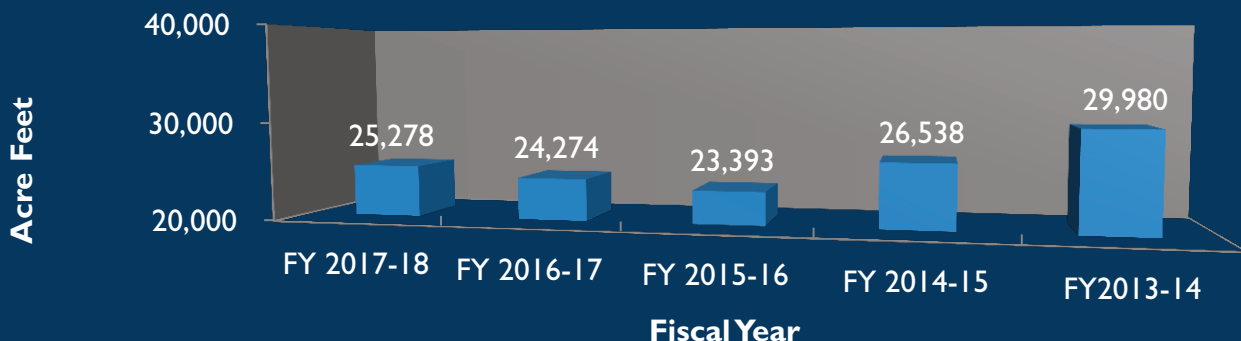


FY2017-18

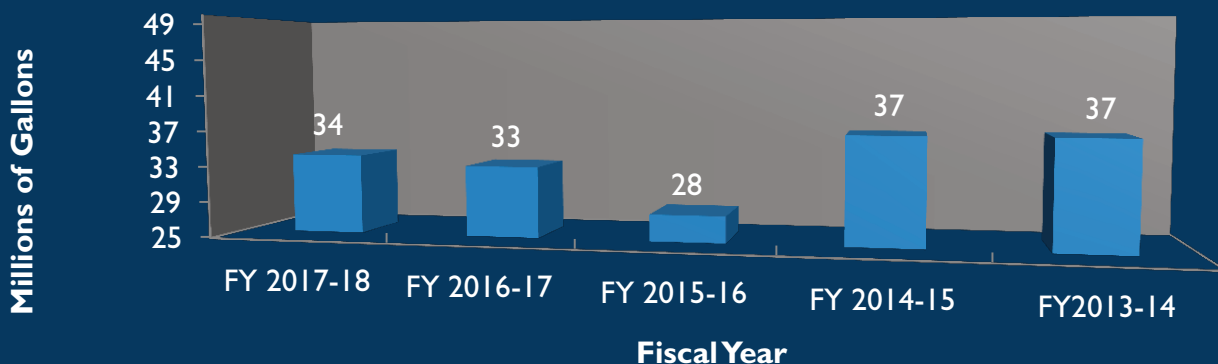
**WATER UTILITY OPERATING STATISTICS**

WATER SUPPLY (ACRE FEET)	FY 2017 18	FY 2016 17	FY 2015 16	FY 2014 15	FY2013 14
Metropolitan Water District	16,177	14,111	13,992	17,045	20,341
Percent of Total Water Supply	64.0%	58.1%	59.8%	64.2%	67.8%
Local Groundwater	7,667	8,450	7,844	7,760	7,598
Percent of Total Water Supply	30.3%	34.8%	33.5%	29.2%	25.3%
Recycled Water	1,434	1,713	1,557	1,733	2,041
Percent of Total Water Supply	<u>5.7%</u>	<u>7.1%</u>	<u>6.7%</u>	<u>6.5%</u>	<u>6.8%</u>
<b>Total Water Supply</b>	<b>25,278</b>	<b>24,274</b>	<b>23,393</b>	<b>26,538</b>	<b>29,980</b>
<b>Capacity (Gallons per Minute)</b>					
From Metropolitan Water District	10,029	8,748	8,675	10,567	12,611
From Water System Wells, Average	553	546	629	720	815
Treatment Plant Capacity	4,201	4,693	4,235	4,091	4,393
<b>Peak Day Distribution (Millions of Gallons)</b>	<b>34</b>	<b>33</b>	<b>28</b>	<b>37</b>	<b>37</b>

**Total Water Supply (Acre-Feet)**



**Peak Day Distribution (Millions of Gallons)**

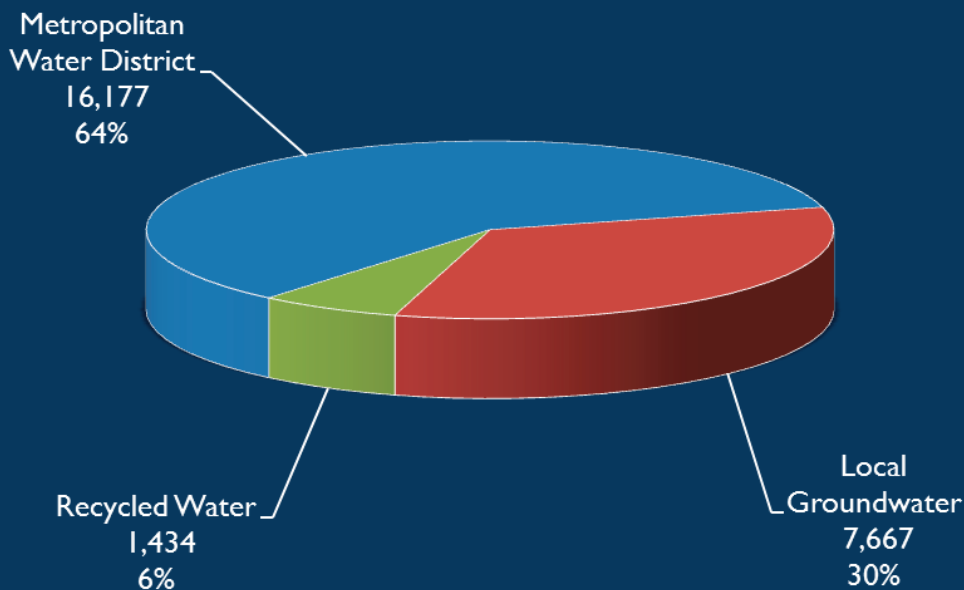


Not covered by independent auditor's report

FY2017-18

WATER UTILITY OPERATING STATISTICS

FY2017-18: Water Supply (Acre-Feet)

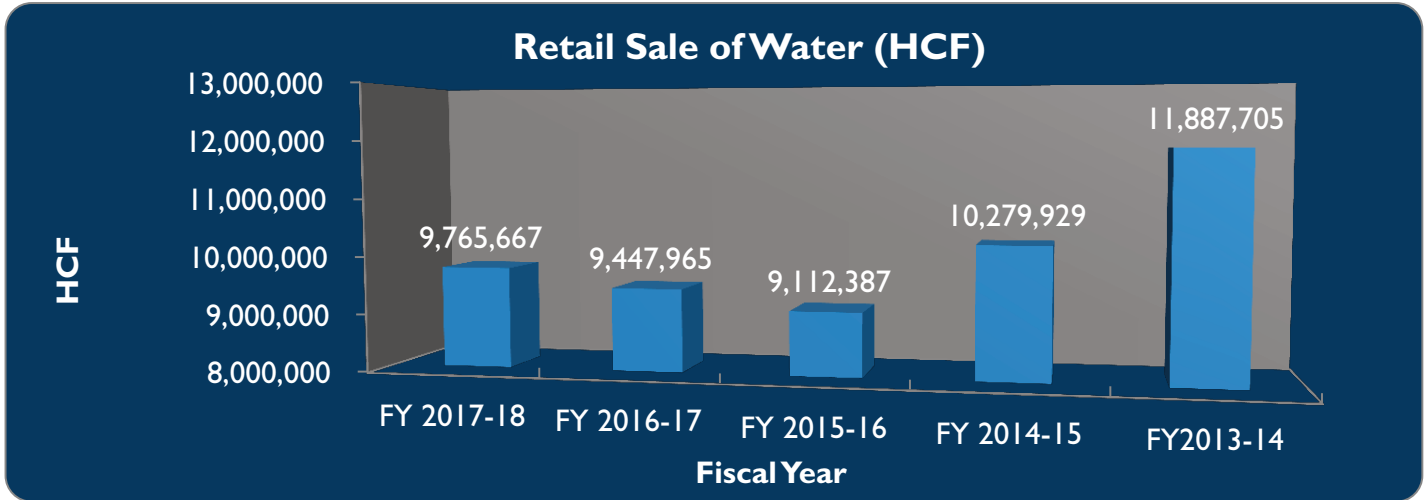


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**FY2017-18**

**WATER UTILITY OPERATING STATISTICS**

Water Use					FY2013-14
<b>Average Number of Meters</b>					
Residential					29,539
Commercial					3,683
Industrial					154
Other					524
<b>Total Meters All Classes</b>					<b>33,900</b>
<b>Units of Water Sold (Hundred Cubic Feet)</b>					
<b>Retail Sale of Water</b>					
Residential					9,440,269
Commercial					2,148,321
Industrial					299,115
<b>Total Retail Sale of Water</b>					<b>11,887,705</b>
Other					565,890
<b>Total Units of Water Sold</b>					<b>12,453,595</b>

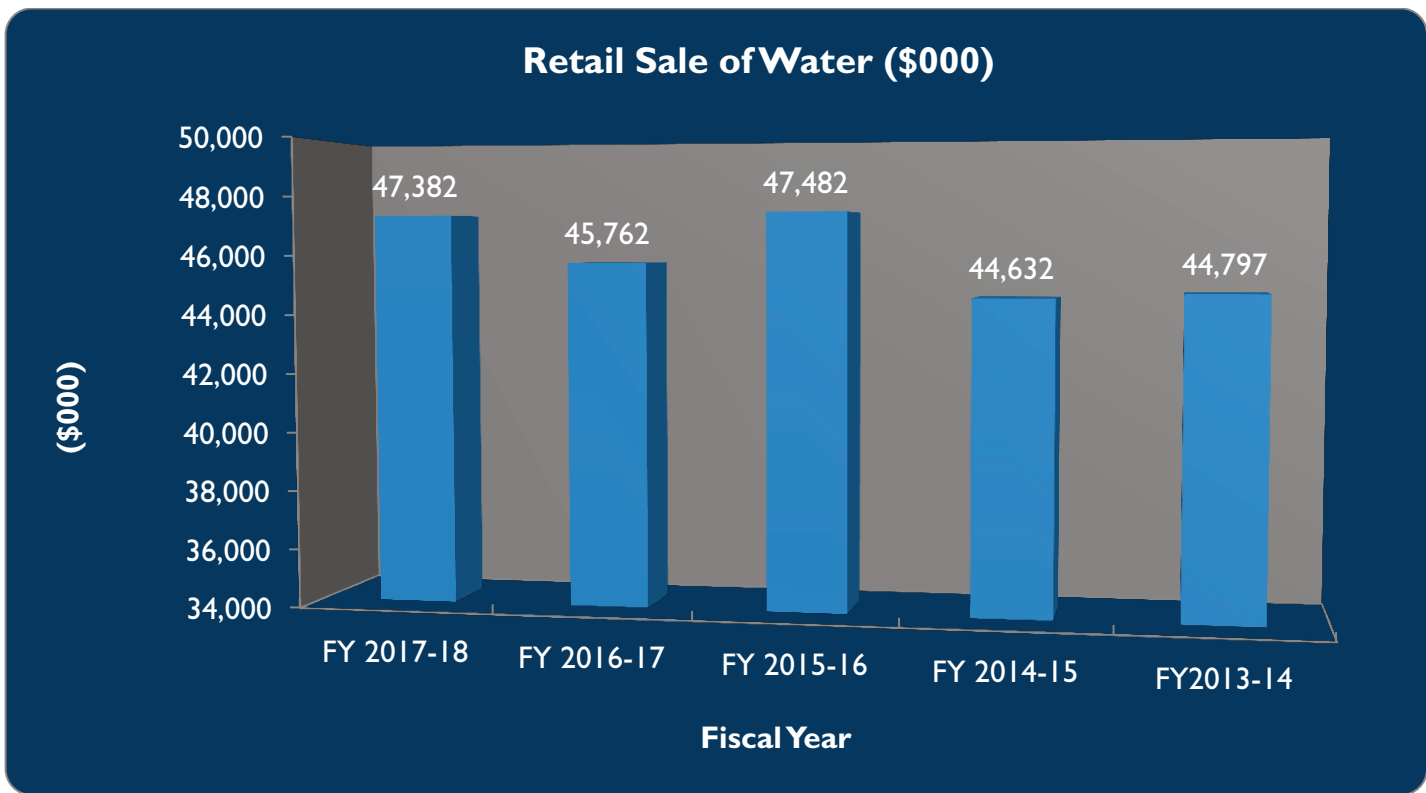


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FY2017-18

**WATER UTILITY OPERATING STATISTICS**

REVENUES (\$000)	FY 2017 18	FY 2016 17	FY 2015 16	FY 2014 15	FY 2013 14
<b>Retail Sale of Water</b>					
Residential	\$ 36,830	\$ 35,475	\$ 36,976	\$ 35,473	\$ 34,269
Commercial	9,410	9,324	9,611	8,275	9,256
Industrial	1,142	963	895	884	1,272
<b>Total Retail Sale of Water</b>	<b>\$ 47,382</b>	<b>45,762</b>	<b>47,482</b>	<b>44,632</b>	<b>44,797</b>
Other	3,389	2,839	2,490	2,888	(1,728)
<b>Total Revenue from the Sale of Water</b>	<b>\$ 50,771</b>	<b>\$ 48,601</b>	<b>\$ 49,972</b>	<b>\$ 47,520</b>	<b>\$ 43,069</b>

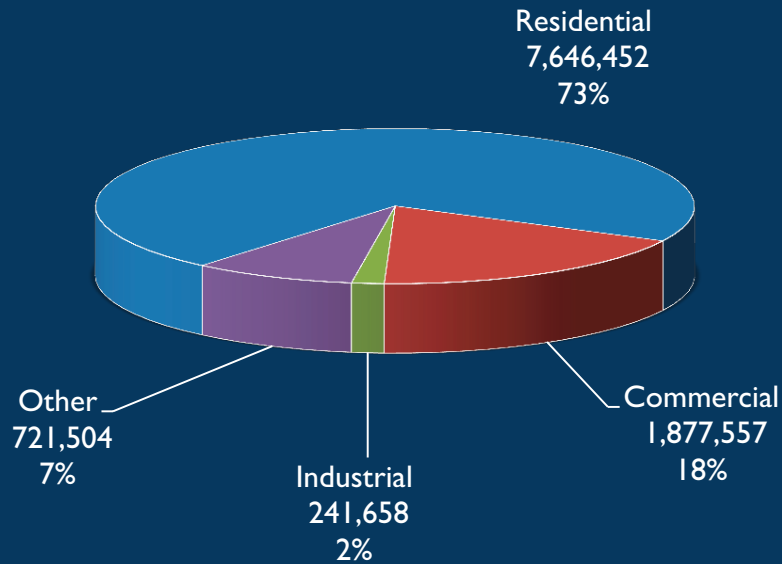


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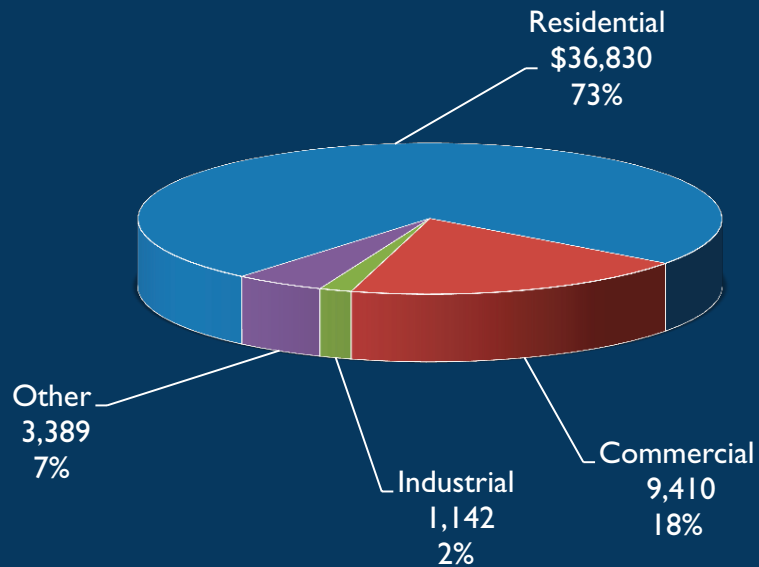
FY2017-18

**WATER UTILITY OPERATING STATISTICS**

**FY2017-18: Units of Water Sold  
(Hundred Cubic Feet)**



**FY2017-18: Revenue from the Sale of Water  
(\$000)**



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**FY2017-18**

**WATER UTILITY OPERATING STATISTICS**

<b>Water Utility Facts</b>	<b>FY 2017 18</b>	<b>FY 2016 17</b>	<b>FY 2015 16</b>	<b>FY 2014 15</b>	<b>FY 2013 14</b>	<b>Units</b>
Glendale Population Served	205,536	201,748	201,668	199,182	195,799	
Average Daily Sales per Capita, (Gallons)	105	104	101	118	199	
<b>Water Distribution System</b>						
Pumping Plants	28	28	28	28	28	Station
Total Water Storage Capacity (28 Reservoirs and Tanks)	184	184	184	184	184	Million Gallons
Chlorination Facilities	3	4	13	13	13	
Mains	395	384	398	398	398	Miles
Gate Valves	9,474	9,415	9,290	9,197	9,676	
Meters	34,181	34,088	34,086	33,976	33,900	
Firelines	1,175	454	447	429	1,061	
Fire Hydrants	3,215	3,201	3,177	3,164	3,149	
Pressure Zones	12	12	12	12	7	Zones
Wells:						
San Fernando Basin	9	9	8	8	8	
Verdugo Basin	4	4	6	6	6	Plus Pickup Facility
<b>Water Treatment Plants</b>						
Verdugo Park Water Treatment Plant	N/A (Inactive)	N/A (Inactive)	2	2	2	MGD
Glendale Water Treatment Plant	9	9	8	8	8	MGD
<b>Recycled Water Distribution System</b>						
Pumping Plants	6	6	6	6	6	Stations
Total Water Storage Capacity (5 Reservoirs)	1.1	1.1	1.1	1.1	1.1	Million Gallons
Mains	24	23	23	23	23	Miles
<b>Operating Margin</b>	<b>8.4%</b>	<b>17.1%</b>	<b>18.7%</b>	<b>10.5%</b>	<b>4.5%</b>	

Not covered by independent auditor's report

**FY2017-18**

**WATER UTILITY OPERATING STATISTICS**

Water Utility Class	Trends								
<b>(Overview)</b>	<b>Residential</b>								
Revenue from the sale of water (\$000)									
Year ended June 30									
2018	\$ 36,830								
2017	35,475								
<b>Increase (decrease)</b>	<b>\$ 1,355</b>								
Percent increase ( )	3.8%								
Units of water sold (hundred cubic feet)									
Year ended June 30									
2018	7,646,452								
2017	7,361,451								
<b>Increase (decrease)</b>	<b>285,001</b>								
Percent increase ( )	3.9%								
Average number of meters									
Year ended June 30									
2018	29,676								
2017	29,619								
<b>Increase (decrease)</b>	<b>57</b>								
Percent increase ( )	0.2%								

Water Utility Class	Trends				Other			Other	
Unit Cost	Residential	Commercial	Industrial	Recycled	Fireline	Outside	Subtotal	Contracts	Total
Average billing price per hundred cubic feet									
Year ended June 30									
2018	\$ 4.82	\$ 5.01	\$ 4.73	\$ 3.17	\$ 314.01	\$ 7.02	\$ 4.77	\$	\$ 4.84
2017	4.82	4.96	4.68	2.86	469.49	6.61	4.73	\$	4.77
<b>Increase (decrease)</b>	<b>\$</b>	<b>\$ 0.05</b>	<b>\$ 0.05</b>	<b>\$ 0.31</b>	<b>\$ (155)</b>	<b>\$ 0.41</b>	<b>\$ 0.04</b>	<b>\$</b>	<b>\$ 0.07</b>
Percent increase ( ) *	0.0%	1.0%	1.1%	10.8%	33.1%	6.2%	0.8%		1.5%

Water Utility Class	Trends				Other			Other	
Usage by Meter	Residential	Commercial	Industrial	Recycled	Fireline	Outside	Subtotal	Contracts	Total
Average annual use by meter, hundred cubic feet									
Year ended June 30									
2018	258	500	1,579	8,941	2	103	307		307
2017	249	504	1,354	9,465	1	101	299		299
<b>Increase (decrease)</b>	<b>9</b>	<b>(4)</b>	<b>225</b>	<b>(524)</b>	<b>1</b>	<b>2</b>	<b>8</b>		<b>7</b>
Percent increase ( )	3.6%	0.8%	16.6%	5.5%	100.0%	2.0%	2.7%		2.3%

\* Percent changes in the Unit Cost are due to the inclusion of drought charges of \$0.75/HCF applied in 2015-2016 during the Mandatory Conservation Phase.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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, the statement of net position and related statement of revenues, expenses and changes in net position, and statement of cash flows of the Water Enterprise Fund (the Fund) of the City of Glendale, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated November 30, 2018. Our report included an emphasis of matter paragraph regarding the fact that the financial statements present only the Fund of the City and do not purport to, and do not, present fairly the financial position of the City of Glendale, California, as of June 30, 2018, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Fund's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not

Vavrinik, Trine, Day & Co. LLP

November 30, 2018