

The City of Glendale

# POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2013





# Table of Contents

Introduction .....	3
Key Terms .....	3
Award .....	4
City History .....	4
Quick Facts & Map .....	5
Organizational Structure .....	6
City Council.....	7
Organizational Chart .....	8
Economic Outlook .....	9
Financial Highlights .....	10
General Fund.....	11
Enterprise Funds .....	17
Cash Management .....	19
Capital Assets .....	20
City Debt .....	21
Financial Ratios .....	22
Operations Indicators by Function/Program .....	23
Leading Indicators .....	24
Window To The Future .....	25



# Introduction

As part of our continuous effort to keep you informed about how your tax dollars are being spent, we are pleased to present the 2013 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 2013 Comprehensive Annual Financial Report (CAFR). Copies of the CAFR are available for public viewing at the Finance department and online at [www.ci.glendale.ca.us/admin-svcs/cafr.asp](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 the City's investments, capital assets, debts 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.

## Key Terms

In order to make the report even more user friendly, here are some definitions of key accounting terms used throughout the report. These selected terms are commonly used in governmental accounting and hopefully will clear the mystery out of the technical part of the report:

**Fund:** A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated

for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**Governmental Funds:** Funds used to account for most general government activities such as police, fire, public works and etc... that are supported by taxes.

**Proprietary/Business-Type Funds:** Funds that are used to account for activities for which a fee is charged to external users for goods or services. In other words, City operations that charge customers such as electric and water utilities, refuse and sewer collections, etc...

**Assets:** Resources owned and controlled by the City that are expected to benefit future operations.

**Liabilities:** Debt or obligation that a City must pay.

**Net Position:** The residual of City's assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net Position amends the term Net Assets used in GASB 34 Basic Financial Statements by incorporating deferred outflows/inflows of resources into the equation.

**Current Assets:** Liquid assets of the City such as cash or receivables. Assets that can be liquidated within a short period of time, usually one year.

**Non-Current Assets:** Assets that can not be converted to cash or liquidated in a short period of time such as Fixed/Capital Assets, Inventory, Restricted Assets, Deferred charges, etc...

**Capital/Fixed Assets:** Non-current assets that are used in the operation of the City and have an initial useful life in excess of one year. For example, land, buildings, infrastructure, vehicles, etc...

**Current Liabilities:** City's debt and obligations that are due within a year such as accounts payable, payroll taxes, matured principal payments, etc...

**Long-term Debt/Non-current liabilities:** Debts and obligations of the City that are long-term, usually more than one year such as bonds payable, claims payable, landfill postclosure, etc...

**Deferred Outflows/Inflows of Resources:** Consumption of net assets by the government that is applicable to a future reporting period and an acquisition of net assets by the government that is applicable to a future reporting period.

### Net Investment in Capital Assets:

Component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

**Restricted Net Position:** Component of net position reported in government-wide and proprietary fund financial statements. Net assets should be restricted when: 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Position:** Component of net position reported in government-wide and proprietary fund financial statements. It represents that portion of net position that is neither restricted nor part of net investment in capital assets. In other words, these funds are available for the City to use for operations.

**Property Tax:** This is an ad valorem tax (based on value) imposed or assessed on real property (land and permanently attached improvements such as buildings) and personal (movable) property.

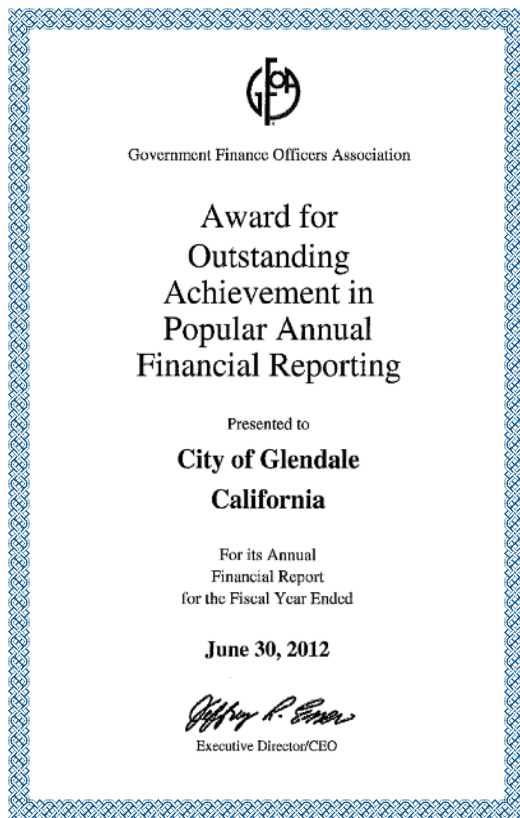
**Sales Tax:** City portion of California State consumption tax charged at the point of purchase for certain goods and services.

**Utility Users Tax:** UUTs in California are taxes that cities and counties are allowed, via election, to impose on the consumption of certain utility services. In Glendale, this tax is levied on the following utility services: telecommunications (6.5%), video (6.5%), electricity (7%), natural gas (7%), and water (7%).

**Other Taxes:** This category accounts for other taxes in the City such as Transient Occupancy Tax, Franchise Tax, Property Transfer Tax, etc...

**Licenses and Permits:** This category includes Building Permits, Business License Permits, Variance Permits, Plan Check Fees, Street Permits, etc...

# Certificate of Achievement Award



Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Glendale for its Popular Annual Financial Report for the fiscal year ended June 30, 2012. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

The Popular Annual Financial Reporting Awards Program is specifically designed to encourage state and local governments to prepare and issue a high quality popular annual financial report to make financial information accessible to ordinary citizens and other interested parties.

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

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

## City of Glendale History

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

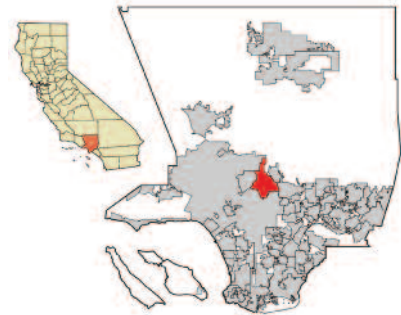
In the years that followed, the Great Partition paved the way for more American settlers, who cleared the cactus and sagebrush for the purpose of establishing fruit orchards. Following Thanksgiving dinner in 1883, settlers met at the schoolhouse (which also served as the community church) on lower Verdugo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









Nickname: 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

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

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

Source: Glendale Historical Society & City of Glendale  
[www.glendalehistorical.org](http://www.glendalehistorical.org)  
[www.ci.glendale.ca.us/](http://www.ci.glendale.ca.us/)

## Government

<b>Type</b>	<b>Council-Manager</b>
-City Council	Mayor Dave Weaver Laura Friedman Frank Quintero Ara Najarian Zareh Sinanyan
-City Treasurer	Rafi Manoukian
-City Clerk	Ardashes Kassakhian
-City Manager	Scott Ochoa
-City Attorney	Michael J. Garcia

<b>Area</b>	
-Total	30.7 sq mi (79.4 km2)
-Land	30.66 sq mi (79.3 km2)
-Water	0.04 sq mi (0.1 km2)

<b>Elevation</b>	522 ft (159 m)
------------------	----------------

## Population (May 1, 2013) Dept. of Finance

-Total	193,652
-Density	6,275.3/sq mi

<b>Zip Codes</b>	91201-91210, 91221, 91222, 91225, 91226
------------------	---

<b>Area Code</b>	818
------------------	-----

<b>Website</b>	<a href="http://www.glendaleca.gov">www.glendaleca.gov</a>
----------------	--

# Organizational Structure

## Executive & Key Staff

Scott Ochoa  
CITY MANAGER

Michael J. Garcia  
CITY ATTORNEY

Ardashes "Ardy" Kassakhian  
CITY CLERK

Rafi Manoukian, CPA  
CITY TREASURER

Yasmin K. Beers  
ASSISTANT CITY MANAGER

John Takhtalian  
DEPUTY CITY MANAGER

Michele Flynn, CIA, CGAP  
CITY AUDITOR

Hassan Haghani  
DIRECTOR, COMMUNITY DEVELOPMENT

Jess Duran  
DIRECTOR, COMMUNITY SERVICES & PARKS

Robert Elliot, CPA  
DIRECTOR, ADMINISTRATIVE SERVICES

Harold Scoggins  
FIRE CHIEF

Matt Doyle  
DIRECTOR, HUMAN RESOURCES

Philip Lanzafame  
DIRECTOR, ECONOMIC DEVELOPMENT

Brian Ganley  
DIRECTOR, INFORMATION SERVICES

Cindy Cleary  
DIRECTOR, LIBRARY, ARTS & CULTURE

Ron De Pompa  
POLICE CHIEF

Stephen M. Zurn  
GENERAL MANAGER, GLENDALE WATER & POWER  
DIRECTOR, PUBLIC WORKS

## City of Glendale Form of Government

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

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

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





# City of Glendale City Council



Dave Weaver  
**MAYOR**



Laura Friedman  
**COUNCILMEMBER**



Ara Najarian  
**COUNCILMEMBER**



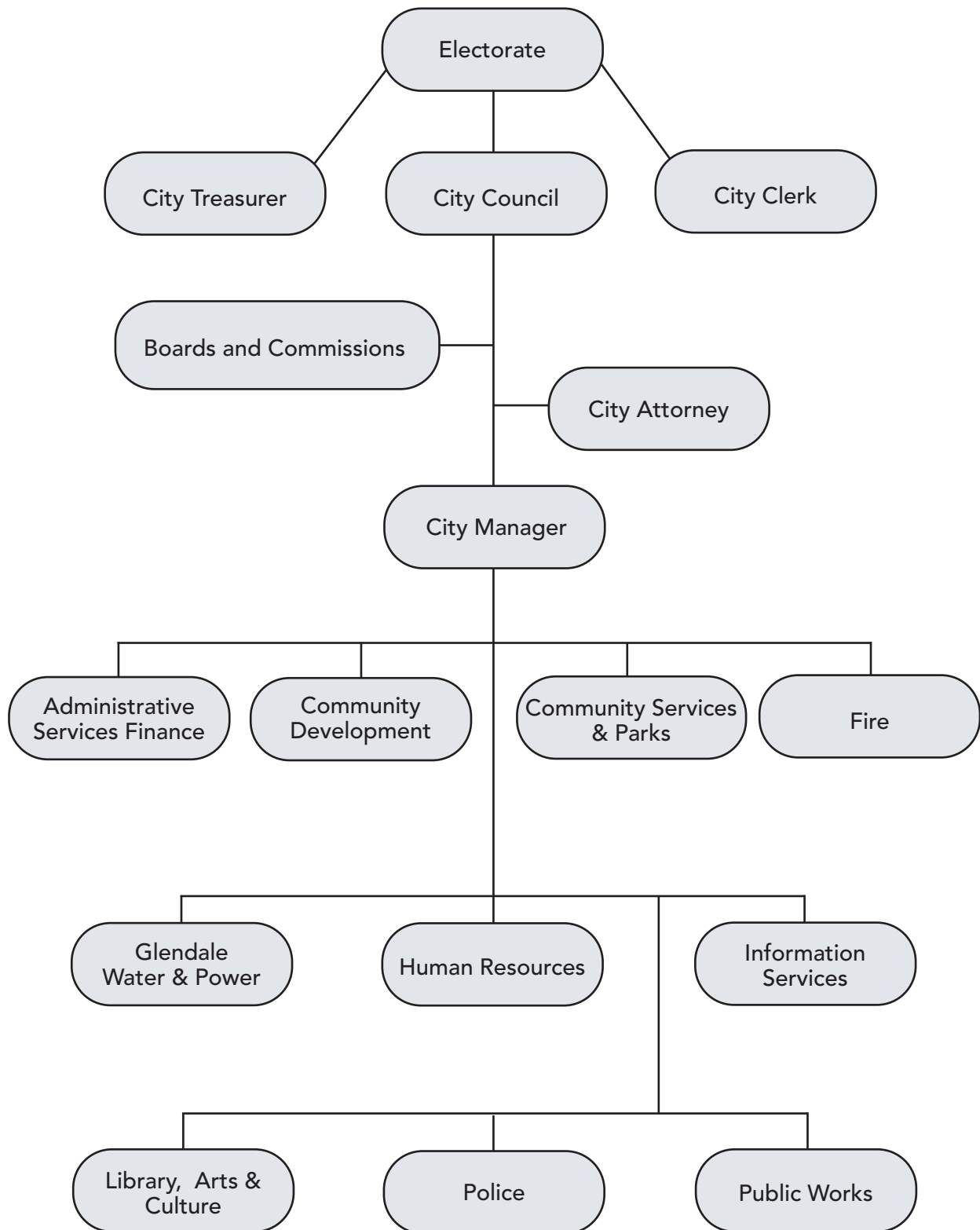
Frank Quintero  
**COUNCILMEMBER**



Zareh Sinanyan  
**COUNCILMEMBER**



# City of Glendale, CA Organization Chart





# ECONOMIC OUTLOOK

**The 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 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 will benefit from growth in this sector through expansions by Disney, DreamWorks and hundreds of ancillary production and equipment firms. Also of note are Glendale's regional shopping centers, the Glendale Galleria and Americana at Brand. Both have undergone expansion and renovation, which have reaffirmed Glendale as one of the region's leading shopping destinations. Several large development projects either recently completed or underway in Glendale, will provide approximately 3,000 new residential units and 210,000 square feet of commercial space. Such investments by the business community indicate a continued confidence in Glendale.

## Economic Development Highlights

Economic development accomplishments for 2013 in Glendale are numerous and vary in size and scope. Highlights include:

- **Downtown Glendale Association**—has begun its Community Benefit District operation and now provides street cleanliness and safety ambassadors, and additional marketing for the Downtown retail and office tower hub.
- **Avery Dennison and Whole Foods Market corporations** — leased space at the state-of-the-art Class A office building at 207 Goode.
- **Bloomingdale's** — opened as a new anchor for the Glendale Galleria. Pirch and twenty other new stores joined the shopping center.
- **Marshalls** — opened in the iconic former Borders Books building.

**Employment.** As of August 2013, the City of Glendale had a workforce of 106,500 workers. Regarding the occupations of Glendale's residents, 42.7% were in management, business, or science occupations. This large percentage of higher level occupations reflects a higher than normal education level with 39% of residents with a bachelor's degree or higher, according to the 2010 U.S. Census. The mean household income was \$78,393; the mean family income was \$88,333, according to the Census.

## Unemployment levels

At the start of the recession in December 2007, Glendale's unemployment rate was 4.8%. When the recession ended 18 months later in June 2009, Glendale's unemployment rate was 10.1%. The latest unemployment data for August 2013 shows Glendale's unemployment rate at 8.1%, which is lower than the Los Angeles County average (10.2%). Glendale's unemployment rate was 9.8% in August 2012, and 11.1% in August 2011.

## Industry employment status

### Largest Glendale industries

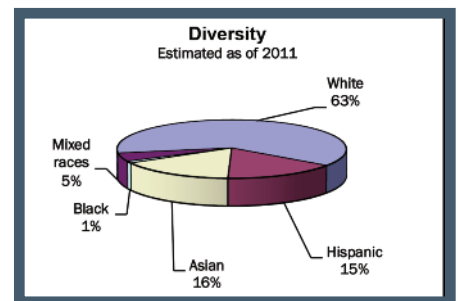
- 1) Health care: over 14,000 employees at almost 900 businesses
- 2) Retail: over 9,500 employees at 555 businesses
- 3) Manufacturing: over 7,500 employees at 200 businesses

(June 2012 data, state Employment Development Department)

**Housing.** According to the City's property tax consultant, HDL, Glendale's housing market showed an increase in sales volume and also in an average home price of \$712,667 in FY 2012-13, compared to \$583,770 in FY 2011-12. Also, the condominium sales increased in sales volume as well as in sales prices, reflected in an average price of \$310,019 for FY 2012-13, compared to \$275,825 for FY 2011-12.

Statistics	
Population	193,652
Per Capita Personal Income	\$29,860
Unemployment Rate	8.10%
School Enrollment	47,892
Median Age	41.0
Adopted Annual Budget FY12-13	\$701 million

See Comprehensive Annual Report (CAFR) for fiscal year ended June 30, 2013, Statistical Section Schedule 16 and Letter of Transmittal.



Top 10 Principal Employers	
Employer	Employees
Glendale Adventist	2,424
City of Glendale*	2,021
GUSD	1,830
Dream Works Anim.	1,531
Diagnostic Lab	1,370
Glendale Memorial	1,196
Glenair Inc.	1,180
Nestle	1,100
GCC	897
*Includes Part Time Employees	

## FINANCIAL HIGHLIGHTS (In Thousands)

- The assets and deferred outflows of resources of the City exceeded its liabilities at the close of FY 2012-13 by \$1,630,918 (net position). Of this amount, \$248,851 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The total unrestricted net position consists of \$62,419 for governmental activities and \$186,432 for business-type activities.
- The City's total net position decreased by \$4,019. Most of this decrease is attributable to the decline in the fair value of investments and in charges for services.
- As of the close of FY 2012-13, the City's governmental funds reported combined ending fund balances of \$168,808, a decrease of \$4,642 in comparison with the prior year. About 17.7% of this total amount, \$29,915 is available for spending at the government's discretion (unassigned fund balance).
- At the end of FY 2012-13, unassigned fund balance of \$38,082 and charter required reserve of \$22,228 for the General Fund totaled \$60,310, representing about 35.3% of FY2013-14 adopted budget. 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 increased by \$42,528 (11.1%) in FY 2012-13. The factors of this increase was a combination of items such as post-employment benefits, an increase of \$19,755; post-closure liability of Scholl Canyon Landfill, an increase of \$1,504; issuance of the water revenue bonds 2012 series for \$35,000; a decrease of \$3,092 in claims payable; a decrease of \$4,018 in compensated absences; as well as decreases such as debt retirements through regular annual payments.

	Governmental Activities 2012		Business-type Activities 2012		Total 2012	
	2013	(as restated)	2013	(as restated)	2013	(as restated)
Current and other assets	\$ 303,125	300,895	235,318	182,049	538,443	482,944
Capital assets	869,090	858,969	692,764	713,761	1,561,854	1,572,730
Deferred outflows of resources	-	-	1,443	-	1,443	-
Total assets and deferred outflow of resources	1,172,215	1,159,864	929,525	895,810	2,101,740	2,055,674
Current liabilities	54,297	40,198	23,892	22,686	78,189	62,884
Noncurrent liabilities	168,667	173,080	223,966	184,773	392,633	357,853
Total liabilities	222,964	213,278	247,858	207,459	470,822	420,737
Net investment in capital assets	816,785	802,729	489,566	545,511	1,306,351	1,348,240
Restricted	70,047	94,576	5,669	5,669	75,716	100,245
Unrestricted	62,419	49,281	186,432	137,171	248,851	186,452
Total net position	\$ 949,251	946,586	681,667	688,351	1,630,918	1,634,937



## GENERAL FUND (In Thousands)

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 reserve of the general fund were \$38,082 and \$22,228, respectively, while total fund balance was \$62,889. 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 reserve, totaling \$60,310, represent about 36.4% of FY 2012-13 General Fund expenditures plus transfers.

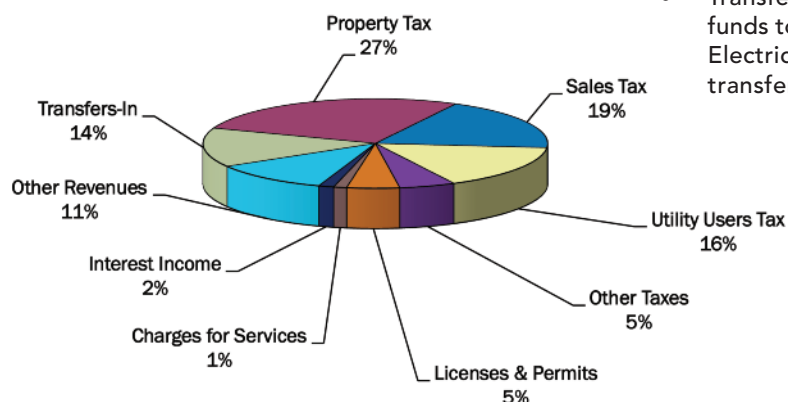
In the next few sections of this document we will look at General Fund Revenues and Expenditures as well as General Fund available resources. In addition, we will provide a history of our property tax revenues in relation to enterprise fund transfers, additional detail on other major revenue categories.

## GENERAL FUND REVENUES (In Thousands)

Revenue by Source	2013	2012	2011
Property Tax	\$ 45,943	42,259	41,141
Sales Tax	31,793	29,996	28,292
Utility Users Tax	26,968	26,632	26,802
Other Taxes	8,863	8,629	8,450
Licenses & Permits	8,336	7,717	6,154
Charges for Services	2,063	1,708	3,438
Interest Income	2,405	4,083	4,564
Other Revenues	18,776	17,929	23,741
Transfers From Other Funds	23,907	24,303	38,867
<b>Total Revenues</b>	<b>\$ 169,054</b>	<b>163,256</b>	<b>181,449</b>

The fund balance of the City's General Fund has an increase of \$3,323 during the current fiscal year. This increase is primarily due to the following reasons:

- **Property Tax** – Actual revenue increased by \$3,684 compared to prior year. This is attributable to the residual property tax from AB 1x26 coming in higher than forecasted and recovery of housing market.
- **Sales Tax** – Sales tax revenue was \$31,793, which was \$1,797 more than in prior year. California's retail sales have risen on strong demand for new autos and increased activity in building/construction, as well as increased state and county pool allocations due to Amazon and out of state internet retailers that started collecting sales tax beginning September 2012.
- **License & Permits** – License & Permits revenue was projected to be \$6,885. The actual revenue was \$8,336, which was \$1,451 more than projected and \$619 more than in prior year actual. This variance is mainly due to the new Council approved projects that commenced during the fiscal year.
- **Interest Income** – Total interest revenue decreased \$1,678 compared to last year. The main reason for the large variance is the unrealized investment loss of \$882 for General Fund the City recognized in accordance with GASB 31 and decline of interest rates in the market. This accounting standard required Cities to value their investments at fair market value and recognize the increase or decrease in value as an "unrealized" gain or loss.
- **Transfers From Other Funds** – In FY2013, Transfers from other funds to General Fund consists of \$20,857, \$1,150 and \$1,900 from Electric, Refuse and Parking Enterprise funds respectively. The transfers make up 14% of total general fund revenue in FY2013.



# GENERAL FUND REVENUES (CONTINUED)

## Property Tax Dollar Breakdown for Glendale, Burbank and Pasadena



	Glendale	Burbank	Pasadena
Los Angeles County	0.3612	0.3337	0.2788
School District	0.2016	0.1843	0.1977
Educational Aug. Fund Impound	0.1645	0.1596	0.1659
Tax District #1 (City Share)	0.1357	0.1847	0.2109
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

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 in the form of a transfer to the general government. When Proposition 13 passed, it effectively eliminated the City's ability to increase the tax rate on property.

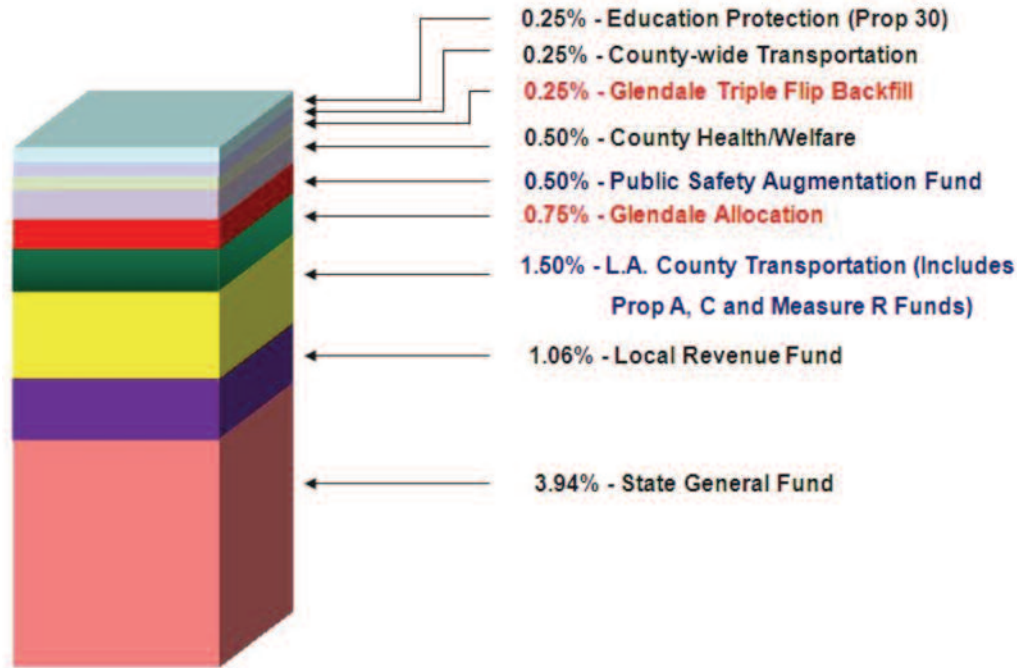
Proposition 13 set real estate property assessed values for tax purposes at the full 1975–1976 market value, limited real estate taxes to 1 percent of that value, and limited increases in assessed value to the lesser of the annual rate of inflation or 2 percent, unless a property was sold or improvements were added. Upon the

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 rate is 13.57 percent. This share is considerably less than the property tax shares received by the neighboring cities of Burbank and Pasadena. While the amount Glendale Water & Power transferred from the electric utility to the general fund was \$20.9 million in 2013. This represents 12% of Electric operating revenue, while the City Charter allows up to 25% to be transferred to general fund for each fiscal year.



# GENERAL FUND REVENUES (CONTINUED)

## Sales Tax Breakdown



Glendale Sales Tax is 9%

## Utility User's Tax

	GLENDAL	BURBANK	PASADENA
Telecommunication	6.50%	7.00%	8.28%
Video (Cable)	6.50%	-	9.40%
Electricity	7.00%	7.00%	7.67%
Water	7.00%	-	7.67%
Gas	7.00%	7.00%	7.90%

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

# GENERAL FUND EXPENDITURES (In Thousands)

Expenditures by Function	2013	2012	2011
General Government	\$ 22,826	18,984	19,856
Community Promotion	111	89	106
Police	64,364	63,420	62,015
Fire	39,350	37,622	37,630
Public Works	14,692	21,643	21,854
Housing & CD&H	6,618	1,598	3,028
Parks & Recreation	8,841	10,474	11,342
Library	7,601	8,251	7,803
Capital	284	36	64
Transfers to Other Funds	1,044	3,870	4,167
<b>Total Expenditures</b>	<b>\$ 165,731</b>	<b>165,987</b>	<b>167,865</b>

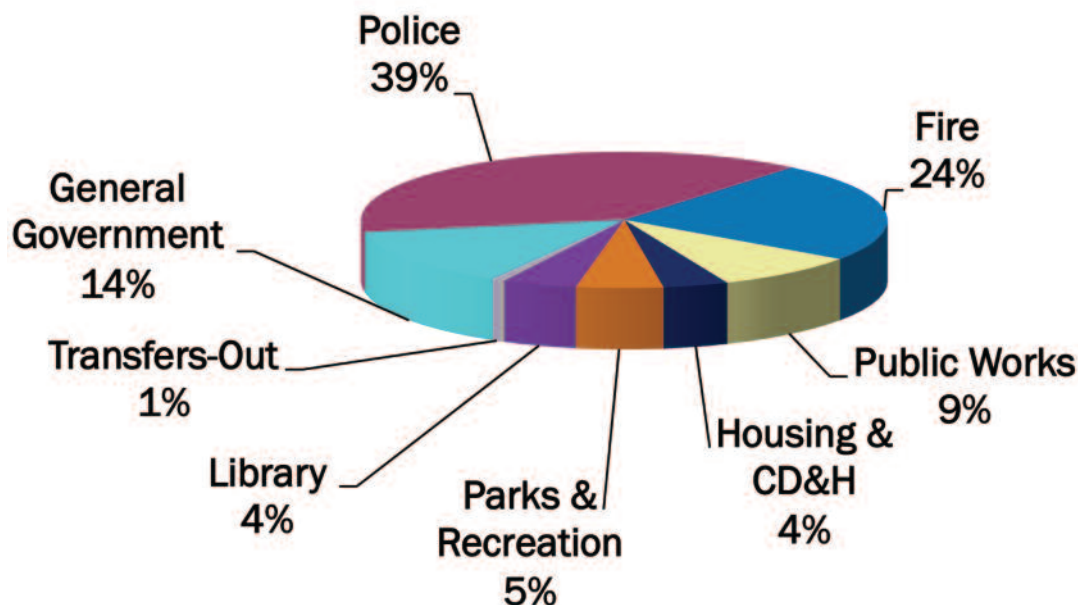
Overall, General Fund Expenditures increased by \$2,570 in FY 2013 compared to the prior year. Although the expenditures show an increase compared to prior year, this increase is due to one-time expenditures, increases in retirement and medical benefits.

Here are some of the key elements for the increase:

- General government expenditures increased by \$3,842 due to \$1,672 payment was made to Public Agency Retirement Services (PARS) for early retirement incentive offered to employees retired in September 2012; \$750 loan to GSA for the Alex Theatre project and one-time \$1,900 funding to Information Services Department to rebuild I-NET facility
- Public Safety expenditures continue to increase due to increases in retirement benefits.
- Public Works, Housing & CD&H, Parks & Recreation and Library expenditure fluctuations related to restructuring these departments.

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

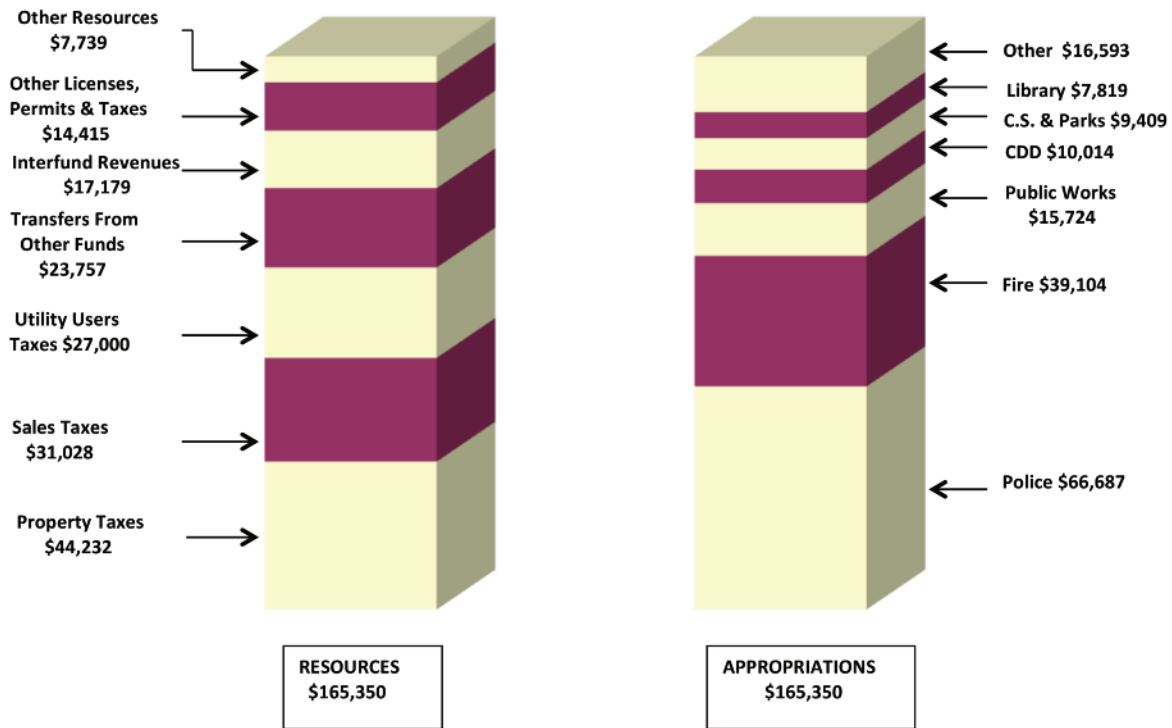
- Slow economic recovery and a high unemployment rate (especially in LA County) that continues to outpace the national average.
- Minimal growth in key General Fund revenue sources such as Utility Users Tax, Licenses and Permits, Interest Income, and various charges for City services.
- Cost increases due to retirement, workers compensation, and other employee benefits.



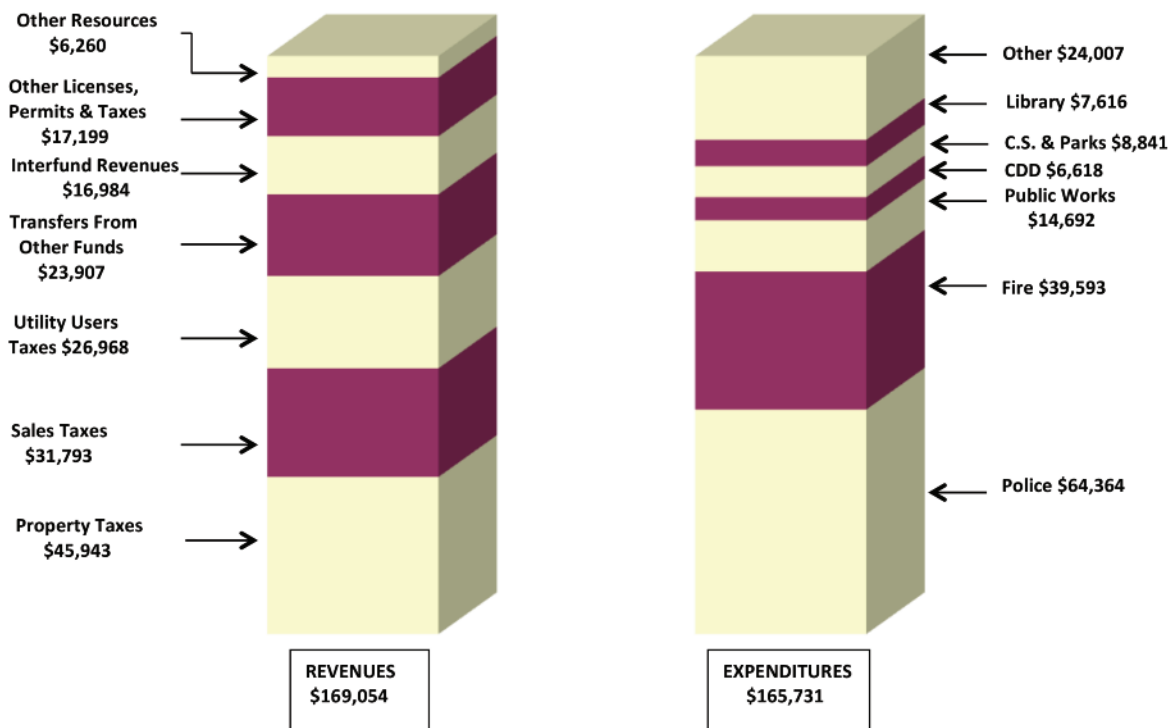


# GENERAL FUND RESOURCES vs APPROPRIATIONS

(In Thousands)

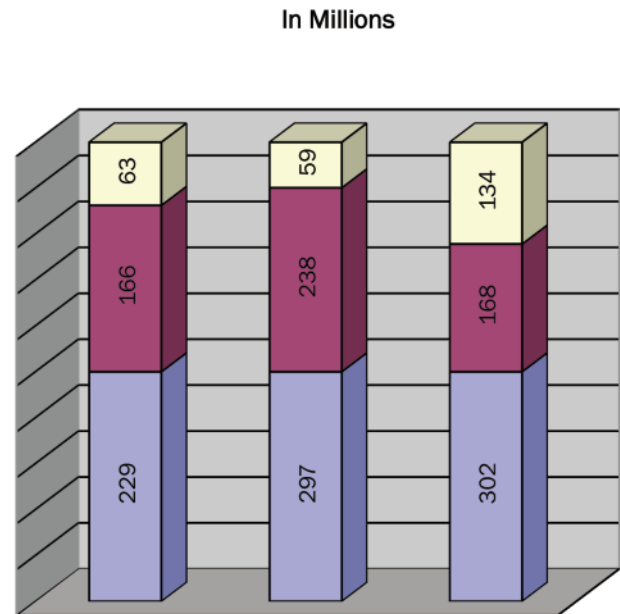


# GENERAL FUND REVENUES vs EXPENDITURES



# GENERAL FUND AVAILABLE RESOURCES (In Thousands)

General Fund Resources	2013	2012	2011
Beginning Fund Balance	\$ 59,566	134,055	120,471
Taxes	113,567	107,516	104,685
Other Revenue	31,580	31,437	37,897
Transfer From GWP	20,857	21,107	23,267
Other Transfers	3,050	3,196	15,600
<b>Total Available Resources</b>	<b>228,620</b>	<b>297,311</b>	<b>301,920</b>
Operating Expenditures	164,687	162,117	163,698
Operating Transfers-Out	1,044	3,870	2,237
Non-recurring Transfers-Out	-	-	1,930
Extraordinary Loss (AB1x26)	-	71,758	-
<b>Total Resources Expired</b>	<b>165,731</b>	<b>237,745</b>	<b>167,865</b>
Ending Available Fund Balance	\$ 62,889	59,566	134,055



Ending Available Fund Balance
Total Resources Expired
Total Available Resources

The fund balance of the City's General Fund has a net increase of \$3,323 during the current fiscal year finishing at \$62,889 from 59,566 compared to last year. This increase is primarily due to increase in property tax revenues, sales tax revenues, transient occupancy taxes (TOT). In addition, it is also due to management's ongoing effort to reduce expenditures especially contractual services and salary savings generated by existing vacancies.

## Charter Reserve Ratio

General Fund	2013	2012	2011
Unassigned Fund Balance	38,082	37,852	34,748
City Charter	22,228	21,156	21,105
<b>Unassigned &amp; Charter Reserve</b>	<b>60,310</b>	<b>59,008</b>	<b>55,853</b>
Original Total Adopted Budget	170,732	165,350	170,276
Charter Reserve Ratio	35.3%	36.0%	30.0%

At the end of the current fiscal year, unassigned fund balance and the charter-required reserve for the General Fund were \$38,082 and \$22,228, respectively, for a total fund balance of \$60,310.

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 reserve totaling \$60,310, represent about 35.3% of total General Fund original adopted budget including transfers out of the subsequent year.

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 programs and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows. Enterprise funds are used to report the 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:

## MAJOR FUNDS

### Sewer Fund

Used to account for operations and maintenance of the sewer system. The service is primarily contracted with the City of Los Angeles.

### Electric Fund

Used to account for the operations of the City-owned electric utility services.

### Water fund

Used to account for the operations of the City-owned water utility services.

## NONMAJOR

### 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 the operations of the toxic waste disposal in the City.

### Parking fund

Used to account for the operations of the City-owned public parking lots and garages.

### Refuse Disposal Fund

Used to account for the 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.





# ENTERPRISE FUNDS FINANCIAL HIGHLIGHTS (In Thousands)

## WATER REFUSE HAZARDOUS DISPOSAL PARKING RECREATION FIRE COMMUNICATION SEWER ELECTRIC

Change In Net Position	<u>Business-type activities</u>	
	2013	2012 (as restated)
Revenues:		
Program revenues:		
Charges for services	\$ 272,344	289,260
Operating grants & contributions	223	96
Capital grants & contributions	1,203	6,590
Investment income	231	1,927
Other	8,270	7,221
Total revenues	282,271	305,094
Expenses:		
Recreation	2,820	2,754
Hazardous disposal	1,709	1,507
Fire communications	3,291	3,528
Parking	7,683	7,674
Sewer	14,585	15,148
Refuse disposal	19,197	18,794
Electric	172,509	202,647
Water	41,862	41,522
Total expenses	263,656	293,574
Excess (deficiency) before transfers and extraordinary (loss)	18,615	11,520
Transfers	(25,299)	(24,007)
Change in net position	(6,684)	(12,487)
Net position – Beginning of the year, as restated	688,351	700,838
Net position – End of the year	\$ 681,667	688,351

Business-type activities net position decreased by \$6,684. Key elements of this decrease are as follows.

- Charges for services decreased by \$16,916 (5.9%) during the current fiscal year. Lower electric sales were the primary factor leading to a decrease in charges for services in all proprietary funds. The decline in electric wholesale sales and electric & gas sales to other utilities were mainly due to the City's reduced participation in wholesale transactions as a result of unfavorable market conditions based on the City's risk criteria, as well as the introduction of State of California's cap-and-trade system for carbon emissions.

Statement of Net Position	2013	2012 (as restated)
Current and other assets	\$ 235,318	182,049
Capital assets	692,764	713,761
Deferred outflows of resources	1,443	-
Total assets and deferred outflow of resources	929,525	895,810
Current liabilities	23,892	22,686
Noncurrent liabilities	223,966	184,773
Total liabilities	247,858	207,459
Net investment in capital assets	489,566	545,511
Restricted	5,669	5,669
Unrestricted	186,432	137,171
Total net position	\$ 681,667	688,351

- Operating and capital grants decreased by \$5,260 (78.7%) during the current fiscal year. The decrease was mostly due to the 99% completion of Smart Grid Investment Grant Program (SGIG) by Glendale Water and Power to upgrade all electric and water meters in the City to smart meters, and near completion of the Phase III Chromium 6 research project.
- Investment income decreased by \$1,696 (88.0%) during the current fiscal year due to a decline in return on investment, and overall decrease in the market value of the portfolio investments.
- Electric expense decreased by \$30,138 (14.9%) during the current fiscal year. This decrease can primarily be attributed to a decrease in production expenses as a result of reduction in natural gas and wholesale activity.

# 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 for the City Treasurer to have the funding available.

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

The average return on invested cash decreased by 25 basis from 1.09% in FY 2012 to 0.84% in FY 2013. 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)					
	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Commercial Paper	\$ 29,996	29,996	-	-	-
Federal Agency Term Notes	25,357	11,073	9,117	5,167	-
U.S. Government Agency Callable Bonds	95,614	970	4,989	89,655	-
Corporate Notes	77,408	13,102	5,007	59,299	-
Negotiable Certificates of Deposit	15,000	15,000	-	-	-
State and Municipal Bonds	3,970	-	1,001	2,969	-
State Investment Pool	119,885	119,885	-	-	-
Los Angeles County Pool	37,000	37,000	-	-	-
Money Market Fund	17,390	17,390	-	-	-
Held by Fiscal Agents:					
Federal Agency Term Notes	5,005	5,005	-	-	-
Guaranteed Investment Contracts	2,398	-	-	-	2,398
Treasury Notes	8,057	8,057	-	-	-
	<b>\$ 437,080</b>	<b>257,478</b>	<b>20,114</b>	<b>157,090</b>	<b>2,398</b>

# CITY CAPITAL ASSETS (In Thousands)

The City's net investment in capital assets for its governmental and business type activities as of June 30, 2013, amounts to \$1,306,351 (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 decrease in the City's investment in capital assets for the current fiscal year was 3.1%; this represents a 1.8% increase for governmental activities and a 10.3% decrease for business-type activities. Significant events effecting City's capital assets are highlighted below:

- City purchased an open space property in the amount of \$1,780 at 331-335 West Doran Street that will be for park use. Successor Agency transferred Palmer Project CP #261 to the City. The land is valued at \$1,081 and owned by the Housing Authority. The City purchased \$3,072 of Motorola equipment to upgrade the Glendale Radio System. The City also expended \$5,013 in the Brand Library Renovation in FY 2012-13.
- At the end of the year, Electric Fund decreased its construction in progress by \$7,320. This decrease primarily reflects the completion of capital projects related to transmission and distribution improvements. The increase of \$1,773 in building and improvements reflects capitalized completed projects. The decrease of \$9,997 in machinery and equipment was primarily due to retirement of old assets. Natural gas reserve increased by \$305 as a result of GWP's continuing effort in meeting the state wide renewable portfolio of acquiring and using qualified renewable energy resources for its Glendale residents.

- Glendale Water and Power has adopted a multi-year capital improvement program for water works projects scheduled for three consecutive years that included fiscal years 2012-2013 through 2015-2016. In December 2012, the Water Fund issued \$35,000 in bonds to fund capital projects for the next three years. At the end of the year, Water Fund increased its construction in progress by \$4,313 on capital projects which included potable water main replacement, cleaning & cement-mortar lining of potable water mains, extension of the recycled water system, pump station upgrades, and groundwater development. Building and improvements assets stayed flat. The decrease of \$787 in machinery and equipment was primarily due to retirement of old assets. The increase of \$1,631 in infrastructure reflects capitalized completed projects.



	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 398,848	405,495	15,141	15,141	413,989	420,636
Natural gas reserve	-	-	22,129	21,824	22,129	21,824
Buildings and improvements	295,312	289,465	383,981	376,620	679,293	666,085
Machinery & equipment	109,285	101,256	565,340	573,359	674,625	674,615
Infrastructure	291,869	280,391	126,856	125,225	418,725	405,616
Construction in progress	41,047	31,853	37,569	41,529	78,616	73,382
Total capital assets	1,136,361	1,108,460	1,151,016	1,153,698	2,287,377	2,262,158
Less: Accumulated depreciation	(267,271)	(249,491)	(452,691)	(435,909)	(719,962)	(685,400)
Less: Gas depletion	-	-	(5,561)	(4,028)	(5,561)	(4,028)
Net of depreciation	\$ 869,090	858,969	692,764	713,761	1,561,854	1,572,730



# 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 lower of the effective interest or straight line methods. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred. 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.

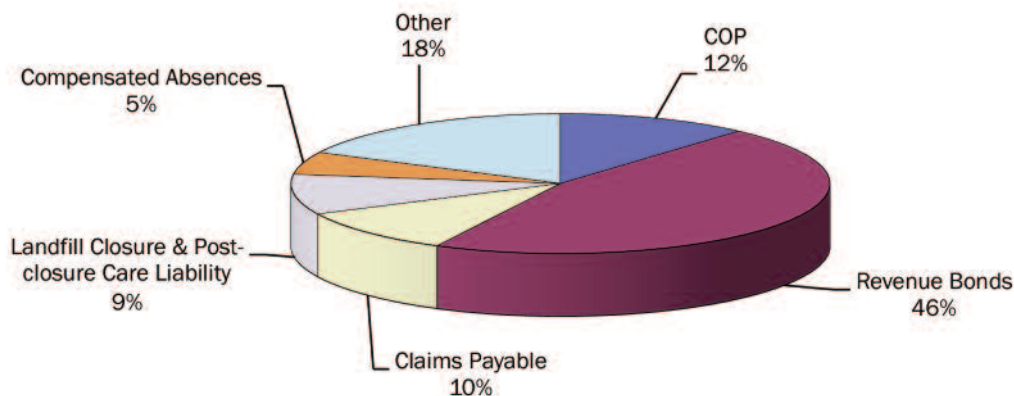
As of June 30, 2013 City's Debt is comprised of the following:

FY 2013 DEBT COMPOSITION		Amount
Certificates of Participation (Police Facility)	\$	48,900
Revenue Bonds		195,905
Claims Payable		43,650
Landfill Closure & Post-closure Care Liability		39,635
Compensated Absences		22,147
Other		75,177
<b>Total General Long Term Debt</b>	<b>\$</b>	<b>425,414</b>

Bonds which are rated 'AAA' & 'Aaa' are judged to be of the best quality. They carry the smallest degree of investment risk. Interest payments are protected by a large or an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. Bonds rated 'AAA' are generally known as investment grade bonds of which the issuer of the Bonds is judged to have a very strong capacity to meet its financial commitments.

DEBIT ISSUE	Moody's	Standard & Poor's (S & P)	Fitch Ratings'
Issuer credit rating (Implied General Obligation)	Aa2	AAA	AA+
Police building project (COPs)	A1(Con)/VMIG 1	AA+/A-1+	AA/F1
Electric revenue bonds, 2006 refunding series	Aa3	AA-	A+
Electric revenue bonds, 2008 series	Aa3	AA-	A+
Electric revenue bonds, 2013 refunding series	Aa3	AA-	A+
Water revenue bonds, 2008 series	Aa3	AA	A+
Water revenue bonds, 2012 series	Aa3	A+	A+

FY2013 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 the City's current assets could cover current liabilities. The quick ratio is the conservative version of the current ratio. It takes inventories out of the equation to include very liquid assets only. For the City of Glendale, the ratios illustrate City's ability to pay its current liabilities 5.5-6.8 times for the last 3 years. The ratio decreased for FY2013 due to restructuring of Certificate of Participation (COPS) which increased Bonds payable, due in one year by 6 million. While restructuring, City has decided to pay down the debt.

Liquidity Ratios:	2013	2012	2011
Total Current Assets	434,212	407,705	555,460
Total Current Liabilities	78,189	62,884	82,727
Total Inventories	6,907	6,408	6,152
Current Ratio	5.55	6.48	6.71
Quick Ratio	5.47	6.38	6.64

## 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 20-26% 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 the City of Glendale uses very little debt financing to acquire its assets. Debt to Equity Ratio measures the organization's borrowing versus its equity. A higher ratio means an organization obtains assets through debt financing.

Debt Ratios:	2013	2012	2011
Total Assets	2,100,297	2,059,200	2,226,232
Total Liabilities	470,822	420,737	570,565
Total Net Position	1,630,918	1,638,463	1,655,667
Debt Ratio	22%	20%	26%
Debt To Equity Ratio	29%	26%	34%

# Operations Indicators by Function/Program

	2013	2012	2011	Notes:
<b>Functions/Programs</b>				
<b>Police</b>				(1) Beginning January 2007, Parks department started using Safari system to issue permits, which issues one permit for one participant for multiple events. The old system issues one permit for one participant for one event, so the number of permits issued is more in FY2006.
Physical arrests	5,886	5,829	5,652	
Parking violations	72,879	74,572	81,843	
Traffic violations	17,197	18,566	25,667	
<b>Fire</b>				(2) Some inert wastes were diverted to an outside recycling company rather than using Brand Landfill.
Emergency responses	17,253	16,591	15,447	
Fires extinguished	382	372	349	
<b>Refuse collection</b>				(3) More street resurfacing was done from FY2010 to FY2012 than in prior years in an effort to take advantage of the low street resurfacing costs resulting from the economic downturn.
Refuse collected (tons per day)	185	184 (6)	195	
Recyclables collected (tons per day)	29	29	31	
Inert waste recycling - Brand Park landfill (tons per year)	3,607 (2)	3,545 (2)	2,500 (2)	
<b>Other public works</b>				(4) The increases in the purchases and sales of MWHs correlates to the increase in wholesale revenue and sales to other utility revenue of approximately \$27.5 million.
Street resurfacing (miles)	6.6	5.85 (3)	5.56 (3)	
Street reconstructing (miles)	- (9)	0.68	0.70	
Potholes repaired (square feet per year)	16,592	21,962	21,012	
<b>Parks and recreation</b>				(5) In prior years, separate permits were issued for practices vs. games. This year, practices and games were covered under the same permit for effective staff management. One permit covered multiple facilities and multiple days/weeks/months of use.
Athletic field permits issued	614 (5)	682 (5)	917	
Community center admissions	3,425	3,194	2,360	
<b>Library</b>				(6) Decrease in number of tons disposed due to regional economic slow down and free recycling offered to residential and commercial accounts.
Volumes in collections	619,871	643,598	688,818	
Total volumes borrowed	1,114,987	1,179,964	1,290,945	
<b>Electric</b>				(7) Reduction in service has contributed to the decrease in total route miles from the previous years.
Average daily consumption (MWH)	3,090	2,998	2,878	
Electricity generated (MWH)	794,248	846,637	928,682	
Electricity purchased (MWH)	769,224 (10)	1,289,843	1,195,972 (4)	
Electricity sold - Retail (MWH)	1,127,696	1,094,194	1,050,450	
Electricity sold - Wholesale (MWH)	297,254 (10)	897,830	884,686 (4)	
Peak demand (MW)	311	316	336	(8) A fare increase, service reductions, and reduced student enrollment have contributed to the decrease in number of passengers from the previous year.
<b>Water</b>				(9) The Public Works Department focused its efforts on street resurfacing in lieu of street reconstruction.
Average daily consumption (millions of gallons)	25	23	21	
Water mains breaks	10	14	10	
Water purchased (AF)	18,761	17,319	16,959	
Water sold (AF)	29,003	26,809	24,796	
<b>Wastewater</b>				(10) Reductions in the purchases and sales of MWHs correlates to the decrease in wholesale revenue and sales to other utility revenue.
Average daily sewage treatment (millions of gallons)	15	15	20	
<b>Transit</b>				(11) Data prior to FY2006 are not available.
Total route miles	731,036 (7)	822,432 (7)	880,655	
Passengers	1,888,016 (8)	2,543,532 (8)	2,724,121	

Sources: CAFR Statistics Section, Schedule 19



# City of Glendale Leading Indicators

## City of Glendale by the Numbers

Property Tax Rate	1.13214%
Unemployment Rate	8.10%
S&P Bond Rating	AA- & AAA
Moody's Bond Rating	Aa2 & Aaa2
Current Ratio	5.55 times
Debt Ratio	22%
Total City Assets	\$2,100,297,000
Total City Debt	\$ 470,822,000
Total City Net Position	\$1,630,918,000
Population	193,652
Percent High School Graduate or Higher	85.1%
Per Capita Personal Income	\$29,860
Total Personal Income	\$5,782,448,720
City Website	<a href="http://www.ci.glendale.ca.us">http://www.ci.glendale.ca.us</a>
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 future projects:

- The Museum of Neon Art (MONA)
- The Brand+Wilson project
- Veteran's Village
- The Grand Central Air Terminal Building
- Camden (Triangle Project)



The Museum of Neon Art (MONA) is devoted to the incorporation of neon lighting into art, including the preservation of old neon signs, the display of contemporary art works in electric and kinetic media, and photography that documents neon. Glendale Redevelopment Agency (replaced in 2012 by the Successor Agency) approved a lease with MONA to relocate their facilities to 216 South Brand Boulevard. The Successor Agency will complete structural, fire protection, ADA upgrades, all exterior facade improvements, and will provide financial assistance towards interior improvements for the museum operation. In August 2013, the Successor Agency began the renovation work. Completion is expected in March 2014 at which point MONA will take possession of the property and complete their interior improvements. Opening of the museum is targeted for mid-late 2014.



The Brand+Wilson project located at 120 West Wilson Avenue will feature 235 units and 10,000 SF of retail space on a critical stretch of Brand Boulevard, linking the mid-Brand shopping district with the Americana at Brand and Glendale Galleria. Immediately to the west, the Orange+Wilson project located at 200 West Wilson will add another 166 new units to the downtown's residential base.



Veteran's Village is a 44-unit rental project for very low and low-income families with lease preferences for U.S. military veterans and their families. The craftsman-style three and four story apartment building will be located at 327-331 W Salem Street, west of Central Avenue. Ground breaking is expected in Fall 2013 with a completion date expected 18 months after.



The Grand Central Air Terminal Building is one of Glendale's most storied structures. It opened in 1929 as the primary public building for Grand Central Air Terminal (GCAT), which had been established in 1922 as the Glendale Municipal Airport and served as the first commercial airport in the Los Angeles area. Through a 2000 Development Agreement with the City of Glendale to manage positive growth on the Grand Central Creative Campus (GC3) and help fund local and regional public improvements, the Walt Disney Company has committed to completely rehabilitate GCAT by December 31, 2015.



Formerly known as the Triangle Project, Camden Glendale is being developed by Camden USA and will have seven stories, 287 apartments (28 for low-income residents), and 16 live/work units on the ground floor, joined by space for six retailers. Originally planned with 218 units, the developers got a density bonus (extra square footage!) for including a certain amount of affordable housing. Sitting on a triangle-shaped lot between Los Feliz Boulevard, San Fernando Road, and Central Avenue, the site is located just a few blocks from the Amtrak and Metrolink station, and, more importantly, a stone's throw from Curbed Cup 2012 winner Atwater Village.





## Popular Annual Financial Report

[www.glendaleca.gov](http://www.glendaleca.gov)

[www.twitter.com/myglendale](https://twitter.com/myglendale)



@MyGlendale



#MyGlendale



#GlendaleAfterHours

