainder of their unused sick leave conversion for the insurance plan for which they qualify. After all the accumulated unused sick leaves are exhausted or cashed out, the retirees can terminate coverage or elect to continue paying the medical insurance premiums from personal funds.

The Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the City, which provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established and may be amended by the City. The premiums collected from the retirees and payments to the insurance companies are recorded in the Medical Insurance Fund, an internal service fund. The City does not have a separate audited report for this defined benefit plan. See Note 10 for more information.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

Unearned Revenue

The unearned revenue liability reports amounts received in advance of providing goods or services. When the goods or services are provided, this account balance is decreased, and a revenue account is increased.

Property Held for Resale

Land and buildings acquired for future sale to developers have been capitalized and are shown as real property held for resale in the accompanying financial statements. Property held for resale is carried at the lower of cost or net realizable value (realizable value less cost to sell).

Fund Balance

Fund balance classifications for governmental fund types comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. In the fund financial statements, the governmental funds may report nonspendable, restricted, committed, assigned, and unassigned fund balances to show the level of constraint governing the use of the funds.

- Nonspendable fund balances cannot be spent because they are in a nonspendable form, or are required to be maintained intact.
- Restricted fund balances are restricted for specific purposes by third parties or enabling legislation.
- Committed fund balances include amounts that can be used only for specific purposes determined by the formal action through a resolution of the City Council, as they are the highest level of decision-making authority. Council must have at least a 3 to 2 vote to pass a resolution for the specific purpose. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment.
- Assigned fund balances comprise amounts intended to be used by the City for specific purposes but are not restricted or committed. The City Council, in the City's most recently adopted budget resolutions, has delegated the authority to assign fund balances to the City Manager or his/her designee. The financial policies of the City are also updated to reflect this delegation of authority.
- Unassigned fund balances are residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories and include all deficit amounts in all other governmental funds.

When both restricted and unrestricted resources are available for an incurred expenditure, it is the City's policy to spend restricted resources first then unrestricted resources as necessary. When unrestricted resources are available for incurred expenditures, it is the City's policy to use committed amounts first, followed by assigned amounts, and then unassigned amounts.

Net Position

The net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, and deferred outflows of resources, and is reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets, excluding unspent debt proceeds. The net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation externally adopted by the citizens of the City or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then the unrestricted resources as they are needed.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

Deferred Outflows and Inflows of Resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources or expenses until then. For current or advance refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debts (i.e., deferred charges) is reported as a deferred outflow of resources and amortized to interest expense based on the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter. When the City pays the pension contributions after the measurement date, the City reports deferred outflows of resources. When there is an increase in pension expense arising from the recognition of differences between projected and actual earnings on pension plan investments, the City reports a deferred outflow of resources until the increase is recognized in expense. The City's deferred outflows of resources as of June 30, 2017 is \$112,500, which consists of \$4,807 loss on refunding, and \$107,693 related to pensions.

In addition to liabilities, the statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources or revenues until then. When there is a decrease in pension expense arising from the recognition of changes in assumptions, of differences between expected and actual experience, and of differences between projected and actual earnings on pension plan investments, the City reports a deferred inflow of resources until the decrease is recognized in expense. The City's deferred inflows of resources related to pensions are \$29,735 as of June 30, 2017. When a receivable is recorded in governmental fund financial statements but the revenue is not available, the City reports a deferred inflow of resources until the revenue becomes available. The City has recorded deferred inflows of resources – unavailable revenues of \$27,960 in the General Fund, \$177 in the Housing Assistance Fund, and \$6,036 in the nonmajor governmental funds.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City Council is required to adopt an annual budget for the general, debt service, special revenue, enterprise, and internal service fund types. The City Council annually adopts the capital improvement program for the capital projects funds. The City of Glendale budget presents the Capital Improvement Projects on a ten-year plan basis, with the "Future Years" column representing a cumulative five-year projection. The City Council only approves and authorizes one year of the Capital Improvement Projects. Unspent Capital Improvement Projects in the prior years' budget is carried forward into the new fiscal year. Therefore, an annual budget comparison on multi-year projects is impractical.

All proprietary fund types are accounted for on a cost of service method (net income); therefore, budget comparisons are impractical. Also, the City is not legally mandated to report the results of operations for these enterprise and internal service fund types on a budget comparison basis, and so budgetary data related to these funds have not been presented.

The City utilizes an "encumbrance system." Under this procedure, encumbrance accounting is used to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Encumbrances outstanding at year-end do not constitute expenditures or liabilities and appropriations in the General Fund lapse at the end of the year. Therefore, encumbrances are not reserved for commitments made, and budget carryovers may be submitted for the remaining encumbrance. All commitments incurred in the General Fund will be paid with the new budget and approved budget carryovers in the following year, and open capital project appropriations carry over to the next year.

The City, in establishing the budgetary data reflected in the basic financial statements and supplementary information, utilizes the following procedures:

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

- The City Charter requires that the City Manager submits to the City Council a proposed budget for the coming year on or before June 1st. The operating budget includes both the sources and types of funds for the proposed expenditures.
- In May or June, a public hearing is conducted to obtain citizen input, with the final budget being adopted no later than July 1st.
- The budget is amended during the fiscal year to reflect all transfers and amendments.
- The level of appropriated budgetary control is at the fund level except for the General Fund, which is at the department level. The appropriation may exist across different categories including, salary and fringe benefits, maintenance and operation, and capital outlay. There is no limit as to how much can be shifted between categories as long as the total appropriation does not exceed what Council approved at the department level for General Fund and the fund level for all other funds.

The following General Fund departments and funds over expended their appropriations as of June 30, 2017:

<u>Funds</u>	<u>Amounts Over Expended</u>
General Fund:	
Elections	\$ 116
Non-departmental	1,244
Supplemental Law Enforcement Fund	12
Fire Mutual Aid Fund	454
Special Events Fund	215

NOTE 3 – CASH AND INVESTMENTS

Governmental and business-type activities:

Cash and investments as of June 30, 2017 consist of the following:

Investments	\$ 692,396
Cash and investments with fiscal agents	11,444
	<u>703,840</u>
Cash held in financial institutions	61,957
Total	<u>\$ 765,797</u>

The following amounts are reflected in the government-wide statement of net position:

Pooled cash and investments	\$ 641,005
Restricted cash and investments	37,953
Cash and investments with fiscal agents	11,444
Restricted investments – gas/electric commodity	1,495
Designated cash and investments	73,900
Total	<u>\$ 765,797</u>

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

Authorized Investments

Under the provisions of the City Council's adopted investment policy as of June 30, 2017, and by California Government Code Section 53601, the City Treasurer may invest or deposit in the following types of investments:

	<u>Maximum Maturity</u>	<u>Maximum % of Portfolio</u>	<u>Maximum Investment in one Issuer</u>
U.S. Treasury Securities	5 years	100%	None
Federal Agencies Securities	5 years	100%	None
State of California and California Local Agencies Obligation of Other States	N/A	15%	5% per issuer
	N/A	10%	5% per issuer
Medium Term Corporate Notes	5 years	20%	5% per issuer
Commercial Paper (A1, P1, F1 minimum rating)	270 days	25%	None
Bankers' Acceptances	180 days	30%	10% per bank
Time Deposits (FDIC Insured)	1 year	10%	5% per issuer
Negotiable Certificates of Deposit	1 year	30%	5% per issuer
Local Agency Investment Fund (State Pool)	N/A	Maximum \$65MM per LAIF account	None
Money Market Mutual Funds	90 days	20%	None
Los Angeles County Treasury Pool	N/A	10%	None

Investments in Medium Term Corporate Notes may be invested in Securities rated A or better by Moody's or Standard and Poor's rating services, and no more than 5% of the fair value of the portfolio may be invested in one corporation. Maximum participation in Bankers' Acceptance is limited to 10% per bank.

Investments Authorized by Debt Agreements

The provisions of debt agreements, rather than the general provisions of the California Government Code or the City's investment policy, govern investments of debt proceeds and reserve funds held by fiscal bond agents. Permitted investments are specified in related trust agreements.

No maximum percentage of the related debt issue or maximum investment in one issuer is specified.

Interest Rate Risk

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

CITY OF GLENDALE

Notes to the Basic Financial Statements
 Fiscal Year Ended June 30, 2017
 (in thousands)

Governmental and business-type activities:

	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Commercial Paper	\$ 44,849	44,849	-	-	-
Federal Agency Term Notes	105,647	22,983	9,969	72,695	-
Federal Agency Callable Bonds	48,576	5,855	5,003	37,718	-
Medium Term Notes	130,571	28,316	11,047	91,208	-
Obligations of Other States	63,266	10,560	15,563	37,143	-
State and Municipal Bonds	68,266	10,743	20,579	36,944	-
State Investment Pool	99,781	99,781	-	-	-
Los Angeles County Pool	65,660	65,660	-	-	-
U.S. Treasury Notes	56,948	-	4,956	51,992	-
Money Market Mutual Fund	8,832	8,832	-	-	-
Held by Fiscal Agents:					
Guaranteed Investment Contracts	2,398	-	-	-	2,398
Money Market Mutual Fund	9,046	9,046	-	-	-
	<u>\$ 703,840</u>	<u>306,625</u>	<u>67,117</u>	<u>327,700</u>	<u>2,398</u>

Credit Risks

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City purchases investments only in the most risk-adverse instruments, such as Aaa rated government securities, Aaa, Aa or A rated corporate securities, A1, P1, F1 rated commercial paper, negotiable certificates of deposit, and banker's acceptance securities. The City's Investment Policy requires the City to sell medium-term notes with a credit rating below S&P's and Fitch's BBB grade or Moody's Baa2 unless the City Council approves the City Treasurer's recommendation that the security should be retained.

Governmental and business-type activities:

	Total	Moody's Rating as of June 30, 2017								
		Aaa	Aa1	Aa2	Aa3	A1	A2	A3	P1	Unrated
Commercial Paper	\$ 44,849	-	-	-	-	-	-	-	44,849	-
Federal Agency Term Notes	105,647	105,647	-	-	-	-	-	-	-	-
Federal Agency Callable Bonds	48,576	48,576	-	-	-	-	-	-	-	-
Medium Term Notes	130,571	37,922	21,579	13,549	18,928	32,597	4,998	998	-	-
Obligations of Other States	63,266	19,297	18,199	3,597	-	-	-	-	-	22,173
State and Municipal Bonds	68,266	-	-	15,162	33,714	1,282	1,882	-	-	16,226
State Investment Pool	99,781	-	-	-	-	-	-	-	-	99,781
Los Angeles County Pool	65,660	-	-	-	-	-	-	-	-	65,660
U.S. Treasury Notes	56,948	56,948	-	-	-	-	-	-	-	-
Money Market Mutual Fund	8,832	314	-	-	-	-	-	-	-	8,518
Held by Fiscal Agents:										
Guaranteed Investment Contracts	2,398	-	-	-	-	-	-	-	-	2,398
Money Market Mutual Fund	9,046	9,046	-	-	-	-	-	-	-	-
	<u>\$ 703,840</u>	<u>277,750</u>	<u>39,778</u>	<u>32,308</u>	<u>52,642</u>	<u>33,879</u>	<u>6,880</u>	<u>998</u>	<u>44,849</u>	<u>214,756</u>

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

Concentration Risk

The investment policy of the City limits the amounts that may be invested in any one issuer to 5% or 10% per bank for Bankers' Acceptances. This limit excludes investments in U.S. Treasury securities, federal agencies securities, commercial paper, Local Agency Investment Fund, money market mutual funds, and Los Angeles County Pool. Investments in any one issuer that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
FHLMC	Federal Agency Callable Bonds	\$ 36,786
	Federal Agency Term Bonds	10,993
	Total	<u>\$ 47,779</u>
FHLB	Federal Agency Callable Bonds	\$ 6,828
	Federal Agency Term Bonds	55,531
	Total	<u>\$ 62,359</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government agency will not be able to recover its deposits or will not be able to recover investment securities that are in possession of an outside party. All of a depositor's accounts at an insured depository institution, including non-interest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250 for each deposit insurance ownership category. The amounts of deposits are collateralized under California law. The Code requires that a financial institution secures deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law unless waived by the governmental unit.

The custodial risk for investments is also twofold. An investment trade transaction occurs between a government agency and counterparty, such as a broker or a dealer. Counterparty risk is the risk that in the event of the failure of a brokerage or dealer to deliver securities after government agency has made payment. The City of Glendale prevents counterparty risk by requiring all trade transactions to be done on a delivery versus payment arrangement.

A government agency uses an independent third-party custodian or safe-keeper to domicile the securities in its portfolio. The City of Glendale uses Bank of America as its third-party safekeeping servicer, and prevents custodial or safekeeping risk by having all securities purchased and owned by the City of Glendale registered in the name of the City, separated from other client securities portfolios, and segregated from securities owned by the bank.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investment in this pool is reported in the accompanying financial statements at fair value based upon the City's pro-rata share of the amortized cost basis provided by LAIF for the entire LAIF portfolio, in relation to the amortized cost of that portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not registered with the Securities and Exchange Commission (SEC) and is not rated.

Investment in Los Angeles County Pool

The City is a voluntary participant in the Los Angeles County Pooled Investment Fund (LACPIF) that is regulated by California Government Code Section 27136 and managed by the Los Angeles County Treasurer. The City's investment in this Pool is reported in the accompanying financial statements of net position and prepared using the accrual basis of accounting. Investments are reported at fair value. The cash flow needs of the participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of participants. The balance

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

available for withdrawal is based on the accounting records maintained by LACPIF. LACPIF is not registered with the Securities and Exchange Commission (SEC) and is not rated.

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals in governmental investment pools, such as LAIF and LACPIF are made on the basis of \$1 and not fair value. Accordingly, the City's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The following is a description of the valuation methods and assumptions used by the City to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2017. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. City management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The City's treasury pools asset market prices are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market

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 Fiscal Year Ended June 30, 2017
 (in thousands)

value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy and the City does not have any investments that are measured using Level 1 inputs.

For investments classified within Level 2 of the fair value hierarchy, the City's custodians generally uses a multi-dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.

The City does not have any investments that are measured using Level 3 inputs.

As of June 30, 2017, the City has the following fair value measurements:

	Balance at June 30, 2017	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Commercial Paper	\$ 44,849	-	44,849	-
Federal Agency Term Notes	105,647	-	105,647	-
Federal Agency Callable Bonds	48,576	-	48,576	-
Medium Term Notes	130,571	-	130,571	-
Obligations of Other States	63,266	-	63,266	-
State and Municipal Bonds	68,266	-	68,266	-
U.S. Treasury Notes	56,948	-	56,948	-
Total investments by fair value level	518,123	-	518,123	-
Investments measured at amortized costs or not subject to fair value hierarchy:				
Los Angeles County Pool	65,660			
State Investment Pool	99,781			
Money Market Mutual Funds	8,832			
Held by Fiscal Agents:				
Guaranteed Investment Contracts	2,398			
Money Market Mutual Fund	9,046			
Total investments measured at amortized costs or not subject to fair value hierarchy	185,717			
	\$ 703,840			

NOTE 4 – LOANS RECEIVABLE

Verdugo Fire Communications

The Verdugo Fire Communications Center (Verdugo) is a regional dispatch center that was established by the founding cities of Burbank, Glendale, and Pasadena. Verdugo currently dispatches for fourteen fire agencies as dispatching services for the City of Vernon Fire Department began on July 1, 2016. To begin dispatching services,

CITY OF GLENDALE

Notes to the Basic Financial Statements

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the Vernon Fire Department's equipment and infrastructure needed to be updated and configured to be able to establish connectivity to the Verdugo system. Upon review of the cost associated with the updates and configuration, the tri-city Fire Chiefs agreed, with the approval of the City of Vernon's and the City of Glendale's City Council, to loan the funding to the City of Vernon and executed a promissory note on February 26, 2016. The loan receivable amount was estimated to be \$200, with agreed upon terms of no loan fee or accruing interest, and is required to be repaid within the first two years of the approved dispatch agreement over four semi-annual payments. As of June 30, 2017, the loan receivable is \$78.

Successor Agency

In February 2012, the Dissolution Act (Assembly Bill x1 26; amended by AB 1484 in June 2012 and SB 107 in September 2015) dissolved California redevelopment agencies and directed their wind-down activities. In Glendale, the City chose to serve as the Glendale Successor Agency. This action impacted the reporting entity of the City of Glendale that had previously reported the redevelopment agency within it and as a blended component unit. Commencing on February 1, 2012, the assets and activities of the dissolved redevelopment agency were reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City. The transfer of the assets and liabilities of the former redevelopment agency from governmental funds of the City to the fiduciary fund was reported in the governmental funds as an extraordinary loss (gain) in its financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Since February 2012, the Successor Agency has completed a series of reports, audits and reviews, and approvals with approval from the Oversight Board and state Department of Finance. These have included two detailed Due Diligence Reviews to determine unobligated fund balances available for transfer to the affected taxing entities. Once the excess funds were distributed to the taxing entities, Glendale received a Finding of Completion (FOC) in May 2013. Following the FOC, Glendale needed to address its real property assets. Thus, Glendale prepared a Long Range Property Management Plan (LRPMP) which was approved by DOF on April 16, 2014. On May 24, 2016, the DOF approved a revision to Glendale's LRPMP to reflect the property at 300 E. Broadway as government use.

With the passage of SB 107, the requirement to prepare biannual payment schedules known as Recognized Obligation Payment Schedules (ROPS) was replaced with an annual ROPS.

Glendale received approval from the oversight board to reinstate the loans. There was disagreement with DOF on the calculation of interest, and the issue was resolved through litigation between DOF and the City of Glendale. A subsequent lawsuit resolved an issue DOF raised as to the legitimacy of the loans. The DOF has approved, and the County Auditor-Controller has paid Glendale via the Recognized Obligation Payment Schedule process, \$12,511 in FY 2016-17.

Furthermore, 20% of any loan repayment is required to be deducted and transferred to the City's Low and Moderate Income Housing Asset Fund. \$2,502 is transferred in FY 2016-2017 to Low and Moderate Income Housing Asset Fund. As of June 30, 2017, the reinstated loan amount is \$27,828, which includes \$206 of capitalized interest for FY 2016-17.

Housing

The Housing Authority has offered various housing loans to the residents of the City to create and maintain affordable housing for low and moderate income households. Four different types of housing loans are currently or were formerly funded from Community Development Block Grant (CDBG grant), HOME grant, Low and Moderate Income Housing Asset Fund (LMIHA) program income, and Building Equity and Growth in Neighborhoods Grant (BEGIN grant) funds. Certain Housing Authority loans will be forgiven or restructured when all requirements are met. Because of the uncertainty of collectability, the City has established a policy not to record forgivable and contingent loans on the financial statements. The non-forgivable loans are recorded on the financial statements.

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- *Single Family Home Rehabilitation Loan*

The program was funded by the CDBG grant, HOME grant, and LMIHA. It provided funds for moderate rehabilitation of owner-occupied homes for low and moderate income households. The deferred payment loan is interest-bearing with simple interest rates ranging from 0% to 4% annually for up to 10 years, and with a loan amount up to \$25. Generally, the loan is repaid at the time of sale or transfer of the property and is secured by a deed of trust on the property. This program was eliminated in February 2012; however, there are existing loans receivable. As of June 30, 2017, \$1,761 is outstanding, which is recorded in governmental activities in the government-wide financial statement.

- *First Time Home Buyer Loan*

The program is funded by the HOME grant, LMIHA, and BEGIN grant, and has two categories.

Down Payment Assistance – Resale Homes Purchase. The program provided funds for down payment and affordability gap assistance for the purchase of a resale home by a low or moderate income first time home buyer household. Loan terms varied from 30 to 45 years and required either a 5% simple annual interest rate paid monthly, or a 0% simple annual interest rate with no monthly payments. All loans are second mortgage deferred payment and forgivable up to \$75. If the property is sold, transferred, or no longer owner-occupied before the term expires, the borrower must repay the original principal amount plus an appreciation share. This program was eliminated in February 2012; however, there are existing loans receivable. As of June 30, 2017, \$3,075 is outstanding. As of June 30, 2017, the non-forgivable amount is \$88 and is recorded in governmental activities in the government-wide financial statement.

Down Payment Assistance – New Construction Homes Purchase. For new construction units, the amount of the loan is based on the amount of the affordability gap. The loan is secured by a deed of trust on the property and affordable housing covenants. Loans fall into two types. One type is the deferred payment forgivable loan with a loan term of 30 to 45 years; the loan is forgiven at the end of the loan term. If the property is sold, transferred, or no longer owner-occupied before the term expires, the borrower must repay the original principal amount plus an appreciation share. A small set of loans funded through the American Dream Down Payment Assistance Program are forgiven at a set percentage of the principal amount each year. A second type of loan is a deferred payment loan with resale restrictions. This includes the most recent HOME funded loans that are subject to resale restrictions and must be resold to low-income home buyers if sold before the end of the term. As of June 30, 2017, the forgivable loan amount at the end of the term is \$4,116, and is not recorded on the financial statements. The Doran Gardens project loans funded through the BEGIN grant are deferred loans and are to be repaid at the end of the 30-year term. As of June 30, 2017, the non-forgivable amount is \$5,397 and is recorded in governmental activities in the government-wide financial statement.

- *Multi-Family Apartment Rehabilitation Loan*

The program is funded by the LMIHA and provides funds for moderate rehabilitation of rental properties owned by private or nonprofit owners. Units must be rented to low and moderate income tenants at an affordable rent for the term of the loan. The loan is secured by a deed of trust and affordable housing covenants on the property. It is a 4% simple interest-bearing, deferred payment, forgivable loan. The maximum loan amount is \$10 per unit for a five-year loan. In target neighborhoods, the maximum is up to \$15 per unit for a seven-year loan for repairs and rehab. The maximum per project is up to \$100. The owner needs to contribute at least 10% of the total project cost and repayments are due on an annual basis. If the property is in compliance with the terms of the loan agreement, the annual payment is forgiven. As of June 30, 2017, \$26 is outstanding. Because these loans are forgivable, they are not recorded on the financial statements.

- *New Construction and Acquisition/Rehabilitation Rental Development Loan*

The program is funded by the HOME grant and LMIHA and provides funds for new construction, acquisition or rehabilitation of affordable rental housing. Loan terms and loan underwriting requirements are negotiated with the developer on a project-by-project basis. The loan is secured by a deed of trust and affordable housing

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Notes to the Basic Financial Statements

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(in thousands)

covenants on the property. Loans provide gap assistance to make housing units affordable to low and moderate income households, and units must be rented at an affordable rent. Leveraging of funds with other sources and contribution of developer equity is required. Loans may be second mortgage deferred payment loans, which require loan principal plus interest to be repaid at the end of the loan term, and residual receipt payments are required on some deferred loans. Also, loans may be permanent financing first mortgage loans at below-market interest rates, and monthly amortized payments are required. Such loans would be provided when credit conditions or loan costs are not feasible for the project. As of June 30, 2017, the amount of forgivable or contingent loans is \$88,532, which is not recorded on the financial statements.

NOTE 5 – INTERFUND TRANSACTIONS

The composition of interfund balances consists of due to/from other funds, advances to/from other funds, and transfers. Due to/from other funds are temporary cash overdrafts between funds. Advances to/from other funds represent an interfund loan extending beyond one year and some advances are formal lending agreements between funds.

Due to/from other funds as of June 30, 2017 consist of the following:

Due to General Fund from:

Nonmajor governmental funds \$ 3,731

Advances to/from other funds as of June 30, 2017 consist of the following:

- \$582 of advance in the ISD Wireless Fund was a five-year loan with 2.0% annual interest, from the Sewer Fund to upgrade the City’s radio infrastructure. Accrued interest started on September 1, 2012 and payments are due annually on September 1st with the final payment due on September 1, 2017.

The City reports transfers between many of its funds. The sum of all transfers presented in the following table agrees with the sum of interfund transfers presented in the government-wide, governmental and proprietary fund financial statements. Transfers are used to (1) subsidize the activities of other funds and (2) move revenues from the fund that budget requires to collect them to the fund that budget requires to expend them.

	Amount	Purpose
Transfers to General Fund from:		
Electric Fund	\$ 19,912	Fund general fund operations per Charter
Nonmajor enterprise funds	1,150	Fund general fund operations
	21,062	
Transfers to Capital Improvement Fund from:		
General Fund	4,555	Fund capital improvement projects
Transfers to nonmajor governmental funds from:		
General Fund	2,502	20% of City GSA loan payment
General Fund	85	Nutritional Meals Grant matching
General Fund	800	Fund Police Building Project debt service
General Fund	1,298	Close out Emergency Medical Services Fund
Capital Improvement Fund	2,000	Fund Scholl Canyon Landfill reserve
	6,685	
Transfers to nonmajor enterprise fund from:		
Government-wide – Governmental activities	2	Transfer of capital asset ownership
Total Interfund Transfers	\$ 32,304	

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Notes to the Basic Financial Statements
 Fiscal Year Ended June 30, 2017
 (in thousands)

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance at July 1	Increases	Decreases	Reclass	Adjustments - transferred to business- type activities	Adjustments - transferred from fiduciary fund*	Balance at June 30**
Governmental activities:							
Capital assets, not being depreciated:							
Land	\$ 414,298	-	-	6,008	-	1,442	421,748
Construction in progress	59,114	15,208	-	(25,440)	-	-	48,882
Total assets not being depreciated	473,412	15,208	-	(19,432)	-	1,442	470,630
Depreciable capital assets:							
Building and improvements	364,101	10,379	-	14,835	-	11,405	400,720
Machinery and equipment	126,928	4,362	(3,077)	6,475	(2)	-	134,686
Infrastructure	317,093	2,528	(1,331)	4,174	-	2,270	324,734
Total other capital assets at cost	808,122	17,269	(4,408)	25,484	(2)	13,675	860,140
Less accumulated depreciation:							
Building and improvements	150,857	9,014	-	-	-	-	159,871
Machinery and equipment	92,236	6,304	(3,077)	31	-	-	95,494
Infrastructure	112,437	7,753	(1,331)	-	-	-	118,859
Total accumulated depreciation	355,530	23,071	(4,408)	31	-	-	374,224
Total assets being depreciated, net	452,592	(5,802)	-	25,453	(2)	13,675	485,916
Governmental activities capital assets, net	\$ 926,004	9,406	-	6,021	(2)	15,117	956,546

*Includes \$1,442 of land that was transferred to the governmental activities from fiduciary fund.

**\$50,875 and \$57,110 of buildings, improvements, machinery, equipment and construction in progress for FY2016 and FY2017 respectively from internal service funds are included in governmental activities. \$25,371 and \$27,973 of accumulated depreciation for FY2016 and FY2017 respectively from internal service funds are included in governmental activities.

Depreciation expense was charged to functions of the City's governmental activities for the year ended June 30, 2017 as follows:

Governmental Activities:	
General Government	\$ 1,437
Police	2,099
Fire	1,514
Public Works	12,574
Parks, Recreation and Community Services	2,603
Library	157
Housing, Health and Community Development	2,687
Total depreciation expense	\$ <u>23,071</u>

CITY OF GLENDALE

Notes to the Basic Financial Statements
 Fiscal Year Ended June 30, 2017
 (in thousands)

	Balance at July 1	Increases	Decreases	Reclass	Adjustments- transferred from governmental activities	Balance at June 30
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 9,490	-	-	67	-	9,557
Construction in progress	68,414	27,793	(202)	(19,324)	-	76,681
Drilling in progress	-	70	(70)	-	-	-
Total assets not being depreciated	77,904	27,863	(272)	(19,257)	-	86,238
Depreciable capital assets:						
Building and improvements	265,429	4,222	-	2,325	-	271,976
Machinery and equipment	558,390	6,074	(13,309)	11,434	2	562,591
Infrastructure	146,476	463	-	5,191	-	152,130
Total other capital assets at cost	970,295	10,759	(13,309)	18,950	2	986,697
Depletable capital assets:						
Natural gas reserve	22,144	5	-	-	-	22,149
Amortizable intangible assets:						
Intangible assets	99,746	2,898	-	-	-	102,644
Less accumulated depreciation:						
Building and improvements	93,417	5,895	-	-	-	99,312
Machinery and equipment	320,784	26,990	(13,309)	-	-	334,465
Infrastructure	48,877	3,370	-	-	-	52,247
Total accumulated depreciation	463,078	36,255	(13,309)	-	-	486,024
Less allowance for gas depletion:						
Natural gas reserve	8,919	935	-	-	-	9,854
Less amortization:						
Intangible assets	43,319	3,052	-	-	-	46,371
Total assets being depreciated, depleted, and amortized, net	576,869	(26,580)	-	18,950	2	569,241
Business-type activities capital assets, net	\$ 654,773	1,283	(272)	(307)	2	655,479

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

Depreciation, depletion and amortization expense was charged to functions of the City's business-type activities for the year ended June 30, 2017 as follows:

Business-type Activities:	
Depreciation	
Sewer	\$ 2,946
Electric	25,469
Water	6,411
Refuse Disposal	1,272
Fire Communication	<u>157</u>
Total depreciation expense	36,255
Depletion - Electric	935
Amortization - Sewer	<u>3,052</u>
Total depreciation, depletion, and amortization expense	<u>\$ 40,242</u>

NOTE 7 – PROPERTY HELD FOR RESALE

Governmental activities – Home Grant Fund property held for resale at June 30, 2017:

Acquisition Date	Location	Carrying Value
May 2015	634 and 700 E. Lomita	\$ <u>981</u>

NOTE 8 – LONG-TERM DEBT AND LIABILITIES

The City's long-term debt and liabilities as of June 30, 2017 consists of the following:

	Issuance Amount	Balance at June 30, 2016	Additions	Retirements	Balance at June 30, 2017	Due within one year
Governmental Activities						
Claims payable	\$ -	41,942	53,767	44,315	51,394	14,507
Post-employment benefits	-	8,134	531	-	8,665	-
Compensated absences	-	21,278	8,984	8,867	21,395	2,789
Landfill postclosure care	-	44,684	2,375	-	47,059	-
Certificates of Participation (COPs)	64,200	35,605	-	1,820	33,785	1,905
Other long-term liabilities:						
Capital Lease-Fire equipment lease						
2009 – Wells Fargo	2,299	514	-	252	262	262
2011 HUD Section 108 Loan	2,000	1,305	-	194	1,111	203
Total other long-term liabilities	<u>4,299</u>	<u>1,819</u>	<u>-</u>	<u>446</u>	<u>1,373</u>	<u>465</u>
Total Governmental Activities long-term liabilities	<u>\$ 68,499</u>	<u>153,462</u>	<u>65,657</u>	<u>55,448</u>	<u>163,671</u>	<u>19,666</u>

For the governmental activities, claims payable, compensated absences and post-employment benefits are primarily liquidated by the respective internal service funds.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

	Issuance Amount	Balance at June 30, 2016	Additions	Retirements	Balance at June 30, 2017	Due within one year
Business-type Activities						
Compensated absences	\$ -	6,456	2,194	2,541	6,109	808
Bonds payable:						
Electric Revenue Bonds, 2008 series	60,000	1,880	-	-	1,880	1,880
Electric Revenue Bonds, 2013 refunding series	20,510	20,510	-	900	19,610	935
Electric Revenue Bonds, 2013 series	60,000	58,385	-	1,100	57,285	1,130
Electric Revenue Bonds, 2016 refunding series	72,615	72,615	-	1,445	71,170	1,185
Electric Revenue Bonds premium	-	23,998	-	1,131	22,867	1,132
Water Revenue Bonds, 2008 series	50,000	45,085	-	1,325	43,760	1,370
Water Revenue Bonds, 2012 series	35,000	35,000	-	-	35,000	415
Water Revenue Bonds premium	-	1,948	-	87	1,861	86
Total bonds payable	298,125	259,421	-	5,988	253,433	8,133
Total Business-type Activities long-term liabilities	\$ 298,125	265,877	2,194	8,529	259,542	8,941

The City of Glendale Financing Authority

Variable Rate Demand Certificates of Participation (COPs) - 2000 Police Building Project

The COPs were issued pursuant to the resolutions adopted by the City Council and the board of directors of the Glendale Financing Authority on June 6, 2000. The proceeds of the COPs were used to (a) finance for the acquisition, construction and improvement of a police building (the "Police Building"), (b) establish a reserve fund of \$5,000 in accordance with the trust agreement, and (c) pay for the costs incurred to issue the COPs. Since the issuance of the COPs in 2000 until July 8, 2013, the COPs were subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on five days' notice and delivery to the City's Remarketing Agent.

On May 28, 2013, the City and the Financing Authority adopted Resolution No. 13-76 and Resolution GFA-13-02 respectively, accepting Bank of America's proposal for a Direct Purchase Index Floater (Direct Purchase Agreement) of the Glendale COPs to replace the Standby Bond Purchase Agreement. The direct purchase loan with Bank of America relating to the Certificates of Participation for the Police Building is subject to a mandatory tender for purchase at a price of par plus accrued interest on the earliest of the: (i) mandatory tender date of three years from closing, (ii) date on which the Certificates are converted to another interest rate mode, (iii) or occurrence of an event of default. The variable interest rates were based on 70.0% of monthly LIBOR Index plus a fixed spread of 0.40%.

On May 17, 2016, the City and the Financing Authority adopted Resolution No. 16-82 and Resolution GFA-16-01 respectively, approving a second 3-year contract with Bank of America to purchase Glendale Variable Rate Demand Certificates of Participation. The variable interest rates are based on 70.0% of monthly LIBOR Index plus a fixed spread of 0.48%. Under the Direct Purchase Agreement, the COPs mature in annual installments ranging from \$1,905 to \$3,480 from FY 2018-30. As of June 30, 2017, the principal balance was \$33,785. The average monthly interest rate for FY 2016-17 was 0.97%.

The Financing Authority has leased the Police building back to the City pursuant to a lease agreement dated July 1, 2000. The bond indebtedness is secured by a lease to the City and is payable from rental payments received under terms of the lease agreement. The annual lease payments from the City are to be at a rate sufficient to meet debt service requirements of the outstanding bond indebtedness on the leased premises.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

The City of Glendale Housing Authority

HUD Section 108 Loan (Series 2011-A)

Section 108 Loan of \$2,000 was used to acquire and rehabilitate an Emergency Shelter and Homeless Access Center at 1948 Gardena Avenue, Glendale for the S.H. Ho Hope and Compassion Center, a non-profit organization. HUD administers the Section 108 Loan Guarantee program, and the program's purpose is to fill funding gaps on major community / economic development projects throughout the country. The Section 108 Loan Guarantee program was created as part of the original Housing and Community Development Act of 1974. Section 108 obligations are permanently financed through underwritten public offerings. This was the City's second time receiving a Section 108 loan. The City received the loan in November 2011. The term of the loan is ten years with an interest rate of 2.56% and the total interest is \$210. The City has pledged current and future CDBG funds as principal security for the loan. The principal amounts range from \$203 to \$242 annually for FY 2018-22. The Section 108 loan payment is budgeted as a CDBG project each year based on the payment schedule.

Capital Improvement Projects

Landfill Postclosure Care Costs

Pursuant to Assembly Bill 2448 and the regulations established by the California Integrated Waste Management Board (Board), landfill operators are required to submit an initial cost estimate of postclosure maintenance and to establish a financial mechanism to demonstrate the availability of funding to conduct postclosure maintenance activities. The City selected a trust fund as the financial mechanism and the Board approved this. The City Treasurer was designated as the trustee to ensure that the City set aside annual required deposits. The City subcontracts with Los Angeles County Sanitation District (Sanitation District) to operate Scholl Canyon and as part of this contract, the County is responsible for the closure cost of Scholl Canyon. The City is responsible for the postclosure maintenance cost of Scholl Canyon. According to Los Angeles County Sanitation District's records, the permitted capacity filled between August 18, 1989 and July 10, 2016 was 11.03 million tons. The permitted capacity filled between July 11, 2016 and July 10, 2017 was 0.38 million tons. The total permitted capacity as of August 18, 1989 remains 14.75 million tons. Therefore, the City has 3.34 million tons unfilled capacity remaining. Using an inflation factor from the Sanitation Districts of 1.013, the total estimated care postclosure cost is \$60,835. Using the data above, the amount of \$47,059 is recognized as a long-term liability on the Statement of Net Position. Accordingly, the portion of the estimated total obligation for landfill postclosure costs that has not been recognized in the financial statements is \$13,775. The City records the annual provision for the required landfill deposits as designated cash in the Landfill Postclosure Fund. At the end of June 30, 2017, the City has set aside \$29,850 of this in the Landfill Postclosure Fund. The total current cost of landfill postclosure care is an estimate subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

Capital Lease - Fire Equipment Lease 2009

In December 2008, the City entered into a Master Governmental Lease-Purchase Agreement (the "Master Lease") with Wells Fargo Equipment Finance, Inc. to provide funds for acquisition of fire apparatus, which include one new Pierce Heavy Duty Rescue System mounted on a new 2009 International 7400 Chassis together with all attachments and accessories and four new Pierce 2000 GPM Quantum Triple Combination Pumper Truck Systems mounted on new 2008 Quantum Chassis together with all attachments and accessories. The total cost of the equipment funded was \$2,299 with an annual interest rate of 4.04%. The City makes lease payments each year consisting of principal and interest for a term of ten years commencing in FY 2008-09. The annual lease payment is \$273. Payments are due on December 15 annually. As of June 30, 2017, the outstanding balance of this lease was \$262.

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Fiscal Year Ended June 30, 2017
(in thousands)

Business-type Activities:

Enterprise Funds

Electric Revenue Bonds, 2008 Series

The Electric utility of Glendale Water and Power issued \$60,000 in revenue bonds in February 2008 to finance the costs of acquisition and construction of certain improvements to the Electric System of the City.

The Electric Revenue Bonds, 2008 Series were partially refunded in May 2016 with the Electric Revenue Bonds, 2016 Refunding Series. After the issuance of the Electric Revenue Bonds, 2016 Refunding Series, \$1,880 of the partially defeased 2008 Bonds remains outstanding as of June 30, 2017 and will mature at its redemption date on February 1, 2018. \$58,120 of the 2008 Bonds were refunded and deposited into an Escrow Fund established pursuant to an Escrow Agreement dated May 1, 2016 and will be fully redeemed on February 1, 2018 at a redemption price of 100% of the principal amount plus accrued interest.

Electric Revenue Bonds, 2013 Refunding Series

The Electric utility of Glendale Water & Power issued \$20,510 in revenue bonds in March 2013 to provide funds to refund all of the City's outstanding Electric Revenue Bonds, 2003 Series and pay cost of issuance. The bond proceeds were deposited in an escrow account and were used to refund the Electric Revenue Bonds, 2003 Series through a legal defeasance.

The current refunding resulted in the recognition of a deferred outflows of resources of \$120 as of June 30, 2017, and is being amortized through 2032. The reserve requirement of the bond issue is satisfied by a cash reserve fund with a minimum funding requirement of \$6,249 on parity with other Electric revenue bonds. The bonds mature in regularly increasing amounts ranging from \$935 to \$1,805 annually from 2018 to 2032.

Electric Revenue Bonds, 2013 Series

The Electric utility of Glendale Water & Power issued \$60,000 in revenue bonds in December 2013 to finance (1) the costs of acquisition and construction of certain improvements to the City's electric public utility (the "Electric System"), (2) making a deposit to the parity reserve fund, and (3) paying the cost of issuance of the 2013 Bonds.

The terms of the 2013 Electric Revenue Bonds' (2013 Bonds) indenture require the trustee to establish and maintain a reserve fund equal to the reserve fund requirement. The reserve fund requirement is defined by the Debt Indentures as the maximum annual debt service on the debt service schedule. Up to 50% of the reserve fund requirement amount may be held in an unrestricted fund or account. The bonds mature in regularly increasing amounts ranging from \$1,130 to \$3,795 annually from 2018 to 2043.

Electric Revenue Bonds, 2016 Refunding Series

The Electric utility of Glendale Water & Power issued \$72,615 in revenue bonds in May 2016 to provide moneys for the refunding of all of the City's outstanding Electric Revenue Bonds, 2006 Refunding Series, a portion of the City's outstanding Electric Revenue Bonds, 2008 Series, and paying the costs of issuance of the 2016 Bonds. The bond proceeds were deposited in an escrow account and were used to refund the Electric Revenue Bonds, 2006 Refunding Series and a portion of the outstanding Electric Revenue Bonds, 2008 Series through a legal defeasance. The advance refunding resulted in the recognition of a deferred outflows of resources of \$4,687 as of June 30, 2017, and is being amortized through 2038.

The terms of the Electric Revenue Bonds, 2016 Refunding Series' (2016 Refunding Bonds) indenture require the trustee to establish and maintain a reserve fund equal to the reserve fund requirement. The reserve fund requirement is defined by the Debt Indentures as the maximum annual debt service on the debt service schedule. Up to 50% of the reserve fund requirement amount may be held in an unrestricted fund or account.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

The bonds mature in regularly increasing amounts ranging from \$1,185 to \$4,715 annually from 2018 to 2038. The 2016 Refunding Bonds maturing on or prior to February 1, 2026 are not subject to redemption prior to maturity. The 2016 Refunding Bonds maturing on and after February 1, 2027 are subject to redemption prior to maturity, at the option of the City, as a whole or in part, on February 1, 2026, or on any date thereafter, at a redemption price equal to 100% of the principal amount of the 2016 Refunding Bonds to be redeemed, together with accrued interest to the redemption date.

The Electric utility has pledged future electric customer revenues, net of specified operating expenses, to repay \$213,125 in electric revenue bonds. Proceeds from the bonds financed the costs of the acquisition and construction of certain improvements to the City's electric public system. The bonds are payable solely from Electric Fund's net revenues and is expected to require the net revenues to be at least equal to 1.10 times the amount of the annual debt services as it become due each fiscal year. The total principal and interest remaining to be paid on the bonds through 2043 is \$242,407. Principal and interest paid and total net available revenues for FY 2016-17 were \$9,953 and \$68,202, respectively.

Water Revenue Bonds, 2008 Series

The Water Utility of Glendale Water & Power issued \$50,000 in revenue bonds in February 2008 to finance the costs of acquisition and construction of certain improvements to the Water System of the City.

The terms of the 2008 Water Revenue Bonds' (2008 Bonds) indenture require the trustee to establish and maintain a reserve fund equal to the reserve fund requirement. The reserve fund requirement is defined by the Debt Indentures as the maximum annual debt service on the debt service schedule. The reserve requirement of the bond issue is satisfied by a cash reserve fund with a minimum funding requirement of \$3,507.

The bonds mature in regularly increasing amounts ranging from \$1,370 to \$3,060 annually from 2018 to 2038. The 2008 Bonds maturing on or prior to February 1, 2018 are not subject to redemption prior to maturity. The 2008 bonds maturing on and after February 1, 2019 are subject to redemption prior to maturity, at the option of the City, as a whole or in part, on February 1, 2018, or on any date thereafter, at a redemption price equal to 100% of the principal amount of the 2008 Bonds to be redeemed, together with accrued interest to the redemption date.

Water Revenue Bonds, 2012 Series

The Water Utility of Glendale Water & Power issued \$35,000 in revenue bonds in December 2012 to finance the costs of acquisition and construction of certain improvements to the Water System of the City.

The terms of the 2012 Water Revenue Bonds' (2012 Bonds) indenture require the trustee to establish and maintain a reserve fund equal to the reserve fund requirement. The reserve fund requirement is defined by the Debt Indentures as the maximum annual debt service on the debt service schedule. The reserve requirement of the bond issue is satisfied by a cash reserve fund with a minimum funding requirement of \$1,650.

The bonds mature in regularly increasing amounts ranging from \$415 to \$4,945 annually from 2018 to 2042. The 2012 Bonds maturing on or prior to February 1, 2022 are not subject to redemption prior to maturity. The 2012 bonds maturing on and after February 1, 2023 are subject to redemption prior to maturity, at the option of the City, as a whole or in part, on August 1, 2022, or on any date thereafter, at a redemption price equal to 100% of the principal amount of the 2012 Bonds to be redeemed, together with accrued interest to the redemption date.

The Water utility has pledged future water customer revenues, net of specified operating expenses, to repay \$85,000 in water revenue bonds. Proceeds from the bonds financed the costs of the acquisition and construction of certain improvements to the City's water system. The bonds are payable solely from Water Fund's net revenues and is expected to require the net revenues to be at least equal to 1.25 times the amount of the annual debt services as it become due each fiscal year. The total principal and interest remaining to be paid on the bonds through 2042 is \$129,580. Principal and interest paid and total net available revenues for FY 2016-17 were \$4,712 and \$16,321, respectively.

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Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

Annual Debt Service Requirement Schedule

The annual debt service requirement schedule for governmental and business-type activities is as follows:

Fiscal Year	Police Building Project (COPs) Governmental Activities		Capital Lease Governmental Activities	
	Interest	Principal	Interest	Principal
2018	\$ 379	1,905	11	262
2019	405	1,985	-	-
2020	425	2,070	-	-
2021	437	2,155	-	-
2022	442	2,320	-	-
2023-2027	1,943	13,415	-	-
2028-2030	550	9,935	-	-
	<u>\$ 4,581</u>	<u>33,785</u>	<u>11</u>	<u>262</u>

Fiscal Year	Section 108 (2011 Series) Loan Governmental Activities		Electric and Water Revenue Bonds Business-type Activities	
	Interest	Principal	Interest	Principal
2018	\$ 22	203	10,652	6,915
2019	18	212	10,336	6,850
2020	14	222	10,000	7,150
2021	9	232	9,650	7,500
2022	3	242	9,287	7,845
2023-2027	-	-	40,212	45,270
2028-2032	-	-	28,512	52,405
2033-2037	-	-	17,459	47,770
2038-2042	-	-	7,063	43,205
2043-2045	-	-	111	3,795
	<u>\$ 66</u>	<u>1,111</u>	<u>143,282</u>	<u>228,705</u>

Fiscal Year	Total Governmental Activities		Total Business-type Activities		Total Debt Service
	Interest	Principal	Interest	Principal	
2018	\$ 412	2,370	10,652	6,915	20,349
2019	423	2,197	10,336	6,850	19,806
2020	439	2,292	10,000	7,150	19,881
2021	446	2,387	9,650	7,500	19,983
2022	445	2,562	9,287	7,845	20,139
2023-2027	1,943	13,415	40,212	45,270	100,840
2028-2032	550	9,935	28,512	52,405	91,402
2033-2037	-	-	17,459	47,770	65,229
2038-2042	-	-	7,063	43,205	50,268
2043-2045	-	-	111	3,795	3,906
	<u>\$ 4,658</u>	<u>35,158</u>	<u>143,282</u>	<u>228,705</u>	<u>411,803</u>

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2017
(in thousands)

NOTE 9 – PENSION PLANS

California Public Employees' Retirement System

General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website at <http://www.calpers.ca.gov>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 for Classic members and age 52 for PEPRA members, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The death benefit is as follows:

If eligible to retire, the Pre-retirement Option 2W Death Benefit; or the Basic Death Benefit of a refund of contributions, plus interest; and up to six months' pay (one month's salary rate for each year of current service to a maximum of six months); and 1959 Survivor Benefit Program Level 4* (may not be payable if the Special Death Benefit is elected).

If not eligible to retire, the Basic Death Benefit of a refund of contributions, plus interest; and up to six months' pay (one month's salary rate for each year of current service to a maximum of six months); and 1959 Survivor Benefit Program Level 4* (may not be payable if the Special Death Benefit is elected).

*1959 Survivor Benefit Program Level 4 may not be applicable if there is no eligible Spouse/Registered Domestic Partner and an unmarried eligible dependent child under age 22. An eligible surviving spouse/registered domestic partner may be entitled to the 1959 Survivor Benefit Program Level 4 benefits as long as they have care of an eligible child (unmarried dependent child of the member living with the member in a parent-child relationship, while under age 22) or the surviving spouse/registered domestic partner is at least age 62 (age 60 at Level 4 and under the Indexed Level). An eligible surviving spouse/registered domestic partner may remarry and continue to receive the allowance.

CITY OF GLENDALE

Notes to the Basic Financial Statements
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 (in thousands)

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

Hire date	Miscellaneous		
	Prior to January 1, 2011	Between January 1, 2011 and December 31, 2012	On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55+	50-63+	52-67+
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.4% to 2.4%	1.0% to 2.5%

Hire date	Safety		
	Prior to January 1, 2011	Between January 1, 2011 and December 31, 2012	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55+	50-55+	50-57+
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%

Employees Covered

At June 30, 2017, the following employees were covered by the benefit terms for each plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	1,657	605
Inactive employees entitled to but not yet receiving benefits	1,558	90
Active employees	1,331	379
Total	4,546	1,074

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

The City's member contribution rates and employer contribution rates for FY 2016-17, including the employees' cost sharing toward the employer rates, are shown in the table below:

Employee Group	CalPERS Membership	Retirement Formula	Member Contribution Rate	Employer Contribution Rate		
				Employees' Cost Sharing	City Portion	Total
Miscellaneous Employees						
Council Member	Classic (1st Tier)	2.5% @ 55	8.00%	3.00%	19.936%	22.936%
	Classic (2nd Tier)	2.0% @ 55	7.00%	3.00%	19.936%	22.936%
	PEPRA (3rd Tier)	2.0% @ 62	5.75%	3.00%	19.936%	22.936%
Executive	Classic (1st Tier)	2.5% @ 55	8.00%	4.00%	18.936%	22.936%
	Classic (2nd Tier)	2.0% @ 55	7.00%	4.00%	18.936%	22.936%
	PEPRA (3rd Tier)	2.0% @ 62	5.75%	4.00%	18.936%	22.936%
GCEA	Classic (1st Tier)	2.5% @ 55	12.00%	0.00%*	18.936%	18.936%
	Classic (2nd Tier)	2.0% @ 55	11.00%	0.00%*	18.936%	18.936%
	PEPRA (3rd Tier)	2.0% @ 62	9.75%	0.00%*	18.936%	18.936%
IBEW	Classic (1st Tier)	2.5% @ 55	8.00%	3.00%	19.936%	22.936%
	Classic (2nd Tier)	2.0% @ 55	7.00%	3.00%	19.936%	22.936%
	PEPRA (3rd Tier)	2.0% @ 62	5.75%	3.00%	19.936%	22.936%
GMA	Classic (1st Tier)	2.5% @ 55	8.00%	4.00%	18.936%	22.936%
	Classic (2nd Tier)	2.0% @ 55	7.00%	4.00%	18.936%	22.936%
	PEPRA (3rd Tier)	2.0% @ 62	5.75%	4.00%	18.936%	22.936%
Safety Employees						
Executive - Fire	Classic (1st Tier)	3.0% @ 50	9.00%	4.00%	37.711%	41.711%
	Classic (2nd Tier)	3.0% @ 55	9.00%	4.00%	37.711%	41.711%
	PEPRA (3rd Tier)	2.7% @ 57	10.75%	4.00%	37.711%	41.711%
Executive - Police	Classic (1st Tier)	3.0% @ 50	9.00%	4.00%	37.711%	41.711%
	Classic (2nd Tier)	3.0% @ 55	9.00%	4.00%	37.711%	41.711%
	PEPRA (3rd Tier)	2.7% @ 57	10.75%	4.00%	37.711%	41.711%
GMA - Fire	Classic (1st Tier)	3.0% @ 50	9.00%	4.00%	37.711%	41.711%
	Classic (2nd Tier)	3.0% @ 55	9.00%	4.00%	37.711%	41.711%
	PEPRA (3rd Tier)	2.7% @ 57	10.75%	4.00%	37.711%	41.711%
GMA - Police	Classic (1st Tier)	3.0% @ 50	9.00%	3.50%	38.211%	41.711%
	Classic (2nd Tier)	3.0% @ 55	9.00%	3.50%	38.211%	41.711%
	PEPRA (3rd Tier)	2.7% @ 57	10.75%	3.50%	38.211%	41.711%
GFFA	Classic (1st Tier)	3.0% @ 50	9.00%	3.75%	37.961%	41.711%
	Classic (2nd Tier)	3.0% @ 55	9.00%	3.75%	37.961%	41.711%
	PEPRA (3rd Tier)	2.7% @ 57	10.75%	3.50%	38.211%	41.711%
GPOA	Classic (1st Tier)	3.0% @ 50	9.00%	3.50%	38.211%	41.711%
	Classic (2nd Tier)	3.0% @ 55	9.00%	3.50%	38.211%	41.711%
	PEPRA (3rd Tier)	2.7% @ 57	10.75%	1.75%	39.961%	41.711%

GCEA - Glendale City Employee Association

IBEW - International Brotherhood of Electrical Workers

GMA - Glendale Management Association

GFFA - Glendale Fire Fighter Association

GPOA - Glendale Police Officer Association

* Effective May 2013, GCEA members' cost sharing rate (3%-4%) became part of their member contribution rate.

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Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

As shown in the rates table, in addition to the required member contributions, the City employees also contribute a portion of the required employer contribution, based on bargaining units' MOUs. The required employer contributions to the Miscellaneous and Safety plans were \$18,972 and \$19,984, respectively, for the year ended June 30, 2017. The breakdown of the required employer contribution between the City portion and the employee portion is as follows:

Plan	Annual Required Employer Contribution	City Contribution	Employees' Cost Sharing
Miscellaneous	\$ 18,972	16,661	2,311
Safety			
Police	11,840	10,872	968
Fire	8,144	7,417	727
Total Safety	<u>19,984</u>	<u>18,289</u>	<u>1,695</u>
Total	<u>\$ 38,956</u>	<u>34,950</u>	<u>4,006</u>

Net Pension Liability

The City's net pension liability for each plan was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015.

Actuarial Assumptions

The June 30, 2015 valuation was rolled forward to determine the June 30, 2016 total pension liability, based on the following actuarial methods and assumptions:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Actuarial cost method	Entry Age Normal Cost Method
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Salary increase	Varies by Entry Age and Service
Mortality rate table	Derived using CalPERS' Membership Data for all Funds
Post-retirement benefit increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report. All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS website at www.calpers.ca.gov under Forms and Publications.

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Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2017
(in thousands)

Discount Rates

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2015.

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1-10 *</u>	<u>Real Return Years 11+ **</u>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	(0.55)%	(1.05)%
Total	100.00%		

*An expected inflation of 2.5% used for this period.

**An expected inflation of 3.0% used for this period.

CITY OF GLENDALE

Notes to the Basic Financial Statements
 Fiscal Year Ended June 30, 2017
 (in thousands)

Changes in the Net Pension Liability

The changes in the Net Pension Liability measured as of June 30, 2016 for each plan is as follows:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) – (b)
Balance at June 30, 2016	\$ 987,035	769,329	217,706
Changes in the year:			
Service cost	13,413	-	13,413
Interest on the total pension liability	73,104	-	73,104
Differences between actual and expected experience	(12,487)	-	(12,487)
Contribution from the employer	-	16,517	(16,517)
Contribution from the employees	-	8,092	(8,092)
Net investment income	-	3,709	(3,709)
Benefit payments, including refunds of employee contributions	(51,297)	(51,297)	-
Administrative expense	-	(469)	469
Net changes	<u>22,733</u>	<u>(23,448)</u>	<u>46,181</u>
Balance at June 30, 2017	<u>\$ 1,009,768</u>	<u>745,881</u>	<u>263,887</u>

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) – (b)
Balance at June 30, 2016	\$ 727,100	514,624	212,476
Changes in the year:			
Service cost	12,975	-	12,975
Interest on the total pension liability	54,489	-	54,489
Differences between actual and expected experience	(3,055)	-	(3,055)
Contribution from the employer	-	18,266	(18,266)
Contribution from the employees	-	4,517	(4,517)
Net investment income	-	2,584	(2,584)
Benefit payments, including refunds of employee contributions	(36,522)	(36,522)	-
Administrative expense	-	(314)	314
Net changes	<u>27,887</u>	<u>(11,469)</u>	<u>39,356</u>
Balance at June 30, 2017	<u>754,987</u>	<u>503,155</u>	<u>251,832</u>
Total for both plans at June 30, 2017	<u>\$ 1,764,755</u>	<u>1,249,036</u>	<u>515,719</u>

CITY OF GLENDALE

Notes to the Basic Financial Statements
 Fiscal Year Ended June 30, 2017
 (in thousands)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of each Plan, calculated using the discount rate of 7.65%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	6.65%	6.65%	6.65%
Net Pension Liability	\$ 397,230	354,367	751,597
Current Discount Rate	7.65%	7.65%	7.65%
Net Pension Liability	\$ 263,887	251,832	515,719
1% Increase	8.65%	8.65%	8.65%
Net Pension Liability	\$ 153,954	167,744	321,698

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2017, the City reported total pension liability, deferred outflows of resources and deferred inflows of resources for both Miscellaneous and Safety Plans as follows:

Governmental activities:	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Miscellaneous plan	\$ 170,465	37,219	11,058
Safety plan	251,832	47,701	12,182
Total	<u>\$ 422,297</u>	<u>84,920</u>	<u>23,240</u>
Business-type activities:	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Miscellaneous plan	\$ 93,422	22,773	6,495

Miscellaneous Plan:

For the year ended June 30, 2017, the City recognized pension expense of \$14,047. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 18,972	-
Net differences between projected and actual earnings on plan investments	41,020	-
Changes of assumptions	-	6,237
Net differences between expected and actual experience	-	11,316
Total	<u>\$ 59,992</u>	<u>17,553</u>

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Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

The amount of \$18,972 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30,</u>	<u>Amounts</u>
2018	\$ (7,222)
2019	877
2020	19,028
2021	10,784
Total	<u>\$ 23,467</u>

Safety Plan:

For the year ended June 30, 2017, the City recognized pension expense of \$23,099. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 19,983	-
Net differences between projected and actual earnings on plan investments	27,718	-
Changes of assumptions	-	6,877
Net differences between expected and actual experience	-	5,305
Total	<u>\$ 47,701</u>	<u>12,182</u>

The amount of \$19,983 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30,</u>	<u>Amounts</u>
2018	\$ (1,344)
2019	(1,344)
2020	11,124
2021	7,100
Total	<u>\$ 15,536</u>

Pension Plan Fiduciary Net Position

Detailed information about each pension plans' fiduciary net position is available in the separately issued CalPERS financial reports.

Supplemental Retirement Plan

In May 2012, in an effort to substantially reduce staffing levels to address a projected \$15,400 General Fund shortfall for FY 2012-13, the City contracted with Public Agency Retirement Services (PARS) to offer an early retirement incentive plan to provide supplemental retirement benefit payments to eligible employees in addition to the benefit payments the employees will receive from the California Public Employees' Retirement System (CalPERS). To be

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Fiscal Year Ended June 30, 2017

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eligible to participate in the plan, the employees must have been a Glendale City Employee Association (GCEA) or Glendale Management Association (GMA) employee, be at least 50 years of age as of September 1, 2012, and have a minimum 5 years of CalPERS service credit. The employees needed to resign from the City by August 31, 2012. The plan offered 5% of the employees' final pay, which the employees could choose various options to receive the payment, such as unmodified lifetime monthly payment, or higher fixed monthly payment for a fixed number of years. There were 122 employees who participated in the plan.

In October 2012, the City provided the same early retirement incentive plan to the employees represented by International Brotherhood of Electrical Workers Association (IBEW), and also offered an extension of the incentive program to employees represented by GCEA and GMA. The same parameters were applied for the extension of the incentive program, with the exception of the retirement eligibility date and date of separation advancing to October 31, 2012. There were 30 additional employees participating in the second phase. The plan is closed, and \$1,987 was paid to PARS in FY 2016-17.

Public Agency Retirement Services (PARS)

The PARS Trust, created in 1991, is a trust arrangement established to provide economies of scale and efficiencies of administration to public agencies that adopt it to hold the assets of their agency retirement plans maintained for the benefit of their employees. The Omnibus Budget Reconciliation Act of 1990 (OBRA 90) amended the Internal Revenue Code to mandate that employees of public agencies, who are not members of their employer's existing retirement system as of January 1, 1992, be covered under Social Security or an alternate plan. The PARS ARS Plan satisfies the OBRA 90 Federal Requirements. It is intended that this plan and the trust established to hold the assets of the plan shall be qualified under Section 401(a) and tax-exempt under Section 501(a) of the Internal Revenue Code of 1986, as amended, and meet the requirements of California Government Code Sections 53215 through 53224 providing how pension trusts must be established by public agencies. Through PARS, agencies have the ability to design and control retirement plans according to their own specific needs, including specific collective bargaining requirements. The City adopted the PARS ARS Plan, effective September 1, 1999 as an alternate plan to Social Security for the hourly employees who are not eligible for participation in the City's CalPERS retirement plan.

Any City hourly employee who is not eligible to enroll in the CalPERS retirement plan is enrolled in PARS-ARS instead of social security. After completing 1,000 work hours within a fiscal year, hourly employees are eligible to enroll in CalPERS retirement plan. For each pay period, employees contribute 6.2%, and the City contributes 1.3% of employee earnings into employees' PARS account. Both contributions are made on pre-tax basis. For FY 2016-17, PARS payments were \$162 and \$34 for employee portion and employer portion, respectively. The amount of the City's outstanding liability is zero, since the plan is fully funded, and it's a defined contribution plan. A participant in the PARS ARS Plan becomes eligible to receive his/her funds when one of the following events occurs: separation, retirement, permanent and total disability, and change of employment status to a position covered by another retirement system or death.

NOTE 10 – POST-EMPLOYMENT BENEFITS

The City provides Medicare Part A reimbursements to retirees and their spouses if the retirees were hired in the City prior to April 1, 1986, and ineligible for premium-free Medicare Part A. The City also provides cash subsidy for medical insurance premium to three groups of retirees: (1) retirees who retired before July 1, 2001, and the length of the subsidy was pre-determined based on the retirees' sick leave balances at the time of retirement; (2) low-income retirees who are evaluated by the City on an annual basis; and (3) surviving spouse and dependents of deceased retirees if the retirees retired before June 1, 2008 and enrolled in Anthem Blue Cross PPO at the time of the death, and the length of subsidy is two years. Moreover, the City provides cash subsidy for medical insurance premium to surviving spouses and dependents of active employees who pass away during their employment with the City for different lengths of time period, based on the benefit ordinances and the memoranda of understanding agreements between the City and the unions.

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 (in thousands)

The City's contribution is currently based on a pay-as-you-go funding method, that is, benefits are payable when due. For FY 2016-17, the City contributed \$492 in cash subsidy as benefit payments. No assets were invested in an irrevocable plan trust.

The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the City's annual Other Post-Employment Benefits (OPEB) cost for the year, the amount actually contributed to the plan, and changes in the City's Net OPEB obligation:

	<u>Amount</u>
Annual required contribution	\$ 1,319
Interest on net OPEB obligation	296
Amortization of net OPEB obligation	<u>(592)</u>
Annual OPEB cost	1,023
Benefit payments	<u>(492)</u>
Increase in net OPEB obligation	531
Net OPEB obligation – beginning of year	<u>8,134</u>
Net OPEB obligation – end of year	<u>\$ 8,665</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY2016-2017 and the two preceding years were:

<u>Fiscal year ended June 30,</u>	<u>Annual OPEB Cost/(Credit)</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 22,054	14%	\$ 94,843
2016	\$ (1,471)	(203%)	\$ 8,134
2017	\$ 1,023	48%	\$ 8,665

The funded status of the plan as of June 30, 2016, the plan's most recent actuarial valuation date, was:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (B)</u>	<u>Unfunded Actuarial Accrued Liability (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
6/30/2016	\$ -	16,027	16,027	0%	\$ 121,841	13%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.75% investment rate of return (net of administrative expenses), which is the expected long-term investment return on the City’s investments, a 2.75% general inflation assumption, an annual pre-Medicare eligible medical cost trend rate of 7.5% for 2018 decreasing to 4.0% over about 60 years. The post-Medicare eligible medical cost trend rate started 1% lower for 2018.

NOTE 11 – RESTRICTED NET POSITION

The government-wide statement of net position reports \$130,160 of restricted net position, of which \$46,699 is restricted by enabling legislation. The City Charter requires \$27,296 in restricted net position to be set aside to meet the legal demands against the treasury during the beginning of the new budget period prior to the receipt of ad valorem taxes. Pursuant to redevelopment laws of the State of California, \$19,403 is restricted for low and moderate housing.

NOTE 12 – NET DEFICITS OF INDIVIDUAL FUNDS

As of June 30, 2017, the following funds have negative fund balances or net position:

Governmental funds:

Special revenue funds:

CDBG Fund	\$	118
Continuum of Care Grant Fund		371
Emergency Solutions Grant Fund		16
Glendale Youth Alliance Fund		16
Grant Fund		208
PW Special Grants Fund		63
Measure R Regional Return Fund		1,857
Fire Grant Fund		397

Capital projects funds:

CIP Reimbursement Fund	\$	1,495
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Proprietary funds:

Internal service funds:

Compensation Insurance Fund	\$	11,023
Medical Insurance Fund		1,204
Employee Benefits Fund		20

Reimbursement Type Funds – The CDBG Fund, Continuum of Care Grant Fund, Emergency Solutions Grant Fund, Glendale Youth Alliance Fund, Grant Fund, PW Special Grants Fund, Measure R Regional Return Fund, Fire Grant Fund and CIP Reimbursement Fund are reimbursement type funds. The City requests reimbursement of actual expenditures. As such, there will always be a timing difference between revenues and expenditures resulting in a deficit, as revenues do not represent available resources.

Compensation Insurance Fund –The deficit has increased in FY 2016-17 due to an increase in claim reserves. The City will continue to increase future premiums to eliminate the deficit.

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Medical Insurance Fund – The deficit has increased due to a net loss from the retirees’ PPO plan. The City will increase future premiums to eliminate the deficit.

Employee Benefits Fund – The deficit has decreased in FY 2016-17 due to premium increases. The City will continue to increase premiums in the future to eliminate the deficit.

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City retains risks for the following types of liabilities: workers’ compensation, unemployment insurance, general auto, dental, medical and vision as well as public liability through separate internal service funds. The City purchased several commercial insurance policies from third-party insurance companies for errors and omissions of its officers and employees, and destruction of assets as well as excess workers’ compensation and general public liability claims. The City also purchases property, aviation and employee dishonesty insurance. There were no significant settlements or reductions in insurance coverage from settlements for the past three years. The insurance schedule for FY 2017-18 is as follows:

Insurance Type	Program Limits	Deductible/SIR (self-insured retention)
Excess Liability Insurance	\$ 25,000	\$2,000 SIR per occurrence
D & O Employment Practices	2,000	\$250 SIR non-safety; \$500 SIR safety
Excess Workers’ Comp Employer’s Liability Insurance	Statutory	\$2,000 SIR per occurrence
Property Insurance (GWP)	250,000	Various deductibles up to \$250
Property Insurance (Non-GWP)	490,000	\$25 deductible all locations
Aviation Insurance (Police Helicopter)	50,000	Various deductibles
Employee Dishonesty – Crime Policy	3,000	\$25
Cyber Insurance	5,000	\$100

Operating funds are charged a premium and the internal service funds recognize the corresponding revenue. Claims expenses are recorded in the internal service funds. Premiums are evaluated periodically and increases are charged to the operating funds to reflect recent trends in actual claims experience and to provide sufficient reserve for catastrophic losses.

Claims payable liability has been established in these funds based on estimates of incurred but not reported and litigated claims. Management believes that provisions for claims at June 30, 2017 are adequate to cover the cost of claims incurred to date. However, such liabilities are, by necessity, based upon estimates and there can be no assurance that the ultimate cost will not exceed such estimates. A reconciliation of the changes in the aggregate liabilities for Liability Insurance Fund, Compensation Insurance Fund and Medical Insurance Fund for claims for the current fiscal and the prior fiscal year are as follows:

Fiscal Year	Beginning Balance	Claims and Charges	Claim Payments	Ending Balance
2015-16	\$ 43,202	38,566	39,826	41,942
2016-17	\$ 41,942	53,767	44,315	51,394

The City has numerous claims and pending legal proceedings that generally involve accidents regarding its citizens on City property and employment issues. These proceedings are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the City. In the opinion of management, such proceedings are substantially covered by insurance, and the ultimate disposition of such proceedings are not expected to have a material adverse effect on the City's financial position, results of operations, or cash flows.

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2017
(in thousands)

NOTE 14 – CONTINGENT LIABILITIES AND COMMITMENTS

Power Purchase Agreements

The City first participated in the Boulder Canyon Project for electric service from the Hoover Power Plant in 1937 for a term of 50 years, which expired on May 31, 1987. The plant was operated by Southern California Edison and Los Angeles Department of Water and Power under the supervision of the Bureau of Reclamation during the contract term.

Before the expiration of the contract, Hoover Power Plant Act of 1984 authorized the uprating of the 17 main generating units and provided long-term contingent capacity and firm energy to the participants in a renewal contract. The uprating program, which replaced all 17 original turbines in the Hoover Dam Power Plant, began in 1986. When the program was finished in 1993, it increased the capacity of the plant from 1,344 megawatts to 2,079 megawatts.

In January 1987, the City renewed the contract with the United States Bureau of Reclamation providing for the advancement of funds for the Hoover Uprating Project and Western Area Power Administration for the purchase of power from the project. The renewed contract is for a term of 30-years from 1987 to 2017. The Bureau of Reclamation also assumed control of operation and maintenance of the plant in 1987. Under this renewed contract, the City is entitled to 21 megawatts or 1.03% of the capacity and 1.59% of the firm energy.

In August 2003, the City entered into a 25-year contract, cancelable after 20 years, with PPM Energy, Inc. for the purchase of 9 megawatts of capacity from wind-powered resources in California. The City began taking delivery of the energy on September 1, 2003.

In June 2005, the City entered into a 25-year power sales agreement with the Southern California Public Power Authority (SCPPA) for the Ormat Geothermal Energy Project for purchase of up to 3 megawatts of the project electric energy. The project began commercial operation in January 2006.

In October 2006, the City entered into a 16-year contract with PPM Energy, Inc. for the purchase of 10 megawatts of capacity from wind-powered resources in Wyoming. The City began taking delivery of the energy under WSPP master agreement from July 1, 2006 through September 30, 2006. The contract term started on October 1, 2006.

In November 2007, City Council approved a purchase power agreement with SCPPA for the purchase of 20 megawatts of renewable energy from Pebble Springs Wind Generation Facility for a term of 18-years. The project began commercial operation in January 2009.

In September 2014, the City entered into a 25-year contract with Skylar Resources L.P. for the procurement of 50 megawatts of firmed renewable solar. At least fifty percent of 50 MW/hour is guaranteed by the seller to qualify as Portfolio Content Category 1 renewable energy on an annual basis. In November 2015, the transaction was bifurcated into 2 separate renewable energy transactions, one with a term of December 1, 2015 through December 31, 2019, and the other with a term of January 1, 2020 through November 20, 2040. The 4-year transaction was subsequently novated to Morgan Stanley Capital Group. The City began taking delivery of the energy on December 2015.

Certain Sales Tax Revenues

On September 24, 2007, HdL Companies (HdL), which is City's sales tax consultant, submitted petitions to the Board of Equalization (BOE) on behalf of all their client cities regarding Case ID 606763 and Case ID 606835 (Sales v. Use Tax/Place of Allocation). These cases pertain to the City of Buena Park and a local business (hereafter referred to as Taxpayer).

The Taxpayer sells computer hardware and peripherals to government and business accounts. After signing a tax sharing agreement with the City of Buena Park, the Taxpayer began reporting these transactions as sales tax and allocating the local 1% tax to their office in the City of Buena Park.

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(in thousands)

According to BOE, since the merchandise is shipped from out of state, the applicable tax is a use tax that should be allocated to the various countywide pools based on delivery. The Taxpayer contends that the terms of their sales agreements stipulate that title passes at the time of delivery in this state, and therefore the transactions are subject to sales tax. However, BOE states that title cannot pass after the seller has given the merchandise to a common carrier.

In both their Allocation Group Decision and Supplemental Decision, BOE granted the HdL petitions and ruled that the tax was a use tax and should be distributed via the countywide pools. The City of Buena Park has appealed both decisions, and the matter has been elevated to the BOE Appeals Division.

After further review, the BOE Appeals Division determined that the City of Buena Park would receive portion of the sales tax revenues; however, majority of the sales tax revenue would be reallocated to the Countywide Pool as a use tax.

In spring 2014, the Taxpayer moved their California office from Buena Park to Glendale and has continued the same practice by allocating the 1% sales tax to their office in the City of Glendale. The Taxpayer is appealing the matter as well and until the matter is settled, they intend to allocate sales to their Glendale office, to the extent they believe the allocation is supported by the facts.

Per HdL, since the resolution of the dispute is still pending for the Glendale office, all or portion of local revenue received by the City could later be taken away by the BOE and redistributed through the countywide pools. HdL has recommended that the City set aside any revenues received from this Taxpayer. Therefore, starting in FY 2013-14, the City is accruing a liability related to the sales tax revenues generated by this Taxpayer, until this matter is resolved and settled by all parties involved.

In spring 2017, the City requested that BOE look into this matter in more detail and determine whether some or all of the sales taxes generated from the Glendale Office by the Taxpayer should remain with the City. As of this point in time, the City has not received BOE's final determination, and does not have a time frame as to when this will be completed.

General Fund Transfer Litigation

The City is 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. BS147376, Court of Appeal Case No. B281994; Saavedra et al. v. City of Glendale, L.A. Superior Court Case No. BC539160, Court of Appeal Case No. B281991. The Petitioners contend that the annual transfers from the Electric Fund to the General Fund violate Proposition 26. In the litigation before the trial court, the Petitioners also challenged the City's fund and accounting procedures contending they violate the City Charter. Additionally, the plaintiffs challenged the City's prior transfers of revenue from the Water Fund to the General Fund, a practice which was discontinued in 2011, and for which court-ordered remedies were satisfied in FY 2015-16.

The lawsuits challenge the City's transfer of electric revenue from the Glendale Water & Power Electric Fund to the General Fund ("General Fund Transfer" or "GFT"). The GFT is made under the authority of the City Charter, Article XI, Section 22, which provides:

"At the end of each fiscal year an amount equal to twenty-five (25) per centum of the operating revenues of the department of Glendale Water and Power for such year, excluding receipts from water or power supplied to other cities or utilities at wholesale rates, shall be transferred from said Glendale Water and Power surplus fund to the general reserve fund; provided, that the council may annually, at or before the time for adopting the general budget for the ensuing fiscal year, reduce said amount or wholly waive such transfer if, in its opinion, such reduction or waiver is necessary to insure the sound financial position of said department of Glendale Water and Power and it shall so declare by resolution."

Because the City discontinued making transfers from the water fund in 2011, the City currently transfers only electric revenue from GWP to the General Fund, through those funds described in the Charter. In FY2016-17, the City

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(in thousands)

transferred \$19,912 or 10% of GWP electric operating revenues (in accordance with the City Charter's definition of operating revenues) to the GWP surplus fund, then to the City's general reserve fund, then to the City's general budget fund, in accordance with the requirements of the Charter. The amount of the GFT was equal to 10.8% of the City's General Fund revenues for FY 2016-17.

The lawsuits were consolidated for purposes of trial and were tried before Hon. James Chalfant, Los Angeles County Superior Court.

Charter Fund and Accounting Issues

With respect to the City's accounting practices, the trial court concluded that specified accounting practices, while compliant with Generally Accepted Accounting Principles ("GAAP"), violate the City Charter. The trial court issued a permanent injunction enjoining the City from merging some Charter mandated funds, splitting up others and making the GFT directly from the electric revenue fund to the General Fund without accounting for the appropriate fund transfers required by the Charter. The City has not appealed Charter fund and accounting issues portion of the trial court's ruling, and entered a response (return of the writ) stating its compliance with this portion of the court's orders.

2013 Electric Rate Program and General Fund Transfer

The petitioners also challenged the City's electric rates imposed in August 2013 ("2013 Electric Rate Plan") on the grounds the rate plan violated Proposition 26 (a voter-approved initiative that amended Articles XIII C and XIII D of the California Constitution). Proposition 26 defines "any levy, charge or exaction of any kind" imposed by a local government as a "tax" that must be approved by the voters of the local jurisdiction, unless the levy, charge or exaction falls within one of seven exemptions. (Article XIII C, §1(e)) The City contends that electric rates are a "charge imposed for a specific government service or product provided directly to the payer that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing service." The trial court concluded that, although Proposition 26 expressly states it is not retroactive, the 2013 Electric Rate Plan was a tax because the rate plan included the GFT which the court concluded the GFT is not a cost of service or an appropriate component of cost of service.

In the remedy phase of the trial, the trial court concluded that the amount of the unconstitutional tax is the amount of the GFT in the years since the 2013 Electric Rate Plan became effective. The trial court ordered a remedy requiring the City to credit ratepayers the amount of the GFT since the electric rates were increased (and refund the GFT to the Electric Revenue fund in the same amount). That number is \$56,950 plus interest for FY 2013-14, FY 2014-15, and FY 2015-16. The trial court further ordered a credit for FY 2016-17 in the amount of \$19,857, plus interest. Lastly, the trial court ordered that credits for fiscal years 2017-18 and subsequent years will accrue, if applicable at \$1,634 per month. The trial court's order provides that the total amount to be credited is to be credited back over approximately the same amount of time that the transfers were made, starting from the effective date of the 2013 Electric Rate Plan (the time is approximate because credits are based on actual usage which will vary). By way of example but not limitation, if the time between the 2013 Electric Rate Plan to the date of final judgment, including all appeals, is five years and the City has continued to make transfers during that period, then the City will have approximately five years to credit the entire amount of the transfers if it is unsuccessful in its appeals.

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.

Appeal

The City Council has authorized an appeal of the judgment in both cases. Prior to the filing of the notice of appeal, the trial court determined that its judgments and orders – including cessation of the transfers and credits to ratepayers – will be stayed during the City's appeal. As such, status quo will remain in effect during the pendency of the appeal.

The City intends to vigorously prosecute appeal of these cases. Management is of the opinion that the GFT, adopted by the voters and which pre-dates adoption of Proposition 26, is not thereby vitiated by Proposition 26. Moreover,

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the City is appealing the remedy ordered by the court. There were wholesale funds sufficient to fund the transfers made as part of the 2013 Electric Rate Plan and also the 2013 Electric Rate Plan did not fully account for reserves that could be paid out of rate revenue. Finally, it should be noted that for the Charter violations noted above, the petitioners have filed their own appeals contending that the City should have been required to pay back transfers even further going back from the 2013 Electric Rate Plan. The trial court ruled that the Charter accounting violations did not require a refund of monies from the General Fund to the Electric Fund since the utility always had sufficient cash to make the transfers. It is anticipated that the appeals and cross-appeals will take 12-18 months through a final decision by the court of appeal.

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS

Joint Power Agreement for San Fernando Valley Council of Governments

The San Fernando Valley Council of Governments (SFVCOG) was created through a Joint Power Agreement in 2010. The City is an active member of the SFVCOG. Other member jurisdictions currently participating include the City of Los Angeles with 7 board representatives for each City Council district located entirely or partially in the San Fernando Valley, 2 board representatives from each of the Los Angeles County Supervisorial Districts located entirely or partially in the San Fernando Valley, and one representative each from the Cities of Burbank, Glendale, San Fernando and Santa Clarita. In its official capacity, the SFVCOG acts as a planning sub-region for the Southern California Association of Governments (SCAG) and focuses on promoting better regional coordination of planning and transportation planning efforts in the San Fernando Valley. The SFVCOG also engages in local, regional, state and federal grant development programming for the region.

“Take or Pay” Contracts

The City has entered into twelve “Take or Pay” contracts, which require payments to be made whether or not projects are completed or operable, or whether output from such projects is suspended, interrupted or terminated. Such payments represent the City’s share of current and long-term obligations. Payment for these obligations is expected to be made from operating revenues received during the year that payment is due. These contracts provide for current and future electric generating capacity and transmission of energy for City residents. Through these contracts, the City purchased approximately 60% of its total energy requirements during FY 2016-17. With a few exceptions, the City is obligated to pay the amortized cost of indebtedness regardless of the ability of the counterparty to provide electricity. The original indebtedness will be amortized by adding the financing costs to purchase energy over the life of the contract. All of these agreements contain “step-up” provisions obligating the City to pay a share of the obligations of any defaulting participant.

- The Intermountain Power Agency (IPA), a subdivision of the State of Utah, was formed in January 1974 to finance the construction of a 1,400 megawatt coal-fired generating plant, consisting of two generating units located near Delta, Utah and associated transmission lines, called the Intermountain Power Project (IPP). The project began uprating of the two generating units in early 2003. When the uprating was finished in March 2004, it increased the capacity of the plant from 1,400 megawatts to 1,800 megawatts. The City through contract is obligated for 30 megawatts or 1.70% of the generation. In addition, the City entered into an “Excess Power Sales Agreement” with the IPA, agent for the Utah Municipal Purchasers and the Cooperative Purchasers, which entitles the City to additional shares that can vary from year to year. As of June 30, 2017, Glendale’s excess entitlement share is 0.46%. The total City’s obligation from IPP is between 35 and 38 megawatts.

The City joined the Southern California Public Power Authority (SCPPA) on November 1, 1980. This authority, consisting of the California cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, Vernon, and the Imperial Irrigation District, was formed for the purpose of financing future power resources. The City has entered into eleven projects with SCPPA.

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- The first of the SCPPA projects is a 3,810 megawatt nuclear fuel generation plant in Arizona. The Palo Verde (PV) nuclear project consists of 3 units, each having an electric output of approximately 1,270 megawatts. SCPPA has purchased approximately 225 megawatts of capacity and associated energy (approximately 5.91% of total Palo Verde output), of which the City receives 9.9 megawatts or 4.40% of SCPPA's entitlement. As of June 30, 2017, Glendale's share is 4.40%.
- The second project financed through SCPPA is the Southern Transmission System (STS) that transmits power from the coal-fired IPP to Southern California. The 500 kV DC line is currently rated at 2,400 megawatts. The City's share of the line is 2.27% or approximately 55 megawatts. As of June 30, 2017, Glendale's share is 2.27%.
- The third project financed through SCPPA is the acquisition of 41.80% ownership interest in a coal-fired 497 megawatt unit in San Juan Generating Station, Unit 3 (SJ), located in New Mexico. SCPPA members are entitled to 208 megawatts. In July 2015, the City Council authorized the SCPPA to execute, on Glendale's behalf, a set of three agreements that will collectively shut down Unit 3 at the coal-fired San Juan Power Plant in New Mexico at the end of December 2017. The agreements address restructuring of rights and obligations at San Juan, including disposal of coal inventory, mine reclamation, and plant decommissioning. The termination of operations at San Juan Unit 3 will help GWP achieve California state goals regarding the reduction of greenhouse gas emissions. Under the Mine Reclamation and Plant Decommissioning Agreements, Glendale shares the responsibility for any liability arising from operations before the December 2017 exit date. As such a liability for decommissioning the power plant cannot be determined at this time. The City is obligated for 20 megawatts or 9.80% of the SCPPA entitlement. As of June 30, 2017, Glendale's share is 9.80%.
- The fourth project financed through SCPPA is Mead-Adelanto Project (MA). The project consists of a 202-mile 500 kV AC transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada, and the development of the Marketplace Substation at the southern Nevada terminus approximately 17 miles southwest of Boulder City, Nevada. The initial transfer capability of the Mead-Adelanto Project is estimated at 1,200 megawatts. SCPPA members in the project are entitled to 815 megawatts. The City is obligated for 90 megawatts or 11.04% of the SCPPA entitlement. As of June 30, 2017, Glendale's share is 11.04%.
- The fifth project financed through SCPPA is Mead-Phoenix Project (MP). The project consists of a 256-mile long 500 kV AC transmission line from the Westwing Substation in the vicinity of Phoenix, Arizona to the Marketplace Substation approximately 17 miles southwest of Boulder City, Nevada with an interconnection to the Mead Substation in southern Nevada. The project consists of three separate components: the Westwing-Mead Component, the Mead Substation Component, and the Mead-Marketplace Component. The City's participation shares in the components range from 11.76% to 22.73%. The Mead-Phoenix Project in conjunction with the Mead-Adelanto Project provides an alternative path for the City's purchases from the Palo Verde Nuclear Generating Station, San Juan Generating Station and Hoover Power Plant. These transmission lines also provide access to the southwest U.S. where economical coal energy is readily available. As of June 30, 2017, Glendale's share is 14.80%.
- The sixth project financed through SCPPA is the Magnolia Power Project (MPP) located on Burbank Water & Power's generation station complex adjacent to Magnolia Boulevard in Burbank, California. The project consists of a combined cycle natural gas-fired generating plant with a nominally rated net base capacity of 242 megawatts. The City is obligated for 40 megawatts or 16.53% of the project's output. As of June 30, 2017, Glendale's generation cost share is 16.53% and indenture cost share is 17.25%.
- The seventh project financed through SCPPA is Natural Gas Prepaid Project (NGPP). In August 2007, the City entered into a 30-year Prepaid Natural Gas Agreement with the SCPPA. The agreement will provide a secure and long-term supply of natural gas up to 3,500 MMBtu per day at a discounted price below a spot market price index. The delivery of natural gas started in July 2008. As of June 30, 2017, Glendale's share is 23.00%.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

- The eighth project financed through SCPPA is the Linden Wind Energy Project (LIN) located in Klickitat County in the state of Washington. The facility is a 50 MW capacity wind farm. The 25 year purchase power agreement with SCPPA is for the purchase of 10.00% (approximately 5 MW) of the capacity of the project. The City has sold its output entitlement share to Los Angeles Department of Water and Power (LADWP) but remains responsible for all the obligations associated with its participation in the Power Sales Agreements in the event LADWP should default. As of June 30, 2017, Glendale's share is 10.00%.
- The ninth project financed through SCPPA is the Tieton Hydropower Project (THP) located near the town of Tieton in Yakima County, Washington. The Project has a maximum capacity of approximately 20 megawatts. The Project includes a 115 kV transmission line, approximately 22-miles long, connecting the generating station with PacifiCorp's Tieton Substation. The City is obligated for approximately 6.8 megawatts or 50.00% of the project's output. As of June 30, 2017, Glendale's share is 50.00%.
- The tenth project financed through SCPPA is Windy Point/Windy Flats project (WP) located in Klickitat County in the state of Washington. The Project has a maximum capacity of approximately 262.2 megawatts. The City Council approved a 20 year purchase power agreement with SCPPA for the purchase of approximately 20 megawatts or 7.63% of the renewable energy output from the Project. The City has sold its output entitlement share to Los Angeles Department of Water and Power (LADWP) but remains responsible for all the obligations associated with its participation in the Power Sales Agreements in the event LADWP should default. As of June 30, 2017, Glendale's share is 7.63%.
- The eleventh project financed through SCPPA is the Milford II Wind Project (MIL2) located near Beaver and Millard County, Utah. The Project has a capacity of approximately 102 megawatts. The City Council approved a 20 year purchase power agreement with SCPPA for the purchase of approximately 5 megawatts or 4.90% of the Project's output. The City has sold its output entitlement share to Los Angeles Department of Water and Power (LADWP) but remains responsible for all the obligations associated with its participation in the Power Sales Agreements in the event LADWP should default. As of June 30, 2017, Glendale's share is 4.90%.

Take-or-Pay commitments expire upon contract expiration date or final maturity of outstanding bonds for each project, whichever is later. Final fiscal year contract expirations are as follows:

Project	Contract Expiration Date	Glendale's Share
Intermountain Power Project (IPP)	2027	2.16%
Palo Verde Project (PV)	2030	4.40%
Southern Transmission System (STS)	2027	2.27%
San Juan Project (SJ)	2018	9.80%
Mead-Adelanto Project (MA)	2030	11.04%
Mead-Phoenix Project (MP)	2030	14.80%
Magnolia Power Project (MPP)	2036	17.25%
Natural Gas Prepaid Project (NGPP)	2035	23.00%
Linden Wind Energy Project (LIN)	2035	10.00%
Tieton Hydropower Project (THP)	2040	50.00%
Windy Point/Windy Flats Project (WP)	2030	7.63%
Milford II Wind Project (MIL2)	2031	4.90%

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Notes to the Basic Financial Statements
 Fiscal Year Ended June 30, 2017
 (in thousands)

A summary of the City's "Take or Pay" debt service commitment and the final maturity date as of June 30, 2017:

Fiscal Year	IPP	PV	STS	MA	MP	MPP	NGPP	LIN	THP	WP	MIL2	Total
2018	\$ 4,846	553	1,771	2,380	955	2,867	4,562	1,006	1,670	3,095	623	24,328
2019	5,202	-	1,766	2,358	951	2,866	4,684	1,007	1,668	3,092	623	24,217
2020	4,534	-	1,547	2,339	941	2,866	4,858	1,005	1,668	3,090	622	23,470
2021	4,004	-	1,773	1,747	698	2,866	5,066	1,007	1,666	3,089	622	22,538
2022	2,542	-	2,114	-	-	2,866	5,244	1,004	1,666	3,085	622	19,143
2023-2027	2,634	-	5,410	-	-	15,496	28,703	5,009	9,094	15,380	3,097	84,823
2028-2032	-	-	728	-	-	16,560	33,962	4,986	8,228	12,249	3,082	79,795
2033-2037	-	-	-	-	-	24,910	23,717	3,796	8,197	-	-	60,620
2038-2042	-	-	-	-	-	-	-	-	8,171	-	-	8,171
Total	\$ 23,762	553	15,109	8,824	3,545	71,297	110,796	18,820	42,028	43,080	9,291	347,105

In addition to debt service, the City's entitlement requires the payment for fuel costs, operating and maintenance (O&M), administrative and general (A&G), and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service and vary each year. The costs incurred for fiscal year 2017 and 2016 are as follows:

Fiscal Year	IPP	PV	STS	SJ	MA	MP	MPP	NGPP	LIN	THP	WP	MIL2	Total
2017	\$8,008	2,651	690	4,769	196	253	4,591	1,508	-	1,371	-	-	24,037
2016	\$7,950	3,368	743	6,422	275	203	4,842	1,427	-	1,119	-	-	26,349

NOTE 16 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

In February 2012, the Dissolution Act (Assembly Bill x1 26; amended by AB 1484 in June 2012 and SB 107 in September 2015) dissolved California redevelopment agencies and directed their wind-down activities. In Glendale, the City chose to serve as the Glendale Successor Agency. This action impacted the reporting entity of the City of Glendale that had previously reported the redevelopment agency within it and as a blended component unit. Commencing on February 1, 2012, the assets and activities of the dissolved redevelopment agency were reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City. The transfer of the assets and liabilities of the former redevelopment agency from governmental funds of the City to the fiduciary fund was reported in the governmental funds as an extraordinary loss (gain) in its financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Since February 2012, the Successor Agency has completed a series of reports, audits and reviews, and approvals with approval from the Oversight Board and state Department of Finance. These have included two detailed Due Diligence Reviews to determine unobligated fund balances available for transfer to the affected taxing entities. Once the excess funds were distributed to the taxing entities, Glendale received a Finding of Completion (FOC) in May 2013. Following the FOC, Glendale needed to address its real property assets. Thus, Glendale prepared a Long Range Property Management Plan (LRPMP) which was approved by DOF on April 16, 2014. On May 24, 2016, the DOF approved a revision to Glendale's LRPMP to reflect the property at 300 E. Broadway as government use.

With the passage of SB 107, the requirement to prepare biannual payment schedules known as Recognized Obligation Payment Schedules (ROPS) was replaced with an annual ROPS.

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2017
(in thousands)

Cash and Investments

The Fiduciary fund's cash and investments as of June 30, 2017 consist of the following:

Cash and investments	\$	60,961
Cash and investments with fiscal agents		16,491
Total	\$	<u>77,452</u>

The following amounts are reflected in the fiduciary statement of net position:

Cash and investments	\$	60,932
Restricted cash and investments		29
Cash and investments with fiscal agents		16,491
Total	\$	<u>77,452</u>

Interest Rate Risk

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

	Total	Remaining Maturity (in months)	
		12 Months or Less	More than 60 Months
Commercial Paper	\$ 42,360	42,360	-
State Investment Pool	17,193	17,193	-
Money Market Mutual Fund	1,408	1,408	-
Held by Fiscal Agents:			
Guaranteed Investment Contracts	6,579	-	6,579
Money Market Mutual Fund	9,912	9,912	-
	\$ <u>77,452</u>	<u>70,873</u>	<u>6,579</u>

Credit Risks

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City invests Successor Agency's investments only in the most risk-adverse instruments, such as Aaa rated government securities, Aaa, Aa, or A rated corporate securities, and A1, P1, F1 rated commercial paper, negotiable certificates of deposit and banker's acceptance securities. The City's Investment Policy requires the City to sell medium term notes with a credit rating below S&P's and Fitch's BBB grade or Moody's Baa2, unless the City Council approves the City Treasurer's recommendation that the security should be retained.

	Total	Moody's Rating as of June 30, 2017		
		Aaa	P1	Unrated
Commercial Paper	\$ 42,360	-	42,360	-
State Investment Pool	17,193	-	-	17,193
Money Market Mutual Fund	1,408	1,408	-	-
Held by Fiscal Agents:				
Guaranteed Investment Contracts	6,579	-	-	6,579
Money Market Mutual Fund	9,912	9,912	-	-
	\$ <u>77,452</u>	<u>11,320</u>	<u>42,360</u>	<u>23,772</u>

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

Concentration Risk

The investment policy of the City covers the Glendale Successor Agency and limits the amounts that may be invested in any one issuer to 5% or 10% per bank for Bankers' Acceptances. This limit excludes investments in U.S. Treasury securities, federal agencies securities, commercial paper, Local Agency Investment Fund, money market mutual funds, and Los Angeles County Pool. As of June 30, 2017, there are no investments in any one issuer that represent 5% or more of total Glendale Successor Agency investments.

Fair Value Measurements

The City categorizes Successor Agency's fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Additional information on the three levels of the fair value hierarchy can be found in Note 3 on pages 58-63 of this report.

As of June 30, 2017, the Successor Agency has the following fair value measurements:

	Balance at June 30, 2017	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Commercial Paper	\$ 42,360	-	42,360	-
Total investments by fair value level	<u>42,360</u>	<u>-</u>	<u>42,360</u>	<u>-</u>
Investments measured at amortized costs or not subject to fair value hierarchy:				
State Investment Pool	17,193			
Money Market Mutual Funds	1,408			
Held by Fiscal Agents:				
Guaranteed Investment Contracts	6,579			
Money Market Mutual Fund	<u>9,912</u>			
Total investments measured at amortized costs or not subject to fair value hierarchy	<u>35,092</u>			
	<u>\$ 77,452</u>			

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

Capital Assets

	Balance at July 1	Increases	Decreases	Adjustments- transferred to governmental activities	Balance at June 30
Fiduciary fund:					
Capital assets, not being depreciated:					
Land	\$ 105	-	-	-	105
Construction in progress	13,314	3,033	-	(13,675)	2,672
Total assets not being depreciated	13,419	3,033	-	(13,675)	2,777
Depreciable capital assets:					
Building and improvements	377	-	-	-	377
Less accumulated depreciation:					
Building and improvements	235	10	-	-	245
Total assets being depreciated, net	142	(10)	-	-	132
Fiduciary fund capital assets, net	\$ 13,561	3,023	-	(13,675)	2,909

Long-Term Debt

The Glendale Successor Agency's (Fiduciary Fund) bond ratings as of June 30, 2017 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	-	AA	-
2016 GSA tax allocation bonds, refunding series	-	AA	-

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, 2017, 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.

CITY OF GLENDALE

Notes to the Basic Financial Statements
 Fiscal Year Ended June 30, 2017
 (in thousands)

The Fiduciary fund’s long-term debts as of June 30, 2017 consist of the following:

	Issuance Amount	Balance at June 30, 2016	Additions	Retirements	Balance at June 30, 2017	Due within one year
Fiduciary Activities						
2011 GRA Subordinate Taxable Tax Allocation Bonds	\$ 50,000	42,020	-	2,740	39,280	3,300
2013 GSA Tax Allocation Refunding Bonds	44,985	34,930	-	5,255	29,675	5,470
2016 GSA Tax Allocation Refunding Bonds	20,810	20,810	-	-	20,810	-
GRA/GSA Tax Allocation Bonds premium	-	5,071	-	861	4,210	861
Loans Payable to the City	40,133	40,133	206	12,511	27,828	4,885
Total Fiduciary Activities	\$ 155,928	142,964	206	21,367	121,803	14,516

Subordinate Taxable Tax Allocation Bonds, 2011 Series

The former Glendale Redevelopment Agency (the “Agency”) issued \$50,000 in 2011 subordinate taxable tax allocation bonds with an average rate of 6.75% for 14 years. The Bonds were issued to finance redevelopment projects and low and moderate income housing activities; to fund the reserve requirement for the Bonds; and to provide for the costs of issuing the Bonds. The bonds mature in amounts ranging from \$3,300 to \$7,210 from 2018 to 2025. For the security of the non-housing portion of the Bonds, the Agency grants a first pledge of and lien on all of the subordinate tax revenues consisting of non-housing tax revenues on parity with the pledge and lien which secure any parity debt. For the security of the housing portion of the Bonds, the Agency grants a first pledge of and lien on all of the subordinate tax revenues consisting of housing tax revenues, on parity with the pledge and lien which secures any parity debt. Subordinate tax revenues are pledged to the payment of principal, interest and discounts on the Bonds pursuant to the Indenture until the Bonds are paid, or until moneys are set-aside irrevocably for that purpose. The property tax derived from the former Agency’s Central Project Area is pledged to repay these Bonds until they are paid in full. The funds are distributed by the County of Los Angeles semi-annually through the ROPS process, subject to the approval by the Successor Agency’s Oversight Board and the DOF. As of June 30, 2017, the principal balance is \$39,280.

Tax Allocation Bonds, 2013 Refunding Series

The Glendale Successor Agency (the “GSA”) issued \$44,985 in 2013 tax allocation bonds with an average rate of 4.81% for the refunding of the former Glendale Redevelopment Agency’s (the “Agency”) outstanding Central Glendale Redevelopment Project Tax Allocation Bonds, 2002 Series and the Tax Allocation Bonds, 2003 Refunding Series (the “Prior Bonds”), and to pay the cost of issuance of the 2013 Bonds. The 2013 Bonds mature in regularly increasing principal amounts ranging from \$5,470 to \$6,455 from 2018 to 2022. The advance refunding of Tax Allocation Bonds, 2002 Series and the Tax Allocation Bonds, 2003 Refunding Series resulted in a difference between the reacquisition price of refunding bonds and the net carrying amount of the refunded bonds. The deferred loss on refunding as of June 30, 2017 for \$1,174 is recognized and reported in the financial statements as a deferred outflows of resources and is being amortized through fiscal year 2021. The refunding of the 2002 and 2003 Tax Allocation Bonds were approved by the Oversight Board and the DOF, to provide savings until the Refunding Bonds are repaid. The property tax derived from the former Agency’s Central Project Area is pledged to repay these Bonds until they are paid in full. The funds are distributed by the County of Los Angeles semi-annually through the ROPS process, subject to the approval by the Successor Agency’s Oversight Board and the DOF. As of June 30, 2017, the principal balance is \$29,675.

Subordinate Tax Allocation Bonds, 2016 Refunding Series

The Glendale Successor Agency (the “GSA”) issued \$20,810 in 2016 tax allocation refunding bonds with an average rate of 1.74% to refinance the former Glendale Redevelopment Agency’s (the “Agency”) outstanding Central Glendale Redevelopment Project Tax Allocation Bonds, 2010 Series. The 2016 Bonds mature in regularly increasing principal amounts ranging from \$6,665 to \$7,210 from 2023 to 2025. The advance refunding of Tax Allocation Bonds, 2010 Series resulted in a difference between the reacquisition price of refunding bonds and the net carrying

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

amount of the refunded bonds. The deferred loss on refunding as of June 30, 2017 for \$1,362 is recognized and reported in the financial statements as a deferred outflows of resources and is being amortized through fiscal year 2025.

The refunding of the 2010 Tax Allocation Bonds was approved by the Oversight Board and the DOF, to provide savings until the Refunding Bonds are repaid. The property tax derived from the former Agency’s Central Project Area is pledged to repay these Bonds until they are paid in full. The funds are distributed by the County of Los Angeles semi-annually through the ROPS process, subject to the approval by the Successor Agency’s Oversight Board and the DOF. As of June 30, 2017, the principal balance is \$20,810.

Loans Payable

When the Dissolution Act took effect in February 2012, the former Glendale Redevelopment Agency’s (the former Agency) Loan Advances from the City were invalidated. As a result, the City wrote off the former Agency’s Loan Advances’ outstanding balance of \$71,758 in FY 2011-12.

AB 1484 created Post Compliance Provisions, which are designed to provide successor agencies and cities with certain benefits to incentivize them to comply with a Due Diligence Review process, remit the sums demanded by the Department of Finance (DOF), and conclude outstanding litigation with DOF over dissolution. Upon request by the successor agency and approval by the oversight board, AB 1484 provided that loan agreements entered into between the former redevelopment agency and the city that created the former redevelopment agency (“City-Agency” loans) “shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes.” (§ 34191.4(b)(1)).

If the oversight board finds that the loan is an enforceable obligation, “the accumulated interest on the remaining principal amount of the loan shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund.” The loan is to be repaid in “accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund.” (§ 34191.4(b)(2)) Loan repayments for the fiscal year cannot exceed one-half of the increase between the amount distributed to the taxing entities pursuant to section 34183(a)(4) in that fiscal year and the amount distributed to the taxing entities pursuant to that section in the 2012-2013 base year.

Glendale received approval from the oversight board to reinstate the loans. There was disagreement with DOF on the calculation of interest and the issue was resolved through litigation between DOF and the City of Glendale. A subsequent lawsuit resolved an issue DOF raised as to the legitimacy of the loans. To date, the DOF has approved and the County Auditor Controller has paid Glendale via the Recognized Obligation Payment Schedule process: \$1,509 in FY 2014-15, \$4,334 in FY 2015-16, and \$12,511 in FY 2016-17.

Furthermore, 20% of any loan repayment is required to be deducted and transferred to the City’s Low and Moderate Income Housing Asset Fund. As of June 30, 2017, the reinstated loan amount is \$27,828.

Glendale Successor Agency annual debt service requirement schedule:

Fiscal Year	GSA Tax Allocation Bonds Fiduciary Fund		Loans Payable to the City Fiduciary Fund		Total Debt Service
	Interest	Principal	Interest	Principal	
2018	\$ 5,145	8,770	-	4,885	18,800
2019	4,656	9,245	-	7,648	21,549
2020	4,137	9,745	-	7,648	21,530
2021	3,557	10,280	-	7,647	21,484
2022	2,909	10,905	-	-	13,814
2023-2026	4,046	40,820	-	-	44,866
	<u>\$ 24,450</u>	<u>89,765</u>	<u>-</u>	<u>27,828</u>	<u>142,043</u>

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2017
(in thousands)

Net Position (Deficits)

A \$38,088 deficit in net position is reported in fiduciary fund as of June 30, 2017. The primary reason for the deficit is due to the outstanding tax allocation bonds and outstanding Agency loan to the City.

NOTE 17 – SUBSEQUENT EVENT

In July 2017, the City Council appropriated \$26,500 from General Fund for a Pension Rate Stabilization Program IRC Section 115 Trust to mitigate the impacts of rising CalPERS contributions on the General Fund. A trust fund is useful as a means to pre-fund upcoming pension costs because contributions to the trust are eligible to earn a higher rate of return than the City's investment pool. The \$26,500 was wired to the Trust in three installments in August and September 2017. At the same time, the City Council approved to lower the minimum General Fund reserve (Charter required reserve plus unassigned fund balance) shall be no less than 25% of the annual operating budget. The targeted General Fund Reserve level remains at 35% of the annual operating budget.

The Electric Utility entered into a new 50-year contract with the Western Area Power Administration for the Electric Service from the Boulder Canyon Project which will commence in October 2017.

NOTE 18 – PRONOUNCEMENTS ISSUED BUT NOT YET IMPLEMENTED

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City.

- GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. This Statement replaces the requirements of Statements No. 45 and No. 57. The Statement is effective for periods beginning after June 15, 2017.
- GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement is effective for periods beginning after December 15, 2016.
- GASB Statement No. 83 – *Certain Asset Retirement Obligations*. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations. The Statement is effective for periods beginning after June 15, 2018.
- GASB Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement is effective for periods beginning after December 15, 2018.
- GASB Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective for periods beginning after June 15, 2017.
- GASB Statement No. 86 – *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Statement is effective for periods beginning after June 15, 2017.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

(in thousands)

- GASB Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement is effective for periods beginning after December 15, 2019.

NOTE 19 – IMPLEMENTATION OF PRONOUNCEMENTS

The City has adopted and implemented, where applicable, the following GASB Statements during the year ended June 30, 2017:

- GASB Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement did not have a material effect on the financial statements.
- GASB Statement No. 77 – *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. This statement was implemented effective July 1, 2016 and did not have a material effect on the financial statements.
- GASB Statement No. 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This statement did not have a material effect on the financial statements.
- GASB Statement No. 80 – *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This statement did not have a material effect on the financial statements.

CITY OF GLENDALE

Required Supplementary Information

Fiscal Year Ended June 30, 2017

(in thousands)

Other Post Employment Benefits (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as of Percentage of Covered Payroll ((B-A)/C)
6/30/2013	\$ -	214,014	214,014	0%	121,029	177%
6/30/2015	-	21,802	21,802	0%	118,015	19%
6/30/2016	-	16,027	16,027	0%	121,841	13%

Note:

Covered payroll is the annual compensation paid to active employees covered by an OPEB plan.

CITY OF GLENDALE

Required Supplementary Information

Last Ten Fiscal Years

(in thousands)

Schedule of Changes in Net Pension Liability and Related Ratios - Miscellaneous Plan

	Fiscal Year		
	2017	2016	2015
Total pension liability			
Service cost	\$ 13,413	14,372	14,951
Interest on the total pension liability	73,104	71,411	69,351
Differences between expected and actual experience	(12,487)	(8,835)	-
Changes of assumptions	-	(17,578)	-
Benefit payments, including refunds of employee contributions	(51,297)	(50,059)	(47,552)
Net change in total pension liability	22,733	9,311	36,750
Total pension liability - beginning	987,035	977,724	940,974
Total pension liability - ending (A)	<u>1,009,768</u>	<u>987,035</u>	<u>977,724</u>
Plan fiduciary net position			
Plan to plan resource movement	-	(25)	-
Contributions from the employer	16,517	13,344	14,431
Contributions from employees	8,092	8,142	8,202
Net investment income	3,709	17,215	117,615
Benefit payments, including refunds of employee contributions	(51,297)	(50,059)	(47,552)
Administrative expense	(469)	(881)	-
Net change in fiduciary net position	(23,448)	(12,264)	92,696
Plan fiduciary net position - beginning	769,329	781,593	688,897
Plan fiduciary net position - ending (B)	<u>745,881</u>	<u>769,329</u>	<u>781,593</u>
Net pension liability - ending (A) - (B)	<u>\$ 263,887</u>	<u>217,706</u>	<u>196,131</u>
Plan fiduciary net position as a percentage of the total pension liability	73.87%	77.94%	79.94%
Covered payroll	\$ 85,575	83,956	88,064
Net pension liability as a percentage of covered payroll	308.37%	259.31%	222.71%
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014

Note:

FY2015 is the first year of implementation of GASB 68; therefore, only three years of data are shown.

CITY OF GLENDALE

Required Supplementary Information

Last Ten Fiscal Years

(in thousands)

Schedule of Changes in Net Pension Liability and Related Ratios - Safety Plan

	Fiscal Year		
	2017	2016	2015
Total pension liability			
Service cost	\$ 12,975	13,038	13,249
Interest on the total pension liability	54,489	52,434	50,558
Differences between expected and actual experience	(3,055)	(5,684)	-
Changes of assumptions	-	(13,128)	-
Benefit payments, including refunds of employee contributions	(36,522)	(34,522)	(32,654)
Net change in total pension liability	27,887	12,138	31,153
Total pension liability - beginning	727,100	714,962	683,809
Total pension liability - ending (A)	754,987	727,100	714,962
Plan fiduciary net position			
Contributions from the employer	18,266	16,789	14,887
Contributions from employees	4,517	4,394	4,716
Net investment income	2,584	11,489	77,826
Benefit payments, including refunds of employee contributions	(36,522)	(34,522)	(32,654)
Administrative expense	(314)	(579)	-
Net change in fiduciary net position	(11,469)	(2,429)	64,775
Plan fiduciary net position - beginning	514,624	517,053	452,278
Plan fiduciary net position - ending (B)	503,155	514,624	517,053
Net pension liability - ending (A) - (B)	\$ 251,832	212,476	197,909
Plan fiduciary net position as a percentage of the total pension liability	66.64%	70.78%	72.32%
Covered payroll	\$ 47,925	47,947	47,523
Net pension liability as a percentage of covered payroll	525.47%	443.15%	416.45%
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014

Note:

FY2015 is the first year of implementation of GASB 68; therefore, only three years of data are shown.

CITY OF GLENDALE
 Required Supplementary Information
 Last Ten Fiscal Years
 (in thousands)

Schedule of Plan Contributions - Miscellaneous Plan

	Fiscal Year		
	2017	2016	2015
Actuarially determined contributions	\$ 18,972	16,519	13,357
Contributions in relation to the actuarially determined contribution	(18,972)	(16,519)	(13,357)
Contribution deficiency (excess)	-	-	-
Covered payroll	\$ 86,433	85,575	83,956
Contributions as a percentage of covered payroll	21.950%	19.304%	15.910%

Notes to Schedule:

Valuation date: Actuarially determined contribution rates are calculated as of June 30th, three years prior to the end of fiscal year in which contributions are reported.

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017 were from the June 30, 2014 CalPERS valuation report.

Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll
Asset valuation method	Market value
Discount rate	7.50% (net of administrative expenses)
Projected salary increases	3.20% to 12.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Retirement age	59

Note:

FY2015 is the first year of implementation of GASB 68; therefore, only three years of data are shown.

CITY OF GLENDALE
 Required Supplementary Information
 Last Ten Fiscal Years
 (in thousands)

Schedule of Plan Contributions - Safety Plan

	Fiscal Year		
	2017	2016	2015
Actuarially determined contributions	\$ 19,984	18,257	16,772
Contributions in relation to the actuarially determined contribution	(19,984)	(18,257)	(16,772)
Contribution deficiency (excess)	-	-	-
Covered payroll	\$ 49,687	47,925	47,947
Contributions as a percentage of covered payroll	40.220%	38.095%	34.980%

Notes to Schedule:

Valuation date: Actuarially determined contribution rates are calculated as of June 30th, three years prior to the end of fiscal year in which contributions are reported.

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017 were from the June 30, 2014 CalPERS valuation report.

Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll
Asset valuation method	Market value
Discount rate	7.50% (net of administrative expenses)
Projected salary increases	3.40% to 20.00% depending on age, service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Retirement age	54

Note:

FY2015 is the first year of implementation of GASB 68; therefore, only three years of data are shown.

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Nonmajor Governmental Funds

This section of the CAFR provides information on each individual governmental fund, except for those major governmental funds reported in the basic financial statements: General Fund, Housing Assistance Fund and Capital Improvement Fund. This section includes special revenue funds, debt service funds, and capital projects funds.



Exhibit G-1

CITY OF GLENDALE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2017 (in thousands)

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds
Assets				
Pooled cash and investments	\$ 73,299	17,924	61,495	152,718
Cash and investments with fiscal agent	-	37	-	37
Restricted cash and investments	-	-	29,850	29,850
Interest receivable	211	56	185	452
Accounts receivable, net	8,930	-	1,749	10,679
Prepaid items	41	-	-	41
Property held for resale	981	-	-	981
Total assets	83,462	18,017	93,279	194,758
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	4,467	-	2,088	6,555
Due to other funds	3,028	-	703	3,731
Interest payable	-	36	-	36
Wages and benefits payable	969	-	48	1,017
Unearned revenues	644	-	-	644
Deposits	171	-	-	171
Total liabilities	9,279	36	2,839	12,154
Deferred inflows of resources:				
Unavailable revenues	4,291	-	1,745	6,036
Total liabilities and deferred inflows of resources	13,570	36	4,584	18,190
Fund Balances:				
Nonspendable:				
Prepaid	41	-	-	41
Restricted for:				
Property held for resale	981	-	-	981
Federal and state grants	3,195	-	-	3,195
Public safety	2,730	-	-	2,730
Transportation	25,471	-	-	25,471
Landscaping district	172	-	-	172
Low and moderate housing	11,175	-	-	11,175
Air quality improvement	425	-	-	425
Cable access	2,895	-	-	2,895
Electric public benefit AB1890	3,962	-	-	3,962
State gas tax mandates	-	-	2,257	2,257
Landfill postclosure	-	-	29,850	29,850
Capital projects	-	-	33,951	33,951
Committed to:				
Debt service	-	17,981	-	17,981
Urban art	6,372	-	-	6,372
Public safety	206	-	-	206
Impact fee funded projects	-	-	24,132	24,132
Filming	622	-	-	622
Recreation	3,652	-	-	3,652
Hazardous materials	2,342	-	-	2,342
Parking	8,738	-	-	8,738
Unassigned:	(3,087)	-	(1,495)	(4,582)
Total fund balances	69,892	17,981	88,695	176,568
Total liabilities, deferred inflows of resources and fund balances	\$ 83,462	18,017	93,279	194,758

Exhibit G-2

CITY OF GLENDALE

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

Nonmajor Governmental Funds

Fiscal Year Ended June 30, 2017 (in thousands)

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:				
Sales taxes	\$ 2,261	-	-	2,261
Other taxes	7,052	-	-	7,052
Revenue from other agencies	29,288	-	9,698	38,986
Licenses and permits	1,242	-	2,546	3,788
Fines and forfeitures	2,784	-	-	2,784
Charges for services	27,584	-	-	27,584
Use of money and property	774	69	240	1,083
Miscellaneous revenue	7,900	-	-	7,900
Total revenues	78,885	69	12,484	91,438
Expenditures:				
Current:				
General government	456	-	-	456
Police	2,200	5	-	2,205
Fire	7,431	-	-	7,431
Public works	7,492	-	1,601	9,093
Housing, health and community	5,792	-	-	5,792
Employment programs	6,254	-	-	6,254
Public service	6,720	-	-	6,720
Transportation	13,251	-	-	13,251
Parks, recreation and community services	3,687	-	288	3,975
Library	398	-	-	398
Capital outlay	12,595	-	9,992	22,587
Debt service:				
Interest	24	350	-	374
Principal	194	1,820	-	2,014
Total expenditures	66,494	2,175	11,881	80,550
Excess (deficiency) of revenues over (under) expenditures	12,391	(2,106)	603	10,888
Other financing sources:				
Transfers in	3,885	800	2,000	6,685
Net change in fund balances	16,276	(1,306)	2,603	17,573
Fund balances, July 1	53,616	19,287	86,092	158,995
Fund balances, June 30	\$ 69,892	17,981	88,695	176,568

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue resources or to finance specified activities as required by law or administrative regulation.



SPECIAL REVENUE FUNDS

- 201 - CDBG Fund - To account for monies received and expended by the City as a participant in the Federal Community Development Block Grant (CDBG) Program.
- 203 - Home Grant Fund - To account for monies received and expended by the City under the HOME Investment Partnerships Program to strengthen public-private partnerships and to preserve and provide affordable housing.
- 204 - Continuum of Care Grant Fund - To account for monies received and expended by the City under the Continuum of Care Grant Program to address the homeless needs of the City.
- 205 - Emergency Solutions Grant Fund - To account for monies received and expended by the City under the Emergency Solutions Grant Program to address the homeless needs of the City.
- 206 - Workforce Investment and Opportunity Act Fund - To account for monies received and expended for the federal, state and local-funded job training programs.
- 209 - Affordable Housing Trust Fund - To account for monies received from inclusionary housing fees in the San Fernando Road Corridor Redevelopment Project Area, from affordable housing density bonus fees and miscellaneous program income, and expended for affordable housing development, monitoring, and administration.
- 210 - Urban Art Fund - To account for the art fees collected from the City developments that are committed to support the public art installation and maintenance, in accordance with the City's Urban Art Program Guidelines.
- 211 - Glendale Youth Alliance Fund - To account for monies received and expended in the youth employment programs.
- 212 - BEGIN Affordable Homeownership Fund - To account for monies received and expended by the City under the Building Equity and Growth in Neighborhoods (BEGIN) grant to provide down payment assistance or homeowner rehabilitation loans to low and moderate income homebuyers
- 213 - Low & Moderate Income Housing Asset Fund - To account for monies received and expended for low and moderate income housing activities pursuant to AB1484.
- 216 - Grant Fund - To account for miscellaneous grant monies received and expended by the City that are not accounted for in other specific grant funds.
- 217 - Filming Fund - To account for monies received and expended by the City relating to filming activities.
- 251 - Air Quality Improvement Fund - To account for monies received from South Coast Air Quality Management District and expended on air pollution reduction.
- 252 - PW Special Grants Fund - To account for various grants received and expended by the City in the Public Works (PW) department.
- 253 - San Fernando Landscape District Fund - To account for assessments and expenditures associated with the San Fernando Road Corridor (SFRC) Landscape & Maintenance District Project.
- 254 - Measure R Local Return Fund - To account for monies received from the ½ cent sales tax increase approved in November 2008 by Los Angeles County voters, and the related transportation and street expenses.
- 255 - Measure R Regional Return Fund - To account for monies received from the various grants that are funded by the Measure R, which is the ½ cent sales tax increase approved in November 2008 by Los Angeles County voters, and the related transportation and street project expenses.
- 256 - Transit Prop A Local Return Fund - To account for monies received from a portion of the sales tax via Prop A which is restricted to transportation-related activities.

- 257 - Transit Prop C Local Return Fund - To account for monies received from a portion of the sales tax via Prop C which is restricted to transportation-related activities.
- 258 - Transit Utility Fund - To capture the revenues and expenses associated with the operation of fixed route and demand response transit services for reporting to state and federal regulators.
- 260 - Asset Forfeiture Fund - To account for the proceeds of money or property seized as a result of illegal activity which is restricted to law enforcement uses.
- 261 - Police Special Grants Fund - To account for various grants received and expended by the City in the Police department.
- 262 - Supplemental Law Enforcement Fund - To account for monies received from the State of California to provide funding for local agencies for the Citizen's Option for Public Safety Program (COPS).
- 265 - Fire Grant Fund - To account for grant monies received and expended for fire prevention programs.
- 266 - Fire Mutual Aid Fund - To account for the reimbursements received from either the Federal government or the State of California that are committed for the City's fire strike team labor costs, fire equipment charges as well as overhead costs incurred by the City in assisting fire incidents outside of the City's jurisdiction.
- 267 - Special Events Fund - To account for the monies received from the Police and Fire special events that are committed for the related personnel and operation costs.
- 270 - Nutritional Meals Grant Fund - To account for monies received from Federal assistance programs for senior citizen services.
- 275 - Library Fund - To account for the various grant monies and donations received from Federal, State and local agencies that are restricted for library services.
- 280 - Cable Access Fund - To account for the cable access fee that is restricted to provide for resources to broadcast the City Council meetings and other various commissions, forums, etc.
- 290 - Electric Public Benefit Fund - To account for the fee assessed on the electric customers to fund public benefit programs such as low income projects, research and development and demonstration program as mandated by State of California, AB 1890.
- 501 - Recreation Fund - To account for the user fees collected from the recreation programs of the Community Services and Parks department that are committed to provide variety of recreational opportunities, enrichment programs, and social service programs for all ages and abilities.
- 510 - Hazardous Disposal Fund - To account for the revenues from hazardous permits and waste disposal fees that are committed to recycle household hazardous waste, in order to divert this waste from landfill.
- 511 - Emergency Medical Services Fund - To account for operations of the emergency transport and paramedic service in the City.
- 520 - Parking Fund - To account for the parking revenues collected from the operations of City owned public parking lots and garages that are committed to operate City owned parking structures, public parking lots and the administration of the residential preferential parking program.

Exhibit H-1
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds -
 Special Revenue Funds
 June 30, 2017 (in thousands)

	CDBG Fund	Home Grant Fund	Continuum Of Care Grant Fund	Emergency Solutions Grant Fund
Assets				
Pooled cash and investments	\$ -	751	-	-
Interest receivable	-	-	-	-
Accounts receivable, net	195	85	655	29
Prepaid items	-	-	41	-
Property held for resale	-	981	-	-
Total assets	195	1,817	696	29
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	63	26	298	14
Due to other funds	112	-	381	15
Wages and benefits payable	20	13	17	-
Unearned revenues	-	-	-	-
Deposits	-	-	-	-
Total liabilities	195	39	696	29
Deferred inflows of resources:				
Unavailable revenues	118	-	371	16
Total liabilities and deferred inflows of resources	313	39	1,067	45
Fund Balances:				
Nonspendable:				
Prepaid	-	-	41	-
Restricted for:				
Property held for resale	-	981	-	-
Federal and state grants	-	797	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Landscaping district	-	-	-	-
Low and moderate housing	-	-	-	-
Air quality improvement	-	-	-	-
Cable access	-	-	-	-
Electric public benefit AB1890	-	-	-	-
Committed to:				
Urban art	-	-	-	-
Public safety	-	-	-	-
Filming	-	-	-	-
Recreation	-	-	-	-
Hazardous materials	-	-	-	-
Parking	-	-	-	-
Unassigned:	(118)	-	(412)	(16)
Total fund balances (deficits)	(118)	1,778	(371)	(16)
Total liabilities, deferred inflows of resources and fund balances	\$ 195	1,817	696	29

(Continued)

Exhibit H-1
CITY OF GLENDALE
Combining Balance Sheet
Nonmajor Governmental Funds -
Special Revenue Funds
June 30, 2017 (in thousands)

	Workforce Investment and Opportunity Act Fund	Affordable Housing Trust Fund	Urban Art Fund	Glendale Youth Alliance Fund
Assets				
Pooled cash and investments	\$ 384	2,190	6,376	-
Interest receivable	-	5	20	-
Accounts receivable, net	1,201	-	-	323
Prepaid items	-	-	-	-
Property held for resale	-	-	-	-
Total assets	1,585	2,195	6,396	323
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	278	-	24	5
Due to other funds	-	-	-	131
Wages and benefits payable	164	-	-	83
Unearned revenues	-	-	-	-
Deposits	-	-	-	-
Total liabilities	442	-	24	219
Deferred inflows of resources:				
Unavailable revenues	671	-	-	120
Total liabilities and deferred inflows of resources	1,113	-	24	339
Fund Balances:				
Nonspendable:				
Prepaid	-	-	-	-
Restricted for:				
Property held for resale	-	-	-	-
Federal and state grants	472	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Landscaping district	-	-	-	-
Low and moderate housing	-	2,195	-	-
Air quality improvement	-	-	-	-
Cable access	-	-	-	-
Electric public benefit AB1890	-	-	-	-
Committed to:				
Urban art	-	-	6,372	-
Public safety	-	-	-	-
Filming	-	-	-	-
Recreation	-	-	-	-
Hazardous materials	-	-	-	-
Parking	-	-	-	-
Unassigned:	-	-	-	(16)
Total fund balances (deficits)	472	2,195	6,372	(16)
Total liabilities, deferred inflows of resources and fund balances	\$ 1,585	2,195	6,396	323

(Continued)

Exhibit H-1
CITY OF GLENDALE
Combining Balance Sheet
Nonmajor Governmental Funds -
Special Revenue Funds
June 30, 2017 (in thousands)

	BEGIN Affordable Homeownership Fund	Low & Moderate Income Housing Asset Fund	Grant Fund	Filming Fund
Assets				
Pooled cash and investments	\$ 1	8,911	-	628
Interest receivable	-	19	-	2
Accounts receivable, net	-	65	599	9
Prepaid items	-	-	-	-
Property held for resale	-	-	-	-
Total assets	1	8,995	599	639
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	-	2	66	-
Due to other funds	-	-	518	-
Wages and benefits payable	-	13	4	17
Unearned revenues	-	-	-	-
Deposits	-	-	-	-
Total liabilities	-	15	588	17
Deferred inflows of resources:				
Unavailable revenues	-	-	219	-
Total liabilities and deferred inflows of resources	-	15	807	17
Fund Balances:				
Nonspendable:				
Prepaid	-	-	-	-
Restricted for:				
Property held for resale	-	-	-	-
Federal and state grants	1	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Landscaping district	-	-	-	-
Low and moderate housing	-	8,980	-	-
Air quality improvement	-	-	-	-
Cable access	-	-	-	-
Electric public benefit AB1890	-	-	-	-
Committed to:				
Urban art	-	-	-	-
Public safety	-	-	-	-
Filming	-	-	-	622
Recreation	-	-	-	-
Hazardous materials	-	-	-	-
Parking	-	-	-	-
Unassigned:	-	-	(208)	-
Total fund balances (deficits)	1	8,980	(208)	622
Total liabilities, deferred inflows of resources and fund balances	\$ 1	8,995	599	639

(Continued)

Exhibit H-1
CITY OF GLENDALE
Combining Balance Sheet
Nonmajor Governmental Funds -
Special Revenue Funds
June 30, 2017 (in thousands)

	Air Quality Improvement Fund	PW Special Grants Fund	San Fernando Landscape District Fund	Measure R Local Return Fund
Assets				
Pooled cash and investments	\$ 372	-	172	9,718
Interest receivable	2	-	1	30
Accounts receivable, net	65	61	1	-
Prepaid items	-	-	-	-
Property held for resale	-	-	-	-
Total assets	439	61	174	9,748
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	14	1	2	19
Due to other funds	-	62	-	-
Wages and benefits payable	-	-	-	-
Unearned revenues	-	-	-	-
Deposits	-	-	-	-
Total liabilities	14	63	2	19
Deferred inflows of resources:				
Unavailable revenues	-	61	-	-
Total liabilities and deferred inflows of resources	14	124	2	19
Fund Balances:				
Nonspendable:				
Prepaid	-	-	-	-
Restricted for:				
Property held for resale	-	-	-	-
Federal and state grants	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	9,729
Landscaping district	-	-	172	-
Low and moderate housing	-	-	-	-
Air quality improvement	425	-	-	-
Cable access	-	-	-	-
Electric public benefit AB1890	-	-	-	-
Committed to:				
Urban art	-	-	-	-
Public safety	-	-	-	-
Filming	-	-	-	-
Recreation	-	-	-	-
Hazardous materials	-	-	-	-
Parking	-	-	-	-
Unassigned:	-	(63)	-	-
Total fund balances (deficits)	425	(63)	172	9,729
Total liabilities, deferred inflows of resources and fund balances	\$ 439	61	174	9,748

(Continued)

Exhibit H-1
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds -
 Special Revenue Funds
 June 30, 2017 (in thousands)

	Measure R Regional Return Fund	Transit Prop A Local Return Fund	Transit Prop C Local Return Fund	Transit Utility Fund
Assets				
Pooled cash and investments	\$ -	10,523	5,428	-
Interest receivable	-	27	21	-
Accounts receivable, net	2,157	379	152	-
Prepaid items	-	-	-	-
Property held for resale	-	-	-	-
Total assets	2,157	10,929	5,601	-
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	735	490	257	-
Due to other funds	1,419	-	-	-
Wages and benefits payable	7	18	23	-
Unearned revenues	-	-	-	-
Deposits	-	-	-	-
Total liabilities	2,161	508	280	-
Deferred inflows of resources:				
Unavailable revenues	1,853	-	-	-
Total liabilities and deferred inflows of resources	4,014	508	280	-
Fund Balances:				
Nonspendable:				
Prepaid	-	-	-	-
Restricted for:				
Property held for resale	-	-	-	-
Federal and state grants	-	-	-	-
Public safety	-	-	-	-
Transportation	-	10,421	5,321	-
Landscaping district	-	-	-	-
Low and moderate housing	-	-	-	-
Air quality improvement	-	-	-	-
Cable access	-	-	-	-
Electric public benefit AB1890	-	-	-	-
Committed to:				
Urban art	-	-	-	-
Public safety	-	-	-	-
Filming	-	-	-	-
Recreation	-	-	-	-
Hazardous materials	-	-	-	-
Parking	-	-	-	-
Unassigned:	(1,857)	-	-	-
Total fund balances (deficits)	(1,857)	10,421	5,321	-
Total liabilities, deferred inflows of resources and fund balances	\$ 2,157	10,929	5,601	-

(Continued)

Exhibit H-1
CITY OF GLENDALE
Combining Balance Sheet
Nonmajor Governmental Funds -
Special Revenue Funds
June 30, 2017 (in thousands)

	Asset Forfeiture Fund	Police Special Grants Fund	Supplemental Law Enforcement Fund	Fire Grant Fund
Assets				
Pooled cash and investments	\$ 2,407	303	72	-
Interest receivable	8	-	-	-
Accounts receivable, net	5	343	143	527
Prepaid items	-	-	-	-
Property held for resale	-	-	-	-
Total assets	2,420	646	215	527
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	220	11	-	6
Due to other funds	-	-	-	390
Wages and benefits payable	23	29	25	1
Unearned revenues	-	-	-	-
Deposits	59	32	-	-
Total liabilities	302	72	25	397
Deferred inflows of resources:				
Unavailable revenues	-	152	-	527
Total liabilities and deferred inflows of resources	302	224	25	924
Fund Balances:				
Nonspendable:				
Prepaid	-	-	-	-
Restricted for:				
Property held for resale	-	-	-	-
Federal and state grants	-	-	-	-
Public safety	2,118	422	190	-
Transportation	-	-	-	-
Landscaping district	-	-	-	-
Low and moderate housing	-	-	-	-
Air quality improvement	-	-	-	-
Cable access	-	-	-	-
Electric public benefit AB1890	-	-	-	-
Committed to:				
Urban art	-	-	-	-
Public safety	-	-	-	-
Filming	-	-	-	-
Recreation	-	-	-	-
Hazardous materials	-	-	-	-
Parking	-	-	-	-
Unassigned:	-	-	-	(397)
Total fund balances (deficits)	2,118	422	190	(397)
Total liabilities, deferred inflows of resources and fund balances	\$ 2,420	646	215	527

(Continued)

Exhibit H-1
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds -
 Special Revenue Funds
 June 30, 2017 (in thousands)

	Fire Mutual Aid Fund	Special Events Fund	Nutritional Meals Grant Fund	Library Fund
Assets				
Pooled cash and investments	\$ 197	57	33	1,935
Interest receivable	2	-	-	6
Accounts receivable, net	-	9	24	7
Prepaid items	-	-	-	-
Property held for resale	-	-	-	-
Total assets	199	66	57	1,948
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	-	-	29	34
Due to other funds	-	-	-	-
Wages and benefits payable	-	59	15	2
Unearned revenues	-	-	-	-
Deposits	-	-	-	-
Total liabilities	-	59	44	36
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total liabilities and deferred inflows of resources	-	59	44	36
Fund Balances:				
Nonspendable:				
Prepaid	-	-	-	-
Restricted for:				
Property held for resale	-	-	-	-
Federal and state grants	-	-	13	1,912
Public safety	-	-	-	-
Transportation	-	-	-	-
Landscaping district	-	-	-	-
Low and moderate housing	-	-	-	-
Air quality improvement	-	-	-	-
Cable access	-	-	-	-
Electric public benefit AB1890	-	-	-	-
Committed to:				
Urban art	-	-	-	-
Public safety	199	7	-	-
Filming	-	-	-	-
Recreation	-	-	-	-
Hazardous materials	-	-	-	-
Parking	-	-	-	-
Unassigned:	-	-	-	-
Total fund balances (deficits)	199	7	13	1,912
Total liabilities, deferred inflows of resources and fund balances	\$ 199	66	57	1,948

(Continued)

Exhibit H-1
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds -
 Special Revenue Funds
 June 30, 2017 (in thousands)

	Cable Access Fund	Electric Public Benefit Fund	Recreation Fund	Hazardous Materials Fund
Assets				
Pooled cash and investments	\$ 2,754	3,855	4,015	2,703
Interest receivable	9	12	12	7
Accounts receivable, net	135	1,031	22	392
Prepaid items	-	-	-	-
Property held for resale	-	-	-	-
Total assets	2,898	4,898	4,049	3,102
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	3	901	124	79
Due to other funds	-	-	-	-
Wages and benefits payable	-	35	193	69
Unearned revenues	-	-	-	612
Deposits	-	-	80	-
Total liabilities	3	936	397	760
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total liabilities and deferred inflows of resources	3	936	397	760
Fund Balances:				
Nonspendable:				
Prepaid	-	-	-	-
Restricted for:				
Property held for resale	-	-	-	-
Federal and state grants	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Landscaping district	-	-	-	-
Low and moderate housing	-	-	-	-
Air quality improvement	-	-	-	-
Cable access	2,895	-	-	-
Electric public benefit AB1890	-	3,962	-	-
Committed to:				
Urban art	-	-	-	-
Public safety	-	-	-	-
Filming	-	-	-	-
Recreation	-	-	3,652	-
Hazardous materials	-	-	-	2,342
Parking	-	-	-	-
Unassigned:	-	-	-	-
Total fund balances (deficits)	2,895	3,962	3,652	2,342
Total liabilities, deferred inflows of resources and fund balances	\$ 2,898	4,898	4,049	3,102

(Continued)

Exhibit H-1
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds -
 Special Revenue Funds
 June 30, 2017 (in thousands)

	Emergency Medical Services Fund	Parking Fund	Total Nonmajor Special Revenue Funds
Assets			
Pooled cash and investments	-	9,514	73,299
Interest receivable	-	28	211
Accounts receivable, net	-	316	8,930
Prepaid items	-	-	41
Property held for resale	-	-	981
Total assets	-	9,858	83,462
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Accounts payable	-	766	4,467
Due to other funds	-	-	3,028
Wages and benefits payable	-	139	969
Unearned revenues	-	32	644
Deposits	-	-	171
Total liabilities	-	937	9,279
Deferred inflows of resources:			
Unavailable revenues	-	183	4,291
Total liabilities and deferred inflows of resources	-	1,120	13,570
Fund Balances:			
Nonspendable:			
Prepaid	-	-	41
Restricted for:			
Property held for resale	-	-	981
Federal and state grants	-	-	3,195
Public safety	-	-	2,730
Transportation	-	-	25,471
Landscaping district	-	-	172
Low and moderate housing	-	-	11,175
Air quality improvement	-	-	425
Cable access	-	-	2,895
Electric public benefit AB1890	-	-	3,962
Committed to:			
Urban art	-	-	6,372
Public safety	-	-	206
Filming	-	-	622
Recreation	-	-	3,652
Hazardous materials	-	-	2,342
Parking	-	8,738	8,738
Unassigned:	-	-	(3,087)
Total fund balances (deficits)	-	8,738	69,892
Total liabilities, deferred inflows of resources and fund balances	-	9,858	83,462

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2017 (in thousands)

	CDBG Fund	Home Grant Fund	Continuum Of Care Grant Fund	Emergency Solutions Grant Fund
Revenues:				
Sales taxes	\$ -	-	-	-
Other taxes	-	-	-	-
Revenue from other agencies	1,110	764	2,065	116
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	-	-	-
Miscellaneous revenue	21	1,001	-	-
Total revenues	1,131	1,765	2,065	116
Expenditures:				
Current:				
General government	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Transportation	-	-	-	-
Housing, health and community development	772	968	2,416	132
Employment programs	-	-	-	-
Public service	-	-	-	-
Parks, recreation and community services	-	-	-	-
Library	-	-	-	-
Capital outlay	245	-	-	-
Debt service:				
Interest	24	-	-	-
Principal	194	-	-	-
Total expenditures	1,235	968	2,416	132
Excess (deficiency) of revenues over (under) expenditures	(104)	797	(351)	(16)
Other financing sources:				
Transfers in	-	-	-	-
Net change in fund balances	(104)	797	(351)	(16)
Fund balances (deficits), July 1	(14)	981	(20)	-
Fund balances (deficits), June 30	\$ (118)	1,778	(371)	(16)

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2017 (in thousands)

	Workforce Investment and Opportunity Act Fund	Affordable Housing Trust Fund	Urban Art Fund	Glendale Youth Alliance Fund
Revenues:				
Sales taxes	\$ -	-	-	-
Other taxes	-	-	-	-
Revenue from other agencies	4,259	-	-	-
Licenses and permits	-	-	1,217	-
Fines and forfeitures	-	-	-	-
Charges for services	-	3	-	1,580
Use of money and property	-	16	32	-
Miscellaneous revenue	152	2,175	-	-
Total revenues	4,411	2,194	1,249	1,580
Expenditures:				
Current:				
General government	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Transportation	-	-	-	-
Housing, health and community development	-	-	-	-
Employment programs	4,606	-	-	1,648
Public service	-	-	-	-
Parks, recreation and community services	-	-	-	-
Library	-	-	152	-
Capital outlay	-	-	-	-
Debt service:				
Interest	-	-	-	-
Principal	-	-	-	-
Total expenditures	4,606	-	152	1,648
Excess (deficiency) of revenues over (under) expenditures	(195)	2,194	1,097	(68)
Other financing sources:				
Transfers in	-	-	-	-
Net change in fund balances	(195)	2,194	1,097	(68)
Fund balances (deficits), July 1	667	1	5,275	52
Fund balances (deficits), June 30	\$ 472	2,195	6,372	(16)

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2017 (in thousands)

	BEGIN Affordable Homeownership Fund	Low & Moderate Income Housing Asset Fund	Grant Fund	Filming Fund
Revenues:				
Sales taxes	\$ -	-	-	-
Other taxes	-	-	-	-
Revenue from other agencies	-	-	4,402	-
Licenses and permits	-	-	-	25
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	677
Use of money and property	(1)	74	-	3
Miscellaneous revenue	-	3,691	-	-
Total revenues	(1)	3,765	4,402	705
Expenditures:				
Current:				
General government	-	-	-	456
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Transportation	-	-	-	-
Housing, health and community development	87	921	403	-
Employment programs	-	-	-	-
Public service	-	-	-	-
Parks, recreation and community services	-	-	10	-
Library	-	-	-	-
Capital outlay	-	6,007	220	-
Debt service:				
Interest	-	-	-	-
Principal	-	-	-	-
Total expenditures	87	6,928	633	456
Excess (deficiency) of revenues over (under) expenditures	(88)	(3,163)	3,769	249
Other financing sources:				
Transfers in	-	2,502	-	-
Net change in fund balances	(88)	(661)	3,769	249
Fund balances (deficits), July 1	89	9,641	(3,977)	373
Fund balances (deficits), June 30	\$ 1	8,980	(208)	622

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2017 (in thousands)

	Air Quality Improvement Fund	PW Special Grants Fund	San Fernando Landscape District Fund	Measure R Local Return Fund
Revenues:				
Sales taxes	\$ -	-	-	2,261
Other taxes	-	-	-	-
Revenue from other agencies	258	416	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	6	-	-	-
Use of money and property	2	-	1	35
Miscellaneous revenue	-	-	87	-
Total revenues	266	416	88	2,296
Expenditures:				
Current:				
General government	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Public works	30	28	55	-
Transportation	181	-	-	-
Housing, health and community development	-	-	-	83
Employment programs	-	-	-	-
Public service	-	-	-	-
Parks, recreation and community services	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	279
Debt service:				
Interest	-	-	-	-
Principal	-	-	-	-
Total expenditures	211	28	55	362
Excess (deficiency) of revenues over (under) expenditures	55	388	33	1,934
Other financing sources:				
Transfers in	-	-	-	-
Net change in fund balances	55	388	33	1,934
Fund balances (deficits), July 1	370	(451)	139	7,795
Fund balances (deficits), June 30	\$ 425	(63)	172	9,729

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2017 (in thousands)

	Measure R Regional Return Fund	Transit Prop A Local Return Fund	Transit Prop C Local Return Fund	Transit Utility Fund
Revenues:				
Sales taxes	\$ -	-	-	-
Other taxes	-	-	-	-
Revenue from other agencies	4,690	3,635	3,021	1,172
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	18	25	6,606
Use of money and property	-	40	28	-
Miscellaneous revenue	-	-	-	115
Total revenues	4,690	3,693	3,074	7,893
Expenditures:				
Current:				
General government	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Public works	72	-	-	-
Transportation	-	3,164	2,013	7,893
Housing, health and community development	-	-	10	-
Employment programs	-	-	-	-
Public service	-	-	-	-
Parks, recreation and community services	-	-	-	-
Library	-	-	-	-
Capital outlay	4,234	-	340	-
Debt service:				
Interest	-	-	-	-
Principal	-	-	-	-
Total expenditures	4,306	3,164	2,363	7,893
Excess (deficiency) of revenues over (under) expenditures	384	529	711	-
Other financing sources:				
Transfers in	-	-	-	-
Net change in fund balances	384	529	711	-
Fund balances (deficits), July 1	(2,241)	9,892	4,610	-
Fund balances (deficits), June 30	\$ (1,857)	10,421	5,321	-

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2017 (in thousands)

	Asset Forfeiture Fund	Police Special Grants Fund	Supplemental Law Enforcement Fund	Fire Grant Fund
Revenues:				
Sales taxes	\$ -	-	-	-
Other taxes	-	-	-	-
Revenue from other agencies	-	1,261	528	101
Licenses and permits	-	-	-	-
Fines and forfeitures	867	-	-	-
Charges for services	-	42	-	-
Use of money and property	13	-	-	-
Miscellaneous revenue	-	48	-	6
Total revenues	880	1,351	528	107
Expenditures:				
Current:				
General government	-	-	-	-
Police	511	772	409	-
Fire	-	-	-	182
Public works	-	-	-	-
Transportation	-	-	-	-
Housing, health and community development	-	-	-	-
Employment programs	-	-	-	-
Public service	-	-	-	-
Parks, recreation and community services	-	-	-	-
Library	-	-	-	-
Capital outlay	-	95	-	-
Debt service:				
Interest	-	-	-	-
Principal	-	-	-	-
Total expenditures	511	867	409	182
Excess (deficiency) of revenues over (under) expenditures	369	484	119	(75)
Other financing sources:				
Transfers in	-	-	-	-
Net change in fund balances	369	484	119	(75)
Fund balances (deficits), July 1	1,749	(62)	71	(322)
Fund balances (deficits), June 30	\$ 2,118	422	190	(397)

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2017 (in thousands)

	Fire Mutual Aid Fund	Special Events Fund	Nutritional Meals Grant Fund	Library Fund
Revenues:				
Sales taxes	\$ -	-	-	-
Other taxes	-	-	-	-
Revenue from other agencies	971	-	300	91
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	517	-	58
Use of money and property	(4)	-	-	(9)
Miscellaneous revenue	-	-	40	104
Total revenues	<u>967</u>	<u>517</u>	<u>340</u>	<u>244</u>
Expenditures:				
Current:				
General government	-	-	-	-
Police	-	508	-	-
Fire	704	15	-	-
Public works	-	-	-	-
Transportation	-	-	-	-
Housing, health and community development	-	-	-	-
Employment programs	-	-	-	-
Public service	-	-	-	-
Parks, recreation and community services	-	-	427	-
Library	-	-	-	246
Capital outlay	-	-	-	-
Debt service:				
Interest	-	-	-	-
Principal	-	-	-	-
Total expenditures	<u>704</u>	<u>523</u>	<u>427</u>	<u>246</u>
Excess (deficiency) of revenues over (under) expenditures	<u>263</u>	<u>(6)</u>	<u>(87)</u>	<u>(2)</u>
Other financing sources:				
Transfers in	-	-	85	-
Net change in fund balances	263	(6)	(2)	(2)
Fund balances (deficits), July 1	<u>(64)</u>	<u>13</u>	<u>15</u>	<u>1,914</u>
Fund balances (deficits), June 30	<u>\$ 199</u>	<u>7</u>	<u>13</u>	<u>1,912</u>

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2017 (in thousands)

	Cable Access Fund	Electric Public Benefit Fund	Recreation Fund	Hazardous Materials Fund
Revenues:				
Sales taxes	\$ -	-	-	-
Other taxes	-	7,052	-	-
Revenue from other agencies	-	-	3	57
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	539	-	3,120	1,705
Use of money and property	13	22	463	9
Miscellaneous revenue	-	(1)	19	9
Total revenues	552	7,073	3,605	1,780
Expenditures:				
Current:				
General government	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	1,495
Public works	-	-	-	-
Transportation	-	-	-	-
Housing, health and community development	-	-	-	-
Employment programs	-	-	-	-
Public service	-	6,720	-	-
Parks, recreation and community services	-	-	3,250	-
Library	-	-	-	-
Capital outlay	91	-	251	-
Debt service:				
Interest	-	-	-	-
Principal	-	-	-	-
Total expenditures	91	6,720	3,501	1,495
Excess (deficiency) of revenues over (under) expenditures	461	353	104	285
Other financing sources:				
Transfers in	-	-	-	-
Net change in fund balances	461	353	104	285
Fund balances (deficits), July 1	2,434	3,609	3,548	2,057
Fund balances (deficits), June 30	\$ 2,895	3,962	3,652	2,342

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2017 (in thousands)

	Emergency Medical Services Fund	Parking Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Sales taxes	\$ -	-	2,261
Other taxes	-	-	7,052
Revenue from other agencies	-	68	29,288
Licenses and permits	-	-	1,242
Fines and forfeitures	-	1,917	2,784
Charges for services	5,478	7,210	27,584
Use of money and property	-	37	774
Miscellaneous revenue	310	123	7,900
Total revenues	<u>5,788</u>	<u>9,355</u>	<u>78,885</u>
Expenditures:			
Current:			
General government	-	-	456
Police	-	-	2,200
Fire	5,035	-	7,431
Public works	-	7,307	7,492
Transportation	-	-	13,251
Housing, health and community development	-	-	5,792
Employment programs	-	-	6,254
Public service	-	-	6,720
Parks, recreation and community services	-	-	3,687
Library	-	-	398
Capital outlay	12	821	12,595
Debt service:			
Interest	-	-	24
Principal	-	-	194
Total expenditures	<u>5,047</u>	<u>8,128</u>	<u>66,494</u>
Excess (deficiency) of revenues over (under) expenditures	<u>741</u>	<u>1,227</u>	<u>12,391</u>
Other financing sources:			
Transfers in	1,298	-	3,885
Net change in fund balances	2,039	1,227	16,276
Fund balances (deficits), July 1	<u>(2,039)</u>	<u>7,511</u>	<u>53,616</u>
Fund balances (deficits), June 30	<u>\$ -</u>	<u>8,738</u>	<u>69,892</u>

Exhibit H-3

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2017 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
CDBG Fund:				
Revenue from other agencies	\$ 1,644	1,644	1,110	(534)
Miscellaneous revenue	-	-	21	21
Total	1,644	1,644	1,131	(513)
Home Grant Fund:				
Revenue from other agencies	1,122	1,122	764	(358)
Miscellaneous revenue	77	77	1,001	924
Total	1,199	1,199	1,765	566
Continuum of Care Grant Fund:				
Revenue from other agencies	2,320	2,320	2,065	(255)
Total	2,320	2,320	2,065	(255)
Emergency Solutions Grant Fund:				
Revenue from other agencies	142	142	116	(26)
Total	142	142	116	(26)
Workforce Investment and Opportunity Act Fund:				
Revenue from other agencies	5,475	5,563	4,259	(1,304)
Miscellaneous revenue	30	30	152	122
Total	5,505	5,593	4,411	(1,182)
Affordable Housing Trust Fund:				
Use of money and property	-	-	16	16
Charges for services	-	-	3	3
Miscellaneous revenue	-	-	2,175	2,175
Total	-	-	2,194	2,194
Urban Art Fund:				
Use of money and property	30	30	32	2
Licenses and permits	239	239	1,217	978
Total	269	269	1,249	980
Glendale Youth Alliance Fund:				
Charges for services	1,905	1,905	1,580	(325)
Total	1,905	1,905	1,580	(325)
BEGIN Affordable Homeownership Fund:				
Use of money and property	-	-	(1)	(1)
Total	-	-	(1)	(1)
Low & Moderate Income Housing Asset Fund:				
Use of money and property	51	51	74	23
Miscellaneous revenue	246	246	3,691	3,445
Transfers	600	2,502	2,502	-
Total	\$ 897	2,799	6,267	3,468

(Continued)

Exhibit H-3

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2017 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Grant Fund:				
Revenue from other agencies	\$ 569	779	4,402	3,623
Total	569	779	4,402	3,623
Filming Fund:				
Use of money and property	-	-	3	3
Licenses & permits	-	-	25	25
Charges for services	600	600	677	77
Total	600	600	705	105
Air Quality Improvement Fund:				
Use of money and property	-	-	2	2
Revenue from other agencies	240	240	258	18
Charges for services	7	7	6	(1)
Total	247	247	266	19
PW Special Grants Fund:				
Revenue from other agencies	-	-	416	416
Total	-	-	416	416
San Fernando Landscape District Fund:				
Use of money and property	1	1	1	-
Miscellaneous revenue	90	90	87	(3)
Total	91	91	88	(3)
Measure R Local Return Fund:				
Sales taxes	2,270	2,270	2,261	(9)
Use of money and property	30	30	35	5
Total	2,300	2,300	2,296	(4)
Measure R Regional Return Fund:				
Revenue from other agencies	2,774	3,774	4,690	916
Total	2,774	3,774	4,690	916
Transit Prop A Local Return Fund:				
Use of money and property	50	50	40	(10)
Revenue from other agencies	3,649	3,649	3,635	(14)
Charges for services	100	100	18	(82)
Total	3,799	3,799	3,693	(106)
Transit Prop C Local Return Fund:				
Use of money and property	30	30	28	(2)
Revenue from other agencies	3,027	3,027	3,021	(6)
Charges for services	35	35	25	(10)
Total	\$ 3,092	3,092	3,074	(18)

(Continued)

Exhibit H-3

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2017 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Transit Utility Fund:				
Revenue from other agencies	\$ 1,210	1,210	1,172	(38)
Charges for services	8,301	8,304	6,606	(1,698)
Miscellaneous revenue	93	93	115	22
Total	9,604	9,607	7,893	(1,714)
Asset Forfeiture Fund:				
Use of money and property	-	-	13	13
Fines and forfeitures	-	-	867	867
Total	-	-	880	880
Police Special Grants Fund:				
Revenue from other agencies	461	1,317	1,261	(56)
Charges for services	140	140	42	(98)
Miscellaneous revenue	29	29	48	19
Total	630	1,486	1,351	(135)
Supplemental Law Enforcement Fund:				
Revenue from other agencies	398	398	528	130
Total	398	398	528	130
Fire Grant Fund:				
Revenue from other agencies	-	-	101	101
Miscellaneous revenue	-	-	6	6
Total	-	-	107	107
Fire Mutual Aid Fund:				
Use of money and property	-	-	(4)	(4)
Revenue from other agencies	500	500	971	471
Total	500	500	967	467
Special Events Fund:				
Charges for services	307	307	517	210
Total	307	307	517	210
Nutritional Meals Grant Fund:				
Revenue from other agencies	303	312	300	(12)
Miscellaneous revenue	43	43	40	(3)
Transfers	85	85	85	-
Total	431	440	425	(15)
Library Fund:				
Use of money and property	4	4	(9)	(13)
Revenue from other agencies	-	127	91	(36)
Charges for services	108	108	58	(50)
Miscellaneous revenue	47	47	104	57
Total	\$ 159	286	244	(42)

(Continued)

Exhibit H-3

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2017 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Over/(Under)
Cable Access Fund:				
Use of money and property	\$ 8	8	13	5
Charges for services	450	450	539	89
Total	458	458	552	94
Electric Public Benefit Fund:				
Other taxes	7,439	7,439	7,052	(387)
Use of money and property	30	30	22	(8)
Miscellaneous revenue	-	-	(1)	(1)
Total	7,469	7,469	7,073	(396)
Recreation Fund:				
Use of money and property	535	535	463	(72)
Revenue from other agencies	4	4	3	(1)
Charges for services	2,983	2,983	3,120	137
Miscellaneous revenue	68	68	19	(49)
Total	3,590	3,590	3,605	15
Hazardous Disposal Fund:				
Use of money and property	9	9	9	-
Revenue from other agencies	-	55	57	2
Charges for services	1,497	1,497	1,705	208
Miscellaneous revenue	66	11	9	(2)
Total	1,572	1,572	1,780	208
Emergency Medical Services Fund:				
Charges for services	5,240	5,240	5,478	238
Miscellaneous revenue	61	61	310	249
Transfers	-	-	1,298	1,298
Total	5,301	5,301	7,086	1,785
Parking Fund:				
Use of money and property	50	50	37	(13)
Revenue from other agencies	-	-	68	68
Charges for services	5,885	5,885	7,210	1,325
Fines and forfeitures	3,700	3,700	1,917	(1,783)
Miscellaneous revenue	50	50	123	73
Total	9,685	9,685	9,355	(330)
Total revenues and other financing sources	\$ 67,457	71,652	82,770	11,118

Exhibit H-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Year Ended June 30, 2017 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
CDBG Fund:				
Housing, health and community development:				
Salaries and benefits	\$ 299	299	310	(11)
Maintenance and operations	752	2,163	462	1,701
Capital projects	370	370	245	125
Debt service	223	223	218	5
Total	1,644	3,055	1,235	1,820
Home Grant Fund:				
Housing, health and community development:				
Salaries and benefits	222	222	216	6
Maintenance and operations	975	3,288	752	2,536
Total	1,197	3,510	968	2,542
Continuum of Care Grant Fund:				
Housing, health and community development:				
Salaries and benefits	277	277	250	27
Maintenance and operations	2,043	2,816	2,166	650
Total	2,320	3,093	2,416	677
Emergency Solutions Grant Fund:				
Housing, health and community development:				
Salaries and benefits	45	45	43	2
Maintenance and operations	97	147	89	58
Total	142	192	132	60
Workforce Investment and Opportunity Act Fund:				
Employment and job training services:				
Salaries and benefits	3,449	3,515	2,603	912
Maintenance and operations	2,056	3,415	2,003	1,412
Total	5,505	6,930	4,606	2,324
Affordable Housing Trust Fund:				
Housing, health and community development:				
Salaries and benefits	-	-	-	-
Maintenance and operations	-	-	-	-
Total	-	-	-	-
Urban Art Fund:				
Library:				
Salaries and benefits	-	-	26	(26)
Maintenance and operations	235	310	126	184
Total	\$ 235	310	152	158

(Continued)

Exhibit H-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Year Ended June 30, 2017 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
Glendale Youth Alliance Fund:				
Employment and job training services:				
Salaries and benefits	\$ 1,704	1,762	1,466	296
Maintenance and operations	202	202	182	20
Total	1,906	1,964	1,648	316
BEGIN Affordable Homeownership Fund:				
Housing, health and community development:				
Maintenance and operations	90	90	87	3
Total	90	90	87	3
Low & Moderate Income Housing Asset Fund:				
Housing, health and community development:				
Salaries and benefits	207	208	201	7
Maintenance and operations	164	3,824	720	3,104
Capital	-	6,007	6,007	-
Total	371	10,039	6,928	3,111
Grant Fund:				
General government:				
Salaries and benefits	-	30	111	(81)
Maintenance and operations	-	194	302	(108)
Capital	198	3,104	220	2,884
Total	198	3,328	633	2,695
Filming Fund:				
General government:				
Salaries and benefits	390	390	318	72
Maintenance and operations	137	137	138	(1)
Total	527	527	456	71
Air Quality Improvement Fund:				
Transit:				
Salaries and benefits	191	191	121	70
Maintenance and operations	139	169	90	79
Total	330	360	211	149
PW Special Grants Fund:				
Public works:				
Salaries and benefits	-	-	2	(2)
Maintenance and operations	-	255	26	229
Total	\$ -	255	28	227

(Continued)

Exhibit H-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Year Ended June 30, 2017 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
San Fernando Landscape District Fund:				
Public works:				
Maintenance and operations	\$ 90	93	55	38
Total	90	93	55	38
Measure R Local Return Fund:				
Public works:				
Salaries and benefits	-	-	4	(4)
Maintenance and operations	35	35	79	(44)
Capital	2,375	11,139	279	10,860
Total	2,410	11,174	362	10,812
Measure R Regional Return Fund:				
Public works:				
Salaries and benefits	-	-	61	(61)
Maintenance and operations	-	-	11	(11)
Capital	-	6,620	4,234	2,386
Total	-	6,620	4,306	2,314
Transit Prop A Local Return Fund:				
Transit:				
Salaries and benefits	217	217	81	136
Maintenance and operations	3,605	3,617	3,083	534
Capital	3,376	3,674	-	3,674
Total	7,198	7,508	3,164	4,344
Transit Prop C Local Return Fund:				
Transit:				
Salaries and benefits	501	501	131	370
Maintenance and operations	3,449	4,116	1,892	2,224
Capital	-	92	340	(248)
Total	3,950	4,709	2,363	2,346
Transit Utility Fund:				
Transit:				
Salaries and benefits	461	461	387	74
Maintenance and operations	9,143	9,146	7,506	1,640
Capital	-	445	-	445
Total	9,604	10,052	7,893	2,159
Asset Forfeiture Fund:				
Public safety:				
Salaries and benefits	319	369	387	(18)
Maintenance and operations	250	559	124	435
Total	\$ 569	928	511	417

(Continued)

Exhibit H-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Year Ended June 30, 2017 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
Police Special Grants Fund:				
Public safety:				
Salaries and benefits	\$ 289	1,152	563	589
Maintenance and operations	75	196	209	(13)
Capital	-	875	95	780
Total	364	2,223	867	1,356
Supplemental Law Enforcement Fund:				
Public safety:				
Salaries and benefits	391	391	403	(12)
Maintenance and operations	6	6	6	-
Total	397	397	409	(12)
Fire Grant Fund:				
Public safety:				
Salaries and benefits	-	-	127	(127)
Maintenance and operations	-	413	55	358
Capital	-	2	-	2
Total	-	415	182	233
Fire Mutual Aid Fund:				
Public safety:				
Salaries and benefits	244	244	704	(460)
Maintenance and operations	6	6	-	6
Total	250	250	704	(454)
Special Events Fund:				
Public safety:				
Salaries and benefits	301	301	511	(210)
Maintenance and operations	7	7	12	(5)
Total	308	308	523	(215)
Nutritional Meals Grant Fund:				
Parks, recreation and community services:				
Salaries and benefits	217	217	216	1
Maintenance and operations	213	227	211	16
Total	430	444	427	17
Library Fund:				
Library:				
Salaries and benefits	41	70	19	51
Maintenance and operations	204	465	227	238
Total	\$ 245	535	246	289

(Continued)

Exhibit H-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Year Ended June 30, 2017 (in thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget (Over)/Under
Cable Access Fund:				
General government:				
Capital	\$ -	100	91	9
Total	-	100	91	9
Electric Public Benefit Fund:				
Public service:				
Salaries and benefits	544	547	473	74
Maintenance and operations	7,167	7,167	6,247	920
Total	7,711	7,714	6,720	994
Recreation Fund:				
Parks, recreation and community services:				
Salaries and benefits	2,420	2,432	2,210	222
Maintenance and operations	1,160	1,241	1,040	201
Capital	-	2,154	251	1,903
Total	3,580	5,827	3,501	2,326
Hazardous Materials Fund:				
Public safety:				
Salaries and benefits	1,081	1,087	1,035	52
Maintenance and operations	453	454	460	(6)
Total	1,534	1,541	1,495	46
Emergency Medical Services Fund:				
Public safety:				
Salaries and benefits	3,888	3,898	3,291	607
Maintenance and operations	2,029	2,029	1,744	285
Capital	-	-	12	(12)
Total	5,917	5,927	5,047	880
Parking Fund:				
Public Works:				
Salaries and benefits	2,968	2,984	2,540	444
Maintenance and operations	5,322	5,519	4,767	752
Capital	540	4,993	821	4,172
Total	8,830	13,496	8,128	5,368
Total expenditures and other financing uses	\$ 67,852	113,914	66,494	47,420

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Debt Service Funds

Debt Service Funds are used to account for the accumulation and disbursement of financial resources that will be used to make principal and interest payments on general long-term debt of the City of Glendale.



DEBT SERVICE FUND

- 303 - Police Building Project Debt Service Fund - To accumulate monies for the payment of interest and principal of the 2000 Police Building Project Variable Rate Demands Certificates of Participation. The debt service is financed via lease payments from the City to the Financing Authority.

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Exhibit I-1

CITY OF GLENDALE

Combining Balance Sheet

Nonmajor Governmental Fund - Debt Service Fund

June 30, 2017 (in thousands)

		<u>Police Building Project Debt Service Fund</u>
Assets		
Pooled cash and investments	\$	17,924
Cash and investments with fiscal agent		37
Interest receivable		<u>56</u>
Total assets		<u><u>18,017</u></u>
Liability and fund balance		
Liability:		
Interest payable		36
Fund balance:		
Committed to:		
Debt service		<u>17,981</u>
Total liability and fund balance	\$	<u><u>18,017</u></u>

Exhibit I-2

CITY OF GLENDALE

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

Nonmajor Governmental Fund - Debt Service Fund

Fiscal Year Ended June 30, 2017 (in thousands)

	<u>Police Building Project Debt Service Fund</u>
Revenues:	
Use of money and property	\$ <u>69</u>
Expenditures:	
Current:	
Police	5
Debt service:	
Interest	350
Principal	<u>1,820</u>
Total expenditures	<u>2,175</u>
Excess of revenues (under) expenditures	<u>(2,106)</u>
Other financing sources:	
Transfers in	<u>800</u>
Net change in fund balance	(1,306)
Fund balance, July 1	<u>19,287</u>
Fund balance, June 30	<u>\$ <u>17,981</u></u>

Exhibit I-3

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget and Actual

Nonmajor Governmental Fund - Debt Service Fund

Fiscal Year Ended June 30, 2017 (in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
Police Building Project Debt Service Fund				
Interest and investment revenue	\$ 178	178	69	(109)
Transfers in	800	800	800	-
Total revenues and other financing sources	<u>\$ 978</u>	<u>978</u>	<u>869</u>	<u>(109)</u>

Exhibit I-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget and Actual

Nonmajor Governmental Fund - Debt Service Fund

Fiscal Year Ended June 30, 2017 (in thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget (Over)/Under
Police Building Project Debt Service Fund				
Administration	\$ -	-	5	(5)
Debt service	3,010	3,010	2,170	840
Total expenditures and other financing uses	\$ 3,010	3,010	2,175	835

Capital Projects Funds

Capital Projects Funds are used to account for financial resources used for the acquisition of major capital facilities other than those financed by Special Revenue and Proprietary Funds.



CAPITAL PROJECTS FUNDS

- 402 - State Gas Tax Fund - To account for monies received and expended from state gas tax allocations for street improvement purposes.
- 403 - Landfill Postclosure Fund - To account for monies reserved for the post-closure maintenance cost of Scholl Canyon landfill.
- Development Impact Fee Funds:

City Council adopted Ordinance No. 5575 on September 11, 2007, in accordance with California AB1600 later on codified under State Government Code section 66006, allowing the City to impose development impact fees on new residential, commercial, office and industrial developments to mitigate the cost of developing new or rehabilitating existing parks and recreational facilities, developing new libraries and/or adding to existing collections in order to maintain adequate parks and library services for those new residents. The Development Impact Fees are broken down into the following three funds:

- 405 - Parks Mitigation Fee Fund - To account for the parks revenue collected as impact fees and usage of these funds for allowed projects. In addition, this fund will also be used to guarantee adequate interest accumulation and disbursements of unused funds.
 - 407 - Library Mitigation Fee Fund - To account for the library revenue collected as impact fees and usage of these funds for allowed projects. In addition, this fund will also be used to guarantee adequate interest accumulation and disbursement of unused funds.
 - 408 - Parks Quimby Fee Fund - To account for the fees imposed for park or recreational purposes as a condition to the approval of a tentative map or parcel map and usage of these funds for allowed projects. In addition, this fund will also be used to guarantee adequate interest accumulation and disbursements of unused funds.
- 409 - CIP Reimbursement Fund - To account for monies received and expended for CIP projects that are funded by non-City money, such as grants and joint ventures.
 - 410 - SF Corridor Tax Share Fund - County of Los Angeles' contribution (passback) to City of Glendale of 60% of County's share of tax increment (pass through) funds from the San Fernando Road Corridor Redevelopment Project Area to be used by the City to construct regional public improvement projects benefiting the County.

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Exhibit J-1

CITY OF GLENDALE

Combining Balance Sheet

Nonmajor Governmental Funds -

Capital Projects Funds

June 30, 2017 (in thousands)

	State Gas Tax Fund	Landfill Postclosure Fund	Parks Mitigation Fee Fund	Library Mitigation Fee Fund
Assets				
Pooled cash and investments	\$ 2,996	-	22,609	2,036
Restricted cash and investments	-	29,850	-	-
Interest receivable	10	-	70	7
Accounts receivable, net	-	-	-	-
Total assets	3,006	29,850	22,679	2,043
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	734	-	245	332
Due to other funds	-	-	-	-
Wages and benefits payable	15	-	14	-
Total liabilities	749	-	259	332
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Total liabilities and deferred inflows of resources	749	-	259	332
Fund Balances:				
Restricted for:				
State gas tax mandates	2,257	-	-	-
Landfill postclosure	-	29,850	-	-
Capital projects	-	-	-	-
Committed to:				
Impact fee funded projects	-	-	22,420	1,711
Unassigned:				
	-	-	-	-
Total fund balances	2,257	29,850	22,420	1,711
Total liabilities, deferred inflows of resources and fund balances	\$ 3,006	29,850	22,679	2,043

(Continued)

Exhibit J-1

CITY OF GLENDALE

Combining Balance Sheet

Nonmajor Governmental Funds -

Capital Projects Funds

June 30, 2017 (in thousands)

	Parks Quimby Fee Fund	CIP Reimbursement Fund	SF Corridor Tax Share Fund	Total Nonmajor Capital Projects Funds
Assets				
Pooled cash and investments	\$ 1	-	33,853	61,495
Restricted cash and investments	-	-	-	29,850
Interest receivable	-	-	98	185
Accounts receivable, net	-	1,749	-	1,749
Total assets	1	1,749	33,951	93,279
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	-	777	-	2,088
Due to other funds	-	703	-	703
Wages and benefits payable	-	19	-	48
Total liabilities	-	1,499	-	2,839
Deferred inflows of resources:				
Unavailable revenues	-	1,745	-	1,745
Total liabilities and deferred inflows of resources	-	3,244	-	4,584
Fund Balances:				
Restricted for:				
State gas tax mandates	-	-	-	2,257
Landfill postclosure	-	-	-	29,850
Capital projects	-	-	33,951	33,951
Committed to:				
Impact fee funded projects	1	-	-	24,132
Unassigned:	-	(1,495)	-	(1,495)
Total fund balances	1	(1,495)	33,951	88,695
Total liabilities, deferred inflows of resources and fund balances	\$ 1	1,749	33,951	93,279

Exhibit J-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects Funds
Fiscal Year Ended June 30, 2017 (in thousands)

	State Gas Tax Fund	Landfill Postclosure Fund	Parks Mitigation Fee Fund	Library Mitigation Fee Fund
Revenues:				
Revenue from other agencies	\$ 3,784	-	-	-
Licenses and permits	-	-	2,322	224
Use of money and property	4	-	80	7
Total revenues	3,788	-	2,402	231
Expenditures:				
Current:				
Public works	1,385	-	-	-
Parks, recreation and community services	-	-	288	-
Capital outlay	3,386	-	3,268	1,022
Total expenditures	4,771	-	3,556	1,022
Excess of revenues over (under) expenditures	(983)	-	(1,154)	(791)
Other financing source:				
Transfers in	-	2,000	-	-
Net change in fund balances	(983)	2,000	(1,154)	(791)
Fund balances (deficits), July 1	3,240	27,850	23,574	2,502
Fund balances (deficits), June 30	\$ 2,257	29,850	22,420	1,711

(Continued)

Exhibit J-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects Funds
Fiscal Year Ended June 30, 2017 (in thousands)

	Parks Quimby Fee Fund	CIP Reimbursement Fund	SF Corridor Tax Share Fund	Total Nonmajor Capital Projects Funds
Revenues:				
Revenue from other agencies	\$ -	1,146	4,768	9,698
Licenses and permits	-	-	-	2,546
Use of money and property	(1)	1	149	240
Total revenues	(1)	1,147	4,917	12,484
Expenditures:				
Current:				
Public works	-	216	-	1,601
Parks, recreation and community services	-	-	-	288
Capital outlay	-	2,316	-	9,992
Total expenditures	-	2,532	-	11,881
Excess of revenues over (under) expenditures	(1)	(1,385)	4,917	603
Other financing source:				
Transfers in	-	-	-	2,000
Net change in fund balances	(1)	(1,385)	4,917	2,603
Fund balances (deficits), July 1	2	(110)	29,034	86,092
Fund balances (deficits), June 30	\$ 1	(1,495)	33,951	88,695

Nonmajor Enterprise Funds

This section of the CAFR provides information on nonmajor enterprise funds, which are used to account for operations that provide goods or services to the general public that are financed primarily by a user charge or where the periodic measurement of net income is deemed appropriate.



NONMAJOR ENTERPRISE FUNDS

- 530 - Refuse Disposal Fund - To account for operations of the City-owned refuse collection and disposal service.
- 701 - Fire Communication Fund - To account for monies received and expended, as the lead city, for the tri-city (Burbank, Glendale and Pasadena) Verdugo Fire Communication operations.

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Exhibit K-1

CITY OF GLENDALE

Combining Statement of Net Position

Proprietary Fund - Nonmajor Enterprise Funds

June 30, 2017 (in thousands)

	Refuse Disposal Fund	Fire Communication Fund	Total Nonmajor Enterprise Fund
Assets and deferred outflows of resources			
Current assets:			
Pooled cash and investments	\$ 32,486	7,962	40,448
Interest receivable	102	25	127
Accounts receivable, net	2,652	-	2,652
Total current assets	<u>35,240</u>	<u>7,987</u>	<u>43,227</u>
Noncurrent assets:			
Capital assets:			
Land	1,639	-	1,639
Buildings and improvements	7,258	-	7,258
Machinery and equipment	18,330	4,925	23,255
Accumulated depreciation	(18,057)	(3,974)	(22,031)
Total capital assets	<u>9,170</u>	<u>951</u>	<u>10,121</u>
Loans receivable	-	78	78
Total noncurrent assets	<u>9,170</u>	<u>1,029</u>	<u>10,199</u>
Total assets	<u>44,410</u>	<u>9,016</u>	<u>53,426</u>
Deferred outflow of resources:			
Deferred outflows of resources related to pensions	2,988	697	3,685
Total assets and deferred outflows of resources	<u>47,398</u>	<u>9,713</u>	<u>57,111</u>
Liabilities, deferred inflows of resources and net position			
Current liabilities:			
Accounts payable	792	170	962
Wages and benefits payable	502	137	639
Deposits	363	-	363
Total current liabilities	<u>1,657</u>	<u>307</u>	<u>1,964</u>
Noncurrent liabilities:			
Net pension liability	13,254	2,519	15,773
Total liabilities	<u>14,911</u>	<u>2,826</u>	<u>17,737</u>
Deferred inflows of resources:			
Deferred inflows of resources related to pensions	878	175	1,053
Total liabilities and deferred inflows of resources	<u>15,789</u>	<u>3,001</u>	<u>18,790</u>
Net position:			
Net investment in capital assets	9,170	951	10,121
Unrestricted	22,439	5,761	28,200
Total net position	<u>\$ 31,609</u>	<u>6,712</u>	<u>38,321</u>

Exhibit K-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds - Nonmajor Enterprise Funds

Fiscal Year Ended June 30, 2017 (in thousands)

	Refuse Disposal Fund	Fire Communication Fund	Total Nonmajor Enterprise Funds
Operating revenues:			
Charges for services	\$ 22,319	3,794	26,113
Miscellaneous revenues	15	622	637
Total operating revenues	<u>22,334</u>	<u>4,416</u>	<u>26,750</u>
Operating expenses:			
Salaries and benefits	7,623	2,234	9,857
Maintenance and operations	10,512	1,000	11,512
Depreciation	1,272	157	1,429
Total operating expenses	<u>19,407</u>	<u>3,391</u>	<u>22,798</u>
Operating income	<u>2,927</u>	<u>1,025</u>	<u>3,952</u>
Non operating revenues:			
Interest revenue	141	34	175
Intergovernmental grants	193	14	207
Total non operating revenues, net	<u>334</u>	<u>48</u>	<u>382</u>
Income before transfers	<u>3,261</u>	<u>1,073</u>	<u>4,334</u>
Transfers in	2	-	2
Transfers out	<u>(1,150)</u>	<u>-</u>	<u>(1,150)</u>
Change in net position	2,113	1,073	3,186
Net position, July 1	<u>29,496</u>	<u>5,639</u>	<u>35,135</u>
Net position, June 30	<u>\$ 31,609</u>	<u>6,712</u>	<u>38,321</u>

CITY OF GLENDALE

Combining Statement of Cash Flows

Proprietary Funds - Nonmajor Enterprise Funds

Year Ended June 30, 2017 (in thousands)

	Refuse Disposal Fund	Fire Communication Fund	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash from customers	\$ 22,061	4,416	26,477
Cash paid to employees	(7,355)	(2,244)	(9,599)
Cash paid to suppliers	(10,532)	(830)	(11,362)
Net cash provided by operating activities	4,174	1,342	5,516
Cash flows from noncapital financing activities:			
Operating transfers out	(1,150)	-	(1,150)
Operating transfers in	2	-	2
Operating grants received	193	14	207
Loans receivable	-	(23)	(23)
Net cash (used) by noncapital financing activities	(955)	(9)	(964)
Cash flows from capital and related financing activities:			
Acquisition of property, plant, and equipment	(1,289)	(242)	(1,531)
Cash flows from investing activities:			
Interest received	111	25	136
Net increase in cash and cash equivalents	2,041	1,116	3,157
Cash and cash equivalents at July 1	30,445	6,846	37,291
Cash and cash equivalents at June 30	32,486	7,962	40,448
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	2,927	1,025	3,952
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	1,272	157	1,429
Pension expense	(234)	(147)	(381)
(Increase) Accounts receivable net	(273)	-	(273)
Increase Accrued wages payable	502	137	639
Increase (Decrease) Accounts payable	(54)	170	116
Increase Deposits	34	-	34
Total adjustments	1,247	317	1,564
Net cash provided by operating activities	\$ 4,174	1,342	5,516
Noncash investing, capital, and financing activities:			
Decrease in fair value of investments	(2)	(1)	(3)

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Internal Service Funds

This section of the CAFR provides information on each individual internal service fund. Internal service funds are used by the City to centralize certain services and then allocate the cost of those services to the user departments on a cost reimbursement basis. User fund charges from internal service funds with capital assets typically consist of two components: a maintenance/service component and a capital replacement component. User fund charges from self-insurance internal service funds generally are based on claims experience of the user department.



INTERNAL SERVICE FUNDS

- 601 - Fleet/Equipment Management Fund - To account for equipment replacement resources which are derived from periodic charges to governmental operations to ensure timely replacement of equipment.
- 602 - Joint Helicopter Operation Fund - To account for resources and expenses for the operation of the Joint Law Enforcement Air Support Unit between City of Glendale and City of Burbank.
- 603 - ISD Infrastructure Fund - To account for technological equipment replacement resources which are derived from periodic charges to governmental operations to ensure timely replacement of the technological equipment.
- 604 - ISD Applications Fund - To account for major ISD Applications resources which are derived from periodic charges to governmental operations to ensure timely replacement of the major application software.
- 607 - Building Maintenance Fund - To account for maintenance, repairs or services necessary to sustain facility operations at approximately one hundred City owned facilities.
- 610 - Unemployment Insurance Fund - To finance and account for unemployment claims. Resources are derived from unemployment insurance charges to various City operations. Unemployment claims are reimbursed to the State Employment Department which disburses the unemployment claims.
- 612 - Liability Insurance Fund - To account for financing and disbursement of City self-insurance funds for uninsurable litigation activities, general liability and auto liability claims. Charges, in lieu of insurance premiums, are made periodically to City operations to provide the self-insurance resources.
- 614 - Compensation Insurance Fund - To finance and account for the City's workers' compensation claims. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.
- 615 - Dental Insurance Fund - To finance and account for the City's dental insurance program for its employees. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.
- 616 - Medical Insurance Fund - To finance and account for the City's medical insurance program for its employees. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.
- 617 - Vision Insurance Fund - To finance and account for the City's vision insurance program for its employees. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.
- 640 - Compensated Absences Fund - To account for the resources and the liability for employees' compensated absences (vacation and comp time).
- 641 - Retiree Health Savings Plan (RHSP) Benefits Fund - To account for the resources and the liability for employees' sick leave conversion under RHSP plan.
- 642 - Post Employment Benefits Fund - To account for the resources and the liability for all the benefits provided after the employees' separation from the City.
- 660 - ISD Wireless Fund - To account for the operation of the citywide radio system, including maintenance, replacement and acquisition of equipment.

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Exhibit L-1
CITY OF GLENDALE
Combining Statement of Net Position
Internal Service Funds
June 30, 2017 (in thousands)

	Fleet/ Equipment Management Fund	Joint Helicopter Operation Fund	ISD Infrastructure Fund	ISD Applications Fund
Assets				
Current assets:				
Pooled cash and investments	\$ 18,899	2,719	5,050	11,508
Interest receivable	58	8	16	37
Accounts receivable, net	11	186	-	-
Inventories	192	-	-	-
Prepaid items	1,379	-	-	-
Total current assets	<u>20,539</u>	<u>2,913</u>	<u>5,066</u>	<u>11,545</u>
Capital assets:				
Buildings and improvements	-	-	214	-
Machinery and equipment	32,492	3,518	5,141	133
Accumulated depreciation	(22,364)	(1,911)	(929)	(42)
Construction in progress	-	-	1,495	4,278
Total capital assets	<u>10,128</u>	<u>1,607</u>	<u>5,921</u>	<u>4,369</u>
Total assets	<u>30,667</u>	<u>4,520</u>	<u>10,987</u>	<u>15,914</u>
Liabilities and net position				
Current liabilities:				
Accounts payable	512	19	441	343
Wages and benefits payable	225	11	135	115
Interest payable	6	-	-	-
Capital leases	262	-	-	-
Claims payable	-	-	-	-
Compensated absences	-	-	-	-
Total current liabilities	<u>1,005</u>	<u>30</u>	<u>576</u>	<u>458</u>
Noncurrent liabilities:				
Claims payable	-	-	-	-
Compensated absences	-	-	-	-
Advance from other funds	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,005</u>	<u>30</u>	<u>576</u>	<u>458</u>
Net position:				
Net investment in capital assets	9,866	1,607	5,921	4,369
Unrestricted	19,796	2,883	4,490	11,087
Total net position (deficits)	<u>\$ 29,662</u>	<u>4,490</u>	<u>10,411</u>	<u>15,456</u>

(Continued)

Exhibit L-1
CITY OF GLENDALE
Combining Statement of Net Position
Internal Service Funds
June 30, 2017 (in thousands)

	Building Maintenance Fund	Unemployment Insurance Fund	Liability Insurance Fund	Compensation Insurance Fund
Assets				
Current assets:				
Pooled cash and investments	\$ 2,864	835	17,825	30,588
Interest receivable	5	3	313	97
Accounts receivable, net	-	6	255	1,152
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Total current assets	<u>2,869</u>	<u>844</u>	<u>18,393</u>	<u>31,837</u>
Capital assets:				
Buildings and improvements	-	-	-	-
Machinery and equipment	-	-	-	100
Accumulated depreciation	-	-	-	(86)
Construction in progress	-	-	-	-
Total capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>
Total assets	<u>2,869</u>	<u>844</u>	<u>18,393</u>	<u>31,851</u>
Liabilities and net position				
Current liabilities:				
Accounts payable	399	-	41	15
Wages and benefits payable	162	-	34	545
Interest payable	-	-	-	-
Capital leases	-	-	-	-
Claims payable	-	-	5,092	8,238
Compensated absences	-	-	-	-
Total current liabilities	<u>561</u>	<u>-</u>	<u>5,167</u>	<u>8,798</u>
Noncurrent liabilities:				
Claims payable	-	-	2,811	34,076
Compensated absences	-	-	-	-
Advance from other funds	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>2,811</u>	<u>34,076</u>
Total liabilities	<u>561</u>	<u>-</u>	<u>7,978</u>	<u>42,874</u>
Net position:				
Net investment in capital assets	-	-	-	14
Unrestricted	2,308	844	10,415	(11,037)
Total net position (deficits)	<u>\$ 2,308</u>	<u>844</u>	<u>10,415</u>	<u>(11,023)</u>

(Continued)

Exhibit L-1
CITY OF GLENDALE
Combining Statement of Net Position
Internal Service Funds
June 30, 2017 (in thousands)

	Dental Insurance Fund	Medical Insurance Fund	Vision Insurance Fund	Employee Benefits Fund
Assets				
Current assets:				
Pooled cash and investments	\$ 1,109	299	490	13,693
Interest receivable	4	-	2	44
Accounts receivable, net	45	842	9	179
Inventories	-	-	-	-
Prepaid items	-	496	-	-
Total current assets	1,158	1,637	501	13,916
Capital assets:				
Buildings and improvements	-	-	-	-
Machinery and equipment	-	-	-	-
Accumulated depreciation	-	-	-	-
Construction in progress	-	-	-	-
Total capital assets	-	-	-	-
Total assets	1,158	1,637	501	13,916
Liabilities and net position				
Current liabilities:				
Accounts payable	92	1,664	13	-
Wages and benefits payable	-	-	-	-
Interest payable	-	-	-	-
Capital leases	-	-	-	-
Claims payable	-	1,177	-	-
Compensated absences	-	-	-	1,936
Total current liabilities	92	2,841	13	1,936
Noncurrent liabilities:				
Claims payable	-	-	-	-
Compensated absences	-	-	-	12,000
Advance from other funds	-	-	-	-
Total noncurrent liabilities	-	-	-	12,000
Total liabilities	92	2,841	13	13,936
Net position:				
Net investment in capital assets	-	-	-	-
Unrestricted	1,066	(1,204)	488	(20)
Total net position (deficits)	\$ 1,066	(1,204)	488	(20)

(Continued)

Exhibit L-1
CITY OF GLENDALE
Combining Statement of Net Position
Internal Service Funds
June 30, 2017 (in thousands)

	Retiree Health Savings Plan (RHSP) Benefits Fund	Post Employment Benefits Fund	ISD Wireless Fund	Total Internal Service Funds
Assets				
Current assets:				
Pooled cash and investments	\$ 13,507	195	1,218	120,799
Interest receivable	43	3	3	636
Accounts receivable, net	193	11	-	2,889
Inventories	-	-	-	192
Prepaid items	-	-	-	1,875
Total current assets	13,743	209	1,221	126,391
Capital assets:				
Buildings and improvements	-	-	-	214
Machinery and equipment	-	-	9,739	51,123
Accumulated depreciation	-	-	(2,641)	(27,973)
Construction in progress	-	-	-	5,773
Total capital assets	-	-	7,098	29,137
Total assets	13,743	209	8,319	155,528
Liabilities and net position				
Current liabilities:				
Accounts payable	-	20	188	3,747
Wages and benefits payable	-	-	55	1,282
Interest payable	-	-	10	16
Capital leases	-	-	-	262
Claims payable	-	-	-	14,507
Compensated absences	1,661	-	-	3,597
Total current liabilities	1,661	20	253	23,411
Noncurrent liabilities:				
Claims payable	-	-	-	36,887
Compensated absences	11,907	-	-	23,907
Advance from other funds	-	-	582	582
Total noncurrent liabilities	11,907	-	582	61,376
Total liabilities	13,568	20	835	84,787
Net position:				
Net investment in capital assets	-	-	7,098	28,875
Unrestricted	175	189	386	41,866
Total net position (deficits)	\$ 175	189	7,484	70,741

Exhibit L-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenses
and Changes in Net Position

Internal Service Funds

Fiscal Year Ended June 30, 2017 (in thousands)

	Fleet/ Equipment Management Fund	Joint Helicopter Operation Fund	ISD Infrastructure Fund	ISD Applications Fund
Operating revenues:				
Charges for services	\$ 12,990	866	6,835	5,435
Miscellaneous revenues	13	-	-	-
Total operating revenues	<u>13,003</u>	<u>866</u>	<u>6,835</u>	<u>5,435</u>
Operating Expenses:				
Salaries and benefits	3,653	140	2,489	3,182
Maintenance and operations	5,668	558	3,153	2,429
Equipment purchased	-	7	860	-
Claims and settlements	-	-	-	-
Depreciation	1,488	103	418	10
Total operating expenses	<u>10,809</u>	<u>808</u>	<u>6,920</u>	<u>5,621</u>
Operating income (loss)	<u>2,194</u>	<u>58</u>	<u>(85)</u>	<u>(186)</u>
Non operating revenues (expenses):				
Interest revenue	73	14	20	37
Interest expense	(15)	-	-	-
Total non operating revenues (expenses), net	<u>58</u>	<u>14</u>	<u>20</u>	<u>37</u>
Income (loss) before transfers	<u>2,252</u>	<u>72</u>	<u>(65)</u>	<u>(149)</u>
Change in net position	2,252	72	(65)	(149)
Net position (deficits), July 1	<u>27,410</u>	<u>4,418</u>	<u>10,476</u>	<u>15,605</u>
Net position (deficits), June 30	<u>\$ 29,662</u>	<u>4,490</u>	<u>10,411</u>	<u>15,456</u>

(Continued)

Exhibit L-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenses
and Changes in Net Position

Internal Service Funds

Fiscal Year Ended June 30, 2017 (in thousands)

	Building Maintenance Fund	Unemployment Insurance Fund	Liability Insurance Fund	Compensation Insurance Fund
Operating revenues:				
Charges for services	\$ 8,463	111	4,741	16,108
Miscellaneous revenues	-	-	66	-
Total operating revenues	<u>8,463</u>	<u>111</u>	<u>4,807</u>	<u>16,108</u>
Operating Expenses:				
Salaries and benefits	2,975	-	379	1,213
Maintenance and operations	3,638	7	1,783	1,287
Equipment purchased	-	-	-	-
Claims and settlements	-	24	5,054	16,406
Depreciation	-	-	-	3
Total operating expenses	<u>6,613</u>	<u>31</u>	<u>7,216</u>	<u>18,909</u>
Operating income (loss)	<u>1,850</u>	<u>80</u>	<u>(2,409)</u>	<u>(2,801)</u>
Non operating revenues (expenses):				
Interest revenue	13	4	37	144
Interest expense	-	-	-	-
Total non operating revenues (expenses), net	<u>13</u>	<u>4</u>	<u>37</u>	<u>144</u>
Income (loss) before transfers	<u>1,863</u>	<u>84</u>	<u>(2,372)</u>	<u>(2,657)</u>
Change in net position	1,863	84	(2,372)	(2,657)
Net position (deficits), July 1	<u>445</u>	<u>760</u>	<u>12,787</u>	<u>(8,366)</u>
Net position (deficits), June 30	<u>\$ 2,308</u>	<u>844</u>	<u>10,415</u>	<u>(11,023)</u>

(Continued)

Exhibit L-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenses
and Changes in Net Position

Internal Service Funds

Fiscal Year Ended June 30, 2017 (in thousands)

	Dental Insurance Fund	Medical Insurance Fund	Vision Insurance Fund	Employee Benefits Fund
Operating revenues:				
Charges for services	\$ 1,469	23,892	230	5,912
Miscellaneous revenues	2	77	-	-
Total operating revenues	1,471	23,969	230	5,912
Operating Expenses:				
Salaries and benefits	-	-	-	19
Maintenance and operations	30	1,140	6	86
Equipment purchased	-	-	-	-
Claims and settlements	1,313	22,855	219	5,593
Depreciation	-	-	-	-
Total operating expenses	1,343	23,995	225	5,698
Operating income (loss)	128	(26)	5	214
Non operating revenues (expenses):				
Interest revenue	5	-	2	59
Interest expense	-	-	-	-
Total non operating revenues (expenses), net	5	-	2	59
Income (loss) before transfers	133	(26)	7	273
Change in net position	133	(26)	7	273
Net position (deficits), July 1	933	(1,178)	481	(293)
Net position (deficits), June 30	\$ 1,066	(1,204)	488	(20)

(Continued)

Exhibit L-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenses
and Changes in Net Position

Internal Service Funds

Fiscal Year Ended June 30, 2017 (in thousands)

	Retiree Health Savings Plan (RHSP) Benefits Fund	Post Employment Benefits Fund	ISD Wireless Fund	Total Internal Service Funds
Operating revenues:				
Charges for services	\$ 3,416	2,177	3,473	96,118
Miscellaneous revenues	-	-	6	164
Total operating revenues	3,416	2,177	3,479	96,282
Operating Expenses:				
Salaries and benefits	3	-	978	15,031
Maintenance and operations	179	46	1,634	21,644
Equipment purchased	-	-	210	1,077
Claims and settlements	-	3,133	-	54,597
Depreciation	-	-	660	2,682
Total operating expenses	182	3,179	3,482	95,031
Operating income (loss)	3,234	(1,002)	(3)	1,251
Non operating revenues (expenses):				
Interest revenue	54	(8)	6	460
Interest expense	-	-	(14)	(29)
Total non operating revenues (expenses), net	54	(8)	(8)	431
Income (loss) before transfers	3,288	(1,010)	(11)	1,682
Change in net position	3,288	(1,010)	(11)	1,682
Net position (deficits), July 1	(3,113)	1,199	7,495	69,059
Net position (deficits), June 30	\$ 175	189	7,484	70,741

CITY OF GLENDALE

Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2017 (in thousands)

	Fleet/ Equipment Management Fund	Joint Helicopter Operation Fund	ISD Infrastructure Fund	ISD Applications Fund
Cash flows from operating activities:				
Cash from customers	\$ 12,999	838	6,835	5,435
Cash paid to employees	(3,428)	(129)	(2,354)	(3,067)
Cash paid to suppliers	(5,349)	(576)	(3,611)	(2,153)
Net cash provided (used) by operating activities	4,222	133	870	215
Cash flows from noncapital financing activities:				
Amounts paid to other funds	-	-	-	-
Net cash (used) by noncapital financing activities	-	-	-	-
Cash flows from capital and related financing activities:				
Interest on long-term debt	(15)	-	-	-
Capital leases	(258)	-	-	-
Acquisition of property, plant, and equipment	(2,442)	(2)	(670)	(2,150)
Net cash (used) by capital and related financing activities	(2,715)	(2)	(670)	(2,150)
Cash provided by investing activities:				
Interest received	56	13	16	31
Net increase (decrease) in cash and cash equivalents	1,563	144	216	(1,904)
Cash and cash equivalents at July 1	17,336	2,575	4,834	13,412
Cash and cash equivalents at June 30	18,899	2,719	5,050	11,508
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	2,194	58	(85)	(186)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,488	103	418	10
(Increase)Decrease Accounts receivable, net	(4)	(28)	-	-
Decrease Inventories	27	-	-	-
(Increase)Decrease Prepaid expenses	(107)	-	-	-
Increase Accrued salaries and withholding	225	11	135	115
Increase(Decrease) Compensated absences	-	-	-	-
Increase(Decrease) Accounts payable	399	(11)	402	276
(Decrease) Due to other funds	-	-	-	-
Increase Claims payable	-	-	-	-
Total adjustments	2,028	75	955	401
Net cash provided (used) by operating activities	\$ 4,222	133	870	215
Noncash investing, capital, and financing activities:				
Increase in fair value of investments	(2)	-	(1)	(1)

(Continued)

Exhibit L-3
CITY OF GLENDALE
 Combining Statement of Cash Flows
 Internal Service Funds
 Fiscal Year Ended June 30, 2017 (in thousands)

	Building Maintenance Fund	Unemployment Insurance Fund	Liability Insurance Fund	Compensation Insurance Fund
Cash flows from operating activities:				
Cash from customers	\$ 8,463	105	4,552	14,975
Cash paid to employees	(2,813)	-	(345)	(668)
Cash paid to suppliers	(3,268)	(39)	(5,183)	(10,279)
Net cash provided (used) by operating activities	<u>2,382</u>	<u>66</u>	<u>(976)</u>	<u>4,028</u>
Cash flows from noncapital financing activities:				
Amounts paid to other funds	-	-	-	-
Net cash (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Interest on long-term debt	-	-	-	-
Capital leases	-	-	-	-
Acquisition of property, plant, and equipment	-	-	-	-
Net cash (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash provided by investing activities:				
Interest received	9	3	30	109
Net increase (decrease) in cash and cash equivalents	<u>2,391</u>	<u>69</u>	<u>(946)</u>	<u>4,137</u>
Cash and cash equivalents at July 1	<u>473</u>	<u>766</u>	<u>18,771</u>	<u>26,451</u>
Cash and cash equivalents at June 30	<u><u>2,864</u></u>	<u><u>835</u></u>	<u><u>17,825</u></u>	<u><u>30,588</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	<u>1,850</u>	<u>80</u>	<u>(2,409)</u>	<u>(2,801)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	-	3
(Increase)Decrease Accounts receivable, net	-	(6)	(255)	(1,133)
Decrease Inventories	-	-	-	-
(Increase)Decrease Prepaid expenses	-	-	-	-
Increase Accrued salaries and withholding	162	-	34	545
Increase(Decrease) Compensated absences	-	-	-	-
Increase(Decrease) Accounts payable	370	(8)	(126)	14
(Decrease) Due to other funds	-	-	-	-
Increase Claims payable	-	-	1,780	7,400
Total adjustments	<u>532</u>	<u>(14)</u>	<u>1,433</u>	<u>6,829</u>
Net cash provided (used) by operating activities	<u>\$ 2,382</u>	<u>66</u>	<u>(976)</u>	<u>4,028</u>
Noncash investing, capital, and financing activities:				
Increase in fair value of investments	-	-	(1)	(2)

(Continued)

CITY OF GLENDALE

Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2017 (in thousands)

	Dental Insurance Fund	Medical Insurance Fund	Vision Insurance Fund	Employee Benefits Fund
Cash flows from operating activities:				
Cash from customers	\$ 1,426	23,130	221	5,733
Cash paid to employees	-	-	-	(4,560)
Cash paid to suppliers	(1,437)	(22,831)	(226)	(86)
Net cash provided (used) by operating activities	(11)	299	(5)	1,087
Cash flows from noncapital financing activities:				
Amounts paid to other funds	-	-	-	-
Net cash (used) by noncapital financing activities	-	-	-	-
Cash flows from capital and related financing activities:				
Interest on long-term debt	-	-	-	-
Capital leases	-	-	-	-
Acquisition of property, plant, and equipment	-	-	-	-
Net cash (used) by capital and related financing activities	-	-	-	-
Cash provided by investing activities:				
Interest received	4	-	1	45
Net increase (decrease) in cash and cash equivalents	(7)	299	(4)	1,132
Cash and cash equivalents at July 1	1,116	-	494	12,561
Cash and cash equivalents at June 30	1,109	299	490	13,693
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	128	(26)	5	214
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	-	-
(Increase)Decrease Accounts receivable, net	(45)	(839)	(9)	(179)
Decrease Inventories	-	-	-	-
(Increase)Decrease Prepaid expenses	-	1,033	-	-
Increase Accrued salaries and withholding	-	-	-	-
Increase(Decrease) Compensated absences	-	-	-	1,052
Increase(Decrease) Accounts payable	(94)	1,315	(1)	-
(Decrease) Due to other funds	-	(1,456)	-	-
Increase Claims payable	-	272	-	-
Total adjustments	(139)	325	(10)	873
Net cash provided (used) by operating activities	\$ (11)	299	(5)	1,087
Noncash investing, capital, and financing activities:				
Increase in fair value of investments	-	-	-	(1)

(Continued)

Exhibit L-3

CITY OF GLENDALE

Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2017 (in thousands)

	Retiree Health Savings Plan (RHSP) Benefits Fund	Post Employment Benefits Fund	ISD Wireless Fund	Total Internal Service Funds
Cash flows from operating activities:				
Cash from customers	\$ 3,223	2,166	3,926	94,027
Cash paid to employees	(1,285)	-	(923)	(19,572)
Cash paid to suppliers	(179)	(3,159)	(1,666)	(60,042)
Net cash provided (used) by operating activities	1,759	(993)	1,337	14,413
Cash flows from noncapital financing activities:				
Amounts paid to other funds	-	-	(571)	(571)
Net cash (used) by noncapital financing activities	-	-	(571)	(571)
Cash flows from capital and related financing activities:				
Interest on long-term debt	-	-	(14)	(29)
Capital leases	-	-	(9)	(267)
Acquisition of property, plant, and equipment	-	-	(1,051)	(6,315)
Net cash (used) by capital and related financing activities	-	-	(1,074)	(6,611)
Cash provided by investing activities:				
Interest received	41	(7)	6	357
Net increase (decrease) in cash and cash equivalents	1,800	(1,000)	(302)	7,588
Cash and cash equivalents at July 1	11,707	1,195	1,520	113,211
Cash and cash equivalents at June 30	13,507	195	1,218	120,799
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	3,234	(1,002)	(3)	1,251
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	660	2,682
(Increase)Decrease Accounts receivable, net	(193)	(11)	447	(2,255)
Decrease Inventories	-	-	-	27
(Increase)Decrease Prepaid expenses	-	-	-	926
Increase Accrued salaries and withholding	-	-	55	1,282
Increase(Decrease) Compensated absences	(1,282)	-	-	(230)
Increase(Decrease) Accounts payable	-	20	178	2,734
(Decrease) Due to other funds	-	-	-	(1,456)
Increase Claims payable	-	-	-	9,452
Total adjustments	(1,475)	9	1,340	13,162
Net cash provided (used) by operating activities	\$ 1,759	(993)	1,337	14,413
Noncash investing, capital, and financing activities:				
Increase in fair value of investments	(1)	-	-	(9)

Exhibit M-1

CITY OF GLENDALE

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

June 30, 2017 (in thousands)

	Land	Construction in Progress	Infrastructure	Buildings and Improvements	Machinery and Equipment	Total
General government						
City council	\$ -	-	-	124	2,677	2,801
City clerk	-	-	-	5	55	60
City manager	-	-	-	307	583	890
Legal	-	-	-	10	41	51
Finance	-	-	-	-	6,117	6,117
Information services	-	-	12,221	430	17,454	30,105
Planning	-	-	-	-	5	5
Personnel	-	5	-	-	246	251
Total	-	5	12,221	876	27,178	40,280
Public Safety						
Police	5,227	-	-	68,881	11,247	85,355
Fire	5,925	56	-	19,158	13,569	38,708
Fire paramedics	-	-	-	-	697	697
Hazardous materials	-	-	-	598	209	807
Emergency services	-	-	-	-	150	150
Total	11,152	56	-	88,637	25,872	125,717
Public Works						
Public works	16,209	2,605	36,373	1,560	1,774	58,521
Engineering	-	-	-	-	56	56
Corporation yard	283,910	23,760	269,824	75,308	1,147	653,949
Mechanical maintenance	-	-	-	-	154	154
Traffic engineering	-	5,214	5,725	922	350	12,211
Transit administration	15,441	985	-	3,267	13,237	32,930
Parking	5,547	2,282	-	42,793	2,652	53,274
Air quality improvement	-	36	-	-	514	550
Total	321,107	34,882	311,922	123,850	19,884	811,645
Housing, health and community development						
	29,269	(5)	326	33,813	6,829	70,232
Employment programs						
	-	-	-	-	155	155
Parks, recreation and community services						
	59,772	6,887	266	115,082	1,542	183,549
Library						
	448	1,284	-	38,246	2,106	42,084
Total capital assets	421,748	43,109	324,735	400,504	83,566	1,273,662
Accumulated depreciation	-	-	(118,860)	(159,848)	(67,545)	(346,253)
Net capital assets	\$ 421,748	43,109	205,875	240,656	16,021	927,409

This schedule presents only the capital asset balances related to the government funds.

Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

Exhibit M-2

CITY OF GLENDALE

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity

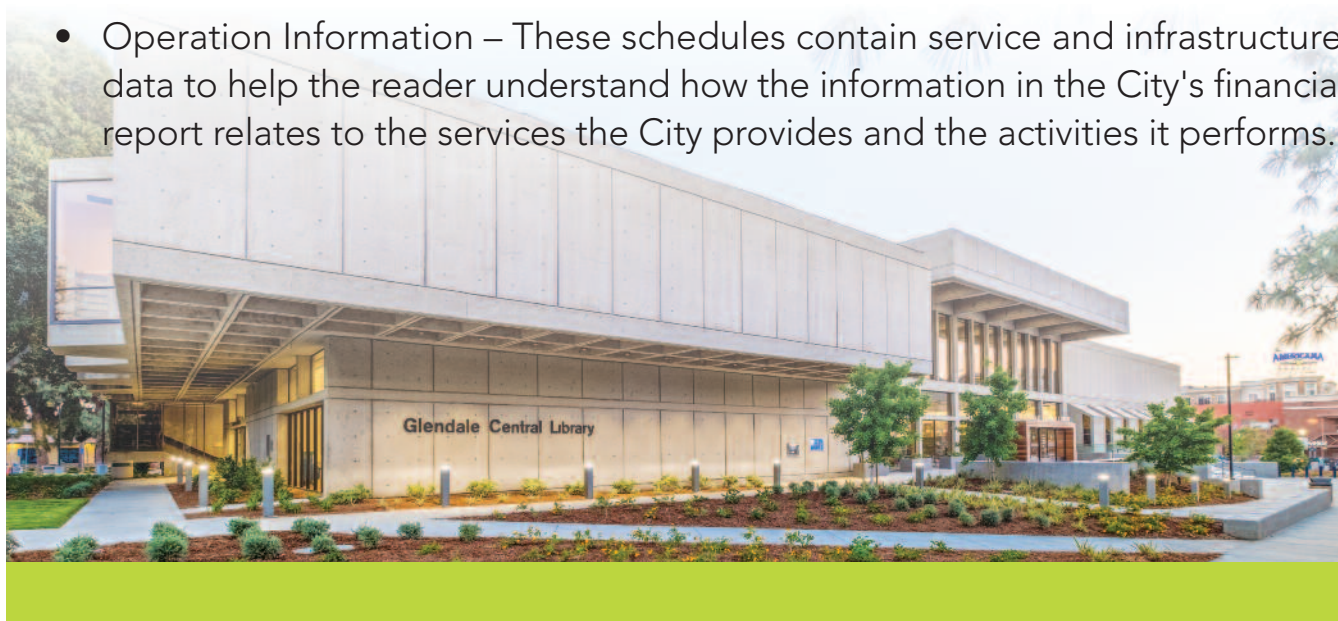
Fiscal Year Ended June 30, 2017 (in thousands)

	Balance at July 1	Additions	Retirements	Reclass	Balance at June 30
General government					
City council	\$ 2,737	64	-	-	2,801
City clerk	60	-	-	-	60
City manager	890	-	-	-	890
Legal	51	-	-	-	51
Finance	6,117	-	-	-	6,117
Information services	30,105	-	-	-	30,105
Planning	5	-	-	-	5
Personnel	251	-	-	-	251
Total	40,216	64	-	-	40,280
Public safety					
Police	85,288	67	-	-	85,355
Fire	38,359	33	-	316	38,708
Fire paramedics	685	12	-	-	697
Hazardous materials	807	-	-	-	807
Emergency services	150	-	-	-	150
Total	125,289	112	-	316	125,717
Public works					
Public works	58,514	7	-	-	58,521
Engineering	56	-	-	-	56
Corporation yard	642,144	9,046	(953)	3,712	653,949
Mechanical maintenance	154	-	-	-	154
Traffic engineering	10,518	2,071	(378)	-	12,211
Transit administration	34,658	870	(2,598)	-	32,930
Parking	52,224	1,418	(368)	-	53,274
Air quality improvement	550	-	-	-	550
Total	798,818	13,412	(4,297)	3,712	811,645
Housing, health and community development					
	63,929	295	-	6,008	70,232
Employment programs					
	155	-	-	-	155
Parks, recreation and community services					
	179,020	4,719	-	(190)	183,549
Library					
	23,234	7,445	-	11,405	42,084
Total capital assets	1,230,661	26,047	(4,297)	21,251	1,273,662
Accumulated depreciation	(330,161)	(20,389)	4,297	-	(346,253)
Net capital assets	\$ 900,500	5,658	-	21,251	927,409

Statistical Section (UNAUDITED)

The statistical section provides mostly trend data and nonfinancial information useful in assessing the City's financial condition. Because of the special character of the data presented in the statistical section (i.e., data of prior years, nonfinancial data), the section does not fall within the scope of the independent audit.

- Financial Trends – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.
- Revenue Capacity – These schedules contain information to help the reader assess the City's two most significant local revenue sources, the electric revenue and the property tax.
- Debt Capacity – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.
- Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.
- Operation Information – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.



Schedule 1

CITY OF GLENDALE

Net Position by Component

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Governmental activities					
Net investment in capital assets	\$ 922,498	888,998	882,741	829,862	816,785
Restricted	124,491	110,281	74,413	73,323	70,047
Unrestricted	(162,510) ⁽¹⁾	(153,423) ⁽¹⁾	(315,057) ⁽¹⁾	47,188	62,419
Total governmental activities net position	884,479	845,856	642,097	950,373	949,251
Business-type activities:					
Net investment in capital assets	409,287	422,656	437,125	484,467	516,774
Restricted	5,669	5,669	5,669	5,669	5,669
Unrestricted	263,001	222,463	159,220	210,397	159,224
Total business-type activities net position	677,957	650,788	602,014	700,533	681,667
Primary government:					
Net investment in capital assets	1,331,785	1,311,654	1,319,866	1,314,329	1,333,559
Restricted	130,160	115,950	80,082	78,992	75,716
Unrestricted	100,491	69,040	(155,837)	257,585	221,643
Total primary government net position	\$ 1,562,436	1,496,644	1,244,111	1,650,906	1,630,918

	Fiscal Year				
	2012 ⁽²⁾	2011	2010	2009	2008
Governmental activities					
Net investment in capital assets	\$ 802,729	814,946	806,721	782,170	766,314
Restricted	40,119	53,953	56,854	56,506	48,392
Unrestricted	104,152	85,930	91,582	113,761	109,313
Total governmental activities net position	947,000	954,829	955,157	952,437	924,019
Business-type activities:					
Net investment in capital assets	545,511	526,011	476,440	448,099	392,039
Restricted	5,669	15,474	13,864	14,047	14,058
Unrestricted	140,283	159,353	208,562	238,443	278,763
Total business-type activities net position	691,463	700,838	698,866	700,589	684,860
Primary government:					
Net investment in capital assets	1,348,240	1,340,957	1,283,161	1,230,269	1,158,353
Restricted	45,788	69,427	70,718	70,553	62,450
Unrestricted	244,435	245,283	300,144	352,204	388,076
Total primary government net position	\$ 1,638,463	1,655,667	1,654,023	1,653,026	1,608,879

Notes:

- (1) From FY2015 to FY2017, the negative unrestricted net position for governmental activities was due to the recognition of net pension liability pursuant to GASB Statement No. 68.
- (2) In FY2012, only seven months of the Glendale Redevelopment Agency transactions was included in the governmental activities due to AB 1X 26 - Redevelopment Agencies Dissolution on February 1, 2012. The transactions for the remainder of the fiscal year were recorded in the Glendale Successor Agency Private Purpose Trust Fiduciary Fund.

Source: City Finance Department

Not covered by independent auditors' report

Schedule 2

CITY OF GLENDALE

Changes in Net Position

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Expenses					
Governmental activities:					
General government	\$ 29,958	20,335	47,822	64,776	33,432
Public safety					
Police	80,687	72,274	74,596	71,299	72,997
Fire	59,228	51,386	48,796	47,370	50,880
Public works	28,021	31,925	26,558	41,126	39,349
Transportation	14,215	14,367	15,222	-	-
Housing, health, and community development	41,831	39,860	42,472	38,536	44,534
Employment programs	6,099	5,265	5,557	5,642	6,080
Public service	6,751	6,230	5,895	5,173	4,490
Parks, recreation and community services	18,710	15,889	13,325	12,372	12,326
Library	9,590	8,222	8,392	7,893	8,338
Interest and fiscal charges	2,763	2,203	1,398	2,553	1,932
Total governmental activities expenses	<u>297,853</u>	<u>267,956</u>	<u>290,033</u>	<u>296,740</u>	<u>274,358</u>
Business-type activities:					
Recreation	- (1)	- (1)	2,584 (1)	2,338	2,820
Hazardous disposal	- (1)	- (1)	1,511 (1)	1,170	1,709
Fire communications	3,399	3,149	2,965	2,521	3,291
Parking	- (1)	- (1)	7,702 (1)	6,317	7,683
Sewer	16,697	15,327	17,421	14,353	14,585
Refuse disposal	19,448	18,518	18,519	16,143	19,197
Electric	186,772	172,647	187,864	179,322	172,509
Water	43,400	42,017	45,068	42,927	41,862
Total business-type activities expenses	<u>269,716</u>	<u>251,658</u>	<u>283,634</u>	<u>265,091</u>	<u>263,656</u>
Total primary government expenses	<u>\$ 567,569</u>	<u>519,614</u>	<u>573,667</u>	<u>561,831</u>	<u>538,014</u>

Notes:

(1) Effective FY 2015, Recreation, Hazardous Disposal and Parking Funds were reclassified from enterprise funds to special revenue funds.

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 2

CITY OF GLENDALE

Changes in Net Position

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 16,601	17,554	18,554	17,895	16,249
Public safety					
Police	1,282	1,229	1,087	759	746
Fire	8,405	8,242	6,330	2,206	8,327
Public works	23,629	20,732	14,469	19,544	18,647
Transportation	10,632	9,882	6,849	-	-
Housing, health, and community development	118	68	55	57	67
Employment programs	1,711	1,509	1,401	1,486	1,512
Parks, recreation and community services	2,984	2,999	11	11	15
Library	83	156	174	171	170
Operating grants and contributions	56,317	56,398	55,415	63,195	59,855
Capital grants and contributions	8,776	8,083	6,969	11,134	17,949
Total governmental activities program revenues	<u>130,538</u>	<u>126,852</u>	<u>111,314</u>	<u>116,458</u>	<u>123,537</u>
Business-type activities:					
Charges for services:					
Recreation	- (1)	- (1)	2,773 (1)	2,813	2,645
Hazardous disposal	- (1)	- (1)	1,632 (1)	1,598	1,559
Fire communications	3,794	3,515	3,253	3,191	3,288
Parking	- (1)	- (1)	9,303 (1)	8,897	8,699
Sewer	13,859	14,273	15,790	15,576	16,143
Refuse disposal	22,319	21,769	21,989	21,195	21,704
Electric	218,686	217,467	215,956	196,263	173,701
Water	48,601	49,972	47,520	43,069	44,605
Operating grants and contributions	207	54	120	299	223
Capital grants and contributions	61	305	2,306	796	1,203
Total business-type activities program revenues	<u>307,527</u>	<u>307,355</u>	<u>320,642</u>	<u>293,697</u>	<u>273,770</u>
Total primary government program revenues	<u>438,065</u>	<u>434,207</u>	<u>431,956</u>	<u>410,155</u>	<u>397,307</u>
Net (Expense) / Revenue					
Governmental activities	(167,315)	(141,104)	(178,719)	(180,282)	(150,821)
Business-type activities	37,811	55,697	37,008	28,606	10,114
Total primary government net expense	<u>\$ (129,504)</u>	<u>(85,407)</u>	<u>(141,711)</u>	<u>(151,676)</u>	<u>(140,707)</u>

Notes:

- (1) Effective FY 2015, Recreation, Hazardous Disposal and Parking Funds were reclassified from enterprise funds to special revenue funds.

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 2

CITY OF GLENDALE

Changes in Net Position

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 55,217	51,709	50,883	47,623	45,943
Sales tax	41,096	46,651	36,330	35,408	33,789
Utility users tax	28,605	28,662	27,766	27,018	26,968
Other taxes	20,998	20,378	17,305	15,512	14,594
Investment income	1,262	8,456	1,561	1,776	(85) ⁽¹⁾
Other	22,377	25,988	22,766	30,097	13,401
Reinstatement of loans	206	28,029	-	-	-
Transfers	21,060	19,524	62,859	23,970	25,299
Special items:					
Transfer of capital assets from					
Successor Agency	15,117	6,729	22,087	-	-
Elimination of OPEB implied subsidy	-	82,247	-	-	-
Extraordinary gain (loss)	-	26,490	-	-	(6,423)
Total governmental activities	<u>205,938</u>	<u>344,863</u>	<u>241,557</u>	<u>181,404</u>	<u>153,486</u>
Business-type activities:					
Investment income	1,859	4,899	1,915	2,725	231
Other	8,559	7,702	8,593	11,505	8,270
Transfers	(21,060)	(19,524)	(62,859)	(23,970)	(25,299)
Total business-type activities	<u>(10,642)</u>	<u>(6,923)</u>	<u>(52,351)</u>	<u>(9,740)</u>	<u>(16,798)</u>
Total primary government	<u>195,296</u>	<u>337,940</u>	<u>189,206</u>	<u>171,664</u>	<u>136,688</u>
Change in net position					
Governmental activities	38,623	203,759	62,838	1,122	2,665
Business-type activities	27,169	48,774	(15,343)	18,866	(6,684)
Total primary government	<u>\$ 65,792</u>	<u>252,533</u>	<u>47,495</u>	<u>19,988</u>	<u>(4,019)</u>

Notes:

- (1) In FY2013, the negative investment income was due to the net decrease in the fair value of investments pursuant to GASB Statement No. 31.

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 2

CITY OF GLENDALE

Changes in Net Position

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

	Fiscal Year				
	2012 ⁽¹⁾	2011	2010	2009	2008
Expenses					
Governmental activities:					
General government	\$ 22,151	25,700	24,157	23,508	15,165
Public safety		-	-	- ⁽²⁾	118,200
Police	72,160	69,926	66,923	64,113 ⁽²⁾	-
Fire	61,917	57,138	55,743	50,793 ⁽²⁾	-
Public works	42,192	41,598	38,529	35,903	40,252
Transportation	-	-	-	-	-
Housing, health, and community development	45,387	69,965	70,813	49,563	51,601
Employment programs	6,197	5,925	7,397	5,432	5,962
Public service	6,369	8,029	8,249	6,729	4,682
Parks, recreation and community services	12,804	16,449	15,578	16,229	15,699
Library	8,209	9,127	9,241	9,162	9,916
Interest and fiscal charges on bonds	10,871	12,696	17,232	7,311	9,610
Total governmental activities expenses	<u>288,257</u>	<u>316,553</u>	<u>313,862</u>	<u>268,743</u>	<u>271,087</u>
Business-type activities:					
Recreation	2,754	2,622	2,645	2,552	2,457
Hazardous disposal	1,507	1,745	1,848	1,680	1,801
Fire communications	3,528	3,289	3,306	2,790 ⁽³⁾	-
Parking	7,674	7,763	7,609	6,520	6,416
Sewer	15,148	15,756	17,874	12,195	17,784
Refuse disposal	18,794	18,893	18,101	16,450	16,283
Electric	200,120	188,569	170,423	192,326	195,590
Water	40,937	35,790	34,953	33,886	31,263
Total business-type activities expenses	<u>290,462</u>	<u>274,427</u>	<u>256,759</u>	<u>268,399</u>	<u>271,594</u>
Total primary government expenses	<u>\$ 578,719</u>	<u>590,980</u>	<u>570,621</u>	<u>537,142</u>	<u>542,681</u>

Notes:

- (1) In FY2012, only seven months of the Glendale Redevelopment Agency transactions was included in the governmental activities due to AB 1X 26 - Redevelopment Agencies Dissolution on February 1, 2012. The transactions for the remainder of the fiscal year were recorded in the Glendale Successor Agency Private Purpose Trust Fiduciary Fund.
- (2) Effective FY2009, public safety is split between fire and police.
- (3) Effective FY2009, fire communication was reclassified from a special revenue fund to an enterprise fund.

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 2

CITY OF GLENDALE

Changes in Net Position

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

	Fiscal Year				
	2012 ⁽¹⁾	2011	2010	2009	2008
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 16,738	17,276	13,922	9,890	9,173
Public safety		-	-	- ⁽²⁾	14,391
Police	758	779	1,136	1,164 ⁽²⁾	-
Fire	15,553	13,774	12,070	11,221 ⁽²⁾	-
Public works	13,401	11,685	10,170	10,990	12,498
Housing, health, and community development	58	51	37	45	55
Employment programs	1,831	1,631	1,427	980	1,131
Parks, recreation and community services	8	13	9	15	29
Library	201	226	239	221	236
Operating grants and contributions	61,877	63,166	69,905	55,942	38,170
Capital grants and contributions	6,103	9,040	6,905	6,912	7,271
Total governmental activities program revenues	<u>116,528</u>	<u>117,641</u>	<u>115,820</u>	<u>97,380</u>	<u>82,954</u>
Business-type activities:					
Charges for services:					
Recreation	2,648	2,640	2,353	2,394	2,092
Hazardous disposal	1,547	1,530	1,533	1,550	1,560
Fire communications	3,223	3,337	3,199	2,890 ⁽³⁾	-
Parking	8,303	7,853	8,944	7,111	7,780
Sewer	15,716	14,977	14,709	15,440	16,857
Refuse disposal	20,457	20,776	19,941	19,911	18,952
Electric	196,007	187,801	176,903	207,177	204,497
Water	41,359	36,637	35,716	36,068	34,817
Operating grants and contributions	96	161	421	738	632
Capital grants and contributions	6,590	16,238	7,440	3,292	4,016
Total business-type activities program revenues	<u>295,946</u>	<u>291,950</u>	<u>271,159</u>	<u>296,571</u>	<u>291,203</u>
Total primary government program revenues	<u>412,474</u>	<u>409,591</u>	<u>386,979</u>	<u>393,951</u>	<u>374,157</u>
Net (Expense) / Revenue					
Governmental activities	(171,729)	(198,912)	(198,042)	(171,363)	(188,133)
Business-type activities	5,484	17,523	14,400	28,172	19,609
Total primary government net expense	<u>\$ (166,245)</u>	<u>(181,389)</u>	<u>(183,642)</u>	<u>(143,191)</u>	<u>(168,524)</u>

Notes:

- (1) In FY2012, only seven months of the Glendale Redevelopment Agency transactions was included in the governmental activities due to AB 1X 26 - Redevelopment Agencies Dissolution on February 1, 2012. The transactions for the remainder of the fiscal year were recorded in the Glendale Successor Agency Private Purpose Trust Fiduciary Fund.
- (2) Effective FY2009, public safety is split between fire and police.
- (3) Effective FY2009, fire communication was reclassified from a special revenue fund to an enterprise fund.

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 2

CITY OF GLENDALE

Changes in Net Position

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

	Fiscal Year				
	2012 ⁽¹⁾	2011	2010	2009	2008
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 59,197	79,714	80,422	77,060	72,690
Sales taxes	31,874	30,030	27,594	22,755	24,731
Utility users tax	26,632	26,802	27,827	28,798	27,781
Other taxes	14,181	13,857	13,891	22,268	21,508
Investment income	2,953	4,066	5,806	8,143	14,255
Other	21,370	17,948	18,077	16,368	21,611
Transfers	24,007	26,167	25,167	26,100	25,310
Gain on exchange of land	-	-	1,978	-	-
Contributions	-	-	-	(1,712)	-
Extraordinary gain (loss)	(16,314)	-	-	-	-
Total governmental activities	<u>163,900</u>	<u>198,584</u>	<u>200,762</u>	<u>199,780</u>	<u>207,886</u>
Business-type activities:					
Investment income	1,927	2,089	4,770	8,331	10,425
Other	7,221	8,527	4,274	3,614	8,387
Transfers	(24,007)	(26,167)	(25,167)	(26,100)	(25,310)
Contributions	-	-	-	1,712	-
Total business-type activities	<u>(14,859)</u>	<u>(15,551)</u>	<u>(16,123)</u>	<u>(12,443)</u>	<u>(6,498)</u>
Total primary government	<u>149,041</u>	<u>183,033</u>	<u>184,639</u>	<u>187,337</u>	<u>201,388</u>
Change in net position					
Governmental activities	(7,829)	(328)	2,720	28,417	19,753
Business-type activities	(9,375)	1,972	(1,723)	15,729	13,111
Total primary government	<u>\$ (17,204)</u>	<u>1,644</u>	<u>997</u>	<u>44,146</u>	<u>32,864</u>

Notes:

- (1) In FY2012, only seven months of the Glendale Redevelopment Agency transactions was included in the governmental activities due to AB 1X 26 - Redevelopment Agencies Dissolution on February 1, 2012. The transactions for the remainder of the fiscal year were recorded in the Glendale Successor Agency Private Purpose Trust Fiduciary Fund.

Source: City Finance Department

Not covered by independent auditors' report

Schedule 3

CITY OF GLENDALE

Fund Balances of Governmental Funds

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
General Fund					
Nonspendable:	\$ 267	196	2,505	2,584	2,579
Restricted for:					
City Charter - stabilization	27,296	24,870	23,433	22,593	22,228
Committed to:					
Capital projects fund	-	-	-	7,000	-
Assigned to:					
Economic development	4,033	4,526	3,418	-	-
Capital	572	800	800	-	-
Building maintenance	-	-	1,000	-	-
Emergency medical services	-	2,000	-	-	-
Unassigned:	60,701	55,954	40,819	36,480	38,082
Total general fund	<u>92,869</u>	<u>88,346</u>	<u>71,975</u>	<u>68,657</u>	<u>62,889</u>
All Other Governmental Funds					
Nonspendable:	2,396	3,197	3,177	2,212	2,275
Restricted for:					
Property held for resale	981	-	-	-	-
Federal and state grants	5,929	5,621	5,129	4,745	4,571
Public safety	2,730	1,820	1,465	1,197	1,127
Youth employment	-	52	4	18	-
Transportation	25,471	22,297	19,965	17,019	15,569
Landscaping district	172	139	99	63	48
Low and moderate housing	11,175	9,642	9,219	9,820	15,605
Air quality improvement	425	370	293	276	269
Cable access	2,895	2,434	1,833	1,237	783
Electric public benefit AB1890	3,962	3,609	2,788	1,960	1,308
State gas tax mandates	2,257	3,240	2,868	7,044	8,539
Landfill postclosure	29,850	27,850	25,850	23,850	22,350
Capital projects funds	33,951	29,034	-	-	-
Committed to:					
Debt service funds	17,981	19,287	21,522	23,841	31,590
Capital projects fund	13,405	11,295	9,374	1,991	2,213
Impact fee funded projects	24,132	26,078	14,227	5,562	5,830
Public safety	206	13	121	116	116
Urban art	6,372	5,275	4,283	2,437	1,893
Filming	622	373	-	-	-
Recreation	3,652	3,548	3,602	-	-
Hazardous materials	2,342	2,057	1,646	-	-
Parking	8,738	7,511	6,776	-	-
Assigned to:					
Capital projects funds	-	-	-	-	-
Unassigned:	(4,582)	(9,345)	(5,960)	(10,327)	(8,167)
Total all other governmental funds	<u>\$ 195,062</u>	<u>175,397</u>	<u>128,281</u>	<u>93,061</u>	<u>105,919</u>

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 3

CITY OF GLENDALE

Fund Balances of Governmental Funds

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

	Fiscal Year				
	2012 ⁽¹⁾	2011 ⁽²⁾	2010	2009	2008
General Fund					
Nonspendable:	\$ 558	49,425	71,521	68,840	68,867
Restricted for:					
City Charter - stabilization	21,156	21,105	20,619	19,320	19,320
Assigned to:					
Economic development	-	117	-	-	-
Unassigned:	<u>37,852</u>	<u>63,408</u>	<u>28,331</u>	<u>37,503</u>	<u>33,310</u>
Total general fund	<u><u>59,566</u></u>	<u><u>134,055</u></u>	<u><u>120,471</u></u>	<u><u>125,663</u></u>	<u><u>121,497</u></u>
All Other Governmental Funds					
Nonspendable:	2,257	14,459	22,311	21,485	15,043
Restricted for:					
Federal and state grants	3,395	4,735	4,915	4,437	4,959
Private endowments	1,400	1,759	-	-	-
Public safety	1,295	-	6,101	6,397	7,530
Youth employment	52	10,606	-	-	-
Transportation	12,927	53	9,854	12,197	13,610
Landscaping district	43	9,419	55	24	-
Low and moderate housing	18,963	286	13,964	14,737	11,896
Air quality improvement	214	792	280	659	658
Cable access	379	862	650	573	486
Electric public benefit AB1890	186	14,435	1,641	3,282	3,016
State gas tax mandates	12,466	22,100	-	-	-
Landfill postclosure	22,100	24,071	-	-	-
Redevelopment activities	-	-	-	2,211	4,679
Debt service funds	-	-	49,286	54,486	55,269
Capital projects funds	-	12,856	37,341	19,534	19,186
Committed to:					
Debt service funds	34,087	52,330	-	-	-
Impact fee funded projects	4,457	2,209	-	-	-
Public safety	179	170	-	-	-
Urban art	984	18	-	-	-
Assigned to:					
Capital projects funds	8,020	-	-	-	-
Unassigned:	<u>(9,520)</u>	<u>(7,393)</u>	<u>(16,833)</u>	<u>(13,752)</u>	<u>(9,474)</u>
Total all other governmental funds	<u><u>\$ 113,884</u></u>	<u><u>163,767</u></u>	<u><u>129,565</u></u>	<u><u>126,270</u></u>	<u><u>126,858</u></u>

Notes:

- (1) In FY2012, only seven months of the Glendale Redevelopment Agency transactions was included in the governmental activities due to AB 1X 26 - Redevelopment Agencies Dissolution on February 1, 2012. The transactions for the remainder of the fiscal year were recorded in the Glendale Successor Agency Private Purpose Trust Fiduciary Fund.
- (2) Effective FY2011, pursuant to GASB Statement No. 54, this schedule has been modified to establish the following classifications: nonspendable, restricted, committed, assigned and unassigned.

Source: City Finance Department

Not covered by independent auditors' report

Schedule 4

CITY OF GLENDALE

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Revenues:					
Property taxes	\$ 55,217	51,709	50,883	47,623	45,943
Sales tax	41,096	46,651	36,330	35,408	33,789
Utility users tax	28,605	28,662	27,766	27,018	26,968
Other taxes	20,998	20,378	17,305	15,512	14,594
Revenue from other agencies	71,590	61,332	69,677	71,755	75,055
Licenses and permits	14,053	23,263	21,592	10,528	10,866
Fines and forfeitures	5,317	4,299	1,413	1,638	1,446
Charges for services	37,012	35,876	21,741	19,393	19,848
Use of money and property	17,244	11,820	5,970	4,996	2,550
Interfund revenue	13,996	14,950	16,577	16,182	14,921
Sales of property	-	-	-	- (1)	49
Miscellaneous revenue	9,235	4,105	6,542	3,577 (1)	6,744
Total revenues	314,363	303,045	275,796	253,630	252,773
Expenditures:					
Current:					
General government	29,286	25,767	27,250	27,187	22,826
Community promotion	-	-	-	59	111
Police	76,908	73,196	71,599	69,623	68,224
Fire	56,598	53,425	47,901	46,848	47,639
Public works	23,351	28,518	20,038	33,310	30,831
Transportation	13,251	13,341	13,780	-	-
Housing, health and community development	40,102	39,865	42,464	39,449	44,997
Employment programs	6,254	5,603	5,589	5,808	6,028
Public service	6,720	6,381	5,896	5,325	4,656
Parks, recreation and community services	16,511	14,139	10,451	10,331	9,938
Library	9,660	8,655	8,452	8,143	7,923
Capital outlay	30,208	13,433	16,054	23,930	28,320
Debt service:					
Interest	374	268	242	806	241
Principal	2,014	2,981	2,973	13,850	3,476
Total expenditures	311,237	285,572	272,689	284,669	275,210
Excess of revenues over (under) expenditures	3,126	17,473	3,107	(31,039)	(22,437)
Other financing sources (uses):					
Transfers in	32,302	25,165	43,650	28,331	29,039
Transfers out	(11,240)	(5,641)	(8,219)	(4,382)	(3,740)
Total other financing sources (uses)	21,062	19,524	35,431	23,949	25,299
Extraordinary gain (loss)	-	26,490	-	-	(7,504)
Net change in fund balances	\$ 24,188	63,487	38,538	(7,090)	(4,642)
Debt service as a percentage of noncapital expenditures	0.9%	1.2%	1.3%	5.6%	1.5%

Notes:

(1) Effective FY2014, "Sales of property" is included under "Miscellaneous revenue."

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 4

CITY OF GLENDALE

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

	Fiscal Year				
	2012 ⁽¹⁾	2011	2010	2009	2008
Revenues:					
Property taxes	\$ 59,197	79,714	80,422	77,060	72,690
Sales tax	31,874	30,030	27,594 ⁽²⁾	-	-
Utility users tax	26,632	26,802	27,827 ⁽²⁾	-	-
Other taxes	14,181	13,857	13,891 ⁽²⁾	73,820	74,020
Revenue from other agencies	62,819	84,204	80,322	56,558	48,552
Licenses and permits	11,409	8,836	5,601	4,911	6,354
Fines and forfeitures	1,683	2,032	3,026	2,667	2,041
Charges for services	25,885	23,174	22,445	21,992	23,348
Use of money and property	5,112	11,084	9,651 ⁽³⁾	9,483	14,676
Intergovernmental revenue	-	-	- ⁽³⁾	2,040	2,000
Interfund revenue	14,902	14,943	12,012	7,699	7,853
Sales of property	52	28	10	144	5,985
Miscellaneous revenue	5,211	1,623	3,347	5,621	5,913
Total revenues	258,957	296,327	286,148	261,995	263,432
Expenditures:					
Current:					
General government	19,535	21,327	20,215	20,465	20,940
Community promotion	89	106	55	105	151
Police	66,848	65,000	61,677	60,726	57,734
Fire	56,957	52,750	51,468	50,190	52,311
Public works	32,911	33,935	34,033	30,520	30,581
Transportation	-	-	-	-	-
Housing, health and community development	44,186	67,044	74,402	45,868	38,012
Employment programs	6,091	5,794	5,060	3,118	3,545
Public service	6,500	7,970	8,053	6,674	4,492
Parks, recreation and community services	11,957	12,856	12,852	13,460	13,217
Library	8,714	8,322	8,343	8,643	8,930
Capital outlay	19,053	31,236	41,043	42,445	59,489
Debt service:					
Interest	5,124	5,920	4,516	4,651	6,025
Principal	9,971	10,908	10,398	8,306	7,624
Fiscal agent fees	-	-	-	80	-
Total expenditures	287,936	323,168	332,115	295,251	303,051
Excess of revenues over (under) expenditures	(28,979)	(26,841)	(45,967)	(33,256)	(39,619)
Other financing sources (uses):					
Issuance of long-term debt	2,002	50,000	31,081	14,000	-
Original/Issue discount	-	(2,032)	-	-	-
Cost of issuance	-	(583)	-	-	-
Transfers in	69,415	54,771	67,019	37,479	42,052
Transfers out	(44,863)	(27,529)	(54,030)	(14,646)	(21,595)
Total other financing sources (uses)	26,554	74,627	44,070	36,833	20,457
Extraordinary gain (loss)	(121,947)	-	-	-	-
Net change in fund balances	\$ (124,372)	47,786	(1,897)	3,577	(19,162)
Debt service as a percentage of noncapital expenditures	5.7%	5.6%	5.1%	5.1%	5.6%

Notes:

- (1) In FY2012, only seven months of the Glendale Redevelopment Agency transactions was included in the governmental activities due to AB 1X 26 - Redevelopment Agencies Dissolution on February 1, 2012. The transactions for the remainder of the fiscal year were recorded in the Glendale Successor Agency Private Purpose Trust Fiduciary Fund.
- (2) Effective FY2010, "Other taxes" are split among "Sales tax", "Utility users tax", and "Other taxes".
- (3) Effective FY2010, "Intergovernmental revenues" is included under "Use of money and property."

Source: City Finance Department

Not covered by independent auditors' report

Schedule 5

CITY OF GLENDALE

Electric Revenue by Type of Customers
Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Electric Fund					
Number of customers:					
Residential	74,783	74,176	73,678	72,975	72,625
Commercial	12,967	12,938	12,869	12,801	12,769
Industrial	211	212	214	218	217
Public street and highway lighting	21	21	21	18	18
Total number of customers	<u>87,982</u>	<u>87,347</u>	<u>86,782</u>	<u>86,012</u>	<u>85,629</u>
Megawatt-hour units sold:					
Residential	372,746	383,783	372,426	352,861	393,136
Commercial	334,185	335,019	337,388	327,660	335,404
Industrial	346,427	362,867	361,719	370,321	389,872
Public street and highway lighting	9,247	9,182	8,543	8,530	9,284
Total retail megawatt-hour sales	<u>1,062,605</u>	<u>1,090,851</u>	<u>1,080,076</u>	<u>1,059,372</u>	<u>1,127,696</u>
Sales to other utilities	521,782	461,124	512,846	351,348	61,407 (2)
Wholesale	-	- (1)	173,938	331,831	235,847 (2)
Total megawatt-hour sales	<u>1,584,387</u>	<u>1,551,975</u>	<u>1,766,860</u>	<u>1,742,551</u>	<u>1,424,950</u>
Revenue from energy sales:					
Residential	\$ 73,139,123	73,924,071	67,754,324	59,905,509	58,412,020
Commercial	64,986,543	64,213,540	61,746,578	55,750,676	51,393,589
Industrial	60,766,034	63,310,702	59,626,227	52,437,492	49,396,516
Public street and highway lighting	6,401	6,413	3,465	6,145	9,553
Sales to other utilities	19,788,257	16,012,599	19,041,456	13,032,317	1,686,183 (2)
Wholesale	-	- (1)	7,783,689	15,130,477	12,802,646 (2)
Total energy sales	<u>\$ 218,686,358</u>	<u>217,467,325</u>	<u>215,955,739</u>	<u>196,262,616</u>	<u>173,700,508</u>

Notes:

(1) Effective FY2016, wholesale and sales to other utilities have been combined into one account.

(2) In FY2013, reductions in the purchases and sales of MWHs correlates to the decrease in wholesale revenue and sales to other utility revenue.

Source: Glendale Water & Power Department

Not covered by independent auditors' report

Schedule 5

CITY OF GLENDALEElectric Revenue by Type of Customers
Last Ten Fiscal Years

	Fiscal Year				
	2012	2011	2010	2009	2008
Electric Fund					
Number of customers:					
Residential	72,220	72,030	71,866	71,643	71,310
Commercial	12,898	12,698	12,690	12,664	12,626
Industrial	222	216	226	229	213
Street lights	18	18	18	18	18
Total number of customers	85,358	84,962	84,800	84,554	84,167
Megawatt-hour units sold:					
Residential	368,237	357,604	378,460	389,872	399,644
Commercial	319,478	305,908	322,377	341,639	351,990
Industrial	397,144	377,698	392,273	410,663	399,689
Public street and highway lighting	9,335	9,240	9,200	9,216	9,243
Total retail megawatt-hour sales	1,094,194	1,050,450	1,102,310	1,151,390	1,160,566
Sales to other utilities	493,511	487,753	108,731	76,272	55,968
Wholesale	404,319	396,933	76,934	128,556 (1)	194,423 (1)
Total megawatt-hour sales	1,992,024	1,935,136	1,287,975	1,356,218	1,410,957
Revenue from energy sales:					
Residential	\$ 54,282,734	53,557,580	59,515,595	66,450,032	63,778,774
Commercial	49,217,022	47,557,202	52,574,031	60,278,592	58,121,923
Industrial	50,624,670	49,084,732	54,368,173	61,862,315	56,307,557
Public street and highway lighting	7,010	4,288	3,022	2,054	1,983
Sales to other utilities	23,049,142	17,437,568	6,942,319	7,695,258	7,461,421
Wholesale	18,826,834	20,159,819	3,500,143	10,888,493 (1)	18,825,241 (1)
Total energy sales	\$ 196,007,412	187,801,189	176,903,283	207,176,744	204,496,899

Notes:

(1) In FY2008 and FY2009, fluctuations in wholesale sales volume and revenue were due to changing market demand and price volatility.

Source: Glendale Water & Power Department

Not covered by independent auditors' report

Schedule 6

CITY OF GLENDALE

Electric Rates (Dollars per Kilowatt Hour)

Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Customer class:					
Residential	\$ 0.1962	0.1926	0.1819	0.1693	0.1486
Commercial	0.1945	0.1917	0.1830	0.1696	0.1532
Industrial	0.1754	0.1745	0.1648	0.1412	0.1267
Lighting	0.0007	0.0007	0.0004	0.0006	0.0010

	Fiscal Year				
	2012	2011	2010	2009	2008
Customer class:					
Residential	\$ 0.1474	0.1498	0.1573	0.1704	0.1596
Commercial	0.1541	0.1555	0.1631	0.1764	0.1651
Industrial	0.1275	0.1300	0.1386	0.1506	0.1409
Lighting	0.0008	0.0005	0.0003	0.0002	0.0002

- These are the average rates for the indicated customer classes, including energy cost adjustment charge.
- On August 13, 2013, the City Council approved an 8% system average rate increase effective September 13, 2013. The City Council also approved electric rates to become effective July 1 of each of the 4 successive years in the amounts of 7%, 5%, 2%, and 2%. The rate plan puts the Electric Utility on the path to restored financial health by generating positive annual net income by fiscal year ending June 30, 2016, supporting a bond issue of \$60 million.

Source: Glendale Water & Power Department

Not covered by independent auditors' report

Schedule 7

CITY OF GLENDALE

Principal Electric Payer Groups

Current Year and Nine Years Ago

Electric Payer Groups	Fiscal Year 2017			Fiscal Year 2008		
	Electric Charges	Rank	Percentage of Total City Electric Charges	Electric Charges	Rank	Percentage of Total City Electric Charges
Entertainment Industry	\$ 9,879,964	1	4.52%	\$ 9,727,206	3	4.76%
High-Rise Buildings	9,590,565	2	4.39%	6,698,859	5	3.28%
Retail Stores/Malls	9,104,529	3	4.16%	10,369,453	2	5.07%
Hospitals/Medical Facilities	8,589,850	4	3.93%	10,659,084	1	5.21%
Government Agencies	6,105,332	5	2.79%	7,271,760	4	3.56%
Manufacturing	5,180,001	6	2.37%	2,864,838	9	1.40%
Grocery Stores	2,922,515	7	1.34%	4,390,271	7	2.15%
Schools/Colleges	2,533,829	8	1.16%	5,090,789	6	2.49%
Hotels/Motels	1,704,070	9	0.78%	1,620,011	10	0.79%
Utilities	1,177,878	10	0.54%	2,904,529	8	1.42%
Total	\$ 56,788,533		25.97%	\$ 61,596,800		30.12%

Individual customer's information is not public record and cannot be released without customer's permission. Therefore, top ten electric payer group is presented instead of top ten customers.

Source: Glendale Water & Power Department

Not covered by independent auditors' report

Schedule 8

CITY OF GLENDALE

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years (in thousands)

<u>Fiscal Year</u>	<u>Residential Property</u> (1)	<u>Commercial Property</u> (1)	<u>Industrial Property</u> (1)	<u>Other Property</u> (1)
2008	\$ 15,044,118	\$ 4,334,682	\$ 716,251	\$ 1,835,689
2009	15,785,560	4,548,563	771,577	2,233,232
2010	15,588,384	4,649,949	774,196	2,318,317
2011	15,706,014	4,574,190	777,581	2,379,814
2012	16,233,512	4,785,127	761,299	2,047,080
2013	16,484,941	4,914,713	792,069	2,098,219
2014	17,201,465	5,110,372	794,497	2,158,685
2015	18,011,191	5,478,688	793,977	2,303,967
2016	19,174,809	5,654,668	819,354	2,382,344
2017	20,120,531	5,931,797	834,016	2,523,204

<u>Fiscal Year</u>	<u>Less: Tax-Exempt Property</u> (2)	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u> (3)(4)
2008	\$ 720,421	\$ 21,210,321	0.25637
2009	750,483	22,588,450	0.26764
2010	741,047	22,589,799	0.26915
2011	544,780	22,892,818	0.27303
2012	538,972	23,288,046	0.27112
2013	788,151	23,501,791	0.27241
2014	761,935	24,503,084	0.13096
2015	803,077	25,784,746	0.13108
2016	807,012	27,224,163	0.13128
2017	687,939	28,721,609	0.13152

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Notes:

- (1) "Assessed" values are reflected.
- (2) Both the Homeowners' Exemption and Exempt Use Code categories are reflected.
- (3) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.
- (4) In FY2011, as a result of moving all data to a different database/system, HdL's revenue calculations were revised and refined, resulting in changes to prior year total direct rates. Nevertheless, HdL encourages users of its data to leave prior year data unchanged on their schedules.

Source: HdL Coren & Cone

Not covered by independent auditors' report

Schedule 9

CITY OF GLENDALE

Direct and Overlapping Property Tax Rates (Rate Per \$100 of Taxable Value)

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City's Share of 1% Levy Per Prop 13</u>	<u>Redevelopment Rate</u>	<u>Total Direct Tax Rate</u> (1)
2008	0.13573	1.00450	0.25637
2009	0.13573	1.00430	0.26764
2010	0.13573	1.00430	0.26915
2011	0.13573	1.00370	0.27303
2012	0.13573	1.00370	0.27112
2013	0.13573	N/A (2)	0.27241
2014	0.13573	N/A (2)	0.13096
2015	0.13573	N/A (2)	0.13108
2016	0.13573	N/A (2)	0.13128
2017	0.13573	N/A (2)	0.13152

Direct & Overlapping Rates

<u>Fiscal Year</u>	<u>Basic Levy</u>	<u>Glendale Community College</u>	<u>Glendale Unified School District</u>	<u>La Canada Unified School District</u>
2008	1.00000	0.02408	0.04742	0.05630
2009	1.00000	0.02119	0.04560	0.06475
2010	1.00000	0.02366	0.04603	0.07043
2011	1.00000	0.02344	0.03541	0.07329
2012	1.00000	0.02452	0.04551	0.07086
2013	1.00000	0.02466	0.04395	0.06974
2014	1.00000	0.02341	0.03917	0.06722
2015	1.00000	0.02220	0.05974	0.06477
2016	1.00000	0.02123	0.05062	0.06173
2017	1.00000	0.02119	0.05699	0.06105

- In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.
- RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

Notes:

- (1) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.
- (2) Due to the dissolution of the Glendale Redevelopment Agency (GRA) on February 1, 2012, the redevelopment rate is not applicable beginning FY2013.

Source: HdL Coren & Cone

Not covered by independent auditors' report

(Continued)

Schedule 9

CITY OF GLENDALE

Direct and Overlapping Property Tax Rates (Rate Per \$100 of Taxable Value)

Last Ten Fiscal Years

Direct & Overlapping Rates				
Fiscal Year	LACC District Debt Service 2008, 2012 Series F	LACC District	LAUSD Measure K 2010 Series Ky	LAUSD
2008	0.00000	0.00879	0.00000	0.12334
2009	0.00000	0.02212	0.00000	0.12478
2010	0.00000	0.02311	0.00000	0.15181
2011	0.00000	0.04031	0.00000	0.18696
2012	0.00000	0.03530	0.00000	0.16819
2013	0.01119	0.03756	0.00001	0.17560
2014	0.00000	0.04454	N/A	0.14644
2015	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A

Direct & Overlapping Rates				
Fiscal Year	Metropolitan Water District	Pasadena Community College District Debt Service 2002, 2006 Ser D	Pasadena Community College District	Total Direct & Overlapping Tax Rates
	2008	0.00450	0.00000	0.01972
2009	0.00430	0.00000	0.01742	1.30015
2010	0.00430	0.00000	0.02300	1.34234
2011	0.00370	0.00000	0.01986	1.38297
2012	0.00370	0.00000	0.01956	1.36763
2013	0.00350	0.00225	0.01830	1.38676
2014	0.00350	N/A	0.01899	1.34327
2015	0.00350	N/A	0.01032	1.16053
2016	0.00350	N/A	0.00872	1.14580
2017	0.00350	N/A	0.00885	1.15158

- In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.
- RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

Source: HdL Coren & Cone

Not covered by independent auditors' report

Schedule 10

CITY OF GLENDALE

Principal Property Tax Payers

Current Year and Nine Years Ago (in thousands)

Taxpayer	Fiscal Year 2017			Fiscal Year 2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Walt Disney World Company	\$ 586,956	1	2.04%	\$ 348,100	2	1.64%
Glendale Mall Associates LLC	529,865	2	1.84%			
Americana at Brand LLC	215,482	3	0.75%			
DWF V 655 North Central LLC	189,600	4	0.66%			
Wells REIT Glendale California LLC	154,400	5	0.54%	156,748	5	0.74%
Glendale Adventist Medical Center	147,104	6	0.51%			
KW Fund V-Brand LLC	140,523	7	0.49%			
Glendale Successor Agency	134,400	8	0.47%			
BCAL 101 North Brand Properties LLC	123,962	9	0.43%			
100 WGB Hotel Owner LLC	115,967	10	0.41%			
GGP Homart II				428,684	1	2.02%
Maguire Properties				245,644	3	1.16%
PR Glendale Plaza Office California				214,504	4	1.01%
CLPF 500 Brand				141,270	6	0.67%
Metropolitan Life Insurance Company				124,161	7	0.59%
Napi Glendale I LLC				110,925	8	0.52%
Legacy Partners II Glendale				106,386	9	0.50%
555 North Brand Owners Corp Lessee				83,901	10	0.39%
Total	\$ <u>2,338,259</u>		<u>8.14%</u>	\$ <u>1,960,323</u>		<u>9.24%</u>

Source: HdL Coren & Cone

Not covered by independent auditors' report

CITY OF GLENDALE

Property Tax Levies and Collections
Last Ten Fiscal Years (in thousands)

City							
Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years ⁽⁴⁾	Total Collections to Date ⁽¹⁾		
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2008	\$ 23,853	\$ 22,460	94%	\$ 1,209	\$ 23,669	99%	
2009	24,731	23,552	95%	1,201	24,753	100%	
2010	23,814	22,698	95%	902	23,600	99%	
2011	24,737	23,811	96%	620	24,431	99%	
2012	25,402	24,726	97%	554	25,280	100%	
2013	24,839	25,612	103% ⁽²⁾	528	26,140	105%	
2014	26,846	26,823	100%	197	27,020	101%	
2015	27,703	27,227	98%	160	27,387	99%	
2016	29,323	28,789	98%	352	29,141	99%	
2017	31,075	30,299	98%	-	30,299	98%	

Redevelopment Agency/Successor Agency							
Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date ⁽¹⁾		
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2008	\$ 31,205	\$ 30,505	98%	\$ (19) ⁽³⁾⁽⁴⁾	\$ 30,486	98%	
2009	36,408	34,667	95%	283 ⁽⁴⁾	34,950	96%	
2010	41,442	39,884	96%	383 ⁽⁴⁾	40,267	97%	
2011	39,048	37,801	97%	265 ⁽⁴⁾	38,066	97%	
2012	37,958	16,643 ⁽⁵⁾	44%	-	16,643	44%	
2013	-	42,203 ⁽⁶⁾	-	-	42,203	-	
2014	-	20,039 ⁽⁶⁾	-	-	20,039	-	
2015	-	10,709 ⁽⁶⁾	-	-	10,709	-	
2016	-	22,457 ⁽⁶⁾	-	-	22,457	-	
2017	-	16,407 ⁽⁶⁾	-	-	16,407	-	

Notes:

- (1) Education Revenue Augmentation Fund (ERAF) III payment to State, ERAF in lieu of Vehicle License Fee, SB211 Proposition Share for Central Project, supplemental property tax, and property tax penalty are excluded from property tax collections when compared to property tax levied in this schedule.
- (2) The amount collected during this fiscal year exceeded the Levy amount, which was mainly due to property tax (tax increment) collection timing for a few huge parcels in the Central Project Area.
- (3) The negative collection is due to refunds to property owners for overpayment in prior years, which mainly resulted from lower property values.
- (4) Delinquent taxes should be reported by levy year rather than by collection year. [GASB-S44: 21c; 2005 GAAFR, page 307].
- (5) This amount only includes Property Tax Increment collections from July 2011 through January 2012 due to AB 1X 26 - Redevelopment Agencies Dissolution effective February 1, 2012.
- (6) Effective February 1, 2012, the Property Tax receipts from the County of LA to pay the former Redevelopment Agency's obligations are recorded in the Glendale Successor Agency Private Purpose Trust Fiduciary Fund.

Sources:

- (I) County of Los Angeles Department of Auditor-Controller
- (II) City Finance Department

Not covered by independent auditors' report

CITY OF GLENDALERatios of Outstanding Debt by Type
Last Ten Fiscal Years (in thousands)

Fiscal Year	Governmental Activities					Development Loan Program (RDLP)	Total Government Activities
	Certificates of Participation (COPs)	Capital Leases	HUD Section 108 (2002-A)	HUD Section 108 (2011-A)	Notes Payable		
2008	\$ 56,900	9,935	1,100	-	923	-	68,858
2009	55,500	10,540	690	-	-	-	66,730
2010	54,000	8,866	690	-	-	4,643	68,199
2011	52,400	7,121	470	-	-	4,643	64,634
2012	50,700	5,302	240	2,000	-	4,643	62,885
2013	48,900	3,405	-	1,839	-	4,643	58,787
2014	41,195	1,426	-	1,669	-	-	44,290
2015	38,400	757	-	1,491	-	-	40,648
2016	35,605	514	-	1,305	-	-	37,424
2017	33,785	262	-	1,111	-	-	35,158

Fiscal Year	Business-type Activities				
	2003 Electric Revenue Bond	2006 Electric Revenue Bond	2008 Electric Revenue Bond	2013 Electric Refunding Bond	2013 Electric Revenue Bond
2008	\$ 28,166	35,381	61,687	-	-
2009	27,350	34,482	61,630	-	-
2010	26,533	33,515	61,573	-	-
2011	25,718	32,481	61,516	-	-
2012	24,811	31,371	61,459	-	-
2013	- (1)	31,484	61,403	24,276 (1)	-
2014	-	30,106	61,342	24,042	64,490
2015	-	28,726	61,284	23,841	63,766
2016	-	- (2)	1,880 (2)	23,640	62,565
2017	-	-	1,880	22,539	61,307

Fiscal Year	Business-type Activities			
	2016 Electric Refunding Bond	2008 Water Revenue Bond	2012 Water Revenue Bond	Total Business- type Activities
2008	\$ -	51,916	-	177,150
2009	-	51,851	-	175,313
2010	-	51,787	-	173,408
2011	-	51,722	-	171,437
2012	-	51,657	-	169,298
2013	-	50,418	35,617	203,198
2014	-	49,138	35,595	264,713
2015	-	47,829	35,575	261,021
2016	89,303 (2)	46,479	35,554	259,421
2017	87,085	45,089	35,533	253,433

Notes:

(1) In FY2013, the 2003 Electric Revenue Bond was refunded by 2013 Electric Refunding Bond.

(2) In FY2016, the 2006 Electric Revenue Bond and the majority of 2008 Electric Revenue Bond were refunded by 2016 Electric Refunding Bond.

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 12

CITY OF GLENDALE

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (in thousands)

Fiscal Year	Government Activities	Business-type Activities	Total Primary Government	Total Personal Income	Percentage of Personal Income	Population	Per Capita
2008	\$ 68,858	177,150	246,008	5,646,893	4.36%	207	1.188
2009	66,730	175,313	242,043	5,695,235	4.25%	207	1.168
2010	68,199	173,408	241,607	5,572,397	4.34%	208	1.162
2011	64,634	171,437	236,071	5,390,591	4.38%	192	1.227
2012	62,885	169,298	232,183	5,731,457	4.05%	193	1.205
2013	58,787	203,198	261,985	5,782,449	4.53%	194	1.353
2014	44,290	264,713	309,003	5,736,724	5.39%	196	1.577
2015	40,648	261,021	301,669	5,758,750	5.24%	199	1.515
2016	37,424	259,421	296,845	5,726,902	5.18%	202	1.470
2017	35,158	253,433	288,591	5,883,577	4.91%	202	1.430

For Successor Agency debt by types:

Fiscal Year	Fiduciary Activities				
	2002 GRA Tax Allocation Bond	2003 GRA Tax Allocation Bond	2010 GRA Tax Allocation Bond	2011 GRA Tax Allocation Bond	2013 GRA Tax Allocation Bond
2008	\$ 39,832	49,043	-	-	-
2009	37,626	46,418	-	-	-
2010	35,355	43,658	26,621	-	-
2011	33,008	40,758	26,644	50,000	-
2012	30,583	37,708	26,667	47,967	-
2013	28,078	34,563	26,691	46,528	-
2014	-	-	26,563	44,883	49,062
2015	-	-	26,312	43,163	43,020
2016	-	-	- (1)	40,713	37,376
2017	-	-	-	38,119	31,577

Fiscal Year	Fiduciary Activities			
	2016 GRA Tax Allocation Bond	Low & Mod Loans Payable	Loans Payable	Total
2008	\$ -	-	-	88,875
2009	-	13,352	-	97,396
2010	-	10,716	-	116,350
2011	-	7,991	-	158,401
2012	-	5,171	-	148,096
2013	-	2,254	-	138,114
2014	-	-	13,613	134,121
2015	-	-	12,104	124,599
2016	24,742 (1)	-	40,133	142,964
2017	24,279	-	27,828	121,803

Due to the dissolution of the Glendale Redevelopment Agency (GRA) on February 1, 2012, all of the GRA's debt have been moved to Glendale Successor Agency Private Purpose Trust Fiduciary Fund.

Notes:

(1) In FY2016, the 2010 GRA Tax Allocation Bond was refunded by 2016 GRA Tax Allocation Bond.

Source: City Finance Department

Not covered by independent auditors' report

Schedule 13

CITY OF GLENDALE

Direct and Overlapping Governmental Activities Debt

As of June 30, 2017 (in thousands)

	<u>Gross Bonded Debt Balance</u>	<u>Percentage Applicable to Glendale</u>	<u>Amount Applicable to Glendale</u>
Direct debt:			
Certificates of Participation (COPs)	\$ 33,785	100%	\$ 33,785
Capital Leases	262	100%	262
Section 108 (Series 2011-A)	1,111	100%	<u>1,111</u>
Total direct debt			<u>35,158</u>
Overlapping debt:			
Metropolitan Water District	36,282	2.198%	797
Glendale CCD DS 2002 Series C	7,114	89.179%	6,345
Glendale CCD DS Refunding Bond 02, 05 S-A	713	89.179%	636
Glendale CCD 2002, 2011 Series E	3,854	89.179%	3,437
Glendale CCD DS 2002, 2013 Series F	13,995	89.179%	12,481
Glendale CCD DS 2014 REF Bonds	147,860	89.179%	131,860
Pasadena CCD DS 2002, 2006 Series D	5,265	0.180%	9
Pasadena CCD DS 2002, 2009 Series E (BABS)	25,295	0.180%	46
Pasadena CCD DS 2014 REF Series A	16,680	0.180%	30
Pasadena CCD DS 2016 REF Series A	33,390	0.180%	60
Glendale USD DS 2009 REF Bonds	11,070	89.179%	9,872
Glendale USD DS 2010 REF Bonds	20,400	89.179%	18,193
Glendale USD DS 2010 REF Bonds Series B	17,150	89.179%	15,294
Glendale USD DS 2011 REF Bonds	2,414	89.179%	2,152
Glendale USD DS 2011 Series A1 CREB	4,300	89.179%	3,835
Glendale USD DS 2012 Refund Bonds	84,210	89.179%	75,097
Glendale USD DS 2015 Ref Bonds Series A	101,851	89.179%	90,829
Glendale USD DS 2011 Series C	70,000	89.179%	62,425
La Canada USD DS 1995 SD	1,932	2.087%	40
La Canada USD DS 1999 Series A	1,830	2.087%	38
La Canada USD DS 2004 Series B	3,595	2.087%	75
La Canada USD DS 2004 Series C	4,075	2.087%	85
La Canada USD DS 2011 Refund Bond	11,195	2.087%	<u>234</u>
Total overlapping debt			<u>433,870</u>
Total direct and overlapping debt			<u>\$ 469,028</u>

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Sources:

- (I) City Finance Department
- (II) HdL Coren & Cone

Not covered by independent auditors' report

CITY OF GLENDALE

Legal Debt Margin Information

Last Ten Fiscal Years (in thousands)

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ <u>22,951,769</u> (1)
Debt limit (15% of assessed value)	3,442,765 (2)
Less debt applicable to limit	-
Legal debt margin	\$ <u><u>3,442,765</u></u>

	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt limit	\$ 3,442,765	3,251,258	3,085,271	2,945,332	2,829,443
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	\$ <u><u>3,442,765</u></u>	<u><u>3,251,258</u></u>	<u><u>3,085,271</u></u>	<u><u>2,945,332</u></u>	<u><u>2,829,443</u></u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt limit	\$ 2,809,769	3,433,923	3,388,470	3,388,268	3,181,548
Total net debt applicable to limit	<u>-</u>	<u>147,872</u>	<u>107,985</u>	<u>88,936</u>	<u>87,980</u>
Legal debt margin	\$ <u><u>2,809,769</u></u>	<u><u>3,286,051</u></u>	<u><u>3,280,485</u></u>	<u><u>3,299,332</u></u>	<u><u>3,093,568</u></u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	4.31%	3.19%	2.62%	2.77%

Notes:

- (1) Due to the passage of AB 1X 26 in June 2011, the assessed value of the former Glendale Redevelopment Agency's (GRA) Project Areas are no longer included in this calculation. As a result, the debt associated with the former GRA became obligations of the Glendale Successor Agency. As such, effective FY2012, the debt of the former Agency is excluded from the Legal Debt Margin calculation.
- (2) Under City Charter, the total bonded debt of the city shall at no time exceed a total of 15 percent of the assessed valuation of all property taxable for city purposes.

Sources:

- (I) City Finance Department
- (II) HdL Coren & Cone

Not covered by independent auditors' report

Schedule 15

CITY OF GLENDALE

Pledged-Revenue Coverage

Last Ten Fiscal Years (in thousands)

Electric Revenue Bonds							
Fiscal Year	Gross Revenues	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2008	\$ 211,037	\$ 167,947	\$ 43,090	\$ 1,755	\$ 3,044	8.98	
2009	208,881	168,478	40,403	1,805	5,591	5.46	
2010	178,804	142,787	36,017	1,855	5,658	4.79	
2011	191,153	159,806	31,347	1,905	5,576	4.19	
2012	199,462	174,000	25,462	1,965	5,488	3.42	
2013	177,565	144,645	32,920	2,020	5,372	4.45	
2014	203,633	162,800	40,833	1,290	6,706	5.11	
2015	219,861 (2)	154,053 (3)	65,808	1,920	8,498	6.32	
2016	223,319	143,915	79,404	2,460	7,960	7.62	
2017	222,756	154,554	68,202	3,445	6,508	6.85	

Water Revenue Bonds							
Fiscal Year	Gross Revenues	Less: Operating Expenses (2)	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2008	\$ 35,990	\$ 26,974	\$ 9,016	\$ -	\$ -	-	
2009	37,242	28,934	8,308	-	2,188	3.80	
2010	37,006	29,125	7,881	-	2,310	3.41	
2011	39,166	29,128	10,038	-	2,310	4.35	
2012	43,237	34,823	8,414	-	2,310	3.64	
2013	47,205	35,797	11,408	1,175	2,970	2.75	
2014	45,666 (4)	40,611	5,055	1,210	3,658	1.04	
2015	51,094 (2)	36,694 (3)	14,400	1,245	3,463	3.06	
2016	52,218	34,271	17,947	1,285	3,426	3.81	
2017	50,430	34,109	16,321	1,325	3,387	3.46	

Notes:

- (1) The amounts in this column exclude depreciation expenses for all ten years.
- (2) Effective FY2015, revenues available for debt service include charges for services, miscellaneous revenues, and use of money and property, excluding contribution in aid (customer paid capital revenues).
- (3) Effective FY2015, expenses exclude depreciation, gas depletion, transfers, and interest expense in calculating debt service coverage ratio.
- (4) This amount is net of \$3.4 million fireline refund resulted from over charging customers in the prior years.

Source: City Finance Department

Not covered by independent auditors' report

Schedule 15

CITY OF GLENDALE

Pledged-Revenue Coverage

Last Ten Fiscal Years (in thousands)

Tax Allocation Bonds recorded in Fiduciary Fund (1)								
Fiscal Year	Property Tax Increment	Less: Operating Expenses (2)	Net Available Revenue	Debt Service		Coverage		
				Principal	Interest			
2008	\$ 19,301	\$ 4,174	\$ 15,127	\$ 4,590	\$ 4,004	1.76		
2009	21,561	5,900	15,661	4,780	3,808	1.82		
2010	25,254	17,166 (3)	8,088	4,980	3,599	0.94		
2011	22,693 (4)	8,296 (4)	14,397	4,995	5,201	1.41		
2012	25,237 (5)	4,538 (6)	20,699	5,425	8,839	1.45		
2013	27,456 (5)	4,275 (6)	23,181	7,330	8,091	1.50		
2014	27,678 (5)	2,998 (6)	24,680	7,795	6,477	1.73		
2015	31,937 (5)	3,410 (6)	28,527	7,095	7,636	1.94		
2016	35,493 (5)	4,557 (6)	30,936	7,985	6,439	2.14		
2017	33,814 (5)	4,869	28,946	7,995	5,778	2.10		

Notes:

- (1) Due to the dissolution of the Glendale Redevelopment Agency (GRA) on February 1, 2012, all of the GRA's debt have been moved to Glendale Successor Agency Private Purpose Fiduciary Fund.
- (2) The amounts in this column exclude depreciation expenses for all ten years.
- (3) In FY2010, the Operating Expenses increase was due to the GRA's transfer to "SERAF" in the amount of \$11.2 million.
- (4) In FY2011, the Property Tax Increment and Operating Expenses were restated to reflect the "SERAF" transfer of \$2.3 million.
- (5) This is the gross amount of former Tax Increment that was available to the Successor Agency from the Central Glendale Redevelopment Project.
- (6) Tax sharing and administrative costs for the Central Glendale Redevelopment Project.

Source: City Finance Department

Not covered by independent auditors' report

Schedule 16

CITY OF GLENDALE

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u> (I)	<u>Per Capita Personal Income</u> (II)	<u>Total Personal Income</u>	<u>Median Age</u> (II)
2008	207,157	\$ 27,259	\$ 5,646,892,663	39.0
2009	207,303	27,473	5,695,235,319	41.2
2010	207,902	26,803	5,572,397,306	39.0
2011	192,473	28,007	5,390,591,311	40.0
2012	192,654	29,750	5,731,456,500	40.6
2013	193,652	29,860	5,782,448,720	41.0
2014	195,799	29,269	5,730,840,931	41.1
2015	199,182	28,912	5,758,749,984	40.7
2016	201,668	28,351	5,717,489,468	41.0
2017	201,748	29,163	5,883,576,924	41.2

<u>Fiscal Year</u>	<u>Percent High School Graduate or Higher</u> (II)	<u>Percent Bachelor's Degree or Higher</u> (II)	<u>School Enrollment</u> (III)	<u>Unemployment Rate</u> (II)
2008	82.9%	34.8%	45,116	4.4%
2009	83.3%	35.8%	50,606	6.5%
2010	83.2%	36.0%	51,139	10.1%
2011	84.4%	37.2%	48,582	11.1%
2012	85.2%	38.8%	48,146	10.7%
2013	85.1%	39.0%	47,892	8.1%
2014	84.6%	38.3%	48,488	6.6%
2015	84.4%	38.2%	45,723	8.0%
2016	84.2%	37.9%	46,180	6.5%
2017	84.4%	37.9%	45,671	5.1%

Sources:

- (I) Population data are based on data obtained from the California State Department of Finance Demographic Research Unit, Population Estimates for California Cities, January 1 of every year (E-1).
- (II) Data are based on information provided by HdL Coren & Cone on calendar year basis. For example, fiscal year 2017 data is from calendar year 2016.
- (III) Enrollment data are based on Glendale Unified School District and Glendale Community College District school attendance reports.

Not covered by independent auditors' report

Schedule 17

CITY OF GLENDALE

Principal Employers

Current Year and Nine Years Ago

Employer	2017			2008		
	(II) Employees (1)	Rank	Percentage of Total City Employment (2)	(I) Employees (1)	Rank	Percentage of Total City Employment (2)
Glendale Unified School District	2,460	1	2.42%	1,328	5	1.34%
Glendale Adventist Medical Center	2,415	2	2.37%	2,112	3	2.14%
City of Glendale	1,931	3	1.90%	2,565	1	2.59%
Dream Works Animation Skg Inc.	1,626	4	1.60%			
Glendale Community College	1,595	5	1.57%	1,442	4	1.46%
Glenair Inc.	1,474	6	1.45%			
Glendale Memorial Medical Center	1,075	7	1.06%	1,300	6	1.31%
Nestle Company / Nestle USA	850	8	0.84%	2,153	2	2.18%
USC Verdugo Hills Hospital	787	9	0.77%			
Cigna Health	480	10	0.47%			
Public Storage				1,036	7	1.05%
Walt Disney Imagineering		(3)		902	8	0.91%
Bank of America North America				815	9	0.82%
Acco Engineered Systems				786	10	0.79%

Starting in FY2012, companies that have requested a confidentiality waiver from the state to block the release of employment data are not included.

Notes:

- (1) Both actual full-time and hourly employees are included.
- (2) In FY2017, the percentage of total employment is calculated using a baseline of 101,700 workers employed in Glendale. In FY2008, the percentage of total employment was calculated using a baseline of 98,900 workers employed in Glendale.
- (3) Walt Disney Imagineering is presumed to be a significant employer in the City of Glendale. However, an accurate employee count is unavailable.

Sources:

- (I) FY2008 data is from the Labor Market Information Division, California Employment Development Department, 2007 and 2008 data.
- (II) FY2017 data, with the exception of the City of Glendale data, is from MuniServices LLC. FY2017 City of Glendale data is from the City Finance Department.

Not covered by independent auditors' report

Schedule 18

CITY OF GLENDALEAuthorized Salaried Positions by Department
Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Department:					
Administrative Services - Finance (1)	38.27	37.27	30.27	35.27	31.05
City Attorney	18.31	18.21	17.21	18.26	18.16
City Clerk	6.30	6.30	6.00	7.00	7.00
City Treasurer	5.00	5.00	5.00	5.00	5.00
Community Development	119.09	118.19	90.54	100.10 (2)	98.24
Community Development & Housing	-	-	-	-	-
Community Planning	-	-	-	-	-
Community Redevelopment & Housing	-	-	-	-	-
Community Services & Parks	100.33	98.38	97.38	105.37	107.70 (3)
Development Services	-	-	-	-	-
Fire					
Sworn	164.00	164.00	163.00	157.00	168.00
Civilians	45.00	44.00	42.00	42.00	43.25
Glendale Water & Power	328.50	326.00	312.00	315.00	330.00
Human Resources	23.90	23.85	18.85	20.85	20.85
Information Services	42.00	42.00	40.00	50.00	47.75
Library, Arts & Culture	47.00	47.00	45.00	50.00	50.00
Management Services	22.00	22.00	30.70	31.20	27.00
Parks, Recreation & Community Services	-	-	-	-	-
Planning	-	-	-	-	-
Police					
Sworn	243.10	243.10	241.10	252.60	252.60
Civilians	96.50	96.50	99.00	99.00	99.00
Public Works					
Sworn	0.90	0.90	0.90	0.90	0.90
Civilians	283.80	282.30	281.05	298.45	297.50
Total	<u>1,584.00</u>	<u>1,575.00</u>	<u>1,520.00</u> (4)	<u>1,588.00</u>	<u>1,604.00</u> (5)

Notes:

- (1) Administrative Services Department includes data for Purchasing.
- (2) Effective FY2014, the position count in Community Development includes one (1) unclassified budgeted position.
- (3) Effective FY2013, the position count in Community Services & Parks includes three (3) unclassified budgeted positions.
- (4) The FY2015 position count was adjusted to reflect revised position counts after retirement/separation incentive.
- (5) The FY2013 position count was adjusted per balancing strategies.

Source: City's Budget book.

Not covered by independent auditors' report

Schedule 18

CITY OF GLENDALEAuthorized Salaried Positions by Department
Last Ten Fiscal Years

	Fiscal Year				
	2012	2011 ⁽²⁾	2010	2009	2008
Department:					
Administrative Services - Finance ⁽¹⁾	34.05	35.05	31.90 ⁽³⁾	43.40 ⁽⁵⁾	73.90
City Attorney	20.16	20.16	12.30	10.80	14.30
City Clerk	10.00	10.00	10.00	10.00	11.00
City Treasurer	5.00	5.00	5.00	5.00	5.00
Community Development	135.99 ⁽⁴⁾	-	-	-	-
Community Development & Housing	-	-	102.47	103.63	107.63
Community Planning	-	85.01	-	-	-
Community Redevelopment & Housing	-	50.48	-	-	-
Community Services & Parks	158.38	165.05	-	-	-
Development Services	-	-	18.23	18.23	18.23
Fire					
Sworn	177.00	179.00	185.00	187.00	192.00
Civilians	47.00	46.00	45.00	49.00	51.00
Glendale Water & Power	415.50	408.00	416.15	426.15	426.15
Human Resources	27.85	28.00	31.00	31.00 ⁽⁵⁾	-
Information Services	52.00	50.00	42.00	45.00	47.00
Library, Arts & Culture	59.00	61.00	64.00	65.00	65.00
Management Services	32.82 ⁽⁶⁾	30.00	31.00 ⁽³⁾	26.00	26.00
Parks, Recreation & Community Services	-	-	128.00	134.00	140.00
Planning	-	-	26.95	27.95	28.95
Police					
Sworn	253.60	255.10	255.10	258.10	269.70
Civilians	105.00	107.00	108.00	120.00	120.00
Public Works					
Sworn	0.90	0.90	0.90	0.90	0.90
Civilians	339.75	353.25	391.00	380.84	389.24
Total	<u>1,874.00</u>	<u>1,889.00</u>	<u>1,904.00</u>	<u>1,942.00</u>	<u>1,986.00</u>

Notes:

- (1) Administrative Services Department includes data for Purchasing.
- (2) Effective FY2011, central support staff (e.g. Administrative Services, City Attorney, Human Resources) that were charged to other funds were shifted back to their home departments and included in the citywide cost allocation plan. The data in FY2011 reflects realignment and renaming of Planning, Development Services, Parks, Recreation and Community Services, and Community Development and Housing.
- (3) Prior to FY2010, Graphics was part of the Administrative Services Department. Starting FY2010, Graphics is part of Management Services.
- (4) The data in FY2012 reflects the renaming of Community Planning and Community Redevelopment and Housing into Community Development.
- (5) Prior to FY2009, Human Resources was part of Administrative Services.
- (6) Effective FY2012, the position count in Management Services includes the five (5) Councilmembers.

Source: City's Budget book.

Not covered by independent auditors' report

CITY OF GLENDALEOperations Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2017	2016	2015	2014	2013
Police:					
Physical arrests	4,751	5,555	5,515	5,768	5,886
Parking violations	63,644	63,137	69,376	71,958	72,879
Traffic violations	20,533 (1)	14,776 (1)	15,747 (1)	20,076	17,197
Fire:					
Emergency responses	19,420	19,574	18,798	17,825	17,253
Fires extinguished	266 (2)	239 (2)	290 (2)	393	382
Refuse collection:					
Refuse collected (tons per day)	217 (3)	201 (3)	195	188	185
Recyclables collected (tons per day)	27 (4)	30	30	30	29
Inert waste recycling (tons per year)					
Brand Park landfill	- (5)	- (5)	- (5)	- (5)	3,607
Public Works	2,337 (6)	2,663	2,182	2,923	-
Glendale Water and Power	478 (7)	443	1,281	1,829	-
Other public works:					
Street resurfacing (miles)	7.51 (8)	5.28	6.07	2.70	6.60
Street reconstructing (miles)	- (9)	-	0.03	-	-
Potholes repaired (square feet per year)	10,227 (10)	9,923	14,553	10,909	16,592
Wastewater:					
Average daily sewage treatment (millions of gallons)	13	13 (11)	15	15	15

Notes:

- (1) In FY2017, law enforcement was provided electronic citation books, which made the process of entering citations in the system more efficient. In FY2015 and FY2016, there were fewer resources available for law enforcement due to training, special events, and other priority assignments, which contributed to the decrease in traffic violations.
- (2) In FY2017, the increase in suspicious fires was due to three arsonists who were later arrested. In FY2015 and FY2016, fire prevention efforts contributed to the decrease in fires extinguished.
- (3) A continued uptick in regional economic recovery and consumer confidence led to the volume growth of refuse collected.
- (4) In FY2017, the improvement of the economy contributed to the decrease in the tons of recycling per day, because consumers tend to recycle less as the economy improves.
- (5) Effective FY2014, each department has contracted out to private haulers to dispose of citywide inert wastes after the official closing of the Brand Park Landfill.
- (6) In FY2017, the Public Works Department concentrated their efforts on street repair rather than large capital improvement projects, which contributed to the decrease in tonnage of inert waste recycling.
- (7) In FY2017, GWP experienced a slight uptick in the number of main breaks, which contributed to the increase in tonnage of inert waste recycling.
- (8) In FY2017, the Public Works Department continued to focus its efforts on major street resurfacing projects including sustainable infrastructure components, as well as street improvements such as the installation of ADA compliant curb ramps, street realignments, upsized sewer lines, and other street rehabilitation.
- (9) In FY2017, the Public Works Department continued to focus its efforts on street resurfacing and other capital improvements rather than street reconstruction.
- (10) In FY2017, Maintenance Services crews concentrated their efforts on repairing potholes as an effective measure of maintaining the City streets infrastructure and responding to greater community need for well-maintained streets. The "square feet of potholes repaired" is contingent upon various factors, including level of staffing, weather, and other citywide street improvement projects, such as paving, curb, and gutter maintenance.
- (11) In FY2016, the reduction in average daily sewage treatment from previous years was due to water conservation efforts.

Sources: Various city departments

Not covered by independent auditors' report

(Continued)

CITY OF GLENDALEOperations Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2017	2016	2015	2014	2013
Electric:					
Average daily consumption (MWH)	2,911	2,980	2,959	2,907	3,090
Electricity generated (MWH)	876,062	914,556	918,314	905,560	794,248
Electricity purchased (MWH)	834,432	768,632	1,131,229	999,932	769,224 (1)
Electricity sold - Retail (MWH)	1,062,605	1,090,851	1,080,077	1,061,028	1,127,696
Electricity sold - Wholesale (MWH)	521,782	461,124	686,784	683,179	297,254 (1)
Peak demand (MW)	263	332	337	317	311
Water:					
Average daily consumption (millions of gallons)	21	20	23	24	25
Water mains breaks	3	14	12	20	10
Water purchased (AF)	14,111	13,992	17,045	20,341	18,761
Water sold (AF)	23,396	22,927	25,175	26,049	29,003
Transit:					
Total route miles (2)	747,108	746,026	741,287	735,827	731,036
Passengers (3)	1,703,360	1,828,547	1,884,454	1,727,931	1,888,016
Parks and recreation:					
Athletic field permits issued	7,755 (4)	6,523 (4)	3,485 (4)	682	614
Community center admissions	5,294	5,555	5,643 (5)	3,891	3,425
Library:					
Volumes in collections	520,708	521,247	521,389	571,942	619,871
Total volumes borrowed	921,163	1,000,355	1,310,873 (6)	1,069,695	1,114,987

Notes:

- (1) In FY2013, reductions in electricity purchased and sold correlates to the decrease in wholesale revenue and sales to other utility revenue.
- (2) Route miles vary every year depending on the day of the week holiday service operates.
- (3) Ridership has stabilized after a decline over several years that was partly due to the economic downturn, reduced student enrollment and sustained unemployment.
- (4) In March 2015, Community Services and Parks upgraded the permitting and registration system. Permits issued prior to March 2015 may contain multiple field reservations on one permit. Beginning March 2015, individual permits were issued for each field reservation, which resulted in a significant increase in the number of permits issued between FY2015 and FY2017.
- (5) In FY2015, the increase in community center admissions may be attributed to a system upgrade that required scanning of activity cards for admission. As a result, all patrons were required to obtain new scannable activity cards. The new system allowed for improved tracking of activity card sales and renewals, in addition to increasing controls over community center admissions.
- (6) Estimates were used for unavailable data from May 18, 2015 to June 30, 2015. In FY2015, reshelves, which are books that were removed from the shelf by the patron, and then found elsewhere in the library, were counted in the total volumes borrowed. In prior years, reshelves were not included in the count.

Sources: Various city departments

Not covered by independent auditors' report

CITY OF GLENDALEOperations Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2012	2011	2010	2009	2008
Police:					
Physical arrests	5,829	5,652	5,857	6,405	6,254
Parking violations	74,572	81,843	87,621	83,706	89,700
Traffic violations	18,566	25,667	23,990	26,149	22,059
Fire:					
Emergency responses	16,591	15,447	15,424	14,923	15,253
Fires extinguished	372	349	333	420	442
Refuse collection:					
Refuse collected (tons per day)	184 (1)	195	197	279	283
Recyclables collected (tons per day)	29	31	32	48	51
Inert waste recycling (tons per year)					
Brand Park landfill	3,545	2,500 (2)	3,000 (2)	3,000 (2)	3,000 (2)
Public Works	-	-	-	-	-
Glendale Water and Power	-	-	-	-	-
Other public works:					
Street resurfacing (miles)	5.85 (3)	5.56 (3)	5.30 (3)	1.62	0.42
Street reconstructing (miles)	0.68	0.70	0.50	0.13	0.91
Potholes repaired (square feet per year)	21,962	21,012	16,449	11,800	16,683
Wastewater:					
Average daily sewage treatment (millions of gallons)	15	20	20	17	17

Notes:

- (1) In FY2012, the reduction in tonnage of refuse collected was due to a regional economic slowdown and free recycling programs offered to residential and commercial customers.
- (2) Some departments diverted inert wastes to an outside recycling company instead of using the Brand Park Landfill.
- (3) Between FY2010 and FY2012, more street resurfacing was done in an effort to take advantage of the low street resurfacing costs due to the economic downturn.

Sources: Various city departments

Not covered by independent auditors' report

Schedule 19

CITY OF GLENDALEOperations Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2012	2011	2010	2009	2008
Electric:					
Average daily consumption (MWH)	2,998	2,878	3,020	3,154	3,180
Electricity generated (MWH)	846,637	928,682	960,061	940,051	1,007,011
Electricity purchased (MWH)	1,289,843	1,195,972 (1)	451,545	533,258	583,906
Electricity sold - Retail (MWH)	1,094,194	1,050,450	1,102,310	1,151,391	1,160,566
Electricity sold - Wholesale (MWH)	897,830	884,686 (1)	185,665	204,828	250,391
Peak demand (MW)	316	336	300	299	333
Water:					
Average daily consumption (millions of gallons)	23	21	22	25	26
Water mains breaks	14	10	8	12	18
Water purchased (AF)	17,319	16,959	16,535	20,873	21,705
Water sold (AF)	26,809	24,796	25,489	29,465	30,691
Transit:					
Total route miles (2)	822,432	880,655	866,901	889,819	880,991
Passengers (3)	2,543,532	2,724,121	2,574,396	2,260,263	2,152,200
Parks and recreation:					
Athletic field permits issued	682 (4)	917	930	1,054	873
Community center admissions	3,194	2,360	1,114	1,229	1,192
Library:					
Volumes in collections	643,598	688,818	701,928	718,879	722,790
Total volumes borrowed	1,179,964	1,290,945	1,312,743	1,236,950	1,185,385

Notes:

- (1) In FY2011, the increase in the electricity purchased and sold correlates to the increase in wholesale revenue and sales to other utility revenue of approximately \$27.5 million.
- (2) Route miles vary every year depending on the day of the week holiday service operates.
- (3) Ridership has stabilized after a decline over several years that was partly due to the economic downturn, reduced student enrollment and sustained unemployment.
- (4) In FY2012, practices and games were covered under the same permit which covered multiple facilities and multiple days/weeks/months of use. Prior to FY2012, separate permits were issued for practices and games.

Sources: Various city departments

Not covered by independent auditors' report

CITY OF GLENDALE

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2017	2016	2015	2014	2013
Police:					
Stations	3 (1)	3 (1)	3 (1)	2 (1)	2 (1)
Patrol units	64	64	63	61	62
Helicopters	2.0 (2)	2.0 (2)	2.0 (2)	1.5 (2)	1.5 (2)
Motorcycles	25	25	25	24	27
Fire:					
Stations	9	9	9	9	9
Refuse collection:					
Collection trucks	47 (3)	47 (3)	48 (3)	49 (3)	50 (3)
Other public works:					
Streets (miles)	350	350	350	350	350
Traffic signals	235	234	234	234	234
Parks and recreation:					
Open space acres	5,034	5,034	5,034	5,034	5,034
Developed parkland acres	286 (4)	286	286	286 (5)	286 (6)
Parks and other facilities	44 (4)	43	43	43 (5)	42 (6)
Community centers	4	4	4	4	4
Baseball/softball diamonds	16	16	16	16	16
Soccer/football fields	3	3	3	3	3
Golf course	1	1	1	1	1
Community pool	1	1	1	1	1

Notes:

- (1) There is one main facility located at 131 N. Isabel and one substation located in the Glendale Galleria. In FY2015, the Montrose Substation was added.
- (2) Since FY2007, three helicopters have been shared with the City of Burbank for the operation of the Joint Law Enforcement Air Support Unit. Effective FY2015, four helicopters have been shared by the City of Glendale and the City of Burbank. One of the helicopters is not in service, but has not been sold as of June 30, 2017.
- (3) This number does not include the small bin trucks or light duty vehicles. In FY2015, two automatic side loaders trucks, and one super dump truck were taken off service. Additionally, in FY2016, one specialty bin truck was taken off service.
- (4) In FY2017, the Central Park project was completed, which increased the park count to 44. However, its acreage is combined with Adult Recreational Center, so the total acreage for Parks and Facilities remained the same.
- (5) In FY2014, the Maryland Avenue Park project was completed, which increased the park count to 43, and park acreage by 0.48 acres (286.04 in total acres).
- (6) In FY2013, the Glendale Narrows Riverwalk Park project was completed, which increased the park count to 42, and park acreage by 3.94 acres (285.56 in total acres).

Sources: Various city departments

Not covered by independent auditors' report

Schedule 20

CITY OF GLENDALE

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2017	2016	2015	2014	2013
Library:					
Branches	8	8	8	8	8
Electric:					
Number of electric meters	87,982	87,347	86,782	86,012	85,629
Number of streetlights	11,797	11,749	11,207	11,192	10,740
Grayson power plant capacity (MW)	260	260	260	260	260
Water:					
Number of water meters	34,135	34,086	33,976	33,900	33,801
Water mains (miles)	384	398	398	397	397
Fire hydrants	3,201	3,177	3,164	3,149	3,146
Storage capacity (millions of gallons)	184	184	184	184	184
Wastewater:					
Storm catch basin	3,686 (1)	3,686 (1)	3,686 (1)	3,686 (1)	3,686 (1)
Sanitary sewers (miles)	360	360	360	360	360
LAGWRP Treatment capacity (millions of gallons)	20	20	20	20	20
Transit:					
Buses	34	34	34	34	34

Notes:

(1) This number includes the Los Angeles County and Caltrans storm drains within the City boundaries.

Sources: Various city departments

Not covered by independent auditors' report

CITY OF GLENDALE

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2012	2011	2010	2009	2008
Police:					
Stations	2 (1)	2 (1)	2 (1)	2 (1)	2 (1)
Patrol units	74	70	70	64	68
Helicopters	1.5 (2)	1.5 (2)	1.5 (2)	1.5 (2)	1.5 (2)
Motorcycles	23	25	25	26	24
Fire:					
Stations	9	9	9	9	9
Refuse collection:					
Collection trucks	48 (3)	50 (3)	50 (3)	46 (3)	46 (3)
Other public works:					
Streets (miles)	350	350	350	350	350
Traffic signals	234	233	233	226	232
Parks and recreation:					
Open space acres	5,034	5,034	5,029	5,020	5,020
Developed parkland acres	282	281	281	280	275
Parks and other facilities	41 (4)	39	39	39	39
Community centers	4 (4)	8	8	8	8
Baseball/softball diamonds	16	16	16	16	16
Soccer/football fields	3	3	3	3	3
Golf course	1	1	1	1	1
Community pool	1	1	-	-	-

Notes:

- (1) There is one main facility located at 131 N. Isabel and one substation located in the Glendale Galleria.
- (2) Since FY2007, three helicopters have been shared with the City of Burbank for the operation of the Joint Law Enforcement Air Support Unit. Effective FY2015, four helicopters have been shared by the City of Glendale and the City of Burbank. One of the helicopters is not in service, but has not been sold as of June 30, 2017.
- (3) This number does not include the small bin trucks or light duty vehicles.
- (4) Beginning FY2012, community buildings are not separately accounted for as community centers. Instead, they are included in the parks and facilities count as part of the park in which they reside.

Sources: Various city departments

Not covered by independent auditors' report

Schedule 20

CITY OF GLENDALE

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2012	2011	2010	2009	2008
Library:					
Branches	8	8	8	8	8
Electric:					
Number of electric meters	85,358	84,962	84,800	84,554	84,167
Number of streetlights	10,735	10,725	10,714	10,692	10,622
Grayson power plant capacity (MW)	260	260	260	260	249
Water:					
Number of water meters	33,744	33,374	33,509	33,407	33,173
Water mains (miles)	397	397	397	397	397
Fire hydrants	3,134	3,134	3,133	3,072	2,970
Storage capacity (millions of gallons)	184	184	185	185	185
Wastewater:					
Storm catch basin	3,686 (1)	3,686 (1)	3,679	3,679	3,679
Sanitary sewers (miles)	360	360	360	360	360
LAGWRP Treatment capacity (millions of gallons)	20	20	20	20	20
Transit:					
Buses	34	34	34	34	34

Notes:

(1) This number includes the Los Angeles County and Caltrans storm drains within the City boundaries.

Sources: Various city departments

Not covered by independent auditors' report

Schedule 21
CITY OF GLENDALE
Schedule of Credits

Robert P. Elliot, CPA, Director of Finance

General Overview
Letter of Transmittal

Michele Flynn, CPA, CIA, CGAP, Assistant Director of Finance

General Overview

Artak Khachatryan, Financial Applications Manager

PeopleSoft Nvision Report Writing

Shu-Jun Li, Accounting Manager

General Overview
Management's Discussion & Analysis
Financial Statements
Notes to Basic Financial Statements
Pension and OPEB Reporting

Theresa Clark, Accounting Supervisor

Rima Dagbashyan, Accountant II
Ruzanna Garibyan, Accountant I
Brandy Wu, Accountant I

Section tasks:
Management's Discussion & Analysis
Financial Statements
Notes to Basic Financial Statements
Cover Design
Fixed Assets Reporting
Glendale Successor Agency Reporting
Loans Receivable Reporting
Statistical Section

Alwin De Leon, Accounting Supervisor

Vanik Darabedian, Accountant II
Liza Jue, Accountant II
Juan Ruiz, Accountant I
Cathy Liang, Accountant I

Section tasks:
Management's Discussion & Analysis
Financial Statements
Notes to Basic Financial Statements
Cash Reporting
Debt Reporting
Glendale Water & Power Reporting
Internal Service Funds Reporting
Single Audit

Craig R. Kuennen, Business Transformation and Marketing Administrator

Tim Hsu, Senior Utility Financial Analyst
George Dible, Senior Utility Financial Analyst

Glendale Water & Power Notes

Thomas R. Lorenz, Director of Communications and Community Relations

Eliza Papazian, Community Outreach Assistant
Dean Lopez, Graphics Administrator
Douglas Alvarez, Graphics Illustrator
Roberto Perez, Office Specialist I
Awinda Matos, Duplicating Machine Operator

Cover Design and Printing

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Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2017



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