

POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011



CITY OF GLENDALE,
CALIFORNIA

TABLE OF CONTENTS

Introduction	3
City History	3
Organizational Structure	4
Economic Outlook	5
Financial Highlights	6
General Fund	7
Enterprise Funds.....	11
Cash Management	13
Capital Assets	14
City Debt	15
Financial Ratios	16
Service Operating Indicators.....	17
Leading Indicators	18
Window To The Future	19



INTRODUCTION

As part of our continuous effort to keep you informed how your tax dollars are being spent, we are pleased to present the 2011 Popular Annual Financial Report (PAFR). The PAFR is a summary of the financial activities of the City and was drawn from information found in the 2011 Comprehensive Annual Financial Report (CAFR). Copies of the CAFR are available for public viewing at the Finance department and online at

<http://www.ci.glendale.ca.us/admin-svcs/cafr.asp>.

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

It is important to note that the financial data in this report is unaudited and presented on a non-GAAP (Generally Accepted Accounting Principles) basis. This means that it excludes discrete component units, contains condensed financial information and does not provide all of the necessary financial statements and note disclosures required by GAAP.

We hope you enjoy reading this report and invite you to access our audited CAFR referenced above for more detailed information, or by contacting the Finance Department at 141 N. Glendale Avenue, Suite 346, Glendale, CA 91206, Tel. (818) 548-2085.

CITY OF GLENDALE HISTORY

This area, which was 36,400 acres of woodland and grassland, was inhabited by the Native American Tongva people, and attracted the attention of Corporal Jose Maria Verdugo of the San Diego Company of the Spanish army.

In 1784 Corporal Verdugo, a native of Baja California, received permission from his army commander to settle and graze this land. In 1798 he retired from the army to become a full-time rancher. His ranch, Rancho San Rafael, supported herds of cattle, horses, sheep, mules, watermelons, corn, beans, peppers, and fruit. Senor Verdugo's route to and from Los Angeles, via San Fernando Road at his property's southern edge, came to be known as Verdugo Road.

The next half-century brought many changes, with California being ceded to the United States in 1848, being admitted as a state in 1850, and the railroads being built to link Glendale to Los Angeles and points beyond. The fortunes of the Verdugo family declined, causing them to sell or mortgage parts of their Rancho San Rafael.

The Great Partition opened the way for more American settlers. They cleared the cactus and sagebrush, usually to establish fruit orchards. Following Thanksgiving dinner in 1883, settlers met at the schoolhouse (which also served as the community church) on lower Verdugo Road to discuss the possible names for the town. Ultimately, a young woman painter from Chicago offered the two-word name "Glen Dale" and

it was approved.

By 1887, Glendale, having an established name and being at about 150 acres, was surveyed and recorded officially as a town. By the turn of the century, Glendale was rapidly becoming urbanized. In 1902 the Glendale Improvement Society, under the leadership of Mr. Edgar D. Goode and Dr. D.W. Hunt, embarked on a campaign to advertise Glendale, to develop new business, to attract residents, and above all to bring the Los Angeles Interurban railroad to Glendale from Los Angeles. The tracks were laid in 1904 through a strip of land owned by Leslie C. Brand – a location well to the west of the then main thoroughfare, Glendale Avenue. The railway (by then called the Pacific Electric) eventually helped shift the business center of Glendale to Brand Boulevard, and also sparked the desired population growth. Glendale was officially incorporated in 1906.

The City of Glendale is divided into 34 neighborhoods which are delineated by streets, washes, and mountain ridges. Each neighborhood has a unique history and character and as these neighborhoods developed, they combined to form the City of Glendale as we know it today. Glendale is noted for its high quality of life and fiscal stability, and it is the 3rd largest city in Los Angeles County.

Source: Glendale Historical Society <http://glendalehistorical.org> and City of Glendale <http://www.ci.glendale.ca.us/>



Flag



Seal

Nickname(s): The Jewel City



Location of Glendale within Los Angeles County and the State of California.

Country	United States
State	California
County	Los Angeles
Incorporated	February 15, 1906

Government	
-Type	Council-Manager
-City Council	Mayor Laura Friedman Frank Quintero Rafi Manoukian Ara Najarian Dave Weaver
-City Attorney	Scott H. Howard
-City Treasurer	Ronald T. Borucki
-City Clerk	Ardashes Kassakhian
-City Manager	James E. Starbird
Area	
-Total	30.7 sq mi (79.4 km ²)
-Land	30.66 sq mi (79.3 km ²)
-Water	0.04 sq mi (0.1 km ²)
Elevation	
	522 ft (159 m)
Population (May 1, 2010)	
-Total	192,473
-Density	6,770.6/sq mi
Zip Codes	
	91201-91210, 91221, 91222, 91225, 91226
Area Code	
	818
Website	
	www.ci.glendale.ca.us

ORGANIZATIONAL STRUCTURE

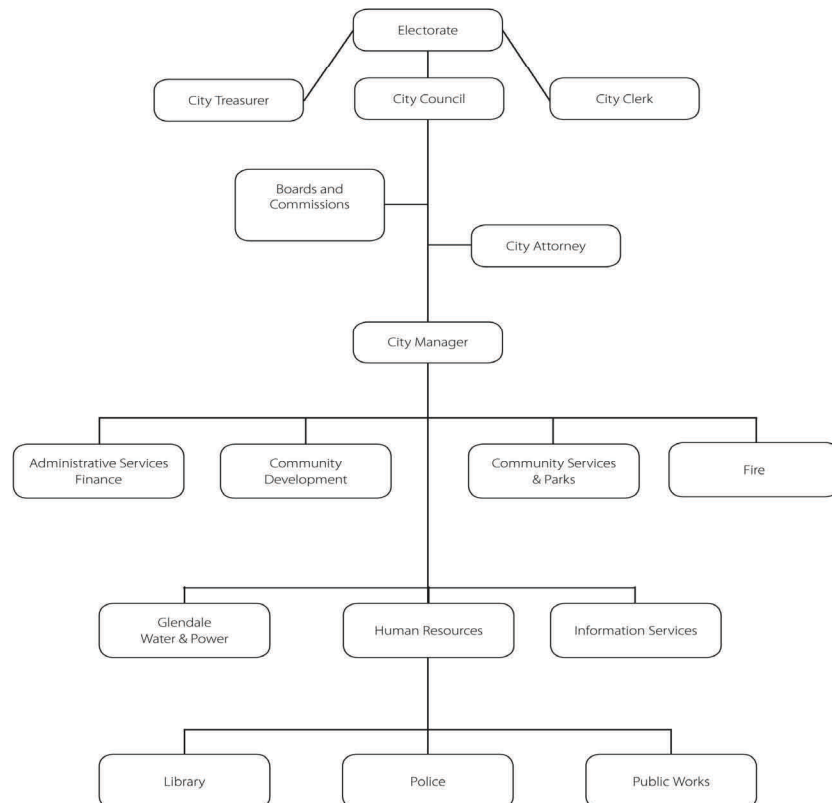
Glendale has a Council-Manager form of government. Five council members are elected at large to serve four year terms. Elections take place on the first Tuesday in April during odd numbered years. Each year Council selects one member to serve as mayor. The Mayor presides at Council meetings and has ceremonial responsibilities, in addition to his or her other Council duties.

The City Manager is the chief executive officer of the City, directing and managing the daily activities of the City government. The City provides full range of municipal services, and the departments include:

- Administrative Services
- City Attorney
- City Clerk
- City Treasurer
- Community Services and Parks
- Community Development
- Fire
- Glendale Water and Power
- Human Resources
- Information Services
- Library
- Management Services
- Police
- Public Works



City of Glendale, CA Organization Chart



ECONOMIC OUTLOOK

Local Economy:

New investment continues to take place throughout the city in the form of business expansion as well as businesses attracted to Glendale's central location, public safety record and low cost business environment. Industry clusters include:

- Retail Trade
- Healthcare
- Business Services
- Animation & Entertainment
- Manufacturing & Wholesale Trade
- Automotive Sales & Service
- Financial Services
- Technology and New Media

Economic development accomplishments for 2011 in Glendale are numerous and vary in size and scope. Here are a few to mention:

- **The Walt Disney Company** is expanding by constructing 338,000 square feet of creative space as part of phase II of its development within the GC3 campus. In addition, the company completed an employee child-care center and has plans to complete facilities to house production, animation and a machine shop. In total, Disney will invest over \$200 million in the City of Glendale.
- **LegalZoom** - Online document company LegalZoom opened its new headquarters in Glendale bringing over 350 employees to the City's Downtown business district. The company leased two floors for corporate offices at 101 N. Brand Boulevard and leased additional space for customer fulfillment at 100 W. Broadway.
- **Technicolor Film Labs** - Technicolor's Creative Services Division relocated its film lab from North Hollywood to Glendale's Creative Corridor. Both 35 millimeter and IMAX films will be processed for both studios and independent filmmakers. The move will bring over 100 employees to the Creative Corridor.

The Glendale Galleria along with The Americana at Brand continue to help solid-

ify the City of Glendale as a regional center for retail activity.

Employment::

Stubbornly high unemployment rates in the city in 2011 were an issue that continues to plague the local economy and employment. As of August 2011, the City of Glendale had an unemployment rate of 11.1%, compared to 11.3% in August 2010 and 10.9% in 2009 during the midst of the recession.

A weak labor market has a direct impact on a number of key local industries. Most notably, consumer-related industries, which are substantial in Glendale, experience subpar growth or stagnation in a weak labor market. Employment in the region's large retail sector, which has held fairly steady in the past year, benefitted earlier this year from improving car sales and fairly strong performance by some retailers that cater to higher end customers. As the U.S. economy began to weaken again near the end of the 3rd quarter of 2011, economists were concerned that the flat economic growth could lead to a depressed environment for retail and consumer related industries. Despite these concerns, retail trade groups are predicting growth in holiday retail sector, which could bode well for merchandisers at Glendale Galleria and the Americana Mall. Employment in other consumer-related areas, such as restaurants and hotels, continued to hold steady as the local economy recovered from the recession.

The most dominant industry sector in the City of Glendale from an employment standpoint is the health care industry. The City has three major medical centers and many supporting businesses in health care. Despite the recession, employment in the health care sector has remained stable to slightly up.

A major bright spot in the Glendale economy is the entertainment industry. Though the industry is relatively small compared to other local entertainment hubs such as Burbank and Hollywood, employment in the Glendale entertainment economy is growing very fast. Led by the Disney Creative Campus development, jobs are migrating into the city.

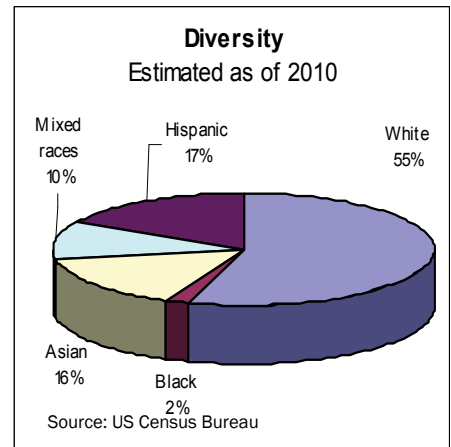
Housing:

According to the City's property tax consultant, HDL, Glendale's housing market showed both a decrease in sales volume as well as in sales prices, reflected in an average home price of \$581,708 as of June 2011, compared to \$620,800 in June 2010. Condominium sales followed the same pattern, with an average value of \$285,914 in June 2011, compared to \$329,010 in June 2010.

Statistics

Population	192,473
Per Capita Personal Income	\$40,867
Unemployment Rate	11.10%
School Enrollment	48,582
Median Age	40.0
Adopted Annual Budget FY10-11	\$810 million

See Comprehensive Annual Report (CAFR) for fiscal year ended June 30, 2011, Statistical Section Schedule 16 and Letter of Transmittal



Top 10 Principal Employers

Employer	Employees
Glendale Adventist	2,234
City of Glendale	2,122
GUSD	1,886
Glendale Memorial	1,463
GCC	1,406
Nestle	1,269
Walt Disney	1,025
Diagnostic Labs	931
Carney Education	720

FINANCIAL HIGHLIGHTS (IN THOUSANDS)

- The assets of the City exceeded its liabilities at the close of the 2011 fiscal year by \$1,655,667 (net assets). Of this amount, \$245,283 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. The total unrestricted net assets consist of \$85,930 for governmental activities and \$159,353 for business-type activities.
- The City's total net assets increased by \$1,644. Most of this increase is attributable to increases in charges for services, and capital grants and contributions.
- As of the close of the 2011 fiscal year, the City governmental funds reported combined ending fund balances of \$297,822, an increase of \$47,786 in comparison with the prior year. About 19% of this total amount, \$56,015 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the 2011 fiscal year, unassigned General Fund balance of \$63,408 and the charter required reserve of \$21,105 for the General Fund total \$84,513, or 50% of total general fund expenditures plus transfers, or 49% of the original total General Fund budget including transfers.
- The General Fund has adopted a target reserve level of 35%, with a floor of 30% of the original adopted general fund budget for the subsequent year (2011-12) including transfers out. This unassigned General Fund balance amount includes the Glendale Redevelopment Agency's (GRA) payment of \$30,605 of its advances to the City; assignment of GRA loans' receivable of \$3,259 and transfers of its property held for resale of \$5,101 to the City. The partial payment by GRA of its advances to the City; the assignment and transfer of its loans' receivable and property held for resale to the City were done to protect the Agency's assets due to the passing of Assembly Bill (AB) x1 26 by the California Legislature in June 2011, to eliminate Redevelopment Agencies throughout the State.
- The City's total debt (not including accounts payable, accrued wages & deposits) increased by \$49,011 (10%) during the 2011 fiscal year. The factors of this increase was the combination of items such as the issuance of the Glendale Redevelopment Agency's 2011 Subordinate Taxable Tax Allocation Bonds, claims payable, postclosure liability of Scholl Canyon Landfill, compensated absences, post employment benefits, and the Glendale Housing Authority Residential Development Loan Program, as well as decreases such as bond retirements through regular annual payments.

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Total</i>	
	2011	2010	2011	2010	2011	2010
Current and other assets \$	429,523	388,598	212,729	260,755	642,252	649,353
Capital assets	886,533	880,231	697,447	649,864	1,583,980	1,530,095
Total assets	1,316,056	1,268,829	910,176	910,619	2,226,232	2,179,448
Long-term liabilities	306,321	258,777	181,517	181,096	487,838	439,873
Other liabilities	54,906	54,895	27,821	30,657	82,727	85,552
Total liabilities	361,227	313,672	209,338	211,753	570,565	525,425
Investment in capital assets, net of related debt	814,946	806,721	526,011	476,440	1,340,957	1,283,161
Restricted	53,953	56,854	15,474	13,864	69,427	70,718
Unrestricted	85,930	91,582	159,353	208,562	245,283	300,144
Total net assets \$	954,829	955,157	700,838	698,866	1,655,667	1,654,023

GENERAL FUND

The General Fund is the primary fund of the City. The General Fund provides City services that the general public typically associates with local government, parks, library, public safety (police and fire), and general administrative support. The General Fund collects all general revenues not specifically levied or collected for other City funds or expenditures.

In the next few sections of this document we will look at General Fund Revenues and Expenditures as well as General Fund available resources. In addition we will provide history of our property tax in relation to enterprise fund transfers.

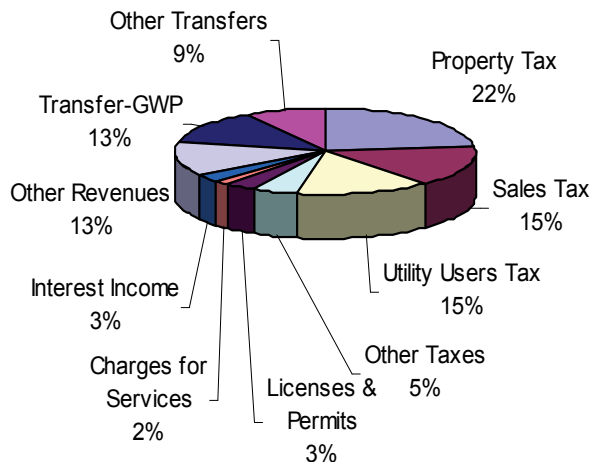
WHERE THE MONEY COMES FROM (IN THOUSANDS)

Revenue by Source	2011	2010	2009
Property Tax	\$ 41,141	40,336	41,778
Sales Tax	28,292	25,146	18,237
Utility Users Tax	26,802	27,827	28,798
Other Taxes	8,450	5,850	13,724
Licenses & Permits	6,154	4,553	4,837
Charges for Services	3,438	3,237	3,977
Interest Income	4,564	5,976	4,428
Other Revenues	23,741	16,909	14,572
Transfer-GWP	23,267	23,267	23,267
Other Transfers	15,600	13,750	7,935
Total Revenues	\$ 181,449	166,851	161,553

General Fund Revenues increased by \$14,598 from \$166,851 in FY2010 to \$181,449 in FY2011. Although some of major revenue categories had moderate increases which show signs of slow recovery, the big increase is merely due to administrative policy decisions related to State of CA legislation to eliminate Redevelopment Agencies. It should be noted that there was a one time asset transfer of \$8.5 million for property and assets from the Redevelopment Agency to the City. In addition, the Redevelopment Agency made a payment of \$35.6 million to the city, of which \$30.6 million paid down the outstanding Agency debt. The remaining \$4.9 million was recorded as interest on the Agency loan which explains in part the increase in Other Revenues. Nevertheless, here are some revenue highlights:

- Sales tax increased by \$3,146 from \$25,146 in FY2010 to \$28,292 in FY2011. For this increase, \$1,000 is a result of administrative policy change of eliminating remaining 4% sales tax allocation to Capital Improvement Fund and \$1,100 is due to a result of an ERAF audit. The remaining \$1,046 is due to stronger sales for new motor vehicle dealers, family apparel stores and grocery stores with liquor.
- Licenses & Permits increased by \$1,601 from \$4,553 in FY2010 to \$6,154 in FY2011. This increase is primarily a result of a multiple big scope projects such as the Disney expansion on 1200 Grand Central Avenue, two large apartment complexes on 432 Myrtle (new 4 unit apartment building at \$1.25 Million in valuation) and 544 W. Elk (new 14 unit valuing at \$5 million).
- Other taxes increased by \$2,600 from \$5,850 in FY 2010 to \$8,450 in FY 2011. This increase is due to an administrative change which moved Scholl Canyon Landfill Host Assessment revenue from Capital Improvement Fund to General Fund about \$2,000 and \$600 increase in the Transient Occupancy Tax.

FY 2011 General Fund Revenues

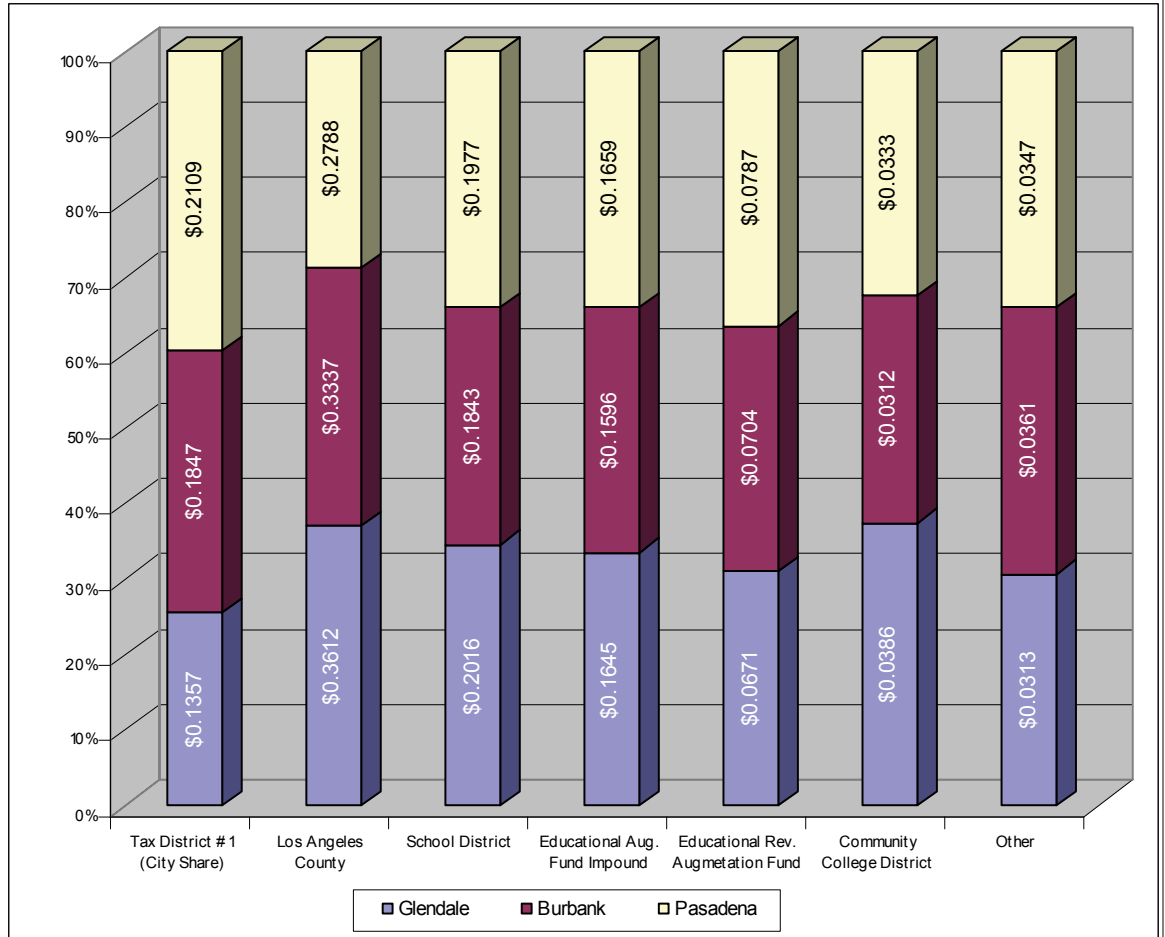


While the increases observed in several of the General fund revenue categories provide optimism for the future, it is uncertain if these increases will be sustainable over the foreseeable future.

GENERAL FUND REVENUES (CONTINUED)

Prior to Proposition 13, the City endeavored to levy as small a property tax on Glendale taxpayers as possible. The City's strategy was to draw funding from the utility company for general government. When Proposition 13 passed, it effectively eliminated the City's ability to determine the tax rate on property. Proposition 13 set real estate property assessed values for tax purposes at the full 1975-1976 market value, limited real estate taxes to 1 percent of that value, and limited increases in assessed value to the lesser of the annual rate of inflation or 2 percent unless a property was sold or improvements were added. Upon sale of a property, the assessed value is based on the sale price. Subsequent legislation allowed for tax levies above the 1 percent Proposition 13 tax rate but only if the levy was approved by a two-thirds vote. Proposition 13 froze the City's share of the property tax revenues. As can be seen in the chart, Glendale's share of property tax, the 1 percent Proposition 13 tax rate is 13.57 percent. This share is considerably less than the property tax shares received by Burbank and Pasadena. While the amount GWP transferred to general fund was \$23.3 million in 2011 (19.1 million from electric & \$4.2 million from water) that is only 40% of the maximum allowable transfer amount - \$47.8 million. City Charter allows up to 25% of Electric operating revenue to be transferred to general fund for each fiscal year.

Property Tax Dollar Breakdown for Glendale, Burbank and Pasadena



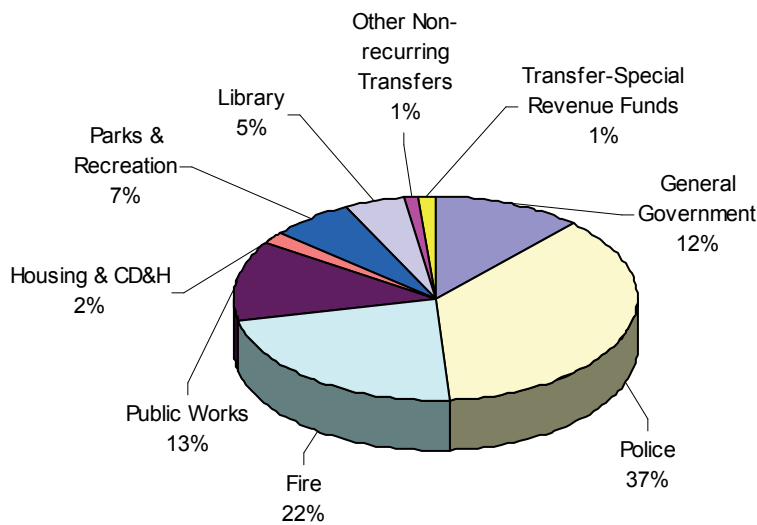
	Glendale	Burbank	Pasadena
Tax District #1 (City Share)	0.1357	0.1847	0.2109
Los Angeles County	0.3612	0.3337	0.2788
School District	0.2016	0.1843	0.1977
Educational Aug. Fund Impound	0.1645	0.1596	0.1659
Educational Rev. Augmentation Fund	0.0671	0.0704	0.0787
Community College District	0.0386	0.0312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

WHERE THE MONEY GOES-GENERAL FUND (IN THOUSANDS)

Expenditures by Function	2011	2010	2009
General Government	\$ 19,856	19,539	19,537
Community Promotion	106	55	105
Police	62,015	53,842	54,452
Fire	37,630	37,098	35,438
Public Works	21,854	21,482	18,945
Housing & CD&H	3,028	2,828	2,580
Parks & Recreation	11,342	11,277	11,537
Library	7,803	7,773	8,006
Capital	64	234	341
Transfer-Internal Service Funds	-	13,178	2,386
Transfer-Special Revenue Funds	2,237	4,737	4,060
Other Non-recurring Transfers	1,930	-	-
Total Expenditures	\$ 167,865	172,043	157,387

General Fund expenditures decreased by \$4,178 from \$172,043 in FY2010 to \$167,865 in FY2011. However this decrease does not reflect the true picture as we look at the numbers for each function. As illustrated in the table, the expenditures for each governmental function except Police remained almost unchanged. The explanation for \$4,178 decrease in General Fund expenditures can be accomplished by discussing the changes in Police and Transfer to Internal Service Funds.

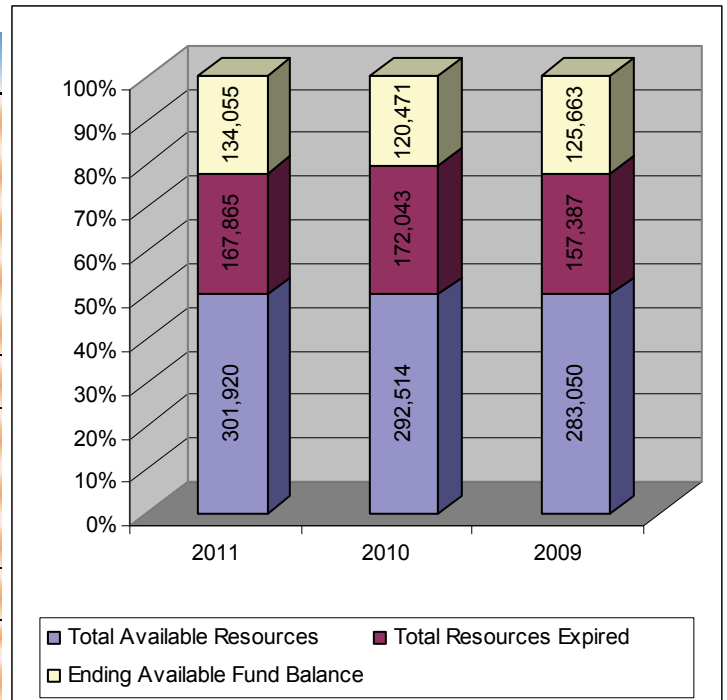
- A one time audit adjustment that transferred \$13,178 in FY2010 shows a \$13,178 decrease in General Fund for FY2011.
- Police expenditures increased \$8,173 as a result of closing the Police Staff Augmentation Fund to General Fund which transferred all police officers funded in this fund into general fund. This action increased expenditures in General Fund by \$5,000; however, there was also a transfer of \$3,184 in fund balance which reduced the burden on general fund to only \$1,816. In addition, FY2011 was the last year that sworn officers had on their employment contract which awarded them with a 6% COLA adjustment to their salaries.



Challenges that we continue to face are not unique to City of Glendale alone. Costs continue to outpace any growth seen in major revenues such as property and sales tax. While these categories may not be declining and even increase as was the case this past fiscal year, increases in pension costs and other employee benefits continue to exceed revenue gains. In light of this revenue stagnation, the City has attempted to address the cost increases through a variety of strategies including a second-tier pension and increased cost sharing from all employee groups, administering hiring freezes, reducing operating costs and even eliminating some of city programs in various departments.

GENERAL FUND AVAILABLE RESOURCES (IN THOUSANDS)

General Fund Resources	2011	2010	2009
Beginning Fund Balance	\$ 120,471	125,663	121,497
Taxes	104,685	99,159	102,537
Other Revenue	37,897	30,675	27,814
Transfer From GWP	23,267	23,267	23,267
Other Transfers	15,600	13,750	7,935
Total Available Resources	301,920	292,514	283,050
Operating Expenditures	163,698	154,128	150,941
Operating Transfers-Out	2,237	17,915	6,446
Non-recurring Transfers-Out	1,930	-	-
Total Resources Expired	167,865	172,043	157,387
Ending Available Fund Balance	\$ 134,055	120,471	125,663



Charter Reserve Ratio

Prior to GRA Loan Repayment			
General Fund	2011	2010	2009
Unassigned Fund Balance	34,748	28,766	35,799
City Charter	21,105	20,619	19,320
Unassigned & Charter Reserve	55,853	49,385	55,119
Original Total Adopted Budget	170,276	164,828	169,237
Charter Reserve Ratio	32.8%	30.0%	32.6%

After GRA Loan Repayment			
General Fund	2011	2010	2009
Unassigned Fund Balance	63,408	28,766	35,799
City Charter	21,105	20,619	19,320
Unassigned & Charter Reserve	84,513	59,385	55,119
Original Total Adopted Budget	170,276	164,828	169,237
Charter Reserve Ratio	49.6%	30.0%	32.6%

Prior to all of the GRA related activity in the General Fund, the City's unassigned (unreserved) fund balance increased to \$55.8 million and increase the reserve percentage to 32.8%. This is an increase of \$6.5 million from last year's unassigned balance of \$49.4 million. In addition, the effect of GRA activity further increased the City's unassigned (unreserved) fund balance by another \$28.7 million. This combined with the \$6.5 million surplus from City operations brings the total unassigned & charter reserve to \$84.5 million as of June 30, 2011. A recap of the along with a reconciliation of the General Fund fund balance and corresponding unassigned & charter reserve percentage are presented in the tables below.

The General Fund has adopted a target reserve level of 35%, with a floor of 30% of the original adopted general fund budget including transfers out of the subsequent year.

ENTERPRISE FUNDS

Enterprise funds are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. Enterprise funds are used to report same functions presented as business-type activities in the government-wide financial statements. They are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services which are supported primarily by user charges. The following comprise the City's major enterprise funds:

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



VERDUGO FIRE COMMUNICATIONS CENTER



ENTERPRISE FUNDS FINANCIAL HIGHLIGHTS (IN THOUSANDS)

Statement of Activities and Changes in Net Assets

	Business-type activities	
	2011	2010
Revenue:		
Program revenues:		
Charges for services	\$ 275,551	263,298
Operating grants & contribution	161	421
Capital grants & contribution	16,238	7,440
Investment income	2,089	4,770
Miscellaneous	8,527	4,274
Total revenues	302,566	280,203
Expenses:		
Recreation	2,622	2,645
Hazardous disposal	1,745	1,848
Fire communications	3,289	3,306
Parking	7,763	7,609
Sewer	15,756	17,874
Refuse disposal	18,893	18,101
Electric	188,569	170,423
Water	35,790	34,953
Total expenses	274,427	256,759
Excess (deficiency) before transfers	28,139	23,444
Transfers	(26,167)	(25,167)
Increase in net assets	1,972	(1,723)
Net assets - Beginning of the year	698,866	700,589
Net assets - End of the year	\$ 700,838	698,866



Statement of Net Assets

	Business-Type Activities	
	2011	2010
Current and other assets	\$ 212,729	260,755
Capital assets	697,447	649,864
Total assets	910,176	910,619
Long-term liabilities	181,517	181,096
Other liabilities	27,821	30,657
Total liabilities	209,338	211,753
Invested in capital assets, net of related debt	526,011	476,440
Restricted	15,474	13,864
Unrestricted	159,353	208,562
Total net assets	\$ 700,838	698,866

Business-type activities increased the City of Glendale's net assets by \$1,972. Key elements of this increase are as follows.

- Charges for services increased overall by \$12,253 (4.7%) during the year. This increase can be attributed to an increase in Electric Sales due to increase in wholesale transactions and an increase in sales to other utilities for the disposal of excess energy as well as an increase in Water Sales due to an average of 3.8% rate increase.
- Capital grants and contribution increased by \$8,798 (118.3%) during the year. The increase is mostly due to the Smart Grid Investment Grant Program (SGIG) by the City of Glendale in conjunction with Glendale Water and Power to upgrade all electric and water meters in the City to Smart Meters.
- Investment income decreased by \$2,681 (56.2%) during the year due to a decrease in return on investment, an overall lower yield in the investment portfolio, as well as a decrease in cash balance due to investment in the Smart Grid Project.
- Miscellaneous revenues increased by \$4,253 (99.5%) during the year due to partial payments of insurable loss related to the repair/replacement of Unit No. 5 cooling tower deluge system piping at the Grayson Power Plant and a refund from L.A. County regarding reclaimed water.
- Electric expense increased by \$18,146 (10.6%) during the year. This increase can primarily be attributed to an increase in production costs brought by an increase in wholesale activities and an increase in gas reserve expenses.
- Water expense increased by \$837 (2.4%) during the year due to an increase in rate charged by Metropolitan Water District (MWD).

CASH MANAGEMENT (IN THOUSANDS)

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

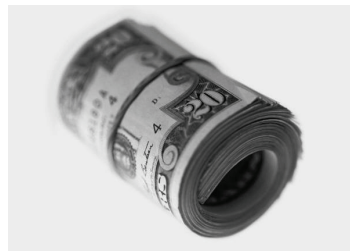
The City manages its pooled idle cash and investments under a formal investment policy that follow the guidelines of the State of California Government Code, which is then reviewed by the Investment Committee and adopted by the City Council. Individual investments cannot be identified with any single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

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

The average return on invested cash decreased by 46 basis from 1.89% in FY 2010 to 1.43% in FY 2011. Interest earnings follow interest rates, and during the year interest rates in the marketplace traded in narrow ranges with each range trending lower as the year came to a close. The City Treasurer follows the general investment strategies set forth in a formal Statement of Investment Policy and presents monthly reports to the City Manager and the City Council.

The following table illustrates the composition of City's investment portfolio.

		Remaining Maturity (in Months)				More than 60 Mos
		12 Months or Less	13 to 24 Months	25 to 60 Months		
Commercial Paper	\$ 5,000	5,000	-	-	-	
U.S. Government Agency Callable Bonds	192,262	-	21,557	170,705	-	
Federal Agency Term Notes	30,311	5,051	-	25,260	-	
Corporate Notes	30,310	2,565	14,629	13,116	-	
State Investment Pool	150,236	150,236	-	-	-	
Money Market Fund	72,776	72,776	-	-	-	
Held by Fiscal Agents						
Federal Agency Term Notes	9,847	9,847	-	-	-	
Guaranteed Investment Contracts	6,313	-	-	-	6,313	
Money Market	14,356	14,356	-	-	-	
	\$ 511,411	259,831	36,186	209,081	6,313	



**City of Glendale
CITY TREASURER**



**Investment
Portfolio**

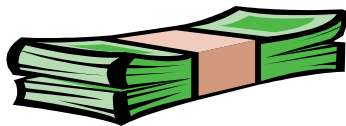
CITY CAPITAL ASSETS (IN THOUSANDS)

Capital assets including land, buildings, improvements, equipment and infrastructure assets (e.g. roads, sidewalks, traffic lights and signals, street lights and etc), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the 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 in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The City's investment in capital assets for its governmental and business type activities as of June 30, 2011, amounts to \$1,340,957 (net of accumulated depreciation and related debt). 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 4.5%; this represents a 1.0% increase for governmental activities and a 10.4% increase for business-type activities.

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

- At the close of the fiscal year, the Electric fund reflected increases mostly due to a City wide installation of Smart Grid electric meters and its integration with the Ice Bear units. There is a \$27,626 increase in construction in progress, \$17,877 increase in machinery and equipment compared to the prior year, and a \$2,270 increase in buildings & improvements. Contributions to the increase are also attributed to improvements to Utility Operations Center (UOC) & the GWP fleet garage, and power system upgrades of GWP substations, i.e. Tropico and Rossmoyne substations.
- At the close of the fiscal year, the Water fund reflected a \$13,928 increase in construction in progress, a \$4,433 increase in buildings & improvements, and a \$957 increase in machinery and equipment compared to the prior year. The increases are mostly due to replacement and rehabilitation of the City water mains, i.e. completion of the Pelanconi Main cleaning and relining project, and installation of Smart Grid water meters.



	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 434,921	437,717	15,043	15,043	449,964	452,760
Natural Gas Reserve	-	-	17,993	15,633	17,993	15,633
Buildings and improvements	268,286	267,844	402,816	392,011	671,102	659,855
Machinery & equipment	92,487	90,329	523,040	504,869	615,527	595,198
Infrastructure	262,799	231,170	-	-	262,799	231,170
Construction in progress	68,475	80,267	152,925	111,277	221,400	191,544
Total capital assets	1,126,968	1,107,327	1,111,817	1,038,833	2,238,785	2,146,160
Less: Accumulated depreciation	(240,435)	(227,096)	(411,541)	(386,832)	(651,976)	(613,928)
Less: Gas depletion	-	-	(2,829)	(2,137)	(2,829)	(2,137)
Net of depreciation	\$ 886,533	880,231	697,447	649,864	1,583,980	1,530,095

CITY DEBT (IN THOUSANDS)

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 fund statement of net assets. 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 cost are reported as deferred charges and amortized over the term of the related debt. In the governmental funds statement of revenues, expenditures and changes in fund balances, issuance of debt is recorded as another financing source in the respective fund.

As of June 30, 2011 City's Debt is comprised of the following.

FY 2011 DEBT COMPOSITION		Amount
Certificates of Participation (Police Facility)	\$	52,400
Tax Allocation Bonds		148,127
Revenue Bonds		169,245
Claims Payable		46,894
Landfill Closure & Post-closure Care Liability		32,921
Compensated Absences		26,874
Other		42,426
Total General Long Term Debt	\$	518,887

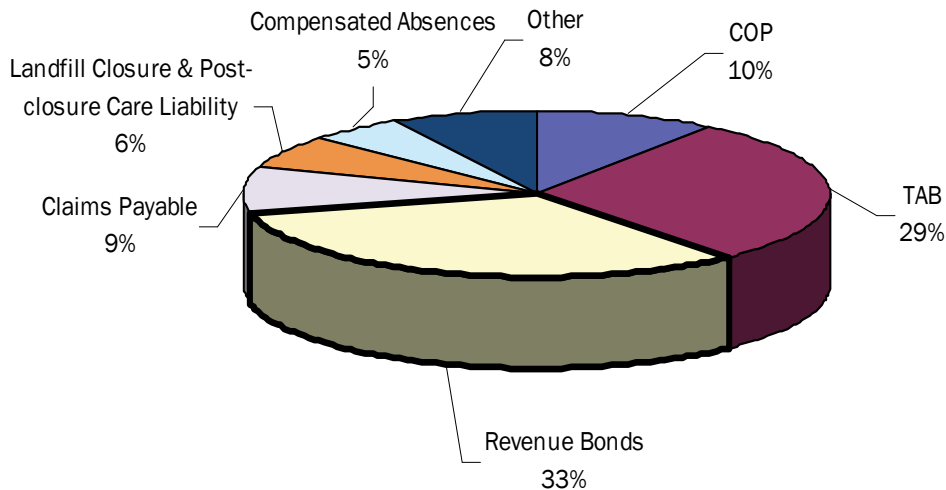
The City's Debt Ratings (based on insurance purchased related to the issues):

* These ratings are based upon the issuance of the Liquidity Facility. The City's Liquidity Facility Provider is JPMorgan Chase Bank, N.A. (JPMorgan). The JPMorgan's ratings were based in the year 2000 when the COPs were issued.

** In August 2011, the Moody's Investor Service has downgraded the City of Glendale (CA) Water Enterprise's Revenue Bonds 2008 rating from Aa3 to Aa2.

Debt Issue	Moody's	Standard & Poor's (S & P)	Fitch Ratings'
Police building project (COP)	Aa3(Con)/VMIG-1 *	AA+/A-1+ *	AA-/F1+ *
2002 GRA tax allocation bonds	Aaa	AAA	N/A
2003 GRA tax allocation bonds	Aaa	AAA	N/A
2010 GRA tax allocation bonds	Baa2	A-	N/A
2011 GRA tax allocation bonds	N/A	A-	N/A
Electric revenue bonds, 2003	Aaa	AAA	AAA
Electric revenue bonds, 2006	Aaa	AAA	AAA
Electric revenue bonds, 2008	Aaa	AAA	AAA
Water revenues bonds, 2008 **	Aaa	AAA	AAA

FY2011 TOTAL CITY DEBT



FINANCIAL RATIOS (IN THOUSANDS)

Liquidity Ratios:

The current ratio and quick ratio indicate the City's ability to pay its bills. The current ratio represents the number of times City's current assets could cover current liabilities. The quick ratio is the conservative version of current ratio. It takes inventories out of the equation to include very liquid assets only. For the City of Glendale, the trend looks stable for both ratios. The fact that both ratios increased compared to the prior year shows an organization that is ready to meet its current obligations without any hardship in today's economic downturn. Comparative City average for this ratio is below 5 times for FY 2011.

	2011	2010	2009
Total Current Assets	555,460	555,803	544,821
Total Current Liabilities	82,727	85,552	78,382
Total Inventories	6,152	6,673	7,504
Current Ratio	6.71	6.50	6.95
Quick Ratio	6.64	6.42	6.86

Comparative City Average Current Ratio	4.80%
Comparative City Average Quick Ratio	4.69%

Debt Ratios:

The debt ratio gives an indication of the City's ability to issue new debt. The lower the organization's reliance on debt for asset formation, the less risky the organization is, since excessive debt can lead to a heavy repayment burden. City of Glendale debt ratio is hovering around 23-26% for the last three years which is much lower than the industry average of 35% or higher. Since this ratio represents percentage of funds needed to purchase assets that were obtained through borrowing, it is safe to say that City of Glendale uses very little debt financing to acquire its assets. Debt to Equity Ratio measures the organizations' borrowing versus its equity. Higher ratio means an organization obtains assets through debt financing.

	2011	2010	2009
Total Assets	2,226,232	2,179,448	2,133,873
Total Liabilities	570,565	525,425	480,847
Total Net Assets	1,655,667	1,654,023	1,653,026
Debt Ratio	26%	24%	23%
Debt To Equity Ratio	34%	32%	29%

Comparative City Average Debt Ratio	41%
Comparative City Average Debt To Equity Ratio	74%

SERVICE OPERATING INDICATORS

Function/Program	2011	2010	2009
Police			
Physical arrests	5,652	5,857	6,405
Parking violations	81,843	87,621	83,706
Traffic violations	25,667	23,990	26,149
Fire			
Emergency responses	15,447	15,424	14,923
Fires extinguished	349	333	317
Refuse collection			
Refuse collected (tons per day)	195	197	279
Recyclables collected (tons per day)	31	32	48
Inert waste recycling - Brand Park landfill (tons per year)	2,500 (1)	3,000 (1)	3,000 (1)
Other public works			
Street resurfacing (miles)	5.56 (2)	5.30 (2)	1.62
Street reconstructing (miles)	0.70	0.50	0.13
Potholes repaired (square feet per year)	21,012 (3)	16,449 (3)	11,800
Parks and recreation			
Athletic field permits issued	917	930	1,054
Community center admissions	2,360	1,114	1,229
Library			
Volumes in collections	688,818	701,928	718,879
Total volumes borrowed	1,290,945	1,312,743	1,236,950
Electric			
New connections	162	246	387
Average daily consumption (MWH)	2,878	3,020	3,154
Electricity generated (MWH)	928,682	960,061	940,051
Electricity purchased (MWH)	1,195,972	451,545	533,258
Electricity sold - Retail (MWH)	1,050,450	1,102,310	1,151,391
Electricity sold - Wholesale (MWH)	884,686	185,655	204,828
Peak demand (MW)	336	300	299
Water			
New connections	(135) (4)	102	234
Average daily consumption (millions of gallons)	21	22	25
Water mains breaks	10	8	12
Water purchased (AF)	16,959	16,535	20,873
Water sold (AF)	24,796	25,489	29,465
Wastewater			
Average daily sewage treatment (millions of gallons)	20	20	17
Transit			
Total route miles	880,655	866,901	889,819
Passengers	2,724,121	2,574,396	2,260,263

Notes:

1. Some inert wastes were diverted to an outside recycling company rather than using Brand Landfill.
2. More street resurfacing was done in FY2011 and FY2010 than in prior years in an effort to take advantage of the low street resurfacing costs resulting from the economic downturn.
3. As a result of the Public Works Department's increased community outreach efforts (on GTV6, department newsletter, and Pothole Patrol 818-548-3950), which encourage the reporting of potholes for immediate repair, more potholes were repaired in FY2011 compared to prior years.
4. FY2011 "New Connections" is a negative number as this year's active meter count of 33,374 is less than last year's active meter count of 33,509.

Source: CAFR statistical section, schedule 19

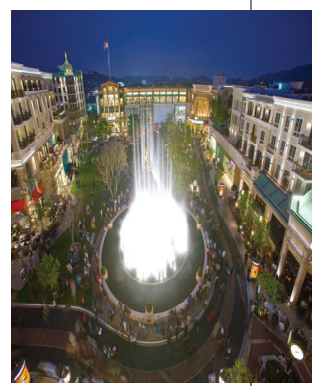
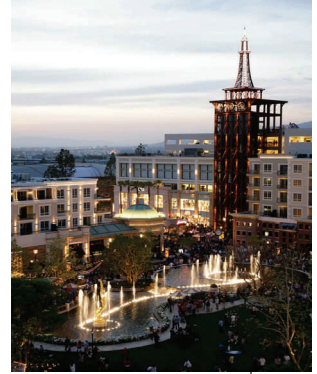




CITY OF GLENDALE LEADING INDICATORS

City of Glendale by the Numbers

Property Tax Rate	1.13214%
Unemployment Rate	11.10%
S&P Bond Rating	A- & AAA
Moody's Bond Rating	Aaa & Baa2
Current Ratio	6.71 times
Debt Ratio	26%
Total City Assets	\$2,226,232,000
Total City Debt	\$ 570,565,000
Total City Net Assets	\$1,655,667,000
Population	192,473
Percent High School Graduate or Higher	84%
Per Capita Personal Income	\$40,867
Total Personal Income	\$7,865,794,091
City Website	http://www.ci.glendale.ca.us
City Address	613 E. Broadway, Glendale, CA 91206
City Phone	(818) 548-4000



CITY OF GLENDALE WINDOW TO THE FUTURE

The City of Glendale is eager to share the development of future projects which are anticipated to be completed in the next few years. Our goal is that we may continue to be a burgeoning City which attracts more businesses, visitors, and residents. Here are some of the notable ones coming down the pipe.

- Broadway Lofts—208 residential units, 30,000 SF ground entertainment uses
- Americana at Brand Expansion—addition of Nordstrom
- Courtyard by Marriott *
- Mercedes Benz Dealership – 700 S. Brand Blvd. Auto dealership expansion and new multi level service and parking structure and showroom renovation. Phase I complete; future phases 2013
- Central Park Promenade-Pedestrian passage and alley landscape improvements *
- Glendale Galleria Plaza remodel with addition of Bloomingdales
- Museum of Neon Art – 216 S. Brand Blvd. Adaptive reuse for museum Opening Fall 2012. *

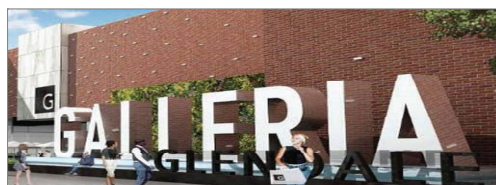
* For these projects, the success in completion could be effected by elimination of redevelopment agency and could be jeopardized if state or successor agency decide not to continue them.



Broadway Lofts – 200 E. Broadway (former Circuit City site)
208 residential units, 30,000 SF ground floor entertainment uses
Opening Summer 2013



Americana at Brand Expansion - Addition of Nordstrom opening 2013



Glendale Galleria Plaza Remodel and Addition of Bloomingdales
Opening 2013