

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012



About the Cover

Americana at Brand Expansion

The Americana at Brand opened in May 2008 and along with the Glendale Galleria, has been instrumental in creating a regional shopping district in the heart of the City. With 75 retail shops and a variety of dining options, the Americana is one of the premiere “lifestyle” centers in Southern California. The Americana also includes 100 condominiums and 238 apartments, and a 2-acre landscaped park, featuring an animated fountain centrally located within the project. In October 2011, the City approved a major expansion of the Americana, permitting the way for the relocation of Nordstrom into a new 120,000 SF anchor store. The new Nordstrom will sit on the site of a former motel and warehouse building and will seamlessly integrate with the larger center using a mixture of building finishes and colors that are complimentary to the original Americana design. Completion of the expansion is scheduled for October 2013, and once completed, will reaffirm Glendale as one of the region’s leading shopping destinations.

Galleria Renovation

One of the City’s first redevelopment projects, the Glendale Galleria opened its doors for business in 1976. Today, the Glendale Galleria draws over 26 million visitors a year, competing as a top Los Angeles area destination with the likes of Disneyland. With 250 of the country’s top specialty stores and four major department stores, Glendale Galleria is one of the premier brand-name shopping destinations in the Los Angeles area. In November 2011, the City approved a comprehensive renovation plan for the Galleria that includes new interior finishes, such as new stone and tile floors, façade improvements, and a new branding identity package, including new signage and graphics. In August 2012, the City separately approved the design of the new Bloomingdales, which will occupy formerly vacant anchor space on the corner of Brand & Broadway. Construction is underway and will be completed by the end of 2013.

City of Glendale, CA

City Council



Frank Quintero, Mayor

Council Members:

Dave Weaver, Laura Friedman, Ara Najarian, Rafi Manoukian

**CITY OF GLENDALE
CALIFORNIA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012**

Robert Elliot, CPA, Director of Finance

Lily Fang, Finance Administrator

CITY OF GLENDALE, CALIFORNIA

| <u>Table of Contents</u> | <u>Exhibit</u> | <u>Page</u> |
|--|----------------|-------------|
| INTRODUCTORY SECTION | | |
| (Not Covered by Independent Auditor's Report) | | |
| Letter of Transmittal | | i |
| Officials of the City of Glendale | | xi |
| Organizational Chart of the City of Glendale | | xii |
| Certificate of Achievement for Excellence in Financial Reporting | | xiii |
| FINANCIAL SECTION | | |
| Independent Auditor's Report | | 1 |
| Management's Discussion and Analysis | | 3 |
| Basic Financial Statements: | | |
| Government-wide Financial Statements: | | |
| Statement of Net Assets | Exhibit A-1 | 25 |
| Statement of Activities | Exhibit A-2 | 27 |
| Fund Financial Statements: | | |
| Balance Sheet – Governmental Funds | Exhibit B-1 | 28 |
| Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets | Exhibit B-2 | 30 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | Exhibit C-1 | 31 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | Exhibit C-2 | 32 |
| Statement of Revenues and Other Financing Sources – Budget to Actual – General Fund | Exhibit D-1 | 33 |
| Statement of Expenditures and Other Financing Uses – Budget to Actual – General Fund | Exhibit D-2 | 36 |
| Schedule of Revenues – Budget to Actual – Housing Assistance Fund | Exhibit D-3 | 46 |
| Schedule of Expenditures – Budget to Actual – Housing Assistance Fund | Exhibit D-4 | 47 |
| Statement of Net Assets – Proprietary Funds | Exhibit E-1 | 48 |
| Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds | Exhibit E-2 | 50 |
| Statement of Cash Flows – Proprietary Funds | Exhibit E-3 | 51 |
| Statement of Fiduciary Net Assets – Fiduciary Fund | Exhibit F-1 | 52 |
| Statement of Changes in Fiduciary Net Assets – Fiduciary Fund | Exhibit F-2 | 53 |
| Notes to the Financial Statements | | 55 |
| Required Supplementary Information | | 97 |
| Combining and Individual Fund Statements and Schedules: | | |
| Combining Balance Sheet – Nonmajor Governmental Funds | Exhibit G-1 | 99 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | Exhibit G-2 | 100 |
| Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds | Exhibit H-1 | 103 |

| | | |
|--|-------------|-----|
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Special Revenue Funds ... | Exhibit H-2 | 110 |
| Schedules of Revenues and Other Financing Sources – Budget to Actual – Nonmajor Governmental Funds – Special Revenue Funds ... | Exhibit H-3 | 117 |
| Schedules of Expenditures and Other Financing Uses – Budget to Actual – Nonmajor Governmental Funds – Special Revenue Funds ... | Exhibit H-4 | 121 |
| Combining Balance Sheet – Nonmajor Governmental Funds – Debt Service Funds | Exhibit I-1 | 127 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Debt Service Funds | Exhibit I-2 | 128 |
| Schedules of Revenues and Other Financing Sources – Budget to Actual – Nonmajor Governmental Funds – Debt Service Funds | Exhibit I-3 | 130 |
| Schedules of Expenditures and Other Financing Uses – Budget to Actual – Nonmajor Governmental Funds – Debt Service Funds | Exhibit I-4 | 131 |
| Combining Balance Sheet – Nonmajor Governmental Funds – Capital Projects Funds | Exhibit J-1 | 135 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Capital Projects Funds | Exhibit J-2 | 136 |
| Combining Statement of Net Assets – Proprietary Funds – Nonmajor Enterprise Funds | Exhibit K-1 | 139 |
| Combining Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds – Nonmajor Enterprise Funds | Exhibit K-2 | 141 |
| Combining Statement of Cash Flows – Proprietary Funds – Nonmajor Enterprise Funds | Exhibit K-3 | 143 |
| Schedule of Investment in Capital Assets – Proprietary Funds – Nonmajor Enterprise Funds | Exhibit K-4 | 145 |
| Schedule of Changes in Capital Assets – Proprietary Funds – Nonmajor Enterprise Funds | Exhibit K-5 | 146 |
| Combining Statement of Net Assets – Internal Service Funds | Exhibit L-1 | 149 |
| Combining Statement of Revenues, Expenses and Changes in Net Assets – Internal Service Funds | Exhibit L-2 | 152 |
| Combining Statement of Cash Flows – Internal Service Funds ... | Exhibit L-3 | 156 |
| Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity | Exhibit M-1 | 160 |
| Schedule of Changes by Function and Activity | Exhibit M-2 | 162 |

STATISTICAL SECTION

(Not Covered by Independent Auditor's Report)

| | | |
|---|-------------|-----|
| Net Assets by Component | Schedule 1 | 165 |
| Changes in Net Assets | Schedule 2 | 166 |
| Fund Balances, Governmental Funds | Schedule 3 | 172 |
| Changes in Fund Balances, Governmental Funds | Schedule 4 | 174 |
| Electric Revenue by Type of Customers | Schedule 5 | 176 |
| Electric Rates | Schedule 6 | 178 |
| Principal Electric Payer Groups | Schedule 7 | 179 |
| Assessed Value and Actual Value of Taxable Property | Schedule 8 | 180 |
| Direct and Overlapping Property Tax Rates | Schedule 9 | 181 |
| Principal Property Tax Payers | Schedule 10 | 183 |
| Property Tax Levies and Collections | Schedule 11 | 184 |
| Ratios of Outstanding Debt by Type | Schedule 12 | 185 |
| Direct & Overlapping Governmental Activities Debt | Schedule 13 | 187 |

| | | |
|---|-------------|-----|
| Legal Debt Margin Information | Schedule 14 | 188 |
| Pledged-Revenue Coverage | Schedule 15 | 189 |
| Demographic and Economic Statistics | Schedule 16 | 190 |
| Principal Employers | Schedule 17 | 191 |
| Salaried Authorized Positions by Function/Program | Schedule 18 | 192 |
| Operations Indicators by Function/Program | Schedule 19 | 193 |
| Capital Asset Statistics by Function/Program | Schedule 20 | 195 |
| Schedule of Credits | Schedule 21 | 197 |

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INTRODUCTORY SECTION

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

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





December 4, 2012

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

Council Members:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Glendale (the City) for the fiscal year ended June 30, 2012.

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

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

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

The Glendale Redevelopment Agency was previously included within the reporting entity of the City as a blended component unit since the governing board of the City also served as the

governing board of the Redevelopment Agency. But on December 29, 2011, the California Supreme Court upheld Assembly Bill 1x 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. The Bill provides that upon dissolution of a redevelopment agency, the entity that established the redevelopment agency may elect to serve as the “Successor Agency”. The Successor Agency holds the assets of the former redevelopment agency until they are distributed to other units of state and local government after the payment of enforceable obligations that were in effect as of the signing of the Bill. Therefore, as of June 30, 2012, the previous Glendale Redevelopment Agency is excluded from the City’s entity wide statements but is included as a fiduciary fund.

Profile of the City of Glendale

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

Noted for its high quality of life and fiscal stability, Glendale is the third largest city in Los Angeles County, encompassing 30.6 square miles and serving over 192,000 residents. The City operates under a council-manager form of government, with a five-member council elected at large to four-year overlapping terms, in addition to an elected City Clerk and City Treasurer. The mayor is elected by the City Council for a one-year term and is the presiding officer of the Council. The City Council is responsible for passing ordinances, adopting the budget, appointing various boards and commissions, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

Factors Affecting the Glendale Economy

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

The Local Economy. 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. 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, Technicolor 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 are undergoing expansion and/or renovation, which will reaffirm Glendale as one of the region’s leading shopping destinations. Several large development projects are underway in Glendale, including an eleven-

story hotel project (Courtyard By Marriot), and four mixed-use projects that will provide a total of 1,000 residential units and 210,000 square feet of commercial space. Such investments by the business community indicate a continued confidence in Glendale.

Overall, Glendale's economy is one of the most diverse within the Los Angeles region largely due to a healthy mix of business and industry that operates within its borders. Industry clusters include:

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

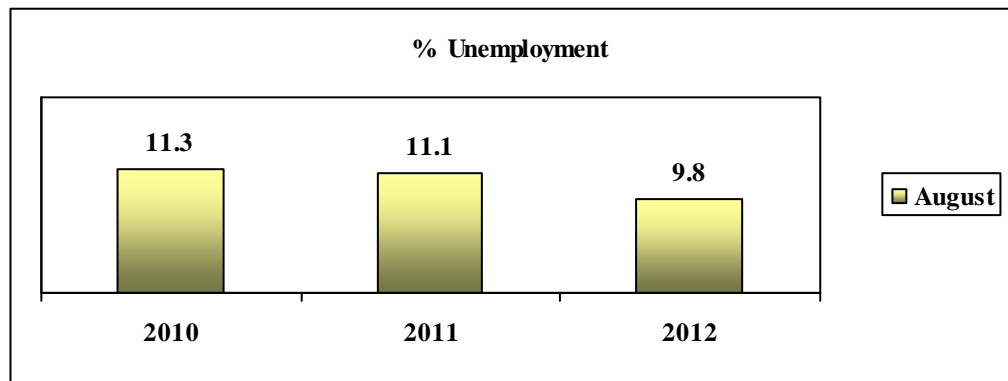
Economic Development Highlights

Economic development accomplishments for 2012 in Glendale are numerous and vary in size and scope. Highlights include:

- **A Community Benefit District (CBD)** - has been established for the downtown area in order to maximize the growing vitality of downtown businesses. Creation of the District enables additional marketing and enhanced maintenance, security, and beautification. The City put in place the legal framework for such Districts to be established in any part of the City. CBDs allow both residential and commercial property owners to participate.
- **The Economic Development Ordinance** - was established as a result of the dissolution of Redevelopment Agencies throughout the state, and authorizes the City Council to engage in some of the activities that were formerly performed by the Glendale Redevelopment Agency.
- **A Business Attraction Strategy** - was completed by Staff to help guide the City's outreach efforts to retail businesses that can help deliver the City's "18-hour City" vision and position the City for Class-A Office occupancy growth.
- **City-wide Branding** - under the campaign titled "Your Life. Animated" with its complementing logo was integrated in key internal and external City communications as well as other promotional materials and media. The new branding program provides a launchpad for enhanced marketing by the City and its many business partners.
- **Neighborhood Business Districts** - continue to be a focus. These districts assist businesses with development and services relevant to the needs of the district.

- **Bloomingdale's** - signed a lease to occupy and redesign formerly vacant anchor space on the corner of Brand & Broadway. Construction is underway and will be completed by the end of 2013.
- **Trader Joe's** - opened a new store in Montrose, which exemplifies continued retail investment in areas outside of Glendale's central downtown. The store is located at, and anticipated to be a strong anchor for, the Montrose Shopping Park.

Employment. Like the national economy, employment growth and the rebound from the recession in the City have been slow. However, the City's unemployment rate has remained stubbornly high following the recession. Employment rates in Glendale improved over the past year by 1.3%, and are 2.2% higher than the LA County average. In August 2012, the rate stood at 9.8%. It was 11.1% in 2011, and 11.3% in 2010. Nationally, the economy has created only half of the jobs that were lost during the recession, and the similar situation occurred in the City.



The City's largest industry, health care, is still in a recovery mode, having lost about 10% of its workforce compared to pre-recession levels. Due to the effects of the recession and modest recovery, many people continue to hold off utilizing health care services, which has resulted in lower patient counts at the City's three major hospitals. This industry may be undergoing major change in the future as the industry prepares for a large influx of new patients starting in 2014. Local and state-wide initiatives are expected to increase the number of people eligible for free or low-cost health insurance by 1.7 million people in L.A. County in 2014. That increase in patient volume will generate more health care jobs, although not necessarily at the hospital level.

The City's large retail sector is also in a recovery phase as consumers continue to deal with the effects of large household debt and a high regional unemployment rate. The City's auto retailers have recovered nicely, thanks to a national rebound in car sales. But, until unemployment rates drop substantially, retail sales are expected to remain subdued.

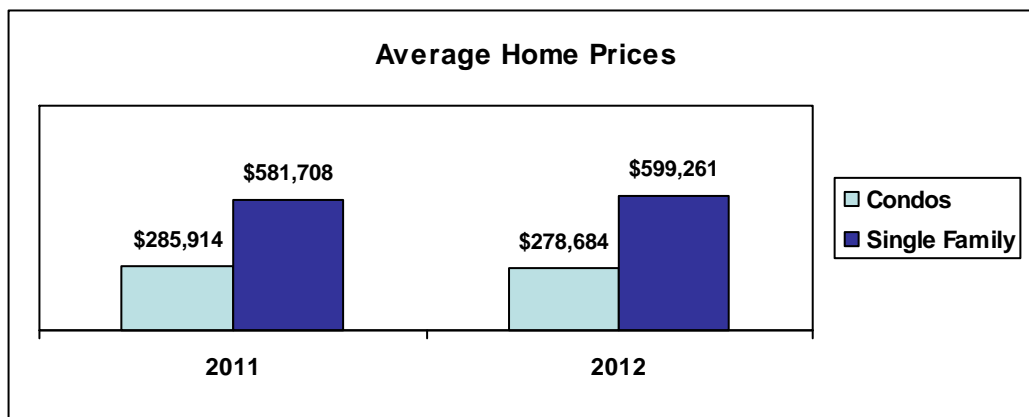
Industries tied to the financial crisis that sparked the recession such as finance/insurance, real estate, and construction continue to flounder. Industry employment in these sectors is still down 25% to 30% compared to pre-recession levels. However, with mortgage rates artificially held down by the Federal Reserve for the foreseeable future, housing and finance-related industries could enjoy a temporary revival. Such effects, in areas such as home sales and home price increases, are already showing signs of a temporary rebound.

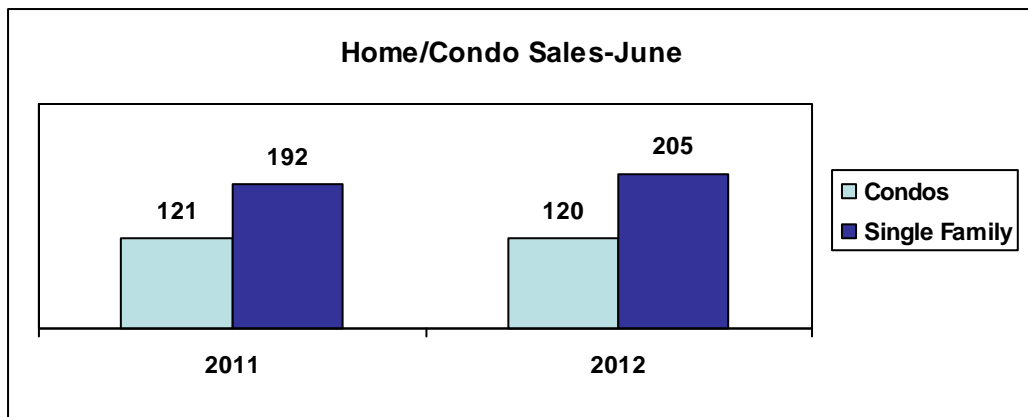
The City's manufacturing sector has enjoyed a solid recovery due to rising production costs in China and Asia, which brought some work back to U.S. shores. Manufacturing employment was off only slightly compared to pre-recession levels. However, recent issues such as a recession in Europe, a significant slowdown in the China's economy, and the potential expiration of Bush-era tax credits subdued local manufacturing employment growth. Time will tell whether the strength in manufacturing signals a national renaissance in manufacturing or just a temporary rebound.

The City's Professional and Technical Services industry, which covers areas such as legal services, accounting services, information technology services, architectural services, etc., enjoyed a strong double-digit increase compared to pre-recession levels. The City has seen a recent influx of law-related companies in recent years.

Finally, the City continues to enjoy growth in its entertainment sector due to the continuing expansion of Disney operations at its Creative Campus facility in Glendale. Disney Interactive is expected to continue the process of moving its operations from North Hollywood to the Creative Campus, which will result in further job growth as the company continues to consolidate all of its digital assets at one location.

Housing. Glendale experienced a net taxable property value increase of 1.7%, which was slightly more than the increase experienced countywide at 1.4%. Although Glendale's housing market has yet to show much improvement, in general the economy is showing signs of recovery from the Great Recession. 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 \$599,261 as of June 2012, compared to \$581,708 in June 2011. However, the condominium sales decreased in sales volume as well as in sales prices, reflected in an average price of \$278,684 as of June 2012, compared to \$285,914 in June 2011.





Local government finance

The economic situation in the U.S. has continued to put a strain on resources for local municipalities throughout the country. While economists are cautiously optimistic that U.S. will emerge from the economic downturn, it will take some time for the effects to trickle down to the local level. Unemployment in Southern California continues to outpace the national average which impacts major General Fund revenue sources such as sales and property taxes. It is anticipated that General Fund revenues will see modest increases, if any, for the upcoming budget year.

For FY 2011-12, the General Fund has a net loss of \$74.5 million. This loss is primarily due to the dissolution of the Glendale Redevelopment Agency (Agency) as of February 1, 2012, pursuant to California Assembly Bill (AB) 1x 26. The dissolution of all redevelopment agencies in the State of California qualifies as an extraordinary item since this state-wide dissolution was both unusual and infrequent. Accordingly, the transfer of assets and liabilities of the former Agency as of February 1, 2012 from governmental funds of the City to a fiduciary fund is recorded as an extraordinary loss in the General Fund financial statements and in the government-wide financial statements. The receipt of these assets and liabilities as of February 1, 2012 is reported in the fiduciary fund as an extraordinary gain. The extraordinary loss that is recorded in the General Fund reflects the write off of the City's General Fund advances to the Agency since the inception of the Agency as well as transferring the Agency's assets to the Glendale Successor Agency. Without the impact of the Agency, the General Fund revenue increased by \$1.4 million, from \$137.6 million to \$139 million, before transfers from other funds. However, included in the FY 2011-12 revenue estimates was a \$6 million payment from the Agency to reduce the principal of the City Advances which did not materialize due to AB 1x 26. As a result, total revenues before transfers compared to prior year was down by \$3.6 million, from \$142.6 million to \$139 million. The departmental expenditures were significantly under budget. A total of \$174.7 million was appropriated for FY 2011-12 and actual expenditures were \$162.1 million, which represented a savings of \$12.6 million. These budget savings are the result of numerous strategies that included a hiring freeze on vacant positions, employee concessions, and other operational savings. Even with this significant budget savings, the loss of revenue from the dissolution of the Agency to the General Fund resulted a net loss of \$2.7 million before the extraordinary loss.

Long-term financial planning

The FY 2011-12 Budget was adopted with the hope that we have “bottomed out”; however the stark reality is we clearly have not. For FY 2012-13, the City of Glendale is facing significant financial pressure on a variety of fronts with the largest due to the passage of AB 1x 26 by the California Legislature, which effectively eliminated redevelopment agencies throughout the State. All told, we have initially projected a General Fund deficit of approximately \$15.4 million for FY 2012-13, of which \$7.7 million is directly attributable to AB 1x 26. The balance of the deficit is comprised of increases to Internal Service Funds, primarily Liability and Workers’ Compensation, a restructuring of the paramedic service delivery that has not yet been fully implemented, and natural cost increases to employee salaries (step increases) and related benefits.

During this budget cycle, Departments, particularly those within the General Fund, will need to be restructured. It goes to follow that service levels will be impacted but the question is by what and how much? Our challenge is to minimize the negative impact on our community and customers and ensure value to the taxpayers. Glendale’s value proposition is the combination of the Council’s priorities, the City’s strategic goals and key performance indicators. Council ultimately sets the tone, the vision and the policy for the City. During FY 2012-13’s budget process, Council has reaffirmed the following strategic goals:

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

These *priorities* have given rise to departmental strategic goals that will alter, for the better, the way we deliver service and do business. These are goals that best indicate whether Departments had a “successful year”. These goals are essentially the *outcomes* that we will strive for in the upcoming budget year. The key performance indicators provide a vehicle to measure our progress. They are the *outputs* in that they tell us what we are doing and how we are doing it. Taken as a whole, the Council priorities provide the framework, the strategic goals give us our themes, and the key performance indicators measure the details. The management and measurement of our performance will help to bring clarity amid this period of uncertainty. However, we will not know the full detail until well into FY 2012-13. FY 2012-13 is our new base year, and this year’s budget process is really a two-year process. During FY 2012-13, we will make reductions, reorganize, and deliver services in a new way. The following year will be an opportunity to observe our new structure, evaluate it, and make adjustments as needed. As

Glendale is streamlining its costs and strategic goals, quality of service and continuity are important; our customers must sense *value*. The organization must endeavor to have collaboration and meaningful communication with the community. The departmental restructuring will result in fewer people striving to provide as much or more services to the community. With Council's vision and a team of high-quality, ethical professionals, our value proposition to the community is established and has shaped the FY 2012-13 budget.

Ultimately, Council and Management worked hand in hand to adopt a FY 2012-13 budget for the City of Glendale that is balanced with projected revenues and resources to support all projected expenditures. As in the past, this budget serves as the City Council's policy for providing the Glendale community with City services. At the same time, it serves as the City's financial plan for the year. This budget is reflective of the City Council and staff's desire to continue to improve upon existing programs and services – even in these most difficult of economic times. The goals of the City Council, along with the dedicated City staff who provide high levels of service to the community, continue to make Glendale a premier city and a most desirable place to live, work and play.

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

The following table presents a comparison of the results of the City's investment of pooled cash for fiscal years 2009, 2010, 2011 and 2012.

Fiscal years ended June 30,

| | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Average portfolio balance | \$394,767,000 | \$408,490,000 | \$451,176,000 | \$444,787,000 |
| Total portfolio's interest income | \$ 4,303,000 | \$ 5,773,000 | \$ 8,520,000 | \$ 12,462,000 |
| Average return on invested cash | 1.09% | 1.43% | 1.89% | 2.80% |

The average return on invested cash decreased by 34 basis points from 1.43% in fiscal year 2011 to 1.09% in fiscal year 2012. Interest earnings for the current fiscal year are \$4.3 million, down \$1.5 million from the \$5.8 million for last year. 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.

Risk Management. The City is self-insured for both Comprehensive General Liability and Workers' Compensation claims up to \$2 million. The City purchases an Excess Liability layer of \$20 million, and purchases an Excess Workers' Compensation layer up to statutory limits. The City also purchases Property/Casualty, Aviation, Employment Practices, Directors and Officers, and other smaller policies for specific activities.

The City's Risk Management program is comprised of Insurance Services, Workers' Compensation and Safety. The primary goal of Risk Management is to effectively address potential risk factors that affect both the City and its employees. Insurance coverage's and their resulting premiums are reviewed annually to insure the City is properly covered. Workers' Compensation and our Safety Staff work to protect our work force, when workers are injured, staff insures that they are properly cared for, and returned to work as soon as possible.

Risk Management Staff continually reviews internal funding levels to address ever increasing claims costs. Failure to address these issues may result in significant impacts to department budgets in future years. Internal insurance premiums are set annually based upon input from Risk Management and additional analysis from an outside biannual actuarial study. Employee medical coverage is obtained through a broker and provides a variety of choices for the employees.

Independent Audit

The City's financial statements have been audited by the firm of McGladrey LLP, a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Glendale, California for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Glendale, California's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. Their unqualified opinion on the City's basic financial statements is included within this report.

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

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis (MD&A)*. This letter of transmittal is designed to compliment MD&A and should be read in

conjunction with it. The City's MD&A can be found immediately following the independent auditor's report in the financial section of the CAFR.

Award

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the past seventeen fiscal years ended June 30, 1995 through June 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

Acknowledgments

The preparation of this comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance & Administrative Services Department. Each member of the department has my sincere appreciation for their contribution in the preparation of this report. A special commendation should be attributed to Ms. Lily Fang, Finance Administrator, for the compilation of this CAFR.

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

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Robert Elliot", with a stylized, sweeping flourish at the end.

ROBERT ELLIOT, CPA
DIRECTOR OF FINANCE

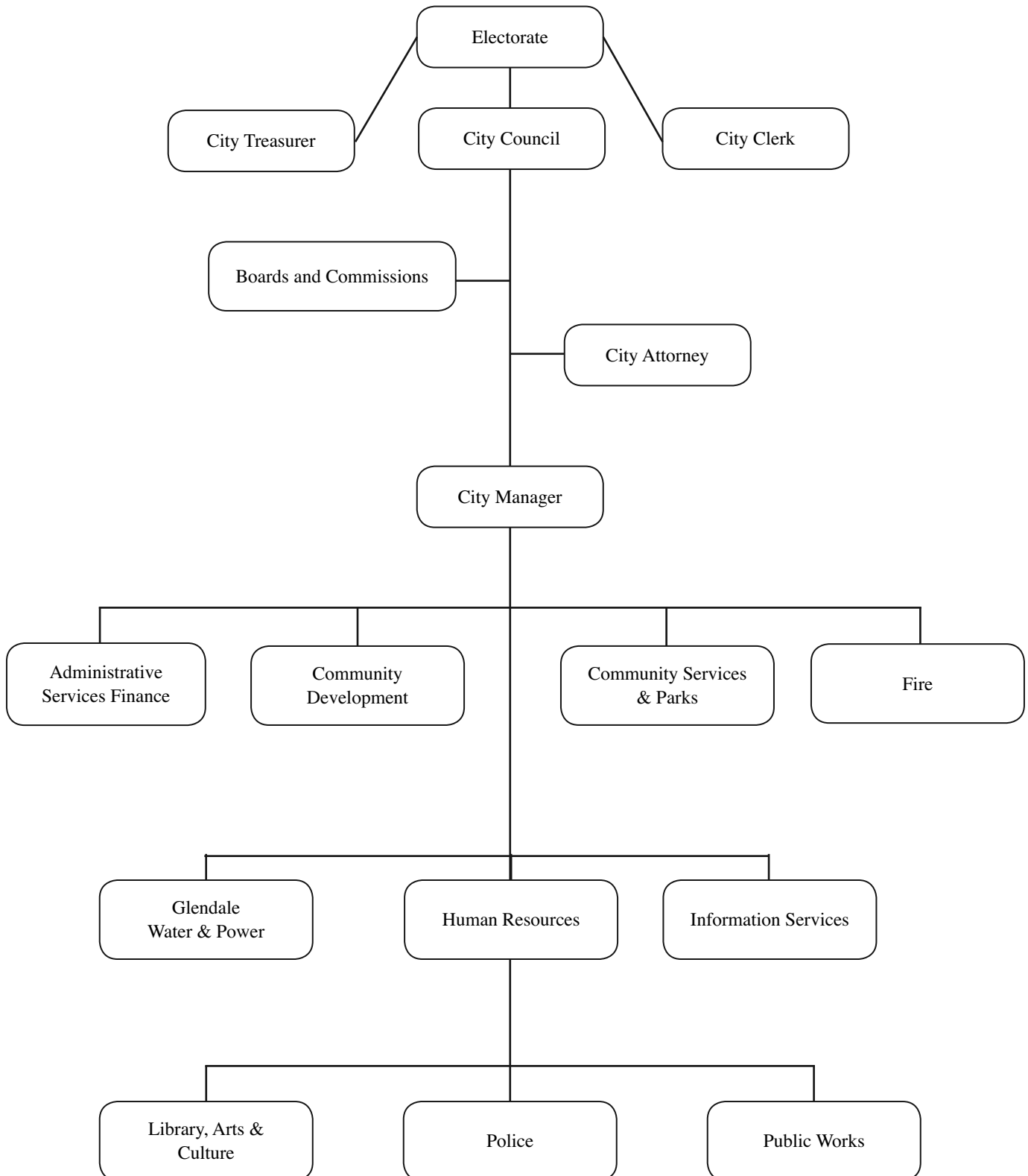
CITY OF GLENDALE
Officials of the City of Glendale
June 30, 2012

Administration and Department Heads

| | |
|---|-----------------------|
| City Manager | Scott Ochoa |
| Assistant City Manager | Yasmin K. Beers |
| City Treasurer | Ronald T. Borucki |
| Director of Libraries | Cindy Cleary |
| Police Chief | Ronald L. De Pompa |
| Director of Human Resources | Matthew Doyle |
| Director of Community Services & Parks | Jess Duran |
| Director of Finance | Robert P. Elliot, CPA |
| City Auditor | Michele Flynn, CPA |
| Director of Information Services | Edward Fraga |
| City Attorney | Michael J. Garcia |
| Director of Community Development | Hassan Haghani |
| City Clerk | Ardashes Kassakhian |
| Fire Chief | Harold Scoggins |
| Interim General Manager of Glendale Water & Power | Stephen Zurn |
| Director of Public Works | Stephen Zurn |

City of Glendale, CA

Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Glendale for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the 17th consecutive year that the City of Glendale has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Glendale
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Jeffrey R. Emen

Executive Director

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FINANCIAL SECTION

The Financial Section of the Comprehensive Annual Financial Report contains the following:

- **Independent Auditor's Report**
- **Required Supplementary Information-
Management's Discussion and Analysis
(MD and A)**
- **City's basic financial statement, which includes
the following:**
 - **The Government-wide Financial Statements**
 - **Fund Financial Statements**
 - **Notes to the Financial Statements**





Independent Auditor's Report

To the Honorable Members of the City Council
City of Glendale, CA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Glendale, California (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Housing Assistance Special Revenue Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

U.S. GAAP requires that the Management Discussion and Analysis and pension and other post-employment benefits information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the combining and individual nonmajor fund financial statements, and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

McGladrey LLP

Los Angeles, CA
December 4, 2012

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

As management of the City of Glendale (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - xi of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of FY 2011-12 by \$1,638,463 (net assets). Of this amount, \$244,435 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. The total unrestricted net assets consist of \$104,152 for governmental activities and \$140,283 for business-type activities.
- The City's total net assets decreased by \$17,204. Most of this decrease is attributable to a decrease in capital grants and contributions and property taxes.
- As of the close of FY 2011-12, the City's governmental funds reported combined ending fund balances of \$173,450, a decrease of \$124,372 in comparison with the prior year. About 16% of this total amount, \$28,332 is available for spending at the government's discretion (unassigned fund balance).
- At the end of FY 2011-12, unassigned fund balance of \$37,852 and charter required reserve of \$21,156 for the General Fund totaled \$59,008. Effective February 1, 2012, pursuant to California Assembly Bill (AB) 1x 26 dissolved the Glendale Redevelopment Agency ("former Agency"). As a result of this devastating legislation, the operating results for FY 2011-12 can be segmented into two distinctive parts: the operating results before AB1x 26 and then the impact of the wind down of the former Agency on the General Fund. With the impact of the AB1x 26, the General Fund total revenue including transfers from other funds was \$163,256 whereas total expenditures including transfers to other funds was \$165,987 which resulted in a net loss of \$2,781. However, the General Fund would have a net surplus of \$3,270 if the City was able to realize the FY 2011-12 revenue estimates for the \$6,000 amortization from the former Agency to reduce the principal of the City Advances, which was invalidated by AB 1x 26. This, along with the extraordinary loss of \$71,758 recorded for the wind down of the former Agency decreased the General Fund fund balance by \$74,489. The other factor that contributed to better than expected General Fund's operating result was that year end departmental actual expenditures were significantly below budgeted appropriations. A total of \$174,700 was appropriated for FY 2011-12 and actual expenditures were \$162,100, which represented a budget savings of \$12,600.
- The City's total debt increased by \$18,945 (5.2%) in FY 2011-12. The factors of this increase was a combination of items such as post-employment benefits, post-closure liability of Scholl Canyon Landfill and the Glendale Housing Authority Section 108 (2011 Series) loan from Housing and Urban Development (HUD), as well as decreases such as debt retirements through regular annual payments. Due to the dissolution of the former Agency, the former Agency's outstanding debt has been moved from a debt service fund type to a fiduciary fund.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police, fire, public works, housing, health, and community development, employment programs, public service, parks, recreation, and community services, library, and interest and fiscal charges on bonds. The business-type activities of the City include sewer, electric, and water operations, recreation, hazardous disposal, parking, refuse disposal, and fire communications.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate redevelopment agency, housing authority and financing authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The redevelopment agency, the housing authority and the financing authority, although legally separate, function for all practical purposes as departments of the City, and therefore have been included as an integral part of the primary government. Due to the dissolution of the redevelopment agency on February 1, 2012, only seven months of the former redevelopment agency transactions are included in the government-wide financial statements.

The government-wide financial statements can be found on pages 25-27 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains 42 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Glendale Redevelopment Agency Fund, Housing Assistance Fund and the Capital Improvement Fund, all of which are considered to be major funds. Data from the other 38 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 28-47 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its recreation, hazardous disposal, fire communications, parking, sewer, refuse disposal, and electric and water utility operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles (General Fund only), information services and infrastructures, joint helicopter operation, uninsurable litigation, employee benefits, and various other insurances.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, electric, and water operations, all of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise and internal service funds is provided in the form of combining statements elsewhere in this report.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

The basic proprietary fund financial statements can be found on pages 48-51 of this report.

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

Since the resources of fiduciary fund are not available to support the City's own programs, it is not reflected in the government-wide financial statements. The accounting used for fiduciary fund is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on pages 52-53 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 55-95 of this report.

The combining statements referred to earlier in connection with non-major governmental and enterprise funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 99-159 of this report.

Government-wide Financial Analysis

The government-wide financial analysis contained comparative information from the prior year.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1,638,463 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (82.3%) reflects its investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

City of Glendale's Net Assets

| | Governmental activities | | Business-type activities | | Total | |
|--|------------------------------------|-----------|-------------------------------------|---------|--------------|-----------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Current and other assets | \$ 301,309 | 429,523 | 185,161 | 212,729 | 486,470 | 642,252 |
| Capital assets | 858,969 | 886,533 | 713,761 | 697,447 | 1,572,730 | 1,583,980 |
| Total assets | 1,160,278 | 1,316,056 | 898,922 | 910,176 | 2,059,200 | 2,226,232 |
| Long-term liabilities | 173,080 | 306,321 | 184,773 | 181,517 | 357,853 | 487,838 |
| Other liabilities | 40,198 | 54,906 | 22,686 | 27,821 | 62,884 | 82,727 |
| Total liabilities | 213,278 | 361,227 | 207,459 | 209,338 | 420,737 | 570,565 |
| Investment in capital assets, net of related debt | 802,729 | 814,946 | 545,511 | 526,011 | 1,348,240 | 1,340,957 |
| Restricted | 40,119 | 53,953 | 5,669 | 15,474 | 45,788 | 69,427 |
| Unrestricted | 104,152 | 85,930 | 140,283 | 159,353 | 244,435 | 245,283 |
| Total net assets | \$ 947,000 | 954,829 | 691,463 | 700,838 | 1,638,463 | 1,655,667 |

2.8% of the City's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$244,435 may be used to meet the government's ongoing obligations to citizens and creditors. Of this total, \$140,283 is in business type activities such as our electric, water, and sewer utilities.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, for government as a whole, as well as for all its separate governmental and business-type activities.

Governmental activities. Governmental activities decreased the City's net assets by \$7,829. Key elements of this decrease are as follows:

- Capital grants and contributions decreased by \$2,937 (32.5%) during the year due to one-time only Proposition 1B State bond proceeds received in FY 2010-11.
- Property tax decreased by \$20,517 (25.7%) during the year due to the dissolution of the Glendale Redevelopment Agency pursuant to AB 1x 26 on February 1, 2012. Only seven months of the property tax increment, instead of the usual twelve months, for the former Agency, are accounted for in the governmental activities. The five months of the property tax increment received from redevelopment property tax trust fund for the Glendale Successor Agency are accounted for in the fiduciary fund.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

- Investment income decreased by \$1,113 (27.4%) during the year due to the lower yield in the investment portfolio, and a decrease in cash balance.
- Housing, health & community development expense decreased by \$24,578 (35.1%) during the year due to the lower Community Development Block Grant-funded (CDBG) project expenses and the Glendale Redevelopment Agency expenses. Several large CDBG-funded construction projects were completed in FY 2010-11, and the next phase of the CDBG-funded construction projects were in planning stages in FY 2011-12, so not a lot of expenses incurred in the fiscal year. Glendale Redevelopment Agency was dissolved on February 1, 2012, pursuant to AB 1x 26, so only seven months of expenses are included in the governmental activities. The remaining five months of expenses for the Glendale Successor Agency are included in the fiduciary fund.
- Parks, recreation & community services expense decreased by \$3,645 (22.2%) during the year primarily due to lower capital improvement project (CIP) expenses. Two major CIP projects, Pacific Park Aquatic Facility and Maple Park, incurred the majority of the project expenses in FY 2010-11. The lower General Fund operating expense also contributed to the overall expense decrease.
- Extraordinary loss of \$16,314 occurred during the year due to the dissolution of the Glendale Redevelopment Agency pursuant to AB 1x 26 on February 1, 2012. The movement of the assets and liabilities from Glendale Redevelopment Agency to Glendale Successor Agency as of February 1, 2012 resulted in the extraordinary loss in governmental funds, and the extraordinary gain in the fiduciary fund.

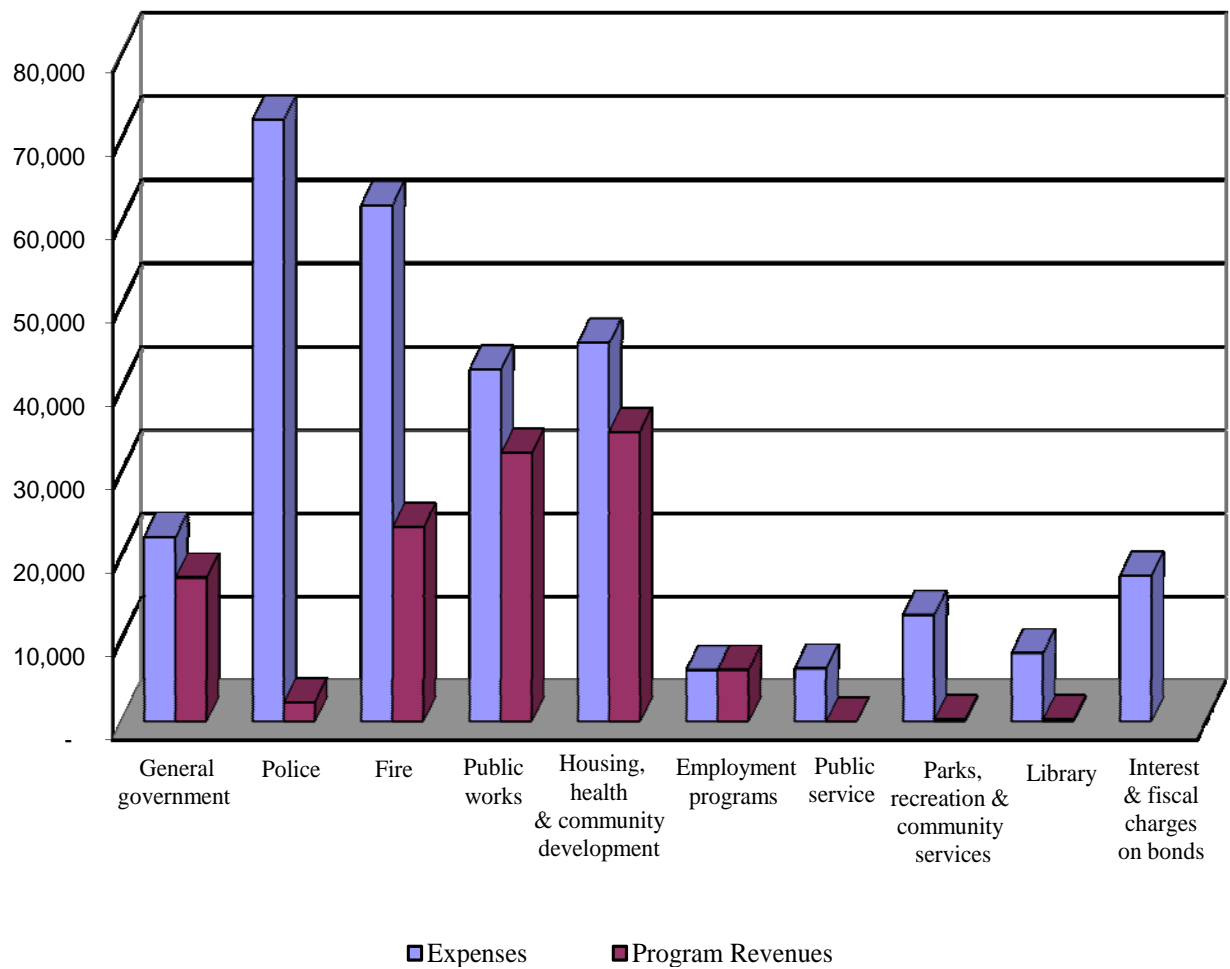
CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

Expenses and Program Revenues – Governmental Activities



CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

City of Glendale's Changes in Net Assets

| | Governmental activities | | Business-type activities | | Total | |
|---|-------------------------|----------|--------------------------|----------|-----------|-----------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Revenue: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 48,548 | 45,435 | 289,260 | 275,551 | 337,808 | 320,986 |
| Operating grants & contributions | 61,877 | 63,166 | 96 | 161 | 61,973 | 63,327 |
| Capital grants & contributions | 6,103 | 9,040 | 6,590 | 16,238 | 12,693 | 25,278 |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | 59,197 | 79,714 | - | - | 59,197 | 79,714 |
| Sales tax | 31,874 | 30,030 | - | - | 31,874 | 30,030 |
| Utility users tax | 26,632 | 26,802 | - | - | 26,632 | 26,802 |
| Other taxes | 14,181 | 13,857 | - | - | 14,181 | 13,857 |
| Investment income | 2,953 | 4,066 | 1,927 | 2,089 | 4,880 | 6,155 |
| Other | 21,370 | 17,948 | 7,221 | 8,527 | 28,591 | 26,475 |
| Total revenues | 272,735 | 290,058 | 305,094 | 302,566 | 577,829 | 592,624 |
| Expenses: | | | | | | |
| General government | 22,151 | 25,700 | - | - | 22,151 | 25,700 |
| Police | 72,160 | 69,926 | - | - | 72,160 | 69,926 |
| Fire | 61,917 | 57,138 | - | - | 61,917 | 57,138 |
| Public works | 42,192 | 41,598 | - | - | 42,192 | 41,598 |
| Housing, health & community development | 45,387 | 69,965 | - | - | 45,387 | 69,965 |
| Employment programs | 6,197 | 5,925 | - | - | 6,197 | 5,925 |
| Public service | 6,369 | 8,029 | - | - | 6,369 | 8,029 |
| Parks, recreation & community services | 12,804 | 16,449 | - | - | 12,804 | 16,449 |
| Library | 8,209 | 9,127 | - | - | 8,209 | 9,127 |
| Interest & fiscal charges on bonds | 10,871 | 12,696 | - | - | 10,871 | 12,696 |
| Recreation | - | - | 2,754 | 2,622 | 2,754 | 2,622 |
| Hazardous disposal | - | - | 1,507 | 1,745 | 1,507 | 1,745 |
| Fire communications | - | - | 3,528 | 3,289 | 3,528 | 3,289 |
| Parking | - | - | 7,674 | 7,763 | 7,674 | 7,763 |
| Sewer | - | - | 15,148 | 15,756 | 15,148 | 15,756 |
| Refuse disposal | - | - | 18,794 | 18,893 | 18,794 | 18,893 |
| Electric | - | - | 200,120 | 188,569 | 200,120 | 188,569 |
| Water | - | - | 40,937 | 35,790 | 40,937 | 35,790 |
| Total expenses | 288,257 | 316,553 | 290,462 | 274,427 | 578,719 | 590,980 |
| Excess (deficiency) before transfers and extraordinary (loss) | (15,522) | (26,495) | 14,632 | 28,139 | (890) | 1,644 |
| Transfers | 24,007 | 26,167 | (24,007) | (26,167) | - | - |
| Extraordinary (loss) | (16,314) | - | - | - | - | - |
| Change in net assets | (7,829) | (328) | (9,375) | 1,972 | (17,204) | 1,644 |
| Net assets - Beginning of the year | 954,829 | 955,157 | 700,838 | 698,866 | 1,655,667 | 1,654,023 |
| Net assets - End of the year | \$ 947,000 | 954,829 | 691,463 | 700,838 | 1,638,463 | 1,655,667 |

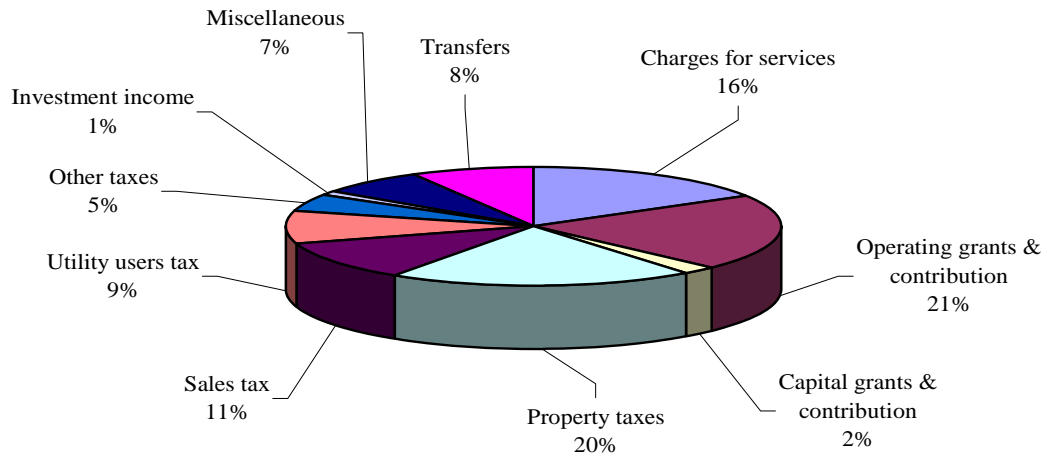
CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

Revenues By Source – Governmental Activities



Business-type activities. Business-type activities' net assets have a net decrease of \$9,375. Key elements of this net decrease are as follows.

- Charges for services increased by \$13,709 (5.0%) during the year. This increase can be attributed to a net increase in Electric retail sales and sales to other utilities in spite of a decrease in sales in the wholesale sector. Water sales also showed an increase as a result of the rate increase charged to customers. Parking generated a net increase in parking ticket collections compared to a slight decrease in parking meters and garage revenues. Sewer also showed an increase in collection of fees for the operation of the Hyperion Sewer Treatment Plant.
- Operating and capital grants and contributions decreased by \$9,713 (59.4%) during the year. The decrease is mostly due to the 90% 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.
- Investment income decreased by \$162 (7.8%) during the year due to a decrease in return on investment, and overall lower yield in the investment portfolio, as well as a decrease in cash balance.
- Miscellaneous revenues showed a decreased by \$1,306 (15.3%) due to non-receipts of insurance reimbursement related to the repair/replacement of Unit No. 5 cooling tower deluge system piping at the Grayson Power Plant and refund from L.A. County regarding reclaimed water compared to prior fiscal year.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

- Electric expense increased by \$11,551 (6.1%) during the year. This increase can primarily be attributed to an increase in the cost of natural gas and wholesale activity. An increase in employee benefit overhead from prior year level reflects a shift of labor resources from capital projects to electric transmission and distribution maintenance to improve system reliability. Miscellaneous electric expense also increased due to retirement of old electric meters.
- Water expense increased by \$5,147 (14.4%) during the year. This increase is primarily attributed to an increase in production costs brought by an increase in rate for the purchased water volume supplied by Metropolitan Water District (MWD). Due to the delay in Water Bond financing, the Water fund is faced with a negative cash balance of \$22.9 million. Therefore, capital project activities were reduced. This shifted capital labor and benefit costs to operating costs which resulted in higher expense compared to the prior fiscal year. Miscellaneous water expense also increased due to retirement of old water meters. Water fund's payment to the Liability Insurance fund for its share of private home damages from the 2005 rain storm also contributed to the increase in Water expense.
- Recreation expense increased by \$132 (5.1%) during the year primarily from increased operational costs within the Community Services & Parks department and increased share of the Information Services Department service charge to maintain its information systems and applications.
- Fire Communication expense increased by \$239 (7.3%) during the year primarily from increased investments in capital assets to upgrade the Verdugo Fire Communications Computer Aided Dispatch System and increased share of the Information Services Department service charge to maintain its devices and network system.

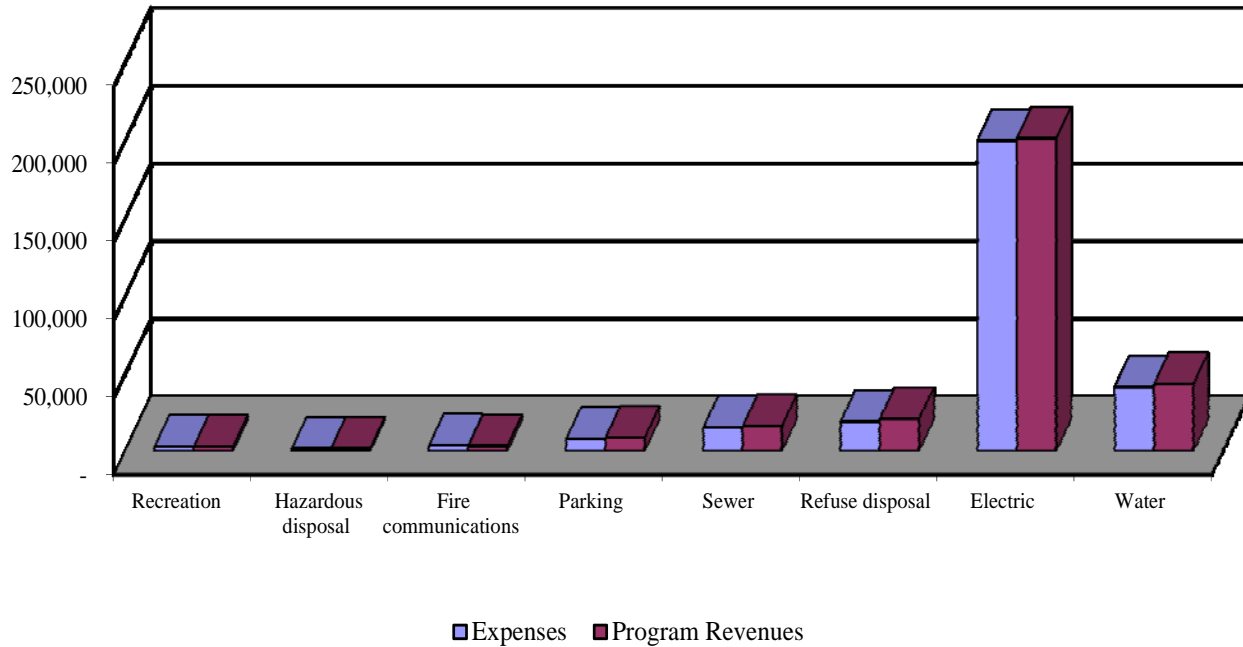
CITY OF GLENDALE

Management's Discussion and Analysis

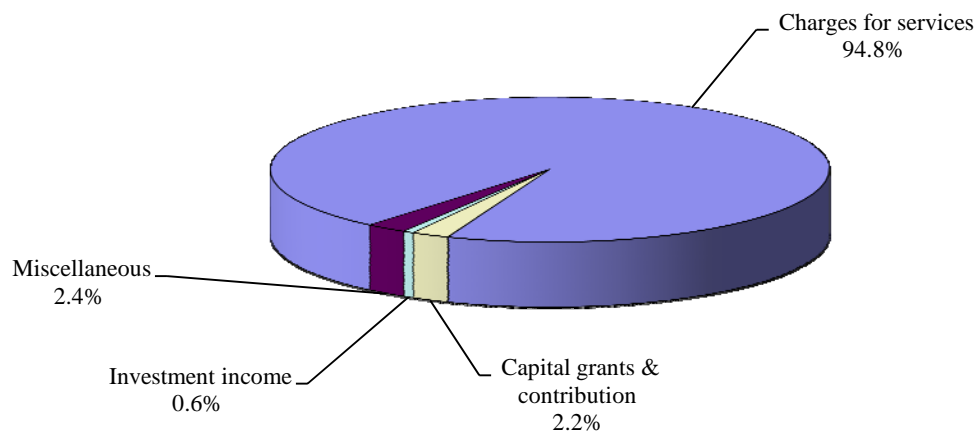
June 30, 2012

(in thousands)

Expenses and Program Revenues –Business-type Activities



Revenues By Source –Business-type Activities



CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spending resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$173,450, a decrease of \$124,372 in comparison with the prior year. About 21% of this total amount, \$28,332, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance in the amount of \$145,118 is not available for new spending because it is either nonspendable, restricted, assigned or committed. Nonspendable fund balance of \$2,815 which is legally or contractually required to be maintained intact, consists of: 1) reserve for inventories \$558 and 2) prepaid items \$2,257. Restricted fund balance of \$94,576 which is constrained by external creditors, grantors, laws or regulations of other governments and enabling legislation, consists of: 1) City charter reserve requirement \$21,156, 2) federal and state grants \$3,395, 3) private endowments \$1,400, 5) public safety \$1,295, 6) youth employment \$52, 5) transportation \$12,927, 7) landscaping district \$43, 8) low and moderate housing \$18,963, 9) air quality improvement \$214, 10) cable access \$379, 11) electric public benefit AB1890 \$186, 12) State gas tax mandates \$12,466, and 13) Landfill postclosure \$22,100. Committed fund balance of \$39,707 which is constrained by Glendale City Council through formal action (i.e., passing a resolution) unless the City Council passes another resolution to change it, consists of: 1) debt service \$34,087, 2) urban art \$984, 3) public safety \$179, and 4) impact fee funded projects \$4,457. Assigned fund balance of \$8,020 which is constrained by management's discretion to designate the funds for capital projects throughout the City.

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 \$37,852 and \$21,156, respectively, while total fund balance was \$59,566. 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 \$59,008, represent about 36% of total General Fund expenditures plus transfers.

The fund balance of the City's General Fund has a net decrease of \$74,489 during the current fiscal year. This decrease is primarily due to the extraordinary loss, which results from the dissolution of the Glendale Redevelopment Agency ("Agency") effective February 1, 2012, pursuant to California Assembly Bill (AB) 1x 26. Due to the passage of the Bill, the former Agency's advances from the City are not considered enforceable obligation. In addition, the assets of the former Agency that were transferred to the City in fiscal year 2011 were transferred back by the City to the Glendale Successor Agency ("Successor Agency") in fiscal year 2012. The extraordinary loss that is recorded in the General Fund reflects the write down of the City's General Fund advances to the Agency since the inception of the Agency as well as transferring the former Agency's assets such as Loans Receivable and Property Held for Resale.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

With the dissolution of the former Agency, the Housing Assistance Fund became a major governmental fund this fiscal year. Compared to the prior fiscal year, the fund balance decreased by \$32. The fund balance, accumulated through prior years' excess housing assistance payment (HAP) funding, has been used to supplement the current year's HAP funding to increase the leasing units and HAP expenses, for the purpose of obtaining more funding from HUD in the future. In the past few years, HUD has distributed the annual HAP funding based on the prior year's actual HAP expenses.

The Capital Improvement Fund has a positive fund balance of \$8,020. In comparison with the prior fiscal year, the fund balance increased by \$9,686. There are four main reasons for this increase. First, the Federal Emergency Management Agency released \$1,800 retention for the 1994 Northridge Earthquake disaster expenses. Second, the City received \$3,469 lawsuit settlement regarding the Edison Pacific Park construction problems, and the City will use the settlement money for the repairs. Third, the City also received \$1,500 refund from an escrow account, which was set up to fund the Interstate 5/Western Interchange project several years ago. Lastly, there are fewer active capital improvement projects, which resulted in smaller project expenditures in the fiscal year.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the year, unrestricted net assets composed of \$65,777 for the Sewer Fund, \$100,958 for the Electric Fund, (\$19,191) for the Water Fund, and \$36,899 for the other proprietary funds. The net assets for the Electric Fund decreased by \$16,117 due to lower operating income as a result of higher operational costs, lower grant revenue, and increased transfers to General Fund. The net assets for the Water Fund increased by \$4,167 as a result of the elimination of the Water Fund transfer to General Fund. The net assets for the Sewer Fund also showed an increase of \$1,275, followed by an increase of \$1,572 for the other proprietary funds.

General Fund Budgetary Highlights

Compared to the FY 2010-11 budget, the FY 2011-12 General Fund adopted budget decreased by approximately \$2,800. On-going, systemic changes, rather than one-time fixes, were implemented to maintain a balanced General Fund budget. In a major departure from prior years, each General Fund's department budgets were broken down into functions and/or programs, and then were rated as essential, priority, and discretionary. This was the basis by which staff presented proposed reductions to the City Council. The vast majority of the reductions came from discretionary programs being eliminated, and along with a few priority and essential programs. As a result, a total \$4,600 in programs and services were eliminated from the General Fund, which included a total of 41.7 full-time equivalent positions. Other strategies employed for the FY 2011-12 General Fund budget include a hiring freeze, employee concessions, reduction in contractual services, a restructuring of the Paramedic program, elimination of hardware & software line item budgets, a reduction in maintenance & operation expense and other cost saving strategies.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2012, amounts to \$1,348,240 (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 0.5%; this represents a 1.5% decrease for governmental activities and a 3.7% increase for business-type activities.

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

- In March 2011, the former Glendale Redevelopment Agency transferred real properties to the City for a total value of \$34,645. In June 2011, the Governor signed into law AB 1x 26, the Dissolution Act, that considered all transfers to be unauthorized if the transfers were done after December 31, 2010, and therefore they are invalid. Further, in April 2012, the California State Controller's Office (SCO) issued correspondence directing the reversal of all the former Redevelopment Agency assets that were transferred to the City, and transfer those assets to the Successor Agency. The City transferred back real properties with a total value of \$34,410 (net of depreciation of \$235) to the Successor Agency.
- At the close of the fiscal year, the Electric fund reflected a decrease of \$58,161 in construction in progress and increases of \$73,297 in machinery and equipment, \$1,792 in buildings & improvements, \$98 in land and \$3,831 in natural gas reserve compared to prior year. The decrease in construction in progress is primarily due to completion of an aggressive capital improvement program started in 2007 and completion of various phases of \$100 million Smart Grid technology. The increases in capital assets are primarily due from continuing repairs, overhaul, replacement, and upgrade of electrical systems, towers, turbines, and generating units, such as the Glorietta substation upgrade from 34kV to 69kV for increased power reliability and capacity, as well as the continuing reconstruction of substations to employ Smart Grid technology. The increases in natural gas reserve shows GWP's effort in meeting the state wide renewable portfolio of acquiring and using qualified renewable energy resources for its Glendale residents.
- At the close of the fiscal year, Finance department started implementing the new capitalization process for the Water fund to better reflect asset classifications. As a result, capital assets that were previously capitalized as buildings & improvements and machinery & equipment are reclassified to infrastructure. Water fund showed a decrease of \$55,023 in construction in progress and a net increase of \$70,553 in buildings & improvements, machinery and equipment, and infrastructure combined compared to the prior year. The decrease in construction in progress is primarily due to the completion of Chevy Chase Reservoir and various phases of Smart Grid Technology. The net increase in capital assets is primarily due to its continuing implementation of long term infrastructure improvement projects such as the Glorietta Wells water system improvement project and Diederich water main replacement and rehabilitation.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

| | Governmental activities | | Business-type activities | | Total | |
|--------------------------------|------------------------------------|-----------|-------------------------------------|-----------|--------------|-----------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Land | \$ 405,495 | 434,921 | 15,141 | 15,043 | 420,636 | 449,964 |
| Natural gas reserve | - | - | 21,824 | 17,993 | 21,824 | 17,993 |
| Buildings and improvements | 289,465 | 268,286 | 376,620 | 402,816 | 666,085 | 671,102 |
| Machinery & equipment | 101,256 | 92,487 | 573,359 | 523,040 | 674,615 | 615,527 |
| Infrastructure | 280,391 | 262,799 | 125,225 | - | 405,616 | 262,799 |
| Construction in progress | 31,853 | 68,475 | 41,529 | 152,925 | 73,382 | 221,401 |
| Total capital assets | 1,108,460 | 1,126,968 | 1,153,698 | 1,111,817 | 2,262,158 | 2,238,785 |
| Less: Accumulated depreciation | (249,491) | (240,435) | (435,909) | (411,541) | (685,400) | (651,976) |
| Less: Gas depletion | - | - | (4,028) | (2,829) | (4,028) | (2,829) |
| Net of depreciation | \$ 858,969 | 886,533 | 713,761 | 697,447 | 1,572,730 | 1,583,980 |

Additional information on the City's capital assets can be found in note III B on pages 71-72 as well as pages 160-163 of this report.

Long-term debt. At the end of the current fiscal year, the City has total outstanding debt of \$381,463. Of this amount, \$46,742 is claims payable, \$26,165 is compensated absences; \$38,242 is post employment benefits; and \$38,131 is set aside for post-closure care of Scholl Canyon landfill. Bonds payable totaling \$219,998 include \$50,700 in Variable Rate Demand Certificates of Participation (COPs) that were issued in 2000 to fund the new police department facility; \$117,280 are the revenue bonds secured solely by Electric Utility revenue; \$50,000 are the revenue bonds secured solely by Water Utility revenue; \$3,441 is for bond premiums; a negative \$1,423 is for a deferred amount on the refunding of the 2006 Electric revenue bond. Other long-term liabilities totaling \$12,185 comprise of the following capital leases: \$2,606 for the Municipal Services Building (MSB) retrofit project, \$1,267 and \$1,429 for the 2005 and 2009 fire equipments; \$240 is for section 108 loan (2002 Series), \$2,000 is for section 108 loan (2011 Series) and \$4,643 is for the Residential Development Loan Program (RDLP).

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

City of Glendale's Outstanding Debt

| | Governmental activities | | Business-type activities | | Total | |
|--|----------------------------|---------|-----------------------------|---------|---------|---------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| General long-term debts: | | | | | | |
| Claims payable | \$ 46,742 | 46,894 | - | - | 46,742 | 46,894 |
| Compensated absences | 18,979 | 19,883 | 7,186 | 6,991 | 26,165 | 26,874 |
| Post employment benefits | 25,781 | 13,478 | 12,461 | 6,377 | 38,242 | 19,855 |
| Landfill postclosure and postclosure care | 38,131 | 32,921 | - | - | 38,131 | 32,921 |
| Bonds payable: | | | | | | |
| Police building project (COPs) | 50,700 | 52,400 | - | - | 50,700 | 52,400 |
| Electric revenue bonds, 2003 series | - | - | 24,485 | 25,280 | 24,485 | 25,280 |
| Electric revenue bonds, 2006 refunding | - | - | 32,795 | 33,965 | 32,795 | 33,965 |
| Electric revenue bonds, 2008 series | - | - | 60,000 | 60,000 | 60,000 | 60,000 |
| Water revenue bonds, 2008 series | - | - | 50,000 | 50,000 | 50,000 | 50,000 |
| Bond premium | - | - | 3,441 | 3,661 | 3,441 | 3,661 |
| Deferred amount on refunding – 2006 series | - | - | (1,423) | (1,566) | (1,423) | (1,566) |
| Total bonds payable | 50,700 | 52,400 | 169,298 | 171,340 | 219,998 | 223,740 |
| Other long-term liabilities: | | | | | | |
| Capital leases: | | | | | | |
| MSB retrofit lease - Capital One | 2,606 | 3,826 | - | - | 2,606 | 3,826 |
| Fire equip't lease 2005 - Sun Trust | 1,267 | 1,659 | - | - | 1,267 | 1,659 |
| Fire equip't lease 2009 - Wells Fargo | 1,429 | 1,636 | - | - | 1,429 | 1,636 |
| Section 108 2002 Series-A | 240 | 470 | - | - | 240 | 470 |
| Section 108 2011 Series-A | 2,000 | - | - | - | 2,000 | - |
| Residential development loan program | 4,643 | 4,643 | - | - | 4,643 | 4,643 |
| Total other long-term liabilities | 12,185 | 12,234 | - | - | 12,185 | 12,234 |
| Total general long-term debts | \$ 192,518 | 177,810 | 188,945 | 184,708 | 381,463 | 362,518 |

The city's total debt net increase is \$18,945 (5.2%) in the current fiscal year. The significant changes were due to an increase of \$18,387 in post employment benefits, an increase of \$5,210 in the post-closure and post-closure care liability for the Scholl Canyon landfill, a \$2,000 Section 108 loan from Housing and Urban Development (HUD) by the Glendale Housing Authority, a net decrease of \$709 in compensated absences, and a decrease in claims payable by \$152. The remaining difference is the regular retirement of annual debt service payments.

Credit ratings

Municipal bond ratings provide investors with a simple way to compare the relative investment quality of different bonds. Bond ratings express the opinions of the rating agencies as to the issuer's ability and willingness to pay debt service when it is due. In general, the credit rating analysis includes the evaluation of the relative strengths and weaknesses of the following four factors as they affect an issuer's ability to pay debt and service: fiscal, economic, debt and administrative/management factors. The City continues to receive high general credit ratings from all three national rating agencies of any large city with a population over 250 in

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

California despite the difficult financial and economic conditions the national and local economy has been faced with.

The City's underlying bond ratings are as follows:

| Debt Issue | Moody's | Standard & Poor's (S & P) | Fitch Ratings' |
|---|---------------------|--|---------------------------|
| Issuer credit rating (Implied General Obligation) | Aa1 | AAA | AA+ |
| Police building project (COPs) | Aa2(Con) /VMIG 1 | AA+/A-1 | AA/F1 |
| Electric revenue bonds, 2003 series | Aa3 | AA- | A+ |
| Electric revenue bonds, 2006 refunding series | Aa3 | AA- | A+ |
| Electric revenue bonds, 2008 series | Aa3 | AA- | A+ |
| Water revenue bonds, 2008 series | Aa3 | AA | AA- |

The Glendale Successor Agency's (Fiduciary Fund) underlying bond ratings as follows:

| Debt Issue | Moody's | Standard & Poor's (S & P) | Fitch Ratings' |
|--|----------------|--|---------------------------|
| 2002 GSA tax allocation bonds | Ba1 | A | N/A |
| 2003 GSA tax allocation bonds | Ba1 | A | N/A |
| 2010 GSA tax allocation bonds | Ba1 | A | N/A |
| 2011 GSA subordinate taxable tax allocation bonds | N/A | A- | N/A |

In February 2010, the Standard & Poor's Rating Services raised the City's General Obligation (GO) credit rating from 'AA+' to 'AAA'. The rating action reflects the S&P's view of the City's improved General Fund reserves and sound management practices. As of June 30, 2012, the City has no General Obligation (GO) debt outstanding. At the same time, Standard & Poor's raised the City's long-term rating from 'AA' to 'AA+' on the City's outstanding Certificates of Participation (COPs).

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.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

Legal Debt Margins

Under the City Charter, the total bonded debt of the city shall at no time exceed a total of 15% of the total assessed valuation of all real and personal property within the City limits ("debt limit"). General obligation debt is debt secured by the City's property tax revenues. As of June 30, 2012, the total assessed value of taxable property was \$18.7 billion, excluding the assessed value of the two project areas of the former Glendale Redevelopment Agency, which resulted in a total debt capacity of approximately \$2.8 billion (total assessed value x 15% = debt limit). As of June 30, 2012, the City has no general obligation debt.

Debt Administration

Finance works to ensure that the City meets its debt administration obligations to:

- Pay debt service timely;
- Monitor trustee-held accounts and guaranteed investment contracts;
- Comply with bond covenants and Internal Revenue Service (IRS) rules & regulations;
- Provide continuing disclosure and other reports to the municipal bond market;
- Manage liquidity and credit enhancement contracts;

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

Arbitrage Rebate

Debt Management actively monitors the investment and disbursement of proceeds of tax exempt bonds for arbitrage compliance purposes. Arbitrage is the profit that results from investing low-yield tax-exempt bond proceeds in higher-yield securities (also referred to as positive arbitrage). Federal law stipulates that investment earnings in excess of the bond yield are arbitrage earnings and must be rebated to the Federal Government. However, if a jurisdiction meets certain IRS expenditure exceptions for bond proceeds, the arbitrage earnings will not have to be rebated to the Federal Government. Arbitrage regulations apply only to all of the City's tax-exempt financings.

Typically bond proceeds that are held by the Trustee are invested by the Trustee per bond covenant to invest at the highest yield possible, subject to the City's Investment Policy objectives of safety, liquidity and yield. The investment of bond proceeds is in accordance with the City's investment Policy and the Permitted Investment provisions of the governing documents of each series of bonds. For some types of bond funds, particularly a construction fund that must be held in short-term securities, it may be the case that the fund earns at a rate less than the bond yield. Therefore, the fund is said to be earning negative arbitrage. Through careful management of its investments, the City can use positive arbitrage earnings in one account of a bond series to offset negative arbitrage in another account of the same series.

Finance monitors and documents investments and cash flows of the City's bond funds, and then annually reviews all arbitrage provisions of individual bond funds and computes arbitrage earnings. Arbitrage earnings are rebated to the United States Treasury on a five-year installment basis. The City conducts informal arbitrage rebate calculations to assure that the City stays current on compliance issues and to facilitate accountability for any potential rebate liability.

Finance engages a consultant to prepare the annual arbitrage calculations for all of the City's tax-exempt bonds. This calculation includes: (1) review the City's arbitrage compliance at five-year anniversary dates when rebate is actually due to the Federal Government; (2) compute annual and five-year installment arbitrage rebate liability on the more complex financings; and (3) provide technical assistance to the City in the area of arbitrage rebate compliance. This third-party review provides an added level of confidence that the City is in compliance with the arbitrage regulations. Such review is particularly important given that the Internal Revenue Service has stepped-up its random audit and target audit programs for tax-exempt bond issues. As of June 30, 2012, none of the City's and the Glendale Successor Agency's tax-exempt bond issues has a positive arbitrage rebate liability.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

Continuing Disclosure

On November 10, 1994, the Securities and Exchange Commission ("SEC") adopted amendments to existing federal regulations ("Rule 15c-12" or the "Rule") under which municipalities issuing securities on or after July 3, 1995 are required to:

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

As of June 30, 2012, the City had 5 series of bonds subject to Continuing Disclosure requirements. The City prepares the Continuing Disclosure (financial and operating information) for its 5 series bonds and engaged a dissemination agent, the Trustee to disseminate such disclosures. The Glendale Successor Agency (Agency) had 3 tax-exempt tax allocation bonds and 1 subordinate taxable tax allocation bonds. The Agency engages a consultant to prepare and disseminate continuing disclosure for its 3 tax-exempt tax allocation bonds and 1 subordinate taxable tax allocation bonds. These disclosures are disseminated through the use of Electronic Municipal Market Access ("EMMA"), the Municipal Securities Rulemaking Board's ("MSRB") disclosure website. Timely and accurate communication with the municipal marketplace is vital in retaining the City's creditworthiness and market access. Continuing Disclosure and compliance reporting constitute a significant part of Debt Management's compliance activity for the life of each series of bonds.

Additional information on the City's long-term debt can be found in note III C on pages 72-81 of this report.

Economic Factors and Next Year's Budget and Rates

The slow economic recovery in conjunction with the State's efforts to address its budget deficit by taking resources from cities have combined to cause a strain in the City's General Fund. It should be noted that increases in General Fund revenue categories provide optimism for the future, but it is uncertain if these increases will be sustainable over the foreseeable future. In addition, 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.

The financial pressures are not limited to the General Fund. Program cuts at the State and Federal level have reduced the amount of grant funding the City will receive, most notably in the Community Development Block Grant (CDBG) Fund. The General Fund Capital Improvement program has been significantly scaled back over the last several years. Glendale Water & Power is tasked with improving and updating an aging infrastructure to continue to providing residents with a high quality of service. The City has significant fund balance deficits in several Internal Service Funds most notably in Compensation Insurance Fund, Employee Benefit Fund, and RHSP Benefits Fund. To address the General Fund gap, a retirement incentive program was offered to eligible employees which resulted in 53.6 full-time equivalents taking the incentive. An additional 48.2 full time equivalent positions were removed from the budget via the elimination of vacant positions, shifting of positions to other funds, and layoffs. Five employees were laid off as a result of the program reductions. From a

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2012

(in thousands)

Citywide perspective, a total of 120 full-time equivalents accepted the retirement incentive resulting in budget savings of \$13.9 million. Due to operational necessity, 32 positions were identified to be replaced at a cost of \$4.3 million. As a result, the retirements netted budget savings of \$9.6 million and a total of 88 full-time positions were removed from the budget citywide. Program reductions netted an additional \$10.6 million and 31 additional positions, bringing the total position reduction to 119. Starting in FY2012-13, 1% of the sales tax will be transferred into the Capital Improvement Fund and the City will look to increase this funding in future years to restore the capital program. The City will continue to seek new funding sources to augment existing grants and community programs. Over the next several years, the City will continue to address the Internal Service Fund deficits through gradual rate increases to the General Fund and other Funds. And lastly, the City will pursue new revenues when deemed appropriate.

Requests for Information

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

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Exhibit A-1
CITY OF GLENDALE
Statement of Net Assets
June 30, 2012 (in thousands)

| | Governmental Activities | Business-type Activities | Total |
|----------------------------|----------------------------|-----------------------------|-----------|
| Assets | | | |
| Current assets: | | | |
| Cash and invested cash | \$ 198,660 | 105,082 | 303,742 |
| Cash with fiscal agent | 5,008 | 8,190 | 13,198 |
| Restricted investment | - | 2,908 | 2,908 |
| Interest receivable | 1,489 | 566 | 2,055 |
| Accounts receivable, net | 36,088 | 34,802 | 70,890 |
| Internal balances | 23,182 | (23,182) | - |
| Inventories | 558 | 5,850 | 6,408 |
| Prepaid items | 2,844 | 5,660 | 8,504 |
| Total current assets | 267,829 | 139,876 | 407,705 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Land | 405,495 | 15,141 | 420,636 |
| Natural gas reserve | - | 17,796 | 17,796 |
| Buildings and improvements | 198,037 | 252,698 | 450,735 |
| Machinery and equipment | 34,113 | 296,636 | 330,749 |
| Infrastructure | 189,471 | 89,961 | 279,432 |
| Construction in progress | 31,853 | 41,529 | 73,382 |
| Total capital assets | 858,969 | 713,761 | 1,572,730 |
| Designated & invested cash | 22,100 | 36,326 | 58,426 |
| Deferred charges | 414 | 8,959 | 9,373 |
| Loans receivable | 4,959 | - | 4,959 |
| Property held for resale | 6,007 | - | 6,007 |
| Total noncurrent assets | 892,449 | 759,046 | 1,651,495 |
| Total assets | \$ 1,160,278 | 898,922 | 2,059,200 |

(Continued)

Exhibit A-1
CITY OF GLENDALE
Statement of Net Assets
June 30, 2012 (in thousands)

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|-----------|
| Liabilities and Net Assets | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 8,127 | 10,694 | 18,821 |
| Accrued wages and withholding | 6,669 | - | 6,669 |
| Interest payable | 470 | 4,003 | 4,473 |
| Claims payable | 13,052 | - | 13,052 |
| Compensated absences | 2,288 | 886 | 3,174 |
| Bonds payable, due in one year | 1,800 | 3,286 | 5,086 |
| Deposits | 5,494 | 3,817 | 9,311 |
| Other current liabilities | 2,298 | - | 2,298 |
| Total current liabilities | 40,198 | 22,686 | 62,884 |
| Noncurrent liabilities: | | | |
| Claims payable | 33,690 | - | 33,690 |
| Post employment benefits | 25,781 | 12,461 | 38,242 |
| Compensated absences | 16,691 | 6,300 | 22,991 |
| Landfill postclosure | 38,131 | - | 38,131 |
| Long-term bonds payable | 48,900 | 166,012 | 214,912 |
| Long-term debt | 9,887 | - | 9,887 |
| Total noncurrent liabilities | 173,080 | 184,773 | 357,853 |
| Total liabilities | 213,278 | 207,459 | 420,737 |
| Net assets: | | | |
| Invested in capital assets, net of related debt | 802,729 | 545,511 | 1,348,240 |
| Restricted | | | |
| City Charter - stabilization | 21,156 | - | 21,156 |
| Low and moderate housing | 18,963 | - | 18,963 |
| SCAQMD emission controls | - | 5,669 | 5,669 |
| Unrestricted | 104,152 | 140,283 | 244,435 |
| Total net assets | \$ 947,000 | 691,463 | 1,638,463 |

Exhibit A-2

CITY OF GLENDALE

Statement of Activities

Fiscal Year Ended June 30, 2012 (in thousands)

| | Program Revenues | | | | Net Revenues (Expenses) and Changes in Net Assets | | Total |
|---|------------------|-------------------------|--|--|--|-----------------------------|-----------|
| | Expenses | Charges for services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | |
| Governmental Activities: | | | | | | | |
| General government | \$ 22,151 | 16,738 | 534 | - | (4,879) | - | (4,879) |
| Police | 72,160 | 758 | 1,538 | - | (69,864) | - | (69,864) |
| Fire | 61,917 | 15,553 | 7,771 | 21 | (38,572) | - | (38,572) |
| Public works | 42,192 | 13,401 | 12,709 | 6,082 | (10,000) | - | (10,000) |
| Housing, health and comm dev | 45,387 | 58 | 34,626 | - | (10,703) | - | (10,703) |
| Employment programs | 6,197 | 1,831 | 4,374 | - | 8 | - | 8 |
| Public service | 6,369 | - | - | - | (6,369) | - | (6,369) |
| Parks, recreation and community services | 12,804 | 8 | 269 | - | (12,527) | - | (12,527) |
| Library | 8,209 | 201 | 56 | - | (7,952) | - | (7,952) |
| Interest and fiscal charges on bonds | 10,871 | - | - | - | (10,871) | - | (10,871) |
| Total governmental activities | 288,257 | 48,548 | 61,877 | 6,103 | (171,729) | - | (171,729) |
| Business-type activities: | | | | | | | |
| Recreation | 2,754 | 2,648 | 5 | 177 | - | 76 | 76 |
| Hazardous disposal | 1,507 | 1,547 | - | 56 | - | 96 | 96 |
| Fire communications | 3,528 | 3,223 | - | - | - | (305) | (305) |
| Parking | 7,674 | 8,303 | - | - | - | 629 | 629 |
| Sewer | 15,148 | 15,716 | - | - | - | 568 | 568 |
| Refuse disposal | 18,794 | 20,457 | 91 | - | - | 1,754 | 1,754 |
| Electric | 200,120 | 196,007 | - | 4,858 | - | 745 | 745 |
| Water | 40,937 | 41,359 | - | 1,499 | - | 1,921 | 1,921 |
| Total business-type activities | 290,462 | 289,260 | 96 | 6,590 | - | 5,484 | 5,484 |
| Total primary government | \$ 578,719 | 337,808 | 61,973 | 12,693 | (171,729) | 5,484 | (166,245) |

General revenues:

| | | | |
|---|------------|----------|-----------|
| Taxes: | | | |
| Property taxes | \$ 59,197 | - | 59,197 |
| Sales tax | 31,874 | - | 31,874 |
| Utility users tax | 26,632 | - | 26,632 |
| Other taxes | 14,181 | - | 14,181 |
| Investment income | 2,953 | 1,927 | 4,880 |
| Other | 21,370 | 7,221 | 28,591 |
| Transfers | 24,007 | (24,007) | - |
| Extraordinary (loss) | (16,314) | - | (16,314) |
| Total general revenues, transfers and extraordinary (loss) | 163,900 | (14,859) | 149,041 |
| Change in net assets | (7,829) | (9,375) | (17,204) |
| Net assets, July 1 | 954,829 | 700,838 | 1,655,667 |
| Net assets, June 30 | \$ 947,000 | 691,463 | 1,638,463 |

Exhibit B-1
CITY OF GLENDALE
Balance Sheet
Governmental Funds
June 30, 2012 (in thousands)

| | Major Funds | | | Nonmajor | Total |
|--------------------------------------|-------------|------------|-------------|--------------|--------------|
| | General | Housing | Capital | Governmental | Governmental |
| | Fund | Assistance | Improvement | Funds | Funds |
| | Fund | Fund | Fund | | |
| Assets | | | | | |
| Cash and invested cash | \$ 49,777 | 1,483 | 6,085 | 71,926 | 129,271 |
| Cash with fiscal agent | - | - | - | 5,008 | 5,008 |
| Designated & invested cash | - | - | - | 22,100 | 22,100 |
| Interest receivable | 411 | 6 | - | 535 | 952 |
| Accounts receivable, net | 12,160 | 340 | 3,914 | 12,524 | 28,938 |
| Due from other funds | 13,264 | - | - | - | 13,264 |
| Inventories | 558 | - | - | - | 558 |
| Prepaid items | - | 2,225 | - | 32 | 2,257 |
| Loans receivable | - | - | - | 4,959 | 4,959 |
| Property held for resale | - | - | - | 6,007 | 6,007 |
| Total assets | 76,170 | 4,054 | 9,999 | 123,091 | 213,314 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 4,678 | 10 | 124 | 2,482 | 7,294 |
| Due to other funds | - | - | 1,331 | 13,264 | 14,595 |
| Wages and benefits payable | 6,669 | - | - | - | 6,669 |
| Unearned revenues | - | - | 524 | 5,288 | 5,812 |
| Deposits | 5,257 | 36 | - | 201 | 5,494 |
| Total liabilities | \$ 16,604 | 46 | 1,979 | 21,235 | 39,864 |

(Continued)

Exhibit B-1
CITY OF GLENDALE
Balance Sheet
Governmental Funds
June 30, 2012 (in thousands)

| | Major Funds | | | Nonmajor Governmental Funds | Total Governmental Funds |
|-------------------------------------|-----------------|-------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | General Fund | Housing Assistance Fund | Capital Improvement Fund | | |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Inventory | \$ 558 | - | - | - | 558 |
| Prepaid | - | 2,225 | - | 32 | 2,257 |
| Restricted for: | | | | | |
| City Charter - stabilization | 21,156 | - | - | - | 21,156 |
| Federal and state grants | - | 1,783 | - | 1,612 | 3,395 |
| Private endowments | - | - | - | 1,400 | 1,400 |
| Public safety | - | - | - | 1,295 | 1,295 |
| Youth employment | - | - | - | 52 | 52 |
| Transportation | - | - | - | 12,927 | 12,927 |
| Landscaping district | - | - | - | 43 | 43 |
| Low and moderate housing | - | - | - | 18,963 | 18,963 |
| Air quality improvement | - | - | - | 214 | 214 |
| Cable access | - | - | - | 379 | 379 |
| Electric public benefit AB1890 | - | - | - | 186 | 186 |
| State gas tax mandates | - | - | - | 12,466 | 12,466 |
| Landfill postclosure | - | - | - | 22,100 | 22,100 |
| Committed to: | | | | | |
| Debt service | - | - | - | 34,087 | 34,087 |
| Urban art | - | - | - | 984 | 984 |
| Public safety | - | - | - | 179 | 179 |
| Impact fee funded projects | - | - | - | 4,457 | 4,457 |
| Assigned to: | | | | | |
| Capital projects | - | - | 8,020 | - | 8,020 |
| Unassigned: | 37,852 | - | - | (9,520) | 28,332 |
| Total fund balances | 59,566 | 4,008 | 8,020 | 101,856 | 173,450 |
| Total liabilities and fund balances | \$ 76,170 | 4,054 | 9,999 | 123,091 | 213,314 |

Exhibit B-2

CITY OF GLENDALE

Reconciliation of Balance Sheet of

Governmental Funds to the Statement of Net Assets

June 30, 2012 (in thousands)

| | | |
|-------------------------------------|----|---------|
| Fund balances of governmental funds | \$ | 173,450 |
|-------------------------------------|----|---------|

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets are not included as financial resources in governmental fund activity:

| | | | |
|----------------------------|----|---------------|---------|
| Land | \$ | 405,495 | |
| Buildings and improvements | | 198,037 | |
| Equipment | | 34,113 | |
| Infrastructure | | 189,471 | |
| Construction in progress | | <u>31,853</u> | 858,969 |

Costs of issuance of bonds were fully expended in the governmental funds. This is the amount to establish the unamortized deferred charges:

| | | | |
|-----------------------|--|--|-----|
| Police building bonds | | | 414 |
|-----------------------|--|--|-----|

Long-term debt not included in the governmental fund activity:

Due within one year:

| | | |
|-----------------------|--------------|---------|
| Police building bonds | (1,800) | |
| Capital lease | (1,897) | |
| Section 108 Loan 2002 | (240) | |
| Section 108 Loan 2011 | <u>(161)</u> | (4,098) |

Due more than one year:

| | | |
|----------------------------------|----------------|----------|
| Police building bonds | (48,900) | |
| Postclosure and postclosure care | (38,131) | |
| Capital lease | (3,405) | |
| Section 108 Loan 2011 | (1,839) | |
| RDLF Loan | <u>(4,643)</u> | (96,918) |

Accrued interest payable for the current portion of interest due are not included in the governmental fund activity:

| | | |
|-----------------------|--------------|-------|
| RDLF Loan | (315) | |
| Section 108 Loan 2002 | (5) | |
| Section 108 Loan 2011 | (12) | |
| Capital lease | <u>(130)</u> | (462) |

Deferred revenue in the governmental funds is revenue in the statement of activities

5,812

Internal service funds are used to charge the cost of certain activities to individual funds, such as self insurance, and post employment benefits. That portion of assets and liabilities of the internal service funds that pertain to the governmental activities are included in the statement of net assets.

9,833

| | | |
|---------------------------------------|----|-----------------------|
| Net assets of governmental activities | \$ | <u><u>947,000</u></u> |
|---------------------------------------|----|-----------------------|

CITY OF GLENDALE

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | | Major Funds | | | | | |
|--|----|-------------|---------------|------------|-------------|--------------|--------------|
| | | General | Glendale | Housing | Capital | Non Major | Total |
| | | Fund | Redevelopment | Assistance | Improvement | Governmental | Governmental |
| | | Fund | Agency Fund | Fund | Fund | Funds | Funds |
| Revenues: | | | | | | | |
| Property taxes | \$ | 42,259 | 3,925 | - | - | 13,013 | 59,197 |
| Sales tax | | 29,996 | - | - | - | 1,878 | 31,874 |
| Utility users tax | | 26,632 | - | - | - | - | 26,632 |
| Other taxes | | 8,629 | - | - | - | 5,552 | 14,181 |
| Revenue from other agencies | | 221 | - | 29,385 | 5,232 | 27,981 | 62,819 |
| Licenses and permits | | 7,717 | - | - | - | 3,692 | 11,409 |
| Fines and forfeitures | | 1,194 | - | - | - | 489 | 1,683 |
| Charges for services | | 1,708 | 14 | - | 3,425 | 20,738 | 25,885 |
| Use of money and property | | 4,083 | 30 | 14 | - | 985 | 5,112 |
| Interfund revenue | | 14,902 | - | - | - | - | 14,902 |
| Sales of property | | 21 | 24 | - | - | 7 | 52 |
| Miscellaneous revenue | | 1,591 | 140 | 90 | 1,608 | 1,782 | 5,211 |
| Total Revenues | | 138,953 | 4,133 | 29,489 | 10,265 | 76,117 | 258,957 |
| Expenditures: | | | | | | | |
| Operating expenditures | | | | | | | |
| General government | | 18,984 | - | - | 19 | 532 | 19,535 |
| Community promotion | | 89 | - | - | - | - | 89 |
| Police | | 63,420 | - | - | - | 3,428 | 66,848 |
| Fire | | 37,622 | - | - | 51 | 19,284 | 56,957 |
| Public works | | 21,643 | - | - | 463 | 10,805 | 32,911 |
| Housing, health and community development | | 1,339 | 6,155 | 29,521 | 98 | 7,073 | 44,186 |
| Employment programs | | 259 | - | - | - | 5,832 | 6,091 |
| Public service | | - | - | - | - | 6,500 | 6,500 |
| Parks, recreation and community services | | 10,474 | - | - | 939 | 544 | 11,957 |
| Library | | 8,251 | - | - | 107 | 356 | 8,714 |
| Capital | | 36 | 3,530 | - | 627 | 14,860 | 19,053 |
| Debt service | | - | - | | - | 15,095 | 15,095 |
| Total expenditures | | 162,117 | 9,685 | 29,521 | 2,304 | 84,309 | 287,936 |
| Excess of revenues over (under) expenditures | | (23,164) | (5,552) | (32) | 7,961 | (8,192) | (28,979) |
| Other financing sources (uses): | | | | | | | |
| Issuance of debt | | - | 2 | - | - | 2,000 | 2,002 |
| Transfers in | | 24,303 | 353 | - | 3,503 | 41,256 | 69,415 |
| Transfers out | | (3,870) | (10,516) | - | (1,778) | (28,699) | (44,863) |
| Total other financing sources (uses) | | 20,433 | (10,161) | - | 1,725 | 14,557 | 26,554 |
| Extraordinary (loss) | | (71,758) | (9,378) | - | - | (40,811) | (121,947) |
| Net change in fund balances | | (74,489) | (25,091) | (32) | 9,686 | (34,446) | (124,372) |
| Fund balance (deficit), July 1 | | 134,055 | 25,091 | 4,040 | (1,666) | 136,302 | 297,822 |
| Fund balance (deficit), June 30 | \$ | 59,566 | - | 4,008 | 8,020 | 101,856 | 173,450 |

CITY OF GLENDALE

Reconciliation of the Statement of Revenues, Expenditures, and Changes in the Fund balances of
 Governmental Funds to the Statement of Activities
 Fiscal Year Ended June 30, 2012 (in thousands)

| | | |
|--|----|-----------------------|
| Net change in fund balances - total governmental funds | \$ | (124,372) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital assets as expenditures | | 24,469 |
| In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense | | (18,880) |
| In the statement of activities, bond issuance costs are deferred and allocated to expense over the life of bonds: | | |
| Police building bonds | | (23) |
| In the statement of activities, the 2011 Section 108 Loan proceeds were recorded in the fund as other financing sources: | | |
| Long-term liability is recognized in Government-Wide | | (2,000) |
| Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets: | | |
| Police building bonds | \$ | 1,700 |
| 2002 Tax allocation bonds | | 2,320 |
| 2003 Tax allocation bonds | | 2,905 |
| Capital lease | | 1,219 |
| Low & Mod Housing Loan | | 1,397 |
| Section 108 Loan 2002 | | <u>230</u> |
| | | 9,771 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore the change in the accrued interest is not reported as expenditures in the funds: | | |
| Fire equipment lease | | (58) |
| Fire equipment lease 09 | | (61) |
| RDLP Loan | | (228) |
| Section 108 Loan 2002 | | 3 |
| Section 108 Loan 2011 | | (12) |
| Capital lease - MSB Retrofit | | <u>41</u> |
| | | (315) |
| Landfill postclosure care liability increased from prior year | | (5,210) |
| The change in deferred revenue in the governmental funds is a revenue in the statement of activities | | 4,358 |
| Land obtained through foreclosed sale | | 1,054 |
| Transfer of net capital assets and long-term debt previously in the government-wide financial statements, from the City to the Successor Agency | | 105,633 |
| Change in net assets of Internal Service Funds allocated to governmental activities | | <u>(2,314)</u> |
| Change in net assets for governmental activities | \$ | <u><u>(7,829)</u></u> |

Exhibit D-1

CITY OF GLENDALE

Statement of Revenues and Other Financing Sources - Budget to Actual

General Fund

Fiscal Year Ended June 30, 2012 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget Over/(Under) |
|--|-----------------|--------------|--------|---|
| Property taxes | \$ 42,533 | 42,511 | 42,259 | (252) |
| Sales tax: | | | | |
| Sales tax | 20,300 | 20,958 | 21,792 | 834 |
| ERAF in lieu of sales tax | 6,800 | 6,693 | 6,694 | 1 |
| State 1/2% sales tax | 1,475 | 1,383 | 1,510 | 127 |
| Total | 28,575 | 29,034 | 29,996 | 962 |
| Utility users tax | 28,515 | 27,000 | 26,632 | (368) |
| Other taxes: | | | | |
| Franchise tax | 2,633 | 2,765 | 2,667 | (98) |
| Occupancy tax | 2,720 | 2,992 | 3,368 | 376 |
| Property transfer tax | 554 | 554 | 530 | (24) |
| Landfill host assessment | 2,800 | 2,000 | 2,064 | 64 |
| Total | 8,707 | 8,311 | 8,629 | 318 |
| Licenses and permits: | | | | |
| Dog licenses | 189 | 175 | 155 | (20) |
| Building permits | 3,957 | 4,200 | 5,088 | 888 |
| Green bldg initiative SB1473 | - | - | 1 | 1 |
| Plan check fees | 315 | 315 | 306 | (9) |
| Planning permits | 857 | 900 | 1,094 | 194 |
| Grading permits | 32 | 32 | 25 | (7) |
| Street permits | 303 | 303 | 520 | 217 |
| Business license permits | 573 | 481 | 528 | 47 |
| Total | 6,226 | 6,406 | 7,717 | 1,311 |
| Fines & forfeitures-Traffic safety fines | 1,455 | 1,455 | 1,194 | (261) |
| Use of money and property: | | | | |
| Interest & inv. revenue | 500 | 500 | 854 | 354 |
| Interest & inv. GASB 31 | - | - | (16) | (16) |
| Landfill gas royalties | 2,500 | 2,500 | 2,473 | (27) |
| Rental income | 240 | 240 | 240 | - |
| Lease income | 532 | 532 | 532 | - |
| Total | \$ 3,772 | 3,772 | 4,083 | 311 |

(Continued)

Exhibit D-1

CITY OF GLENDALE

Statement of Revenues and Other Financing Sources - Budget to Actual

General Fund

Fiscal Year Ended June 30, 2012 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget Over/(Under) |
|-------------------------------|-----------------|--------------|--------|---|
| Revenue from other agencies: | | | | |
| Disaster relief reimb - State | \$ - | 35 | 35 | - |
| State S/B 90 | 75 | 150 | 65 | (85) |
| Motor vehicle in lieu | 513 | - | 107 | 107 |
| State library grant | 70 | 25 | 13 | (12) |
| County grants | 9 | 4 | 1 | (3) |
| Total | 667 | 214 | 221 | 7 |
| Miscellaneous revenue: | | | | |
| Donations & contribution | 25 | 30 | 13 | (17) |
| Rose float donations | 50 | 97 | 133 | 36 |
| Sponsorships | - | - | 9 | 9 |
| Advertising revenue | 35 | 35 | 95 | 60 |
| Rebate revenue | - | 40 | 48 | 8 |
| Miscellaneous revenue | 850 | 897 | 1,293 | 396 |
| Total | 960 | 1,099 | 1,591 | 492 |
| Sales of Property | - | 20 | 21 | 1 |
| Charges for services: | | | | |
| Zoning-Subdivision fees | 80 | 80 | 48 | (32) |
| Map and publication fees | 52 | 52 | 61 | 9 |
| Filing-certification fee | 4 | 4 | 1 | (3) |
| Notary fees | - | 2 | 2 | - |
| Film rentals of city property | 10 | 10 | 5 | (5) |
| Special event fees | 54 | 54 | 74 | 20 |
| Finger print fees | 244 | 244 | 158 | (86) |
| Special police fees | 503 | 503 | 386 | (117) |
| Vehicle tow admin fee (VTACR) | 190 | 160 | 136 | (24) |
| Fire fees | 347 | 347 | 459 | 112 |
| Fire mechanical maint fees | 10 | - | - | - |
| Hydrant flow test fees | - | 1 | 1 | - |
| Hazardous vegetation fee | - | - | 2 | 2 |

(Continued)

Exhibit D-1

CITY OF GLENDALE

Statement of Revenues and Other Financing Sources - Budget to Actual

General Fund

Fiscal Year Ended June 30, 2012 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget Over/(Under) |
|----------------------------------|-----------------|--------------|---------|---|
| Code enforcement fees | \$ 229 | 100 | 55 | (45) |
| Outreach revenue | 75 | 75 | 46 | (29) |
| Express plan check fees | 200 | 200 | 22 | (178) |
| Final map checking fees | 10 | 10 | 65 | 55 |
| Excavation fees | 363 | 150 | 110 | (40) |
| Collectible jobs - A & G | 83 | 83 | (81) | (164) |
| Library fines and fees | 138 | 138 | 98 | (40) |
| Library misc fees | 32 | 10 | - | (10) |
| Aquatics | 16 | 16 | 8 | (8) |
| Local assessment fees | 52 | 60 | 52 | (8) |
| Charges for surveillance | 250 | - | - | - |
| Total | 2,942 | 2,299 | 1,708 | (591) |
| Interfund revenue | | | | |
| Charges to enterprise funds for: | | | | |
| Salary O/H budget Job | 410 | 410 | 691 | 281 |
| Cost allocation revenue | 14,211 | 13,762 | 14,211 | 449 |
| Total | 14,621 | 14,172 | 14,902 | 730 |
| Intergovernmental revenue | 6,000 | - | - | - |
| Transfers in | 24,303 | 24,303 | 24,303 | - |
| Total revenues | \$ 163,276 | 160,596 | 163,256 | 2,660 |

Exhibit D-2

CITY OF GLENDALE

Statement of Expenditures and Other

Financing Uses - Budget to Actual

General Fund

Fiscal Year Ended June 30, 2012 (in thousands)

| | | Salaries and Benefits | | | Variance With Final Budget (Over)/Under |
|----------------------|----|-----------------------|--------------|--------|---|
| | | Original Budget | Final Budget | Actual | |
| General government: | | | | | |
| City clerk | \$ | 900 | 900 | 868 | 32 |
| Elections | | 33 | 33 | 10 | 23 |
| City treasurer | | 542 | 542 | 528 | 14 |
| City manager | | 2,537 | 2,537 | 2,449 | 88 |
| City auditor | | 966 | 966 | 757 | 209 |
| Legal | | 3,470 | 3,470 | 3,060 | 410 |
| Finance | | 3,280 | 3,280 | 3,051 | 229 |
| Planning | | 3,259 | 3,259 | 3,045 | 214 |
| Personnel | | 1,659 | 1,659 | 1,485 | 174 |
| Training | | - | - | - | - |
| Total | | 16,646 | 16,646 | 15,253 | 1,393 |
| Community promotion: | | | | | |
| Membership and dues | | - | - | - | - |
| Total | | - | - | - | - |
| Police | | 59,736 | 59,006 | 54,100 | 4,906 |
| Fire: | | | | | |
| Fire | | 32,648 | 32,648 | 32,177 | 471 |
| Fire prevention | | 751 | 751 | 620 | 131 |
| Fire communications | | - | - | - | - |
| Emergency services | | 116 | 116 | 3 | 113 |
| Total | | \$ 33,515 | 33,515 | 32,800 | 715 |

(Continued)

Exhibit D-2

CITY OF GLENDALE

Statement of Expenditures and Other

Financing Uses - Budget to Actual

General Fund

Fiscal Year Ended June 30, 2012 (in thousands)

| | | Maintenance and Operation | | | |
|----------------------|----|---------------------------|--------------|--------|---|
| | | | | | Variance With Final Budget (Over)/Under |
| | | Original Budget | Final Budget | Actual | |
| General government: | | | | | |
| City clerk | \$ | 243 | 243 | 200 | 43 |
| Elections | | 187 | 187 | 29 | 158 |
| City treasurer | | 73 | 73 | 67 | 6 |
| City manager | | 894 | 953 | 509 | 444 |
| City auditor | | 90 | 154 | 120 | 34 |
| Legal | | 250 | 250 | 211 | 39 |
| Finance | | 1,437 | 1,437 | 1,234 | 203 |
| Planning | | 332 | 494 | 449 | 45 |
| Personnel | | 875 | 875 | 800 | 75 |
| Training | | 125 | 125 | 112 | 13 |
| Total | | 4,506 | 4,791 | 3,731 | 1,060 |
| Community promotion: | | | | | |
| Membership and dues | | 100 | 100 | 89 | 11 |
| Total | | 100 | 100 | 89 | 11 |
| Police | | | | | |
| | | 9,586 | 9,586 | 9,320 | 266 |
| Fire: | | | | | |
| Fire | | 3,927 | 3,969 | 3,834 | 135 |
| Fire prevention | | 239 | 239 | 123 | 116 |
| Fire communications | | 873 | 873 | 824 | 49 |
| Emergency services | | 68 | 68 | 41 | 27 |
| Total | | \$ 5,107 | 5,149 | 4,822 | 327 |

(Continued)

Exhibit D-2

CITY OF GLENDALE

Statement of Expenditures and Other

Financing Uses - Budget to Actual

General Fund

Fiscal Year Ended June 30, 2012 (in thousands)

| | | Capital Outlay | | | |
|----------------------|----|-----------------|--------------|--------|---|
| | | Original Budget | Final Budget | Actual | Variance With Final Budget (Over)/Under |
| General government: | | | | | |
| City clerk | \$ | - | - | - | - |
| Elections | | - | - | - | - |
| City treasurer | | - | - | - | - |
| City manager | | - | - | - | - |
| City auditor | | - | - | - | - |
| Legal | | - | - | - | - |
| Finance | | - | - | - | - |
| Planning | | - | - | - | - |
| Personnel | | - | - | - | - |
| Training | | - | - | - | - |
| Total | | - | - | - | - |
| Community promotion: | | | | | |
| Membership and dues | | - | - | - | - |
| Total | | - | - | - | - |
| Police | | | | | |
| | | - | - | - | - |
| Fire: | | | | | |
| Fire | | 41 | 21 | 12 | 9 |
| Fire prevention | | - | - | - | - |
| Fire communications | | - | - | - | - |
| Emergency services | | - | - | - | - |
| Total | | \$ 41 | 21 | 12 | 9 |

(Continued)

CITY OF GLENDALE

Statement of Expenditures and Other

Financing Uses - Budget to Actual

General Fund

Fiscal Year Ended June 30, 2012 (in thousands)

| | | Transfers | | | Variance With Final Budget (Over)/Under |
|----------------------|----|-----------------|--------------|--------|---|
| | | Original Budget | Final Budget | Actual | |
| General government: | | | | | |
| City clerk | \$ | - | - | - | - |
| Elections | | - | - | - | - |
| City treasurer | | - | - | - | - |
| City manager | | - | - | - | - |
| City auditor | | - | - | - | - |
| Legal | | - | - | - | - |
| Finance | | - | - | - | - |
| Planning | | - | - | - | - |
| Personnel | | - | - | - | - |
| Training | | - | - | - | - |
| Total | | - | - | - | - |
| Community promotion: | | | | | |
| Membership and dues | | - | - | - | - |
| Total | | - | - | - | - |
| Police | | | | | |
| | | - | - | - | - |
| Fire: | | | | | |
| Fire | | - | - | - | - |
| Fire prevention | | - | - | - | - |
| Fire communications | | - | - | - | - |
| Emergency services | | - | - | - | - |
| Total | | \$ - | - | - | - |

(Continued)

Exhibit D-2

CITY OF GLENDALE

Statement of Expenditures and Other

Financing Uses - Budget to Actual

General Fund

Fiscal Year Ended June 30, 2012 (in thousands)

| | | Total | | | Variance With Final Budget (Over)/Under |
|----------------------|----|-----------------|--------------|--------|---|
| | | Original Budget | Final Budget | Actual | |
| General government: | | | | | |
| City clerk | \$ | 1,143 | 1,143 | 1,068 | 75 |
| Elections | | 220 | 220 | 39 | 181 |
| City treasurer | | 615 | 615 | 595 | 20 |
| City manager | | 3,431 | 3,490 | 2,958 | 532 |
| City auditor | | 1,056 | 1,120 | 877 | 243 |
| Legal | | 3,720 | 3,720 | 3,271 | 449 |
| Finance | | 4,717 | 4,717 | 4,285 | 432 |
| Planning | | 3,591 | 3,753 | 3,494 | 259 |
| Personnel | | 2,534 | 2,534 | 2,285 | 249 |
| Training | | 125 | 125 | 112 | 13 |
| Total | | 21,152 | 21,437 | 18,984 | 2,453 |
| Community promotion: | | | | | |
| Membership and dues | | 100 | 100 | 89 | 11 |
| Total | | 100 | 100 | 89 | 11 |
| Police | | | | | |
| | | 69,322 | 68,592 | 63,420 | 5,172 |
| Fire: | | | | | |
| Fire | | 36,616 | 36,638 | 36,023 | 615 |
| Fire prevention | | 990 | 990 | 743 | 247 |
| Fire communications | | 873 | 873 | 824 | 49 |
| Emergency services | | 184 | 184 | 44 | 140 |
| Total | | \$ 38,663 | 38,685 | 37,634 | 1,051 |

(Continued)

Exhibit D-2

CITY OF GLENDALE

Statement of Expenditures and Other

Financing Uses - Budget to Actual

General Fund

Fiscal Year Ended June 30, 2012 (in thousands)

| Salaries and Benefits | | | | |
|---|-----------------|--------------|---------|---|
| | Original Budget | Final Budget | Actual | Variance With Final Budget (Over)/Under |
| Public works: | | | | |
| Public works | \$ 1,102 | 1,102 | 1,050 | 52 |
| Engineering | 2,655 | 2,655 | 2,344 | 311 |
| Building inspection | 3,635 | 3,635 | 3,108 | 527 |
| Corporation yard | 6,798 | 6,708 | 5,716 | 992 |
| Mechanical maintenance | - | - | - | - |
| Warehouse | 66 | 66 | 67 | (1) |
| Traffic engineering | 527 | 527 | 957 | (430) |
| Total | 14,783 | 14,693 | 13,242 | 1,451 |
| Housing, health and community development: | | | | |
| Economic development | - | - | - | - |
| Neighborhood services | 1,228 | 1,228 | 1,080 | 148 |
| Total | 1,228 | 1,228 | 1,080 | 148 |
| Employment programs | 203 | 203 | 198 | 5 |
| Parks, recreation and community services: | | | | |
| Parks administration | 811 | 811 | 775 | 36 |
| Parks | 5,253 | 5,223 | 4,509 | 714 |
| Facility & events services | 1,447 | 1,450 | 1,191 | 259 |
| Recreation & community services | 1,342 | 1,370 | 1,074 | 296 |
| Total | 8,853 | 8,854 | 7,549 | 1,305 |
| Library | 6,392 | 6,392 | 6,123 | 269 |
| Non-departmental Transfers out | - | - | - | - |
| Total expenditures | \$ 141,356 | 140,537 | 130,345 | 10,192 |

(Continued)

Exhibit D-2

CITY OF GLENDALE

Statement of Expenditures and Other

Financing Uses - Budget to Actual

General Fund

Fiscal Year Ended June 30, 2012 (in thousands)

| | | Maintenance and Operation | | | |
|--|----|---------------------------|--------------|--------|---|
| | | | | | Variance With Final Budget (Over)/Under |
| | | Original Budget | Final Budget | Actual | |
| Public works: | | | | | |
| Public works | \$ | 265 | 265 | 249 | 16 |
| Engineering | | 516 | 546 | 438 | 108 |
| Building inspection | | 293 | 293 | 141 | 152 |
| Corporation yard | | 4,089 | 4,172 | 4,296 | (124) |
| Mechanical maintenance | | 2,028 | 2,028 | 2,030 | (2) |
| Warehouse | | 10 | 10 | 12 | (2) |
| Traffic engineering | | 1,475 | 1,500 | 1,235 | 265 |
| Total | | 8,676 | 8,814 | 8,401 | 413 |
| Housing, health and community development: | | | | | |
| Economic development | | 11 | 11 | 11 | - |
| Neighborhood services | | 286 | 286 | 249 | 37 |
| Total | | 297 | 297 | 260 | 37 |
| Employment programs | | 60 | 60 | 60 | - |
| Parks, recreation and community services: | | | | | |
| Parks administration | | 341 | 341 | 333 | 8 |
| Parks | | 2,054 | 2,102 | 1,954 | 148 |
| Facility & events services | | 279 | 279 | 246 | 33 |
| Recreation & community services | | 369 | 486 | 392 | 94 |
| Total | | 3,043 | 3,208 | 2,925 | 283 |
| Library | | 2,149 | 2,149 | 2,128 | 21 |
| Non-departmental | | | | | |
| Transfers out | | - | - | - | - |
| Total expenditures | \$ | 33,524 | 34,154 | 31,736 | 2,418 |

(Continued)

Exhibit D-2

CITY OF GLENDALE

Statement of Expenditures and Other

Financing Uses - Budget to Actual

General Fund

Fiscal Year Ended June 30, 2012 (in thousands)

| | | Capital Outlay | | | |
|---|----|-----------------|--------------|--------|---|
| | | Original Budget | Final Budget | Actual | Variance With Final Budget (Over)/Under |
| Public works: | | | | | |
| Public works | \$ | - | - | - | - |
| Engineering | | - | - | - | - |
| Building inspection | | - | - | - | - |
| Corporation yard | | - | - | - | - |
| Mechanical maintenance | | - | - | - | - |
| Warehouse | | - | - | - | - |
| Traffic engineering | | - | - | - | - |
| Total | | - | - | - | - |
| Housing, health and community development: | | | | | |
| Economic development | | - | 24 | 24 | - |
| Neighborhood services | | - | - | - | - |
| Total | | - | 24 | 24 | - |
| Employment programs | | | | | |
| | | - | - | - | - |
| Parks, recreation and community services: | | | | | |
| Parks administration | | - | - | - | - |
| Parks | | - | - | - | - |
| Facility & events services | | - | - | - | - |
| Recreation & community services | | - | - | - | - |
| Total | | - | - | - | - |
| Library | | | | | |
| | | - | - | - | - |
| Non-departmental | | | | | |
| Transfers out | | - | - | - | - |
| Total expenditures | \$ | 41 | 45 | 36 | 9 |

(Continued)

CITY OF GLENDALE

Statement of Expenditures and Other

Financing Uses - Budget to Actual

General Fund

Fiscal Year Ended June 30, 2012 (in thousands)

| | | Transfers | | | Variance With Final Budget (Over)/Under |
|---|----|-----------------|--------------|--------|---|
| | | Original Budget | Final Budget | Actual | |
| Public works: | | | | | |
| Public works | \$ | - | - | - | - |
| Engineering | | - | - | - | - |
| Building inspection | | - | - | - | - |
| Corporation yard | | - | - | - | - |
| Mechanical maintenance | | - | - | - | - |
| Warehouse | | - | - | - | - |
| Traffic engineering | | - | - | - | - |
| Total | | - | - | - | - |
| Housing, health and community development: | | | | | |
| Economic development | | - | - | - | - |
| Neighborhood services | | - | - | - | - |
| Total | | - | - | - | - |
| Employment programs | | - | - | - | - |
| Parks, recreation and community services: | | | | | |
| Parks administration | | - | - | - | - |
| Parks | | - | - | - | - |
| Facility & events services | | - | - | - | - |
| Recreation & community services | | - | - | - | - |
| Total | | - | - | - | - |
| Library | | - | - | - | - |
| Non-departmental Transfers out | | 3,100 | 3,870 | 3,870 | - |
| Total expenditures | \$ | 3,100 | 3,870 | 3,870 | - |

(Continued)

Exhibit D-2

CITY OF GLENDALE

Statement of Expenditures and Other

Financing Uses - Budget to Actual

General Fund

Fiscal Year Ended June 30, 2012 (in thousands)

| Total | | | | Variance With Final Budget (Over)/Under |
|---|-----------------|--------------|---------|---|
| | Original Budget | Final Budget | Actual | |
| Public works: | | | | |
| Public works | \$ 1,367 | 1,367 | 1,299 | 68 |
| Engineering | 3,171 | 3,201 | 2,782 | 419 |
| Building inspection | 3,928 | 3,928 | 3,249 | 679 |
| Corporation yard | 10,887 | 10,880 | 10,012 | 868 |
| Mechanical maintenance | 2,028 | 2,028 | 2,030 | (2) |
| Warehouse | 76 | 76 | 79 | (3) |
| Traffic engineering | 2,002 | 2,027 | 2,192 | (165) |
| Total | 23,459 | 23,507 | 21,643 | 1,864 |
| Housing, health and community development: | | | | |
| Economic development | 11 | 35 | 35 | - |
| Neighborhood services | 1,514 | 1,514 | 1,328 | 186 |
| Total | 1,525 | 1,549 | 1,363 | 186 |
| Employment programs | 263 | 263 | 259 | 4 |
| Parks, recreation and community services: | | | | |
| Parks administration | 1,152 | 1,152 | 1,108 | 44 |
| Parks | 7,307 | 7,325 | 6,463 | 862 |
| Facility & events services | 1,726 | 1,729 | 1,437 | 292 |
| Recreation & community services | 1,711 | 1,856 | 1,466 | 390 |
| Total | 11,896 | 12,062 | 10,474 | 1,588 |
| Library | 8,541 | 8,541 | 8,251 | 290 |
| Non-departmental Transfers out | 3,100 | 3,870 | 3,870 | - |
| Total expenditures | \$ 178,021 | 178,606 | 165,987 | 12,619 |

Exhibit D-3

CITY OF GLENDALE

Schedule of Revenues - Budget to Actual

Housing Assistance Fund

Fiscal Year Ended June 30, 2012 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget Over/(Under) |
|-----------------------------|--------------------|--------------|--------|---|
| Housing Assistance Fund: | | | | |
| Use of money and property | \$ 21 | 21 | 14 | (7) |
| Revenue from other agencies | 30,697 | 30,697 | 29,385 | (1,312) |
| Miscellaneous revenue | 38 | 38 | 90 | 52 |
| Total | \$ 30,756 | 30,756 | 29,489 | (1,267) |

Exhibit D-4

CITY OF GLENDALE

Schedule of Expenditures - Budget to Actual

Housing Assistance Fund

Fiscal Year Ended June 30, 2012 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget (Over)/Under |
|---|--------------------|--------------|--------|---|
| Housing Assistance Fund: | | | | |
| Housing, health and community development: | | | | |
| Salaries and benefits | \$ 2,372 | 2,372 | 2,166 | 206 |
| Maintenance and operations | 28,110 | 28,110 | 27,355 | 755 |
| Total | \$ 30,482 | 30,482 | 29,521 | 961 |

Exhibit E-1
CITY OF GLENDALE
Statement of Net Assets
Proprietary Funds
June 30, 2012 (in thousands)

| Business-type Activities - Enterprise Funds | | | | | | |
|---|---------------|------------------|---------------|---------------------------------|-----------|---------------------------|
| | Sewer Fund | Electric Fund | Water Fund | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and invested cash | \$ 41,593 | 28,016 | 1 | 35,472 | 105,082 | 69,390 |
| Cash with fiscal agent | - | 4,705 | 3,485 | - | 8,190 | - |
| Interest receivable | 259 | 250 | (87) | 144 | 566 | 537 |
| Restricted investments | - | 2,908 | - | - | 2,908 | - |
| Accounts receivable, net | 1,955 | 23,755 | 6,555 | 2,537 | 34,802 | 7,150 |
| Due from other funds | 22,859 | 1,331 | - | - | 24,190 | - |
| Inventories | - | 5,850 | - | - | 5,850 | - |
| Prepaid items | - | 5,660 | - | - | 5,660 | 587 |
| Total current assets | 66,666 | 72,475 | 9,954 | 38,153 | 187,248 | 77,664 |
| Noncurrent assets: | | | | | | |
| Designated & invested cash | - | 36,326 | - | - | 36,326 | - |
| Deferred charges | - | 8,374 | 585 | - | 8,959 | - |
| | - | 44,700 | 585 | - | 45,285 | - |
| Capital assets: | | | | | | |
| Land | 578 | 6,239 | 1,034 | 7,290 | 15,141 | - |
| Natural gas reserve | - | 21,824 | - | - | 21,824 | - |
| Buildings and improvements | 204,429 | 62,937 | 60,295 | 48,959 | 376,620 | - |
| Machinery and equipment | 1,883 | 519,594 | 28,065 | 23,817 | 573,359 | 34,842 |
| Infrastructure | - | - | 125,225 | - | 125,225 | - |
| Accumulated depreciation | (56,187) | (277,649) | (61,760) | (40,313) | (435,909) | (19,638) |
| Gas depletion | - | (4,028) | - | - | (4,028) | - |
| Construction in progress | 1,818 | 19,561 | 20,086 | 64 | 41,529 | 916 |
| Total capital assets | 152,521 | 348,478 | 172,945 | 39,817 | 713,761 | 16,120 |
| Total noncurrent assets | 152,521 | 393,178 | 173,530 | 39,817 | 759,046 | 16,120 |
| Total assets | \$ 219,187 | 465,653 | 183,484 | 77,970 | 946,294 | 93,784 |

(Continued)

Exhibit E-1
CITY OF GLENDALE
Statement of Net Assets
Proprietary Funds
June 30, 2012 (in thousands)

| Business-type Activities - Enterprise Funds | | | | | | |
|---|---------------|------------------|---------------|---------------------------------|------------|---------------------------|
| | Sewer Fund | Electric Fund | Water Fund | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Liabilities and Net Assets | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 613 | 5,465 | 3,768 | 848 | 10,694 | 845 |
| Due to other funds | - | - | 22,859 | - | 22,859 | - |
| Interest payable | - | 2,848 | 1,155 | - | 4,003 | 41 |
| Claims payable | - | - | - | - | - | 13,052 |
| Compensated absences | - | - | - | - | - | 3,174 |
| Bonds payable, due in one year | - | 2,046 | 1,240 | - | 3,286 | 622 |
| Deposits | 276 | 2,363 | 772 | 406 | 3,817 | - |
| Total current liabilities | 889 | 12,722 | 29,794 | 1,254 | 44,659 | 17,734 |
| Noncurrent liabilities: | | | | | | |
| Claims payable | - | - | - | - | - | 33,690 |
| Compensated absences | - | - | - | - | - | 22,991 |
| Bonds payable, net of current portion | - | 115,594 | 50,418 | - | 166,012 | - |
| Long term debt | - | - | - | - | - | 2,073 |
| Total noncurrent liabilities | - | 115,594 | 50,418 | - | 166,012 | 58,754 |
| Total liabilities | 889 | 128,316 | 80,212 | 1,254 | 210,671 | 76,488 |
| Net assets: | | | | | | |
| Investment in capital assets, net of related debt | 152,521 | 230,710 | 122,463 | 39,817 | 545,511 | 13,175 |
| Restricted | | | | | | |
| SCAQMD emission controls | - | 5,669 | - | - | 5,669 | - |
| Unrestricted (deficit) | 65,777 | 100,958 | (19,191) | 36,899 | 184,443 | 4,121 |
| Total net assets | \$ 218,298 | 337,337 | 103,272 | 76,716 | 735,623 | 17,296 |
| Some amounts reported for business-type activities in the statement of net assets are different because the net revenue (expense) of certain internal service funds are reported with governmental activities. | | | | | | |
| | | | | | (44,160) | |
| Total net assets of business-type activities | | | | | \$ 691,463 | |

CITY OF GLENDALE

Statement of Revenues, Expenses and

Changes in Net Assets

Proprietary Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Business-type Activities - Enterprise Funds | | | | | |
|--|---|------------------|---------------|---------------------------------|----------|------------------------------|
| | Sewer Fund | Electric Fund | Water Fund | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Operating revenues: | | | | | | |
| Charges for services | \$ 15,716 | 196,007 | 41,359 | 36,179 | 289,261 | 80,034 |
| Miscellaneous revenue | 95 | 3,455 | 1,878 | 1,072 | 6,500 | 7,256 |
| Total operating revenue | 15,811 | 199,462 | 43,237 | 37,251 | 295,761 | 87,290 |
| Operating expenses: | | | | | | |
| Maintenance and operations | 9,501 | 172,801 | 34,823 | 30,483 | 247,608 | 32,774 |
| Claims and settlement | - | - | - | - | - | 36,410 |
| Depreciation | 5,792 | 22,226 | 4,528 | 3,082 | 35,628 | 2,487 |
| Gas depletion | - | 1,199 | - | - | 1,199 | - |
| Total operating expenses | 15,293 | 196,226 | 39,351 | 33,565 | 284,435 | 71,671 |
| Operating income | 518 | 3,236 | 3,886 | 3,686 | 11,326 | 15,619 |
| Non operating revenues (expenses): | | | | | | |
| Use of money and property | 757 | 1,395 | 38 | 457 | 2,647 | 969 |
| Revenues from other agencies | - | - | - | 91 | 91 | - |
| Grant revenue | - | 4,028 | 1,309 | 231 | 5,568 | - |
| Interest expenses | - | (4,499) | (1,256) | - | (5,755) | (119) |
| Total non operating revenues (expenses), net | 757 | 924 | 91 | 779 | 2,551 | 850 |
| Income before contributions and transfers | 1,275 | 4,160 | 3,977 | 4,465 | 13,877 | 16,469 |
| Capital contributions | - | 830 | 190 | 7 | 1,027 | 392 |
| Transfers in | - | - | - | - | - | 1,420 |
| Transfers out | - | (21,107) | - | (2,900) | (24,007) | (1,965) |
| Change in net assets | 1,275 | (16,117) | 4,167 | 1,572 | (9,103) | 16,316 |
| Total net assets, July 1 | 217,023 | 353,454 | 99,105 | 75,144 | | 980 |
| Total net assets, June 30 | \$ 218,298 | 337,337 | 103,272 | 76,716 | | 17,296 |

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds are reported with governmental activities.

(272)

Change in net assets of business-type activities

\$ (9,375)

CITY OF GLENDALE

Statement of Cash Flows

Proprietary Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| Business-type Activities - Enterprise Funds | | | | | | |
|---|---------------|------------------|---------------|---------------------------------|-----------|---------------------------|
| | Sewer Fund | Electric Fund | Water Fund | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Cash flows from operating activities: | | | | | | |
| Cash from customers | \$ 15,947 | 206,972 | 42,867 | 37,580 | 303,366 | 80,441 |
| Cash paid to employees | (3,058) | (42,543) | (4,373) | (14,142) | (64,116) | (17,842) |
| Cash paid to suppliers | (6,102) | (128,605) | (32,899) | (16,932) | (184,538) | (52,758) |
| Net cash provided (used) by operating activities | 6,787 | 35,824 | 5,595 | 6,506 | 54,712 | 9,841 |
| Cash flows from noncapital financing activities: | | | | | | |
| Amounts paid to other funds | (22,859) | 10,843 | - | - | (12,016) | - |
| Borrowings from other funds | - | - | 12,016 | - | 12,016 | - |
| Transfers out | - | (21,107) | - | (2,900) | (24,007) | (1,965) |
| Transfers in | - | - | - | - | - | 1,420 |
| Investment - gas/electric commodity | - | 767 | - | - | 767 | - |
| Grant received | - | 4,028 | 1,309 | 322 | 5,659 | - |
| Net cash provided (used) by noncapital financing activities | (22,859) | (5,469) | 13,325 | (2,578) | (17,581) | (545) |
| Cash flows from capital and related financing activities: | | | | | | |
| Interest on long-term debt | - | (4,513) | (1,319) | - | (5,832) | (119) |
| Bond principal | - | (1,965) | - | - | (1,965) | (608) |
| Contribution in aid | - | 830 | 190 | 7 | 1,027 | 392 |
| Acquisition of property, plant, gas and equipment | (6,191) | (28,092) | (17,895) | (961) | (53,139) | (3,830) |
| Net cash provided (used) by capital and related financing activities | (6,191) | (33,740) | (19,024) | (954) | (59,909) | (4,165) |
| Cash provided by investing activities-interest received | 775 | 1,525 | 104 | 450 | 2,854 | 960 |
| Net increase (decrease) in cash and cash equivalents | (21,488) | (1,860) | - | 3,424 | (19,924) | 6,091 |
| Cash and cash equivalents at July 1 | 63,081 | 70,907 | 3,486 | 32,048 | 169,522 | 63,299 |
| Cash and cash equivalents at June 30 | 41,593 | 69,047 | 3,486 | 35,472 | 149,598 | 69,390 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Operating income | 518 | 3,236 | 3,887 | 3,686 | 11,327 | 15,619 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Depreciation | 5,792 | 22,226 | 4,528 | 3,082 | 35,628 | 2,487 |
| Gas depletion | - | 1,199 | - | - | 1,199 | - |
| (Increase)Decrease Accounts receivable net | (222) | 5,947 | (212) | (242) | 5,271 | 18 |
| (Increase)Decrease Unbilled receivable | 364 | - | - | 435 | 799 | - |
| (Increase)Decrease Due from other agencies | (6) | 1,563 | (158) | 136 | 1,535 | (6,867) |
| (Increase)Decrease Inventories | - | (267) | - | - | (267) | - |
| (Increase)Decrease Prepaid expenses | - | 306 | - | - | 306 | 6 |
| (Increase)Decrease Deferred charges | - | 5,009 | 23 | - | 5,032 | - |
| Increase(Decrease) Compensated absences | - | - | - | - | - | (708) |
| Increase(Decrease) Accounts payable | 333 | (2,286) | (2,061) | (588) | (4,602) | (562) |
| Increase(Decrease) Contracts - retention | - | (1,052) | (465) | - | (1,517) | - |
| Increase(Decrease) Due to other agencies | - | - | - | (5) | (5) | - |
| Increase(Decrease) Deposits | 8 | (57) | 53 | 2 | 6 | - |
| Increase(Decrease) Claims payable | - | - | - | - | - | (152) |
| Total adjustments | 6,269 | 32,588 | 1,708 | 2,820 | 43,385 | (5,778) |
| Net cash provided (used) by operating activities | \$ 6,787 | 35,824 | 5,595 | 6,506 | 54,712 | 9,841 |
| Noncash investing, capital, and financing activities: | | | | | | |
| Increase (decrease) in fair value of investments | 222 | 189 | (75) | 124 | 460 | 242 |

Exhibit F-1

CITY OF GLENDALE

Statement of Fiduciary Net Assets

Fiduciary Fund

June 30, 2012 (in thousands)

| | <u>Glendale Successor Agency Fund</u> |
|---------------------------------------|---|
| Assets | |
| Current assets: | |
| Cash and invested cash | \$ 112,907 |
| Cash with fiscal agent | 15,704 |
| Interest receivable | 341 |
| Accounts receivable, net | <u>11</u> |
| Total current assets | <u>128,963</u> |
| Noncurrent assets: | |
| Loans receivable | 3,161 |
| Property held for resale | 6,114 |
| Deferred charges | <u>2,493</u> |
| | <u>11,768</u> |
| Capital assets: | |
| Land | 28,990 |
| Buildings and improvements | 8,881 |
| Machinery and equipment | 946 |
| Accumulated depreciation | <u>(3,907)</u> |
| Total capital assets | <u>34,910</u> |
| Total noncurrent assets | <u>46,678</u> |
| Total assets | <u><u>175,641</u></u> |
| Liabilities and Net Assets | |
| Current liabilities: | |
| Accounts payable | 19,631 |
| Interest payable | 713 |
| Bonds payable, due in one year | <u>10,130</u> |
| Total current liabilities | <u>30,474</u> |
| Noncurrent liabilities: | |
| Bonds payable, net of current portion | 135,859 |
| Other long-term debt | <u>2,253</u> |
| Total noncurrent liabilities | <u>138,112</u> |
| Total liabilities | <u>168,586</u> |
| Net assets: | |
| Investment in capital assets | 34,910 |
| Unrestricted | <u>(27,855)</u> |
| Total net assets | <u><u>\$ 7,055</u></u> |

CITY OF GLENDALE

Statement of Changes in Fiduciary Net Assets

Fiduciary Fund

From Inception (February 1, 2012) through June 30, 2012

| | <u>Glendale Successor Agency Fund</u> |
|---|---|
| Operating revenues: | |
| Charges for services | \$ 8 |
| Miscellaneous revenues | <u>2,149</u> |
| Total operating revenues | <u>2,157</u> |
| Operating expenses: | |
| Salaries and benefits | 7,513 |
| Maintenance and operations | <u>1,088</u> |
| Total operating expenses | <u>8,601</u> |
| Operating (loss) | <u>(6,444)</u> |
| Non operating revenues (expenses): | |
| Other revenue | 987 |
| Interest expense | <u>(3,802)</u> |
| Total non operating revenues, net | <u>(2,815)</u> |
| Income before extraordinary loss | (9,259) |
| Extraordinary gain | <u>16,314</u> |
| Change in net assets | 7,055 |
| Total net assets, July 1 | <u>-</u> |
| Total net assets, June 30 | <u>\$ 7,055</u> |

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CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

I. Summary of Significant Accounting Policies

A. Reporting Entity

These financial statements present the financial results of the City of Glendale, California (the City) and its component units as required by accounting principles generally accepted in the United States of America. Component units are legally separate entities for which the primary government is financially accountable. The City has two component units, the Glendale Housing Authority (the Authority) and the City of Glendale Financing Authority (the Financing Authority). The City Council serves as the Board of the Housing Authority and the Financing Authority. Therefore, all of these entities are reported as blended component units within the City's comprehensive annual financial report (CAFR). Both the City and its blended component units have a June 30 year-end.

Component Units

The Housing Authority was established by the Glendale City Council in 1975. The Authority is responsible for the administration of Department of Housing and Urban Development (HUD) funded housing assistance payments projects undertaken by the City. HUD provides an annual contribution of funds, in accordance with Section 8 of the United States Housing Act of 1937, in order to provide decent, safe and sanitary dwellings for low to moderate income families, and to increase the supply and quality of affordable housing. The Authority's financial data and transactions are included within the Special Revenue Fund; no separate financial report is issued for the Authority.

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the City. The effect of inter-fund activity has been removed from these statements except for the inter-fund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Effective February 1, 2012, due to AB 1x 26, - the dissolution of Redevelopment Agencies throughout CA, the activities of the dissolved Glendale Redevelopment Agency are recorded in the Glendale Successor Agency fiduciary fund.

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

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

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues, and expenditures or expenses, as appropriate. The City reports a total of 65 funds comprised of the General Fund, 1 Fiduciary Fund, 29 Special Revenue Funds, 7 Debt Service Funds, 5 Capital Project Funds, 8 Enterprise Funds and 14 Internal Service Funds.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

1) Governmental Fund Types

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

The City has categorized the Capital Improvement Fund and Glendale Redevelopment Agency Fund as major funds for public interest reasons. The City believes that these judgmentally determined major funds are particularly important to the financial statements users. The following comprise the City's major governmental funds:

General Fund: Used to account for all financial resources, except those required to be accounted for in another fund.

Glendale Redevelopment Agency Special Revenue Fund: Used to account for activities by the Agency in accordance with the Redevelopment Plan of the Agency made pursuant to redevelopment laws of the State of California from July 1, 2011 through January 31, 2012. The Agency had two project areas as follows:

- i. Central Glendale Redevelopment Project
- ii. San Fernando Corridor Redevelopment Project

Housing Assistance Special Revenue Fund: Used to account for monies received and expended by the City under Section 8 of the Federal Housing and Urban Development Act for housing assistance to low and moderate income families.

Capital Improvement Capital Project Fund: Used to account for financial resources used for major capital projects of the general government operations.

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

2) Proprietary Fund Types

Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the City has elected to apply all applicable FASB pronouncements, including those issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

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

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

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

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

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

Other non-major enterprise funds consist of Recreation, Hazardous Disposal, Parking, Refuse and Fire Communication Funds. Recreation Fund mainly accounts for the recreation programs of the Parks, Recreation and Community Services department on a user fee basis. Hazardous Disposal Fund is for the operations of the toxic waste disposal of the City. Parking Fund accounts for operations of City-owned public parking lots and garages. Refuse Disposal Fund is for operations of the City-owned refuse collection and disposal services. Fire Communication Fund is for monies received and expended, as the lead City, for the tri-city (Burbank, Glendale and Pasadena) fire communication operations.

Additionally, Internal Service Funds are used to finance and account for services and commodities provided by designated departments or agencies to other departments and agencies of the City.

3) *Fiduciary Fund Types*

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City maintains one fiduciary fund – Glendale Successor Agency Fund.

Since the resources of the Fiduciary fund are not available to support the City's own programs, it is not reflected in the City's Government-wide financial statements. The accounting used for Fiduciary funds are much like that used for Proprietary funds.

C. Measurement Focus and Basis of Accounting

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, Other Post Employment Benefits (OPEB), claims and judgments, are recorded only when payment is due.

Sales tax, utility users' tax, charges for services and intergovernmental revenue are recognized in the period when eligibility requirements are met.

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

All property taxes are collected and allocated by the County of Los Angeles to the various taxing entities. Property taxes are determined annually as of January 1 and attached as enforceable liens on real property as July 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. Secured property

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

taxes become a lien on the property on March 1. Property taxes on the unsecured roll are due on the March 1 lien date and become delinquent if unpaid on August 31. Property tax revenues are recognized in the fiscal period for which they are levied and collected, adjusted for any amounts deemed uncollectible and amounts expected to be collected more than 60 days after the fiscal year.

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

D. Assets, Liabilities and Net Assets or Equity

1. *Cash and Investments*

The City values its cash and investments in accordance with the provisions of Government Accounting Standard Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investments Pools (GASB 31)," which requires governmental entities, including governmental external investment pools, to report certain investments at fair value in the statement of net assets/balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. Fair value is determined using published market prices.

The City manages its pooled idle cash and investments under a formal investment policy that is reviewed by the Investment Committee, adopted by the City Council, and follow the guidelines of the State of California Government Code. Individual investments cannot be identified with any single fund because the City may be required to liquidate its investments at any time to cover large outlays required 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, except to the Capital Improvement Funds, on a monthly basis based upon the prior month end cash balance of the fund as a percentage of the month end total pooled cash balance. The City normally holds the investment to term; therefore no realized gain/loss is recorded.

All cash and investments are held in the City's cash management pool. Therefore, for purposes of the combined statement of cash flows for the Proprietary Funds, the City considers all cash, investments, imprest cash and cash with fiscal agents to be cash and cash equivalents.

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

2. *Designated Cash and Investments*

The Cash Reserve Policy for the Electric Fund was first established in 2003. Its provision calls for annual review of the reserves to determine if the recommended levels are sufficient. The annual review of the Cash Reserve Policy for fiscal year ending June 30, 2012, established a target of \$66,400 of designated cash in the following categories: \$40,400 for contingency reserve; \$10,000 for rate stabilization reserve; and \$16,000 for Reserve for Gas Reserve Project. As of June 30, 2012, \$36,326 was designated.

In December of 2003, GWP management received approval from the City Council to implement a cash reserve policy for the Water Fund to ensure a long term sustainable financial health of the water operation. The policy calls for annual review of the reserves to determine if the recommended levels are sufficient. The annual review of the Cash Reserve

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

Policy for fiscal year ending June 30, 2012, established a target of \$7,500 of designated cash in the following categories: \$6,500 for contingency reserve; and \$1,000 for rate stabilization reserve. As of June 30, 2012, no reserve was designated.

The designated cash of \$22,100 in Landfill Postclosure Fund is for Scholl Canyon Landfill Reserve.

3. *Receivables*

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

Accounts Receivables – These are comprised primarily of revenues that have already been earned but not yet received by the City as of June 30 from individual customers, private entities & government agencies. In addition, this account includes accrued revenues due from other agencies for expenditure driven types of grants whereby the City accrues grant revenues for expenditures incurred but not yet reimbursed by the grantors. Also, property taxes earned but not received from the County of Los Angeles as of June 30 and unbilled services for utility and other services delivered to customers but not billed as of June 30, 2012 are included in this account. Management determines that allowance for doubtful accounts by evaluating individual customer accounts. Utility customer closed accounts are written off when deemed uncollectible. Recoveries to utility customer receivables previously written off are recorded when received. For non utility accounts receivable, delinquent notices for 30 days are sent out to customers with outstanding balances. After 60 days, accounts still outstanding are forwarded to a collection company.

Loans Receivable –Special Revenue Fund expenditures relating to long-term loans arising from loans subsidy programs are charged to operations upon funding and the loans are recorded, net of an estimated allowance for potentially uncollectible loans. As of June 30, 2012, the City's outstanding loans receivable total is \$4,959. The Housing Authority uses CDBG grant, HOME grant and 20% of former redevelopment agency's property tax increment to make different kinds of loans to create and maintain affordable housing for low and moderate income people. Most of the Housing Authority loans are forgiven or restructured when all requirements are met, so they are not recorded on the financial statements. There are usually four different kinds of loans.

- *Single Family Home Rehabilitation Loan*

The program provides funds for moderate rehabilitation of owner occupied homes for low and moderate income households. The deferred payment loan is interest bearing with rate ranging from 0% to 4% annually (simple interest) for up to 10 years, and with a loan amount up to \$25. Generally, the loan is repaid at the time of sale or transfer of the property. The loan is secured by a deed of trust on the property.

- *First Time Home Buyer Loan*

The program provides funds for down payment and affordability gap assistance for the purchase of a newly constructed or a resale home by a low or moderate income first time home buyer household. The loan is a 0% interest rate, 2nd mortgage deferred payment, forgivable loan up to \$75 for resale homes. For new construction units, the amount of the loan is based upon the amount of the affordability gap. The loan is secured by a deed of trust on the property and affordable housing covenants. The loan term is 45 years and the loan is forgiven at the end of the loan term. If the property is sold or transferred, or if the property is no longer owner occupied before the term expires, the borrower must repay the original principal amount plus an appreciation share.

- *Multi Family Apartment Rehabilitation Loan*

The program provides funds for moderate rehabilitation of rental properties by private or nonprofit owners. Units must be rented to low and moderate income tenants at an affordable rent for the term of the loan. The loan is secured by a deed of trust and affordable housing covenants on the property. The loan is an interest bearing (4% simple interest), deferred payment, forgivable loan. The maximum loan amount is \$10 per unit for a 5 year loan. (In target neighborhoods the maximum per unit is up to \$15 per unit for a 7 year loan for

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

repairs and rehab.) The maximum amount allowed per project is up to \$100. The owner needs to contribute at least 10% of the total project cost. Repayments are due on an annual basis. If the property is in compliance with the terms of the loan agreement, the annual payment is forgiven.

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

The program provides funds for new construction or acquisition/rehabilitation of affordable rental housing. Loan terms and loan underwriting requirements are negotiated with the developer on a project by project basis. The loan is secured by a deed of trust and affordable housing covenants on the property. Loans provide gap assistance to make housing units affordable to low and moderate income households and units must be rented at an affordable rent. Leveraging of funds with other sources and contribution of developer equity is required. Generally, loan principal plus interest must be repaid at the end of the loan term. The term depends upon funding source. Residual receipt payments are required.

4. *Inter-fund Transactions*

Inter-fund services provided and used would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues (seller funds) and expenditures or expenses (purchaser funds) in the funds involved. For the fiscal year ended June 30, 2012, the General Fund recorded \$14,902 as inter-fund revenue for general government services provided to other funds.

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

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

5. *Inventories and Prepaid Items*

Inventories, consisting primarily of construction and maintenance materials as well as tools held by the Electric and Water Enterprise Funds are stated at lower of cost or market, using the weighted average cost method or disposal value.

Inventory shown in the General Fund consists of expendable supplies held for consumption. The consumption method of accounting is used where inventory acquisitions are recorded in inventory accounts initially and charged as expenditures when used. Prepaid items are payments made for services to be received in the following accounting period such as insurance, energy purchases, etc.

6. *Capital Assets*

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. Capital outlay is recorded as expenditures of the General, Special Revenue and Capital Project Funds and as assets in the government-wide financial statements to the extent the City's capitalization is met. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

FASB *Accounting Standards Codification* Statement No. 62 (Capitalization of Interest Costs in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants—an amendment of FASB Statement No. 34) requires the enterprise funds to capitalize net interest costs on funds borrowed to finance the construction of capital assets. Interest costs information for the Electric and Water funds for the fiscal year ended June 30, 2012 are as follows:

| | Electric Fund | Water Fund |
|----------------------------|---------------|------------|
| Total interest capitalized | \$ 976,159 | 989,547 |

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

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

In accordance with GASB 51, the City recorded the contractual discharged capacity from the City of Los Angeles as an intangible asset, which is recorded under building and improvements.

In June 2005, the City elected to participate in the Natural Gas Reserve Project through SCPPA and entered into a 25 year Gas Sales Agreement with SCPPA for up to 2,000 MMBtu per day. The project calls for the acquisition and development of gas resources, reserves, fields, wells, and related facilities to provide a long-term supply of natural gas for its participants. The first acquisition was completed on July 1, 2005 with the total cost to the participants at \$306.1 million. The City's share in the project is \$13.1 million or 4.26%, with estimated peak daily volume between 1,600 to 1,800 MMBtu. As of June 30, 2012, the net balance for Natural Gas Reserve Project, including drilling program capitalization was \$17,796.

7. Long-Term Debt

In the Government-wide Financial Statements and the proprietary fund types in the Fund Financial Statements, long-term debt and other obligations are reported as liabilities in the applicable governmental activities, business-type

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

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 (use) in the respective fund. Issuance costs and payment of principal are reported as debt service expenditures.

8. *Compensated Absences*

The City records a liability for its employees' earned but unused accumulated vacation and overtime in entity-wide and proprietary funds. The unused accumulated vacation and overtime are expensed in the Employee Benefits Fund, an Internal Service Fund, which incurs the liability. As of June 30, 2012, the total liability is \$14,516, and the City has \$8,102 cash available in the Employee Benefits Fund dedicated to this liability.

The City also provides sick leave conversion benefits through the Retiree Health Savings Plan (RHSP). Employees earn one day of sick leave per month and the unused sick leave is converted to a dollar amount and deposited in the employee's RHSP account at retirement or termination with 20 years of City service for Glendale Police Officers Association (GPOA), Glendale City Employee Association (GCEA), Glendale Management Association (GMA), and International Brotherhood of Electrical Workers (IBEW). The account is used to pay healthcare premiums for the retiree and beneficiaries. After the account is exhausted, the retirees can terminate coverage or elect to continue paying the healthcare premiums from personal funds. Total benefits paid by the City under the RHSP for the fiscal year ended June 30, 2012 is \$1,784.

Based on the most recent actuarial valuation, the actuarial accrued liability for the RHSP as of June 30, 2011 is \$17,068. The City has a reserve of \$5,092 in the RHSP Benefits Fund, an Internal Service Fund, dedicated to provide benefits, so the unreserved actuarial accrued liability is \$11,976 as of June 30, 2011. The City has \$7,052 cash for RHSP as of June 30, 2012 and the unreserved actuarial accrued liability is \$11,649. The actuarial accrued liability takes into account an estimate of future sick leave usage, additional sick leave accumulation for current active employees, and investment return of 4.5% and no increase for sick leave conversion hourly rate.

9. *Post Employment Benefits*

For Glendale City Employees Association (GCEA) and Glendale Management Employees Association (GMA) employees who retired prior to July 2001, Glendale Police Officers Association (GPOA) employees who retired prior to December 2001 and Glendale Fire Fighters Association (GFFA) employees who retired prior to September 2002, the accumulated unused sick leave upon their retirement may be converted to the number of months that the City will contribute all or partial of these retirees' monthly medical insurance premiums. The conversion calculations are based on the respective bargaining units' MOU or Benefit Ordinance. Currently, there are 23 retirees receiving this City paid benefit. These 23 retirees may also elect at any time to receive a one-time cash payment of a maximum of 50% of the value of the remainder of their unused sick leave conversion for the insurance plan for which they qualify. After all the accumulated unused sick leaves are exhausted or cashed out, the retirees can terminate coverage or elect to continue paying the medical insurance premiums from personal funds.

The City also has a Retiree Healthcare Plan which is a single-employer defined benefit healthcare plan administered by the City. The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established by and may be amended by the City. The City does not have a separate audited GAAP-basis postemployment benefit plan report for this defined benefit plan.

The City provides retiree medical benefits through the City's standalone healthcare plans. The City allows pre-Medicare eligible retirees to purchase healthcare coverage at blended employee rates. This results in an "implied subsidy" since the healthcare costs are lower for active employees than for retirees.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

The City's contribution is currently based on a pay-as-you-go funding method, that is, benefits are payable when due. For fiscal year 2011-12, the City contributed \$2,545 in benefit payments (\$140 for the premium subsidy and \$2,405 for the implied subsidy). No assets were invested in an irrevocable plan trust.

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

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

| | Amount |
|--|------------------|
| Annual required contribution | \$ 21,451 |
| Interest on net OPEB obligation | 893 |
| Adjustment to annual required contribution | (1,412) |
| Annual OPEB cost (expense) | 20,932 |
| Contributions to irrevocable trust | - |
| Benefit payments | (2,545) |
| Increase in net OPEB obligation | 18,387 |
| Net OPEB obligation – beginning of year | 19,855 |
| Net OPEB obligation – end of year | <u>\$ 38,242</u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|--|---------------------|
| 6/30/10 | 9,408 | 16% | 11,868 |
| 6/30/11 | 10,081 | 21% | 19,855 |
| 6/30/12 | 20,932 | 12% | 38,242 |

The funded status of the plan as of June 30, 2012, the plan's most recent actuarial valuation date, was:

| | |
|---|-------------------|
| Actuarial accrued liability (AAL) | \$ 191,063 |
| Actuarial value of plan assets | - |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 191,063</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 0% |
| Covered payroll (active Plan members) | 140,403 |
| UAAL as a percentage of covered payroll | 136% |

The June 30, 2011 unfunded actuarial accrued liability has increased significantly from the June 30, 2009 valuation. The increases are due to the following reasons:

- Demographic assumptions (retirement, termination, disability, mortality, etc.) were updated to CalPERS 1997-2007 experience study. Post retirement mortality improvement is also added to project continuing mortality improvement in the future. The impact of these changes increased the accrual actuarial liability by approximately \$27.1 million.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

- The medical trend assumption was increased to reflect current expectations for future healthcare cost and premium changes by increasing the assumption for 2011-12 by 1% to 2%, changing the ultimate healthcare inflation rate from 4.5% to 5.0%, and lengthening the period to reach the ultimate healthcare inflation rate. The impact of the medical trend assumption change increases the accrued actuarial liability by approximately \$27.5 million.
- The remaining \$32.5 million increase in the accrued actuarial liability is due to anticipated increases, experience gains/losses and changes in medical plan election assumptions.

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

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

In the June 30, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is the expected long-term investment return on the City's investments, a 3% general inflation assumption, an annual pre-Medicare eligible medical cost trend rate of 9.0% for 2013 decreasing to 5.0% after 8 years. The post-Medicare eligible medical cost trend rate started 0.4% higher for 2013. The June 30, 2009 UAAL is being amortized as a level percentage of projected payroll over a 30 years closed period (28 years remaining for fiscal year 2011/12). Subsequent increases / decreases in UAAL due to actuarial gains / losses or changes in assumptions are amortized over 15 year closed periods. The remaining average amortization period at June 30, 2011 was 20 years.

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded Actuarial Accrued Liability (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|--|--------------------------|---------------------------|--|
| 6/30/11 | \$0 | \$191,063 | \$191,063 | 0% | \$140,403 | 136% |

10. Deferred Revenue

Deferred revenue liabilities are reported in the governmental funds to offset receivables and deposits that do not meet the availability criterion under the modified accrual basis of accounting.

11. Real Property Held for Resale

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

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

12. Fund Equity

GASB54 established fund balance classifications for governmental fund types in the fund financial statements. The classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. In the fund financial statements, the governmental funds may report nonspendable, restricted, committed, assigned, and unassigned fund balances to show the level of constraint governing the use of the funds.

- Nonspendable fund balances cannot be spent, because they are in nonspendable form or are required to be maintained intact.
- Restricted fund balances are restricted for specific purposes by third parties or enabling legislation.
- Committed fund balances include amounts that can be used only for specific purposes determined by formal action of the City Council. These committed amounts cannot be used for any other purpose unless the City removes or changes the specified use through the same type of formal action taken to establish the commitment.
- Assigned fund balances comprise amounts intended to be used by the City for specific purposes but are not restricted or committed. The City Council delegates the authority to assign amounts to be used for specific purposes to the Director of Finance.
- Unassigned fund balances are residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories, and include all deficit amounts in all other governmental funds.

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

13. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets, excluding unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

II. Stewardship, Compliance and Accountability

A. Budgets and Budgetary Accounting

The City Council is required to adopt an annual budget for the General, Debt Service, Special Revenue, Enterprise and Internal Service fund types, except the Glendale Redevelopment Agency Fund. The City Council annually adopts the capital improvement program for the Agency and the Capital Projects Fund. The City of Glendale budget presents the Capital Improvement Projects on a ten year plan basis, with the "Future Years" column representing a cumulative of five years projections. The City Council only approves and authorizes one year of the Capital Improvement project. The outlying years are included for informational and planning purposes.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

All Proprietary fund types are accounted for on a cost of service method (net income). As a result, budget comparisons are impractical. Additionally, the City is not legally mandated to report the results of operations for these Enterprise Fund and Internal Service Fund types on a budget comparison basis; therefore, budgetary data related to these funds have not been presented.

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

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

- The City Charter requires that the City Manager submit to the City Council a proposed budget for the coming year on or before the first of June. The operating budget includes both the sources and types of funds for the proposed expenditures.
- In June, public hearings are conducted to obtain citizen input, with the final budget being adopted no later than July 1.
- The level of appropriated budgetary control is in the following categories for items in excess of \$25: salary and fringe benefits; maintenance and operation; and capital outlay per departmental account.
- The budget is amended during the fiscal year to reflect all transfers and amendments.

The following operating units over expended their appropriations by \$25 or more as of June 30, 2012:

| <u>General Fund</u> | <u>Over-Expended</u> |
|---------------------|----------------------|
| Public Works | |
| Traffic Engineering | \$ 165 |

III. Detailed Notes on All Funds

A. Cash and Investments

Governmental and Business type activities:

Cash and investments at fiscal year end consist of the following:

| | |
|--|-------------------|
| Investments | \$ 367,362 |
| Cash with fiscal agents | <u>13,198</u> |
| | 380,560 |
| Cash held in financial institutions & imprest cash | <u>(2,286)</u> |
| Total | <u>\$ 378,274</u> |

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

| | |
|---------------------------------|-------------------|
| Cash and invested cash | \$ 303,742 |
| Cash with fiscal agents | 13,198 |
| Restricted investment | 2,908 |
| Designated cash and investments | <u>58,426</u> |
| Total | <u>\$ 378,274</u> |

CITY OF GLENDALE

Notes to the Financial Statements
Fiscal Year Ended June 30, 2012
(in thousands)

Fiduciary type activities:

Cash and investments at fiscal year end consist of the following:

| | | |
|-------------------------|----|----------------|
| Investments | \$ | 112,907 |
| Cash with fiscal agents | | <u>15,704</u> |
| Total | \$ | <u>128,611</u> |

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

| | | |
|-------------------------|----|----------------|
| Cash and invested cash | \$ | 112,907 |
| Cash with fiscal agents | | <u>15,704</u> |
| Total | \$ | <u>128,611</u> |

Authorized Investments

Under the provisions of the City's investment policy, and in accordance with California Government Code Section 53601, the City Treasurer may invest or deposit in the following types of investments:

| | <u>Maximum Maturity</u> | <u>Maximum % of Portfolio</u> |
|--|-------------------------|-------------------------------|
| U.S. Treasuries | 5 years | 100% |
| Federal Agencies | 5 years | 100% |
| Medium Term Corporate Notes | 5 years | 20% |
| Commercial Paper (A1, P1, F1 minimum rating) | 270 days | 25% |
| Bankers Acceptance | 180 Days | 30% |
| Negotiable Certificates of Deposit | 1 year | 30% |
| Local Agency Investment Fund (State Pool) | N/A | LAIF maximum |
| Money Market Mutual Funds | 90 days | 20% |
| Time Deposits | 1 year | 10% |

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

Investments Authorized by Debt Agreements

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

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

Disclosure Relating to Interest Rate Risk

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

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

Governmental and Business type activities:

| | Total | Remaining Maturity (in Months) | | | |
|---------------------------------------|-------------------|--------------------------------|--------------------|--------------------|------------------------|
| | | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More than 60 Months |
| Commercial Paper | \$ 13,990 | 13,990 | - | - | - |
| Federal Agency Term Notes | 25,609 | - | 11,167 | 14,442 | - |
| U.S. Government Agency Callable Bonds | 174,646 | - | 17,101 | 157,545 | - |
| Corporate Notes | 58,038 | 14,183 | 15,714 | 28,141 | - |
| Negotiable Certificates of Deposits | 27,000 | 27,000 | - | - | - |
| State Investment Pool | 52,904 | 52,904 | - | - | - |
| Money Market Fund | 15,175 | 15,175 | - | - | - |
| Held by Fiscal Agents: | | | | | |
| Federal Agency Term Notes | 5,008 | 5,008 | - | - | - |
| Guaranteed Investment Contracts | 2,399 | - | - | - | 2,399 |
| Money Market | 66 | 66 | - | - | - |
| Treasury Notes | 5,725 | 5,725 | - | - | - |
| | <u>\$ 380,560</u> | <u>134,051</u> | <u>43,982</u> | <u>200,128</u> | <u>2,399</u> |

Fiduciary type activities:

| | Total | Remaining Maturity (in Months) | |
|-------------------------------------|-------------------|--------------------------------|------------------------|
| | | 12 Months or Less | More than 60 Months |
| Commercial Paper | \$ 22,998 | 22,998 | - |
| Negotiable Certificates of Deposits | 33,500 | 33,500 | - |
| State Investment Pool | 40,353 | 40,353 | - |
| Money Market Fund | 16,056 | 16,056 | - |
| Held by Fiscal Agents: | | | |
| Federal Agency Term Notes | 4,841 | 4,841 | - |
| Guaranteed Investment Contracts | 3,849 | - | 3,849 |
| Money Market | 7,014 | 7,014 | - |
| | <u>\$ 128,611</u> | <u>124,762</u> | <u>3,849</u> |

The City assumes that callable investments will not be called. The Glendale Successor Agency funds in the amount of \$40,353 were invested in the State Investment Pool.

Disclosures Relating to Credit Risks

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City invests only in the most risk-adverse instruments, such as AAA rated government securities, AAA, AA or A rated corporate securities, and A1,P1,F1 rated commercial paper, negotiable certificates of deposits and banker's acceptance securities. The City's Investment Policy requires the City to sell any security with a credit rating below BBB.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

Governmental and Business type activities:

| | | Rating as of Year End | | | | | | | |
|---------------------------------------|-----------|-----------------------|-------|--------|--------|--------|--------|-------|---------|
| | Total | AAA | Aa1 | Aa2 | Aa3 | A1,P1 | A2 | Baa1 | Unrated |
| Commercial Paper | \$ 13,990 | - | - | - | - | 13,990 | - | - | - |
| Federal Agency Term Notes | 25,609 | 25,609 | - | - | - | - | - | - | - |
| U.S. Government Agency Callable Bonds | 174,646 | 169,642 | - | - | - | - | - | - | 5,004 |
| Corporate Notes | 58,038 | - | 3,043 | 14,598 | 18,249 | 1,984 | 12,058 | 8,106 | - |
| Negotiable Certificates of Deposits | 27,000 | - | - | - | - | 27,000 | - | - | - |
| State Investment Pool | 52,904 | - | - | - | - | - | - | - | 52,904 |
| Money Market Fund | 15,175 | 15,175 | - | - | - | - | - | - | - |
| Held by Fiscal Agents: | | | | | | | | | |
| Federal Agency Term Notes | 5,008 | 5,008 | - | - | - | - | - | - | - |
| Guaranteed Investment Contracts | 2,399 | - | - | 2,399 | - | - | - | - | - |
| Money Market | 66 | 66 | - | - | - | - | - | - | - |
| Treasury Notes | 5,725 | 5,725 | - | - | - | - | - | - | - |
| \$ | 380,560 | 221,225 | 3,043 | 16,997 | 18,249 | 42,974 | 12,058 | 8,106 | 57,908 |

Fiduciary type activities:

| | | Ratings as of Year End | | | | |
|-------------------------------------|----|------------------------|--------|-------|--------|---------|
| | | Total | AAA | Aa2 | A1,P1 | Unrated |
| Commercial Paper | \$ | 22,998 | - | - | 22,998 | - |
| Negotiable Certificates of Deposits | | 33,500 | - | - | 33,500 | - |
| State Investment Pool | | 40,353 | - | - | - | 40,353 |
| Money Market Fund | | 16,056 | 2,973 | - | 13,083 | - |
| Held by Fiscal Agents: | | | | | | |
| Federal Agency Term Notes | | 4,841 | 4,841 | - | - | - |
| Guaranteed Investment Contracts | | 3,849 | - | 3,849 | - | - |
| Money Market | | 7,014 | 7,014 | - | - | - |
| | \$ | 128,611 | 14,828 | 3,849 | 69,581 | 40,353 |

Concentration on Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stated above. Investments in any one issuer that represent 5% or more of total City investments are as follows:

| Issuer | Investment Type | Reported Amount |
|--------|-------------------------------|-----------------|
| FHLMC | Federal Agency Callable Bonds | \$ 32,095 |
| FNMA | Federal Agency | \$ 22,557 |
| FNMA | Federal Agency Callable Bonds | 130,460 |
| | | \$ 153,017 |

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of the failure of a depository financial institution, a government agency will not be able to recover its deposits or will not be able to recover investment securities that are in the possession of an outside party. As it relates to deposits, the Dodd-Franks financial regulatory reform legislation makes all noninterest-bearing transaction accounts fully insured by the Federal Deposit Insurance Corporation (FDIC) without limit effective December 31, 2010 until January 1, 2013. All City of Glendale deposits as of June 30, 2012 were fully insured by FDIC insurance.

For interest-bearing accounts the FDIC deposit insurance amount of \$250 per depositor was made permanent. The City of Glendale does not have any interest-bearing accounts.

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

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

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investment in this pool is reported in the accompanying financial statements at fair value based upon the City's pro-rata share of the amortized cost basis provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

B. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

| | Balance at July 1 | Increases | Decreases | Reclass | Adjustments* | Ending Balance |
|---|----------------------|-----------|-----------|----------|--------------|-------------------|
| Governmental activities | | | | | | |
| Capital assets not being depreciated | | | | | | |
| Land | \$ 434,921 | - | (436) | | (28,990) | 405,495 |
| Construction in progress | 68,475 | 13,484 | - | (50,106) | - | 31,853 |
| Total assets not being depreciated | 503,396 | 13,484 | (436) | (50,106) | (28,990) | 437,348 |
| Depreciable capital assets | | | | | | |
| Building and improvements | 268,286 | 3,043 | - | 26,495 | (8,359) | 289,465 |
| Machinery and equipment | 92,487 | 7,631 | (2,672) | 4,756 | (946) | 101,256 |
| Infrastructure | 262,799 | 3,288 | (4,552) | 18,855 | - | 280,390 |
| Total other capital assets at cost | 623,572 | 13,962 | (7,224) | 50,106 | (9,305) | 671,111 |
| Less accumulated depreciation: | | | | | | |
| Building and improvements | 86,993 | 7,614 | (22) | - | (3,157) | 91,428 |
| Machinery and equipment | 64,678 | 5,815 | (2,622) | - | (728) | 67,143 |
| Infrastructure | 88,764 | 6,707 | (4,552) | - | - | 90,919 |
| Total accumulated depreciation | 240,435 | 20,136 | (7,196) | - | (3,885) | 249,490 |
| Total assets being depreciated, net | 383,137 | (6,174) | (28) | 50,106 | (5,420) | 421,621 |
| Governmental activities capital assets, net | \$ 886,533 | 7,310 | (464) | - | (34,410) | 858,969 |

*The City transferred back real properties to the Successor Agency.

**\$33,958 and \$35,758 of Machinery & Equipment for 2011 and 2012 respectively from Internal Service funds is included in Governmental Activities.

***\$19,183 and \$19,638 of Accumulated Depreciation for 2011 and 2012 respectively from Internal Service funds is included in Governmental Activities.

Depreciation expense was charged to functions of the City for the year ended June 30, 2012 as follows:

Governmental Activities:

| | |
|---|------------------|
| General Government | \$ 1,743 |
| Police | 2,782 |
| Fire | 1,892 |
| Public Works | 10,668 |
| Parks, Recreation & Community Services | 2,580 |
| Library | 293 |
| Housing, Health & Community Development | 178 |
| Total depreciation expense | \$ <u>20,136</u> |

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

| | Balance at July 1 | Increases | Decreases | Reclass | Ending Balance |
|---|----------------------|-----------|-----------|-----------|-------------------|
| Business-type activities | | | | | |
| Capital assets not being depreciated/depleted | | | | | |
| Land | \$ 15,043 | - | - | 98 | 15,141 |
| Construction in progress | 152,925 | 15,128 | (752) | (125,772) | 41,529 |
| Total assets not being depreciated/depleted | 167,968 | 15,128 | (752) | (125,674) | 56,670 |
| Depreciable capital assets | | | | | |
| Building and improvements | 402,816 | 8,279 | - | (34,474) | 376,621 |
| Machinery and equipment | 523,040 | 22,240 | (13,977) | 42,055 | 573,358 |
| Infrastructure | - | 7,132 | - | 118,093 | 125,225 |
| Total other capital assets at cost | 925,856 | 37,651 | (13,977) | 125,674 | 1,075,204 |
| Depletable capital assets | | | | | |
| Natural Gas Reserve | 17,993 | 3,831 | - | - | 21,824 |
| Less accumulated depreciation: | | | | | |
| Building and improvements | 135,679 | (11,756) | - | - | 123,923 |
| Machinery and equipment | 275,862 | 12,120 | (11,260) | - | 276,722 |
| Infrastructure | - | 35,264 | - | - | 35,264 |
| Total accumulated depreciation | 411,541 | 35,628 | (11,260) | - | 435,909 |
| Less allowance for gas depletion | | | | | |
| Natural Gas Reserve | 2,829 | 1,199 | - | - | 4,028 |
| Total assets being depreciated, net | 529,479 | 4,655 | (2,717) | 125,674 | 657,091 |
| Business-type activities capital assets, net | \$ 697,447 | 19,783 | (3,469) | - | 713,761 |

Depreciation and depletion expense was charged to functions of the City for the year ended June 30, 2012 as follows:

Business-type Activities:

| | |
|--|-----------|
| Depreciation | |
| Sewer | \$ 5,792 |
| Electric | 22,226 |
| Water | 4,528 |
| Recreation | 2 |
| Hazardous Disposal | 13 |
| Parking | 1,190 |
| Refuse Disposal | 1,691 |
| Fire Communication | 186 |
| Total depreciation expense | 35,628 |
| Depletion – Electric | 1,199 |
| Total depreciation and depletion expense | \$ 36,827 |

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

| | Balance at July 1 | Increases | Reclass | Adjustments* | Ending Balance |
|--|----------------------|-----------|---------|--------------|-------------------|
| Fiduciary activities | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | \$ - | - | - | 28,990 | 28,990 |
| Construction in progress | - | - | - | - | - |
| Total assets not being depreciated | - | - | - | 28,990 | 28,990 |
| Depreciable capital assets | | | | | |
| Building and improvements | - | - | 522 | 8,359 | 8,881 |
| Machinery and equipment | - | - | - | 946 | 946 |
| Infrastructure | - | - | - | - | - |
| Total other capital assets at cost | - | - | 522 | 9,305 | 9,827 |
| Less accumulated depreciation: | | | | | |
| Building and improvements | - | - | 22 | 3,157 | 3,179 |
| Machinery and equipment | - | - | - | 728 | 728 |
| Infrastructure | - | - | - | - | - |
| Total accumulated depreciation | - | - | 22 | 3,885 | 3,907 |
| Total assets being depreciated, net | - | - | 500 | 5,420 | 5,920 |
| Fiduciary activities capital assets, net | \$ - | - | 500 | 34,410 | 34,910 |

*The City transferred back real properties to the Successor Agency.

C. Property Held for Resale

Below is the property held for resale at June 30, 2012:

| Purpose | Acquisition Date | Location | Carrying Value |
|-----------------|------------------|----------------|----------------|
| Housing Project | October 2011 | Fifth & Sonora | \$ 6,007 |

In June 2011, the Governor signed into law AB 1x 26, the Dissolution Act, which considered all transfers of assets from a Redevelopment Agency to the host City or County to be invalid, if the transfers were done after December 31, 2010. Further, in April 2012, the California State Controller's Office (SCO) issued correspondence directing the reversal of all the former Redevelopment Agency asset transfers and moved those assets to the Successor Agency. In FY2012, the City transferred back the Property Held for Resale to the Successor Agency fiduciary fund, leaving a balance of \$6,007 for the Housing Authority.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

D. Long-Term Debt

The City's long-term debt as of June 30, 2012 consists of the following:

| | Principal Amount | Amount Out- standing at June 30, 2011 | Addi- tions | Retire- ments | Adjust- ments* | Amount Out- standing at June 30, 2012 | Due within one year |
|---|---------------------|---|----------------|------------------|-------------------|---|---------------------------|
| Governmental Activities | | | | | | | |
| Claims Payable | \$ - | 46,894 | 36,258 | 36,410 | - | 46,742 | 13,052 |
| Compensated absences | - | 19,883 | 7,911 | 8,815 | - | 18,979 | 2,288 |
| Post employment benefits | - | 13,478 | 12,303 | - | - | 25,781 | - |
| Landfill post-closure and post closure care liability | - | 32,921 | 5,210 | - | - | 38,131 | - |
| Bonds Payable | | | | | | | |
| Police building project (COPs) | 64,200 | 52,400 | - | 1,700 | - | 50,700 | 1,800 |
| 2002 GRA tax allocation bonds | 48,015 | 31,900 | - | 2,320 | (29,580) | - | - |
| 2003 GRA tax allocation bonds | 58,880 | 39,257 | - | 2,905 | (36,352) | - | - |
| 2010 GRA tax allocation bonds | 26,970 | 26,970 | - | - | (26,970) | - | - |
| 2011 Subordinate taxable tax allocation bonds (STTABs) | 50,000 | 50,000 | - | - | (50,000) | - | - |
| Bond premium | - | 2,610 | - | - | (2,610) | - | - |
| Net original bond discount - 2010 TABs | - | (327) | - | - | 327 | - | - |
| Net original bond discount - 2011 STTABs | - | (2,032) | - | - | 2,032 | - | - |
| Total bonds payable | \$ 248,065 | 200,778 | - | 6,925 | (143,153) | 50,700 | 1,800 |

CITY OF GLENDALE

Notes to the Financial Statements
Fiscal Year Ended June 30, 2012
(in thousands)

| | Principal Amount | Amount Out- standing at June 30, 2011 | Addi- tions | Retir- ments | Adjust- ments* | Amount Out- standing at June 30, 2012 | Due within one year |
|---|---------------------|---|----------------|-----------------|-------------------|---|---------------------------|
| Other Long-Term Liabilities | | | | | | | |
| Capital leases: | | | | | | | |
| MSB retrofit lease- | | | | | | | |
| Capital One Public Funding | \$ 8,200 | 3,826 | - | 1,220 | - | 2,606 | 1,275 |
| Fire equip't lease 2005- | | | | | | | |
| BOA Public Capital Corp. | 3,743 | 1,659 | - | 392 | - | 1,267 | 407 |
| Fire equip't lease 2009- | | | | | | | |
| Wells Fargo Equip. | 2,299 | 1,636 | - | 207 | - | 1,429 | 215 |
| Section 108 loan - Housing and | | | | | | | |
| Urban Development (HUD) | | | | | | | |
| (2002 Series) | 1,800 | 470 | - | 230 | - | 240 | 240 |
| Section 108 loan - Housing and | | | | | | | |
| Urban Development (HUD) | | | | | | | |
| (2011 Series) | 2,000 | - | 2,000 | - | - | 2,000 | 161 |
| Low and mod loan - Union Bank | 14,000 | 7,991 | - | 1,397 | (6,594) | - | - |
| Residential development loan program | | | | | | | |
| (RDLP)-CA Housing Finance Authority | 4,643 | 4,643 | - | - | - | 4,643 | - |
| Total other long-term liabilities | 36,685 | 20,225 | 2,000 | 3,446 | (6,594) | 12,185 | 2,298 |
| Total governmental long-term liabilities | 284,750 | 334,179 | 63,682 | 55,596 | (149,747) | 192,518 | 19,438 |
| Business Type Activities | | | | | | | |
| Compensated absences | - | 6,991 | 2,692 | 2,497 | - | 7,186 | 886 |
| Post employment benefits | - | 6,377 | 6,084 | - | - | 12,461 | - |
| Bonds Payable: | | | | | | | |
| Electric revenue bonds, 2003 series | 31,640 | 25,280 | - | 795 | - | 24,485 | 795 |
| Electric revenue bonds, 2006 refunding | | | | | | | |
| series | 38,830 | 33,965 | - | 1,170 | - | 32,795 | 1,225 |
| Electric revenue bonds, 2008 series | 60,000 | 60,000 | - | - | - | 60,000 | - |
| Water revenue bonds, 2008 series | 50,000 | 50,000 | - | - | - | 50,000 | 1,175 |
| Bond premium | - | 3,661 | - | 220 | - | 3,441 | 227 |
| Deferred amount on 2006 refunding series | - | (1,566) | - | (143) | - | (1,423) | (136) |
| Total bonds payable | 180,470 | 171,340 | - | 2,042 | - | 169,298 | 3,286 |
| Total business type long-term liabilities | 180,470 | 184,708 | 8,776 | 4,539 | - | 188,945 | 4,172 |
| Total long-term debt | \$ 465,220 | 518,887 | 72,458 | 60,135 | (149,747) | 381,463 | 23,610 |

For the governmental activities, compensated absences and post employment benefits are primarily liquidated by the General Fund.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

*Due to the passage of AB 1x 26, - the dissolution of Redevelopment Agencies throughout CA, these outstanding bonds and loan of the former Glendale Redevelopment Agency were transferred to the Glendale Successor Agency fiduciary fund.

| | Principal Amount | Amount Out- standing at June 30, 2011 | Adjust- ments* | Retire- ments | Amount Out- standing at June 30, 2012 | Due within one year |
|---|---------------------|---|-------------------|------------------|---|---------------------------|
| Fiduciary Type Activities | | | | | | |
| 2002 GRA tax allocation bonds | \$ 48,015 | - | 29,580 | - | 29,580 | 2,400 |
| 2003 GRA tax allocation bonds | 58,880 | - | 36,352 | - | 36,352 | 3,000 |
| 2010 GRA tax allocation bonds | 26,970 | - | 26,970 | - | 26,970 | - |
| 2011 Subordinate taxable tax allocation bonds (STTABs) | 50,000 | - | 50,000 | - | 50,000 | 1,730 |
| Bond premium | - | - | 2,610 | 251 | 2,359 | 251 |
| Net original bond discount - 2010 TABs | - | - | (327) | (24) | (303) | (23) |
| Net original bond discount - 2011 STTABs | - | - | (2,032) | (145) | (1,887) | (145) |
| Low and mod loan - Union Bank | 14,000 | - | 6,594 | 1,423 | 5,171 | 2,917 |
| Total fiduciary bonds payable | \$ 197,865 | - | 149,747 | 1,505 | 148,242 | 10,130 |

*Due to the passage of AB 1x 26, - the dissolution of Redevelopment Agencies throughout CA, these outstanding bonds and loan were transferred from the former Glendale Redevelopment Agency.

THE CITY OF GLENDALE FINANCING AUTHORITYVariable Rate Demand Certificates of Participation - (2000 Police Building Project)

The Bonds were issued pursuant to the resolutions adopted by the City Council and the board of directors of the Glendale Financing Authority on June 6, 2000. The proceeds of the bonds were used to (a) finance for the acquisition, construction and improvement of a police building (the "Police Building"), (b) establish a bond reserve fund of \$5 million in accordance with the trust agreement, and (c) pay for the costs incurred to issue the bonds. The annual debt service requirement schedule for these bonds is included in note C. The Variable Rate Demand Certificates of Participation (COPs) mature in annual installments ranging from \$1,800 to \$4,200 annually from 2013-2030 with variable interest rates set in connection with remarketing efforts on a weekly basis.

The Bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on five days' notice and delivery to the City's Remarketing Agent, J.P. Morgan Securities, LLC. The Remarketing Agent is required to use its best efforts to sell the repurchased bonds at a price equal to 100% of the principal amount by adjusting the interest rate. The City agreed to pay to the Remarketing Agent a fee computed as .065% per annum of the average daily outstanding principal amount of the COPs during any quarter, payable in quarterly installments in arrears, based on a year of 365 or 366 days, as applicable and actual days elapsed.

The COPs are secured by Standby Bond Purchase Agreement (SBPA) with JPMorgan Chase Bank, N.A. (JPMorgan). The liquidity facility expires on July 15, 2013. Under the SBPA, if the Bonds are not successfully remarketed or repaid according to their terms, or if the existing SBPA is not renewed or the City does not replace the SBPA or otherwise refinance the Bonds, JPMorgan is required to purchase the Bonds, and all COPs outstanding are due in fiscal year 2013-14. The City has agreed to pay or cause to be paid (as Additional Payments) to the JPMorgan an annual Commitment Fee for the SBPA 0.76% per annum on the daily amount of the Available Commitment.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

Accordingly, the Certificates of Participation are classified as long-term debt in the City's financial statements. The City did not draw on this liquidity facility during the year ended June 30, 2012, nor were there any amounts outstanding under this liquidity facility at June 30, 2012.

The Financing Authority has leased the Police Building back to the City of Glendale pursuant to a lease agreement dated July 1, 2000. The bond indebtedness is secured by a lease to the City and is payable from rentals received under terms of the lease agreement. The annual lease payments from the City of Glendale are to be at a rate sufficient to meet debt service requirements of the outstanding bond indebtedness on the leased premises. As of June 30, 2012 the weighted average interest rate was 0.189%.

THE CITY OF GLENDALE HOUSING AUTHORITY

Section 108 Loan (Series 2002-A)

Section 108 Loan of \$1,800 was used as part of the City's overall Edison School/Pacific Park Revitalization Project funding plan. The HUD administers the Section 108 Loan Guarantee program, and the program's purpose is to fill funding gaps on major community / economic development projects throughout the country. The Section 108 Loan Guarantee program was created as part of the original Housing and Community Development Act of 1974. Section 108 obligations are permanently financed through underwritten public offerings. This was the City's first time receiving a Section 108 loan. The City received \$1,791 in August 2002, after HUD's deduction of loan and underwriter fees of \$9. The term of the loan is ten years with an interest rate of 7.06% and the total interest is \$493. The City has pledged current and future CDBG funds as principal security for the loan. The principal amount is \$240 for fiscal year 2013. The Section 108 loan payment is budgeted as a CDBG project each year based on the payment schedule.

Section 108 Loan (Series 2011-A)

Section 108 Loan of \$2,000 was used to acquire and rehabilitate an Emergency Shelter and Homeless Access Center at 1948 Gardena Avenue, Glendale for the S.H. Ho Hope and Compassion Center, a non-profit organization. HUD administers the Section 108 Loan Guarantee program, and the program's purpose is to fill funding gaps on major community / economic development projects throughout the country. The Section 108 Loan Guarantee program was created as part of the original Housing and Community Development Act of 1974. Section 108 obligations are permanently financed through underwritten public offerings. This was the City's second time receiving a Section 108 loan. The City received the loan in November 2011. The term of the loan is ten years with an interest rate of 2.56% and the total interest is \$210. The City has pledged current and future CDBG funds as principal security for the loan. The principal amounts range from \$161 to \$242 for fiscal year 2013 to 2022. The Section 108 loan payment is budgeted as a CDBG project each year based on the payment schedule.

Residential Development Loan Program (RDLP) Loan

The loan in the amount of \$5,000 was approved by the California Housing Finance Authority to the Housing Authority of the City of Glendale, from proceeds of the Housing and Emergency Shelter Trust Fund of 2006 (Proposition 1C Housing Bond.) on November 5, 2008. The loan has a 5 year 9 month term (as amended) with a 3% simple annual interest rate. The Housing Authority drew \$4,809 in August 2009, and returned \$253 unused funds in March 2010, of which \$165 was applied to principal repayment, and \$88 was applied to interest. The purpose of the loan is to provide land acquisition financing for a portion of the Doran Gardens project. The Loan Agreement states that it is an unsecured loan, and repayment is a general obligation of the Housing Authority. The RDLP loan principal and interest will be repaid upon the sale of the affordable units for the Doran Gardens project or fiscal year 2015.

CAPITAL IMPROVEMENT PROJECTS

Landfill Closure and Post-closure Care Costs

Pursuant to Assembly Bill 2448 and the regulations established by the California Integrated Waste Management Board (Board), landfill operators are required to submit an initial cost estimate of closure and post-closure maintenance and to

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

establish a financial mechanism to demonstrate the availability of funding to conduct closure and post-closure maintenance activities. The City selected a trust fund as the financial mechanism and the Board approved this. The City Treasurer was designated as the trustee to ensure that the City set aside annual required deposits. The City subcontracts with Los Angeles County Sanitation District to operate Scholl Canyon and as part of this contract, the County is responsible for the closure cost of Scholl Canyon. The City is responsible for the post-closure maintenance cost of Scholl Canyon. According to Los Angeles County Sanitation District's records, the permitted capacity filled between August 18, 1989 and July 11, 2011 was 9.74 million tons. The permitted capacity filled between July 11, 2011 and July 11, 2012 was 0.23 million tons. The total permitted capacity as of August 18, 1989 remains 14.75 million tons. Therefore, the City has 4.78 million tons unfilled capacity remaining. Based on an estimated average annual filled capacity of 460 tons, the Scholl Canyon Landfill has a remaining life of approximately 9 years. Using an inflation factor from the U.S. Department of Commerce, Bureau of Economic Analysis of 1.021, the revised post-closure cost was \$56,412. This amount includes \$98 that was amended in June 29, 2012 for the newly required water release correction action cost estimate. Using the data above, the amount of \$38,131 is recognized as a long-term liability on the Statement of Net Assets. Accordingly, the portion of the estimated total obligation for landfill closure and post closure costs that has not been recognized in the financial statements is \$18,281. The City records the annual provision for the required landfill deposits as designated cash in the Landfill Postclosure Fund. At the end of June 30, 2012 the City has set aside \$22,100 of this in the Landfill Postclosure Fund. The total current cost of landfill closure and post-closure care is an estimate subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

Capital Leases

The City entered into a Master Lease Agreement with SunTrust Leasing Corporation to provide funds for acquisition of fire equipment, which includes two 2004 Pierce Quantum Tiller Trucks, four Pierce Quantum Pumper Trucks with CAFS Foam System, four fabrication and installation of equipment brackets to Pierce Pumper Trucks, two fabrication and installation of equipment brackets into Pierce Ladder Trucks, one Brush Patrol Truck 2005 GMC Sierra, and one Battalion Chief Command Vehicle 2005 GMC Yukon. The cost of the equipment funded was \$3,743 with an annual interest rate of 3.65%. The City will make lease payments each consisting of principal and interest for a term of ten years. The annual lease payment is \$453. Payments are due on April 20 annually. The balance of \$1,659 has been assigned by SunTrust Leasing Corporation to Bank of America Public Capital Corp. As of June 30, 2012 the outstanding balance of this lease was \$1,267.

In August 2006, the City approved the Master Lease Agreement with SunTrust Leasing Corporation for the purpose of financing the seismic upgrade of the Municipal Services Building (MSB) project. The lease amount is \$8,200 with an annual interest of 4.51%. The City will make lease payments each consisting of principal and interest for a term of seven years. The annual lease payment is \$1,392. Payments are due on September 28 annually. The balance of this lease has been assigned by SunTrust Leasing Corporation to Capital One Public Funding, LLC in fiscal year 2010. As of June 30, 2012, the balance of the lease was \$2,606.

In December 2008, the City entered into a Master Governmental Lease-Purchase Agreement (the "Master Lease") with Wells Fargo Equipment Finance, Inc. to provide funds for acquisition of fire apparatus, which include one new Pierce Heavy Duty Rescue System mounted on a new 2009 International 7400 Chassis together with all attachments and accessories and four new Pierce 2000 GPM Quantum Triple Combination Pumper Truck Systems mounted on new 2008 Quantum Chassis together with all attachments and accessories. The total cost of the equipment funded was \$2,299 with an annual interest rate of 4.04%. The City will make lease payments each year consisting of principal and interest for a term of ten years commencing in fiscal year 2008-09. The annual lease payment is \$273. Payments are due on December 15 annually. As of June 30, 2012, the balance of this lease was \$1,429.

ENTERPRISE FUNDS

Electric Revenue Bonds, 2003 Series

The Electric utility of Glendale Water & Power issued \$31,640 in revenue bonds in February 2003 to finance the costs of acquisition, construction and installation of a nominally rated 49 megawatts gas-fired simple cycle combustion turbine for the Electric System of the City.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

The terms of the 2003 Electric Revenue Bonds' (2003 Bonds) indenture require the trustee to establish and maintain a reserve equal to the Reserve Fund Requirement. The Reserve Fund Requirement is defined by the Debt Indentures as the maximum annual debt service on the debt service schedule. Up to 50% of the Reserve Fund Requirement amount may be held in an unrestricted fund or account. The reserve requirement of the bond issue is satisfied by a cash reserve fund with a minimum funding requirement of \$1,070.

The bonds mature in regularly increasing amounts ranging from \$795 to \$1,865 annually from 2013 to 2032. The 2003 bonds maturing on or prior to February 1, 2013 are not subject to redemption prior to maturity. The 2003 bonds maturing on and after February 1, 2014 are subject to redemption prior to maturity, at the option of the City, as a whole or in part, on February 1, 2013, or on any date thereafter, at a redemption price equal to 100% of the principal amount of the 2003 Bonds to be redeemed, together with accrued interest to the redemption date.

Electric Revenue Bonds, 2006 Refunding Series

The Electric utility of Glendale Water & Power issued \$38,830 in revenue bonds in April 2006 to provide moneys for the refunding of all of the City's outstanding Electric Revenue Bonds, 2000 Series. The bond proceeds were deposited in an escrow account and will be used to refund the Electric Revenue Bonds, 2000 Series through a legal defeasance. The advance refunding of Electric Revenue Bonds, 2000 Series resulted in a difference between the reacquisition price of refunding bonds and the net carrying amount of the refunded bonds. Deferred loss on refunding as of June 30, 2012 for \$1,425 is recognized and reported in the financial statements as a contra account to bonds payable and is being amortized through February 1, 2030. At June 30, 2009, \$37,000 of the 2000 series bonds outstanding is considered defeased. Liabilities for defeased bonds are not included in the City's financial statements.

The terms of the Electric Revenue Bonds, 2006 Refunding Series' (2006 Refunding Bonds) indenture require the trustee to establish and maintain a reserve fund equal to the Reserve Fund Requirement. The Reserve Fund Requirement is defined by the Debt Indentures as the maximum annual debt service on the debt service schedule. Up to 50% of the Reserve Fund Requirement amount may be held in an unrestricted fund or account. The reserve requirement of the bond issue is satisfied by a cash reserve fund with a minimum funding requirement of \$1,327.

The bonds mature in regularly increasing amounts ranging from \$1,225 to \$2,570 annually from 2013 to 2030. The 2006 Refunding Bonds maturing on or prior to February 1, 2016 are not subject to redemption prior to maturity. The 2006 Refunding Bonds maturing on and after February 1, 2017 are subject to redemption prior to maturity, at the option of the City, as a whole or in part, on February 1, 2016, or on any date thereafter, at a redemption price equal to 100% of the principal amount of the 2006 Refunding Bonds to be redeemed, together with accrued interest to the redemption date.

Electric Revenue Bonds, 2008 Series

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

The terms of the 2008 Electric Revenue Bonds' (2008 Bonds) indenture require the trustee to establish and maintain a reserve fund equal to the Reserve Fund Requirement. The Reserve Fund Requirement is defined by the Debt Indentures as the maximum annual debt service on the debt service schedule. Up to 50% of the Reserve Fund Requirement amount may be held in an unrestricted fund or account. The reserve requirement of the bond issue is satisfied by a cash reserve fund with a minimum funding requirement of \$2,241.

The bonds mature in regularly increasing amounts ranging from \$1,880 to \$4,195 annually from 2018 to 2038. The 2008 Bonds maturing on or prior to February 1, 2018 are not subject to redemption prior to maturity. The 2008 bonds maturing on and after February 1, 2019 are subject to redemption prior to maturity, at the option of the City, as a whole or in part, on February 1, 2018, or on any date thereafter, at a redemption price equal to 100% of the principal amount of the 2008 Bonds to be redeemed, together with accrued interest to the redemption date.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

Water Revenue Bonds, 2008 Series

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

The terms of the 2008 Water Revenue Bonds' (2008 Bonds) indenture require the trustee to establish and maintain a reserve fund equal to the Reserve Fund Requirement. The Reserve Fund Requirement is defined by the Debt Indentures as the maximum annual debt service on the debt service schedule. The reserve requirement of the bond issue is satisfied by a cash reserve fund with a minimum funding requirement of \$3,485.

The bonds mature in regularly increasing amounts ranging from \$1,175 to \$3,060 annually from 2013 to 2038. The 2008 Bonds maturing on or prior to February 1, 2018 are not subject to redemption prior to maturity. The 2008 bonds maturing on and after February 1, 2019 are subject to redemption prior to maturity, at the option of the City, as a whole or in part, on February 1, 2018, or on any date thereafter, at a redemption price equal to 100% of the principal amount of the 2008 Bonds to be redeemed, together with accrued interest to the redemption date.

FIDUCIARY FUND

Tax Allocation Bonds, 2002 Series

The former Glendale Redevelopment Agency, now Glendale Successor Agency (GSA) issued \$48,015 in tax allocation bonds with an average rate of 4.5% to fund economic development activities of the Agency primarily relating to the Town Center development, to fund a reserve account for the Bonds, and to pay the expense of the Agency in connection with the issuance of the Bonds. The 2002 Bonds mature in regularly increasing principal amounts ranging from \$2,400 to \$3,655 from 2013 to 2022. The 80% of all incremental property tax revenues allocated to and received by the Agency for the Central Project Area net of county share of statutory tax sharing and county administration charge, has been pledged to the payment of principal, interest, premium and discounts (if any) on these bonds. The bonds maturing on or before December 1, 2012, are not subject to redemption prior to their respective maturities. The bonds maturing on or after December 1, 2013, are subject to redemption at the option of the Agency on any interest payment date at a price ranging from 101% to 100% of the principal value. As of June 30, 2012, the principal balance of this issue is \$29,580.

Tax Allocation Bonds, 2003 Refunding Series

GSA issued \$58,880 in 2003 tax allocation refunding bonds with an average rate of 4.18% to pay Agency's outstanding Central Glendale Redevelopment Project 1993 Tax Allocation Bonds (the "Prior Bonds") with an average interest rate of 5.5%, and to pay the cost of issuance of the 2003 Bonds. The 2003 Bonds mature in regularly increasing principal amounts ranging from \$3,200 to \$4,520 from 2013 to 2022. The 80% of all incremental property tax revenues allocated to and received by the Agency for the Central Project Area net of county share of statutory tax sharing and county administration charge and on a parity with the Agency's previously issued 2002 tax allocation bonds, has been pledged to the payment of principal, interest, premium and discounts (if any) on these bonds. The bonds maturing on or before December 1, 2013, are not subject to redemption prior to their respective maturities. The bonds maturing on or after December 1, 2014 are subject to redemption prior to maturity at the option of the Agency and by lot within a maturity, from any source of available funds at a redemption price equal to the principal amount of bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium. As of June 30, 2012, the principal balance of this issue is \$36,352 (net of deferred credits).

Tax Allocation Bonds, 2010 Series

GSA issued \$26,970 in 2010 tax allocation bonds with an average rate of 5% for 15 years to fund economic development activities of the Agency primarily relating to the Adult Recreation Center Improvement; Glendale Central Library Renovation and Columbus Soccer Field Project, to fund a reserve account for the Bonds, and to pay the expense of the Agency in connection with the issuance of the Bonds. The Bonds mature in amounts ranging from \$150 to \$8,510 from 2014 to 2025. The incremental property tax revenues allocated to and received by the Agency for the Central Project Area

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

on a parity with the Agency's previously issued 2002 tax allocation bonds and 2003 tax allocation refunding bonds, net of county share of statutory tax sharing and county administration charge, pledged to the payment of principal, interest and discounts on these bonds. As of June 30, 2012, the principal balance of this issue is \$26,970.

Subordinate Taxable Tax Allocation Bonds, 2011 Series

GSA issued \$50,000 in 2011 subordinate taxable tax allocation bonds with an average rate of 6.75% for 14 years. The Bonds were issued to finance redevelopment projects and low and moderate income housing activities; to fund the Reserve Requirement for the Bonds; and to provide for the costs of issuing the Bonds. The bonds mature in amounts ranging from \$1,730 to \$7,210 from 2013 to 2025. For the security of the Non-Housing portion of the Bonds, the Agency grants a first pledge of and lien on all of the Subordinate Tax Revenues consisting of Non-Housing Tax Revenues on a parity with the pledge and lien which secures any Parity Debt. For the security of the Housing portion of the Bonds, the Agency grants a first pledge of and lien on all of the Subordinate Tax Revenues consisting of Housing Tax Revenues, on a parity with the pledge and lien which secures any Parity Debt. Subordinate Tax Revenues are pledged to the payment of principal, interest and discounts on the Bonds pursuant to the Indenture until the Bonds are paid, or until moneys are set-aside irrevocably for that purpose. As of June 30, 2012, the principal balance of this issue is \$50,000.

Low & Mod Loans Payable

The Low and Moderate Housing of the former Glendale Redevelopment Agency, now Glendale Housing Successor Agency obtained a \$14,000 loan from Union Bank of California in February 2009 to fund the development of affordable rental and owner housing projects. The Housing Authority received \$13,920 in February 2009, net of cost of issuance of \$80. The term of the loan is five years, and the interest rate is 3.35%. The total interest is \$1,281. The loan is secured by the 20% of incremental property taxes (Redevelopment Set-aside funds) received by the Housing Authority from Glendale Redevelopment Project areas.

The debt service maturity schedule below is assuming that the City will renew or replace the Standby Bond Purchase Agreement (SBPA) for the Police Building Project COP's throughout the term of the bonds that currently expires on July 15, 2013. If the City is not able to either renew or extend the SBPA when it expires on July, 15, 2013 then the entire amount of the outstanding Police Building Project COP's of \$48,900 would be due and payable for the fiscal year ending June 30, 2014 resulting in total governmental and business type principal debt service payments of \$62,241 for the fiscal year ending June 30, 2014.

| Fiscal Year | Police Building Project (COPs) Governmental | | Capital Lease Governmental | | Section 108 (2002 Series) Governmental | |
|-------------|--|-----------|-------------------------------|-----------|---|-----------|
| | Interest | Principal | Interest | Principal | Interest | Principal |
| 2013 | \$ 96 | 1,800 | 222 | 1,897 | 6 | 240 |
| 2014 | 93 | 1,900 | 140 | 1,978 | - | - |
| 2015 | 89 | 2,000 | 56 | 671 | - | - |
| 2016 | 86 | 2,000 | 31 | 242 | - | - |
| 2017 | 82 | 2,200 | 21 | 252 | - | - |
| 2018-2022 | 342 | 12,600 | 11 | 262 | - | - |
| 2023-2027 | 210 | 16,200 | - | - | - | - |
| 2028-2032 | 46 | 12,000 | - | - | - | - |
| | \$ 1,044 | 50,700 | 481 | 5,302 | 6 | 240 |

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

| Fiscal Year | Section 108 (2011 Series) Governmental | | RDLP Loan Governmental | | Revenue Bonds Business-Type | |
|-------------|---|-----------|---------------------------|-----------|--------------------------------|-----------|
| | Interest | Principal | Interest | Principal | Interest | Principal |
| 2013 | \$ 30 | 161 | 139 | - | 7,708 | 3,287 |
| 2014 | 29 | 170 | 139 | - | 7,568 | 3,393 |
| 2015 | 28 | 178 | 14 | 4,643 | 7,422 | 3,481 |
| 2016 | 27 | 186 | - | - | 7,290 | 3,588 |
| 2017 | 24 | 194 | - | - | 7,156 | 3,723 |
| 2018-2022 | 66 | 1,111 | - | - | 32,331 | 31,221 |
| 2023-2027 | - | - | - | - | 24,935 | 38,334 |
| 2028-2032 | - | - | - | - | 15,745 | 42,343 |
| 2033-2037 | - | - | - | - | 8,401 | 32,592 |
| 2038-2041 | - | - | - | - | 914 | 7,336 |
| \$ | 204 | 2,000 | 292 | 4,643 | 119,470 | 169,298 |

| Fiscal Year | Total Governmental | | Total Business Type | | Total Debt Service |
|-------------|-----------------------|-----------|------------------------|-----------|-----------------------|
| | Interest | Principal | Interest | Principal | |
| 2013 | \$ 493 | 4,098 | 7,708 | 3,287 | 15,586 |
| 2014 | 401 | 4,048 | 7,568 | 3,393 | 15,410 |
| 2015 | 187 | 2,849 | 7,422 | 3,481 | 13,939 |
| 2016 | 144 | 7,071 | 7,290 | 3,588 | 18,093 |
| 2017 | 127 | 2,646 | 7,156 | 3,723 | 13,652 |
| 2018-2022 | 419 | 13,973 | 32,331 | 31,221 | 77,944 |
| 2023-2027 | 210 | 16,200 | 24,935 | 38,334 | 79,679 |
| 2028-2032 | 46 | 12,000 | 15,745 | 42,343 | 70,134 |
| 2033-2037 | - | - | 8,401 | 32,592 | 40,993 |
| 2038-2041 | - | - | 914 | 7,336 | 8,250 |
| \$ | 2,027 | 62,885 | 119,470 | 169,298 | 353,680 |

| Fiscal Year | GSA Tax Allocation Bonds Fiduciary | | Low & Mod Loans Payable Fiduciary | |
|-------------|---------------------------------------|-----------|--------------------------------------|-----------|
| | Interest | Principal | Interest | Principal |
| 2013 | \$ 8,091 | 7,212 | 139 | 2,917 |
| 2014 | 7,760 | 7,677 | 39 | 2,254 |
| 2015 | 7,415 | 8,032 | - | - |
| 2016 | 7,027 | 9,012 | - | - |
| 2017 | 6,578 | 9,447 | - | - |
| 2018-2022 | 23,824 | 57,961 | - | - |
| 2023-2027 | 5,926 | 43,730 | - | - |
| \$ | 66,621 | 143,071 | 178 | 5,171 |

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

| Fiscal Year | Total Fiduciary | | Total Debt Service |
|-------------|--------------------|----------------|-----------------------|
| | Interest | Principal | |
| 2013 | \$ 8,230 | 10,129 | 18,359 |
| 2014 | 7,799 | 9,931 | 17,730 |
| 2015 | 7,415 | 8,032 | 15,447 |
| 2016 | 7,027 | 9,012 | 16,039 |
| 2017 | 6,578 | 9,447 | 16,025 |
| 2018-2022 | 23,824 | 57,961 | 81,785 |
| 2023-2027 | 5,926 | 43,730 | 49,656 |
| | <u>\$ 66,799</u> | <u>148,242</u> | <u>215,041</u> |

CONDUIT DEBT OBLIGATIONS

Certain bonds that the City issued are in the public interest and necessity of its citizens. These bonds are not a debt or liability of the City. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal or interest on the bonds. Such bonds are authorized under sections 3, 5 and 7 of Articles XI of the Constitution of the State of California and Section 1 of Article III of the Charter as well as the Refunding Act of 1984 for 1915 Improvement Act Bonds. The following is a list of such bonds:

| Description of bonds | Interest Rates | Original issue | Outstanding at June 30, 2012 |
|---|-------------------|-------------------|---------------------------------|
| City of Glendale Insured Hospital Revenue Bonds Verdugo Hills Hospital, 1994 Series | 6.375% - 8% | \$ 27,140 | \$ 5,000 |
| City of Glendale Mountain Road Assessment District Limited Obligation Refunding Bonds, Series 2003 | 2% - 4.5% | 8,850 | 2,214 |

E. Restricted Net Assets

The City has restricted its ordinarily available net assets for certain commitments and contingencies. The City Charter requires \$21,156 in restricted net assets to be set aside to meet the legal demands against the treasury during the beginning of new budget period prior to the receipt of ad valorem taxes. Pursuant to redevelopment laws of the State of California, \$18,963 is restricted for low and moderate housing.

The Electric Fund's restricted net assets \$5,669 was for excess capital surcharge revenue to retrofit the City's Grayson Power Plant as mandated by the South Coast Air Quality Management District. The Reserve Fund Requirements for both Electric & Water Revenue bonds are deposited with the Trustee. This is in compliance with the terms of the Indenture of Trust.

F. Net Deficits of Individual Funds

As of June 30, 2012, the following funds have negative fund balances or net assets:

Special Revenue Funds:

| | |
|------------------------------|-------|
| Emergency Shelter Grant Fund | \$ 19 |
| PW Special Grants Fund | 511 |
| Fire Grant Fund | 5,096 |
| Fire Paramedic Fund | 3,862 |

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

Internal Service Funds:

| | |
|-----------------------------|--------|
| Compensation Insurance Fund | 17,702 |
| Employee Benefit Fund | 6,273 |
| RHSP Benefits Fund | 4,415 |

Emergency Shelter Grant Fund – This is a reimbursement type of grant. For one of the projects, Winter Shelter grant, HUD has given permission to incur expenses, but has not released funding in the drawdown system. Accordingly, no reimbursement can be requested yet.

Public Works Special Grant Fund – This is a reimbursement type of grant. These revenues are always drawn down based on the expenditures. As such, there will always be a timing difference between revenue and expenditures resulting in a deficit, as the revenue does not represent available resources.

Fire Grant Fund – This is a reimbursement type of grant. These revenues are always drawn down based on the expenditures. As such, there will always be a timing difference between available revenue and expenditures resulting in a deficit.

Fire Paramedic Fund – The City is considering General Fund support to reduce the net deficit in the Fire Paramedic Fund in subsequent fiscal years. Additionally, a new service delivery has been implemented to reduce costs as well as the deficit.

Internal Service Funds – The City has increased the premiums charged to the funds in fiscal year 2011-12 and will continue to increase the premiums each fiscal year to eliminate the deficit.

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City retains risks for the following types of liabilities: workers' compensation insurance, unemployment insurance, post employment benefits, general auto, dental, medical and vision as well as public liability through separate Internal Service Funds. The City purchased several commercial insurance policies from third-party insurance companies for errors and omissions of its officers and employees, and destruction of assets as well as excess workers' compensation and general public liability claims. The City also purchases property, aviation and employee dishonesty insurance. There were no significant settlements or reductions in insurance coverage from settlements for the past three years. The insurance schedule for fiscal year 2012-13 is as follows:

| Insurance Type | Program Limits | Deductible /SIR (self insured retention) |
|---|----------------|--|
| Excess Liability Insurance | \$20,000 | \$2,000 SIR per occurrence |
| D &O Employment Practices | \$2,000 | \$250 SIR non-safety; \$500 SIR safety |
| Excess Workers' Comp Employer's Liability Insurance | Statutory | \$2,000 SIR per occurrence |
| Property Insurance (GWP) | \$250,000 | Various deductibles up to \$250 |
| Property Insurance (Non-GWP) | \$400,000 | \$25 deductible all locations |
| Aviation Insurance (Police Helicopter) | \$50,000 | Various deductibles |
| Employee Dishonesty – Crime Policy | \$1,000 | \$10 |

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

Claims payable liability has been established in these funds based on estimates of incurred but not reported and litigated claims. Management believes that provisions for claims at June 30, 2012 are adequate to cover the cost of claims incurred to

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

date. However, such liabilities are, by necessity, based upon estimates and there can be no assurance that the ultimate cost will not exceed such estimates. A reconciliation of the changes in the aggregate liabilities for claims for the current fiscal and the prior fiscal year are as follows:

| Fiscal Year | Beginning Balance | Claims and Changes | Claim Payments | Ending Balance |
|-------------|----------------------|-----------------------|-------------------|-------------------|
| 2010-11 | \$40,776 | \$48,863 | \$42,745 | \$46,894 |
| 2011-12 | \$46,894 | \$36,258 | \$36,410 | \$46,742 |

B. Contingent Liabilities and Commitments**Power Purchase Agreements**

The City first participated in Boulder Canyon Project for electric service from the Hoover Power Plant in 1937 for a term of 50-year, expired on May 31, 1987. The plant was operated by Southern California Edison and Los Angeles Department of Water and Power under the supervision of the Bureau of Reclamation during the contract term. Before the expiration of the contract, Hoover Power Plant Act of 1984 authorized the uprating of the 17 main generating units and provided long-term contingent capacity and firm energy to the participants in a renewal contract. The uprating program replaced all 17 original turbines in the Hoover Dam Power Plant began in 1986. When the program was finished in 1993, it increased the capacity of the plant from 1,344 megawatts to 2,079 megawatts.

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

The City's electric operation was committed to purchase all available landfill gas generated by Scholl Canyon LFG Limited Partnership at a price based on various natural gas indices. The term of this commitment was for a period of twenty years from July 1994 to July 2014. The contract was bought out in January 2010 by the City of Glendale and the entire landfill gas delivery facility is currently being operated by the City.

The City's electric operation executed two power sale and exchange agreements in 1988. The first agreement is with Bonneville Power Administration (BPA). The twenty year agreement with BPA expired in April 2008. The second agreement is a twenty-five year power sale and exchange agreement with Portland General Electric Company (PGE). The sale portion calls for the City to receive 20 megawatts of capacity and associated energy over the Pacific Northwest Intertie at its discretion. In exchange, the City may call up to 30 megawatts during the summer months (June through September) and PGE may call for the same amount in winter months (November through February). Energy cannot exceed 1,800 megawatts per week. The twenty-five year agreement with PGE will expire in September 2012.

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

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

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

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

In November 2007, City Council approved a purchase power agreement with SCPPA for the purchase of 20 megawatts of renewable energy from Pebble Springs Wind Generation Facility for a term of 18-years.

C. Jointly Governed Organizations

Joint Power Agreement between the City and the Glendale Community College

The City and the Glendale Community College (College) have agreed to establish a multi-faceted parking program to facilitate on street parking for the City residents living near the College campus and to meet the parking needs of the College. In order to implement the parking program, the City and the College have entered into a Joint Power Agreement (JPA) and issued \$4,000 in bonds - Glendale Parking Facilities Joint Powers Authority Parking Revenue Bonds, 2003 Refunding Series A (Bonds). The Bonds do not constitute a debt or liability of the JPA nor is the JPA liable for the payment of the principal or interest on the Bonds. The College will provide fiscal management for this JPA. The amount of revenues available to pay debt service on the Bonds will be derived from two sources. The first source is the student-parking permit. The second source is the metered revenue from the City owned parking lots. In return for the loss of the metered revenue, the City shall receive reimbursement annually of \$100. In addition, the City shall receive annual reimbursement of at least \$25 for lot and meter maintenance. Furthermore, any remaining balance of the revenue, after debt service and JPA operational costs, shall be divided equally between the City and the College.

The City is obligated: (i) to establish and collect parking meter revenues at the City Parking Lots, (ii) to strictly enforce metered parking at the City Parking Lots through the use of citations and the collection of fines, (iii) to operate and maintain at its expense the City-owned parking facilities, (iv) to make funds available to JPA to allow for the repair and replacement of the City Parking Lots in the event of damage or destruction or, in the alternative, to redeem Bonds, and (v) to implement and enforce the expanded residential permit parking area program in and around the College campus and in the event the Civic Auditorium parking facilities are constructed, to allow the College students with student parking program permits to use such facilities during the periods that the Civic Auditorium functions are not in progress.

Joint Power Agreement for San Fernando Council of Governments

The City, County of Los Angeles, City of Los Angeles, Burbank and Santa Clarita have agreed to create the San Fernando Council of Governments (SFVCOG) through a Joint Power Agreement. The cities of San Fernando, Calabasas, and Hidden Hills may join at a later time. The SFVCOG would act as a planning sub-region for the Southern California Association of Governments (SCAG) and promote better regional coordination of planning and transportation planning efforts in San Fernando Valley. The SFVCOG would also be engaged in local, regional, state, and federal grant development and programming for the region.

The SFVCOG will have representatives from each member agency. The City of Los Angeles will have one representative for each Council district located entirely or partially in the Valley (7 representatives) while the County will have one representative for each supervisorial district entirely or partially in the Valley (2 representatives). Every other city will have one representative to the SFVCOG. The SFVCOG JPA requires unanimous vote to take any action; thus, no member agency's vote or input will be diluted or weighted negatively. The representative for the City must be a Council member. Council must also appoint at least one alternate representative to the Board. The alternate representative(s) must be either Council member or full-time staff members of the City. Neither the representative nor alternate representative(s) receive compensation. The JPA allows each member agency to set the term of its representative and alternate representative(s) to the Board. The initial annual dues for SFVCOG are \$10. After the first year, dues and other financial contributions will be set by the Board and would require a unanimous vote of the Board. They are not expected to significantly increase.

"Take or Pay" Contracts

The City has entered into twelve "Take or Pay" contracts, which require payments to be made whether or not projects are completed or operable, or whether output from such projects is suspended, interrupted or terminated. Such payments represent the City's share of current and long-term obligations. Payment for these obligations is expected to be made from operating revenues received during the year that payment is due. These contracts provide for current and future

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

electric generating capacity and transmission of energy for City residents. Through these contracts, the City purchased approximately 54% of its total energy requirements during fiscal year 2011-2012. This energy will displace some of the energy that was to have been supplied by the local generating plant. The City is obligated to pay the amortized cost of indebtedness regardless of the ability of the contracting agency to provide electricity. The original indebtedness will be amortized by adding the financing costs to purchase energy over the life of the contract. All of these agreements contain "step-up" provisions obligating the City to pay a share of the obligations of any defaulting participant.

- The Intermountain Power Project, a subdivision of the State of Utah, was formed in January 1974 to finance the construction of a 1,400 megawatt coal-fired generating plant, consisting of two generating units located near Delta, Utah. The project began uprating of the two generating units in early 2003. When the uprating was finished in March 2004, it increased the capacity of the plant from 1,400 megawatts to 1,800 megawatts. The City through contract is obligated for 30 megawatts or 1.70% of the generation. In addition, the City entered into an "Excess Power Sales Agreement" with Intermountain Consumer Power Association (ICPA), agent for the Utah Municipal Purchasers and the Cooperative Purchasers, which entitles the City to an additional share of 8 megawatts or 0.50% beginning March 24, 2004. The total City's obligation from Intermountain Power Project (IPP) is 38 megawatts.

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

- The first of the SCPPA projects is a 3,810 megawatt nuclear fuel generation plant in Arizona. The Palo Verde (PV) nuclear project consists of 3 units, each having an electric output of approximately 1,270 megawatts. SCPPA has purchased approximately 225 megawatts of capacity and associated energy (approximately 5.91% of total Palo Verde output), of which the City receives 9.9 megawatts or 4.40% of SCPPA's entitlement. As of June 30, 2012, Glendale's share is 4.40%.
- A second project financed through SCPPA is the Southern Transmission System (STS) that transmits power from the coal-fired IPP to Southern California. The 500 kV DC line is rated at 1,920 megawatts. The City's share of the line is 2.27% or approximately 44 megawatts. As of June 30, 2012, Glendale's share is 2.27%.
- A third project financed through SCPPA is the acquisition of 41.80% ownership interest in a coal-fired 497 megawatt unit in San Juan Generating Station, Unit 3, located in New Mexico. SCPPA members are entitled to 208 megawatts. The City is obligated for 20 megawatts or 9.80% of the SCPPA entitlement. As of June 30, 2012, Glendale's share is 9.80%.
- A fourth project financed through SCPPA is Mead-Adelanto Project (MA). The project consists of a 202-mile 500 kV AC transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada, and the development of the Marketplace Substation at the southern Nevada terminus approximately 17 miles southwest of Boulder City, Nevada. The initial transfer capability of the Mead-Adelanto Project is estimated at 1,200 megawatts. SCPPA members in the project are entitled to 815 megawatts. The City is obligated for 90 megawatts or 11.04% of the SCPPA entitlement. As of June 30, 2012, Glendale's share is 11.04%.
- A fifth project financed through SCPPA is Mead-Phoenix Project (MP). The project consists of a 256-mile long 500 kV AC transmission line from the Westwing Substation in the vicinity of Phoenix, Arizona to the Marketplace Substation approximately 17 miles southwest of Boulder City, Nevada with an interconnection to the Mead Substation in southern Nevada. The project consists of three separate components: the Westwing-Mead Component, the Mead Substation Component, and the Mead-Marketplace Component. The City's participation shares in the components range from 11.76% to 22.73%. The Mead-Phoenix Project in conjunction with the Mead-Adelanto Project provides an alternative path for the City's purchases from the Palo Verde Nuclear Generating Station, San Juan Generating Station and Hoover Power Plant. These transmission lines also provide access to the southwest U.S. where economical coal energy is readily available. As of June 30, 2012, Glendale's share is 14.80%.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

- A sixth project financed through SCPPA is the Magnolia Power Project (MPP) located on Burbank Water & Power's generation station complex adjacent to Magnolia Boulevard in Burbank, California. The project consists of a combined cycle natural gas-fired generating plant with a nominally rated net base capacity of 242 megawatts. The City is obligated for 40 megawatts or 16.53% of the project's output. As of June 30, 2012, Glendale's generation cost share is 16.53% and indenture cost share is 17.25%.
- A seventh project financed through SCPPA is Natural Gas Prepaid Project (NGPP). In August 2007, the City entered into a 30-year Prepaid Natural Gas Agreement with the SCPPA. The agreement will provide a secure and long-term supply of natural gas up to 5,000 MMBtu per day at a discounted price below spot market price. The delivery of natural gas started in July 2008. As of June 30, 2012, Glendale's share is 23.00%.
- An eighth project financed through SCPPA is the Linden Wind Energy Project (LIN) located in Klickitat County in the state of Washington. The facility is a 50 MW capacity wind farm. The 25 year purchase power agreement with SCPPA is for the purchase of 10.00% (approximately 5 MW) of the capacity of the project. The city has a three year agreement to sell its output entitlement share to Los Angeles Water and Power (LADWP) and LADWP is obligated to pay Glendale's share of the monthly costs for such output entitlement share under the power purchase agreement. As of June 30, 2012, Glendale's share is 10.00%.
- A ninth project financed through SCPPA is the Tieton Hydropower Project (THP) located near the town of Tieton in Yakima County, Washington. The Project has a maximum capacity of approximately 20 megawatts. The Project includes a 115 kV transmission line, approximately 22-miles long, connecting the generating station with PacificCorp's Tieton Substation. The City is obligated for approximately 6.8 megawatts or 50.00% of the project's output. As of June 30, 2012, Glendale's share is 50.00 %.
- A tenth project financed through SCPPA is Windy Point/Windy Flats project (WP) located in Klickitat County in the state of Washington. The Project has a maximum capacity of approximately 262.2 megawatts. The City Council approved a 20 year purchase power agreement with SCPPA for the purchase of approximately 20 megawatts or 7.63% of the renewable energy output from the Project. The city has a three year agreement to sell its output entitlement share to Los Angeles Water and Power (LADWP) and LADWP is obligated to pay Glendale's share of the monthly costs for such output entitlement share under the power purchase agreement. As of June 30, 2012, Glendale's share is 7.63 %.
- The eleventh project financed through SCPPA is the Milford II Wind Project (MIL2) located near Beaver and Millard Counties, Utah. The Project has a capacity of approximately 102 megawatts. The City Council approved a 20 year purchase power agreement with SCPPA for the purchase of approximately 5 megawatts or 4.90% of the Project's output. The city has a three year agreement to sell its output entitlement share to Los Angeles Water and Power (LADWP) and LADWP is obligated to pay Glendale's share of the monthly costs for such output entitlement share under the power purchase agreement. As of June 30, 2012, Glendale's share is 4.90%.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

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

| Project | Contract Expiration Date | Glendale's Share |
|--------------------------------------|--------------------------------|---------------------|
| Intermountain Power Project (IPP) | 2027 | 2.11% |
| Palo Verde Project (PV) | 2030 | 4.40% |
| Southern Transmission System (STS) | 2027 | 2.27% |
| San Juan Project (SJ) | 2030 | 9.80% |
| Mead-Adelanto Project (MA) | 2030 | 11.04% |
| Mead-Phoenix Project (MP) | 2030 | 14.80% |
| Magnolia Power Project (MPP) | 2036 | 17.25% |
| Natural Gas Prepaid Project (NGPP) | 2038 | 23.00% |
| Linden Wind Energy Project (LIN) | 2030 | 10.00% |
| Tieton Hydropower Project (THP) | 2029 | 50.00% |
| Windy Point/Windy Flats Project (WP) | 2030 | 7.63% |
| Milford II Wind Project (MIL2) | 2031 | 4.90% |

A summary of the City's "Take or Pay" contracts and related projects and its contingent liability at June 30, 2012 is as follows:

| Fiscal Year | IPP | PV | STS | SJ | MA | MP | MPP | NGPP | LIN | THP | WP | MIL2 | TOTAL |
|-------------|----------|-------|--------|--------|--------|-------|--------|---------|--------|--------|--------|--------|---------|
| 2013 | \$ 4,843 | 547 | 1,833 | 1,810 | 2,529 | 1,177 | 4,666 | 4,651 | 1,015 | 1,679 | 3,132 | 630 | 28,512 |
| 2014 | 5,082 | 551 | 1,837 | 3,098 | 2,550 | 1,015 | 3,716 | 4,561 | 1,016 | 1,680 | 3,131 | 631 | 28,868 |
| 2015 | 4,575 | 554 | 1,844 | 1,614 | 2,457 | 979 | 3,717 | 4,562 | 1,015 | 1,679 | 3,132 | 630 | 26,758 |
| 2016 | 5,073 | 556 | 1,811 | 1,612 | 2,373 | 951 | 3,717 | 4,561 | 1,016 | 1,679 | 3,132 | 631 | 27,112 |
| 2017 | 3,889 | 560 | 1,790 | 1,611 | 2,377 | 953 | 2,895 | 4,588 | 1,015 | 1,680 | 3,132 | 630 | 25,120 |
| 2018-2022 | 23,791 | - | 9,085 | 3,172 | 7,135 | 2,856 | 14,210 | 25,390 | 5,078 | 8,402 | 15,658 | 3,153 | 117,930 |
| 2023-2027 | 3,015 | - | 5,049 | - | - | - | 16,337 | 30,165 | 5,078 | 9,196 | 15,658 | 3,153 | 87,651 |
| 2028-2032 | - | - | - | - | - | - | 16,862 | 35,737 | 5,061 | 8,338 | 9,395 | 2,522 | 77,915 |
| 2033-2037 | - | - | - | - | - | - | 21,844 | 16,681 | 2,897 | 8,338 | - | - | 49,760 |
| 2038-2042 | - | - | - | - | - | - | - | - | - | 6,686 | - | - | 6,686 |
| 2043-2047 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | \$50,268 | 2,768 | 23,249 | 12,917 | 19,421 | 7,931 | 87,964 | 130,896 | 23,191 | 49,357 | 56,370 | 11,980 | 476,312 |

In addition to debt service, the City's entitlement requires the payment for fuel costs, operating and maintenance (O&M), administrative and general (A&G), and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service and vary each year. The costs incurred for fiscal year 2011-12 and budgets for fiscal year 2012-13 are as follows (in thousands):

| Fiscal Year | IPP | PV | STS | SJ | MA | MP | MPP | NGPP | LIN | THP | WP | MIL2 | TOTAL |
|-------------|----------|-------|-----|-------|-----|-----|-------|------|-------|-----|-------|------|--------|
| 2012 | \$ 5,954 | 3,260 | 529 | 7,166 | 189 | 172 | 3,508 | 19 | - | 32 | - | - | 20,829 |
| 2013 | \$ 7,677 | 2,060 | 538 | 9,002 | 277 | 177 | 4,600 | 23 | 1,206 | 876 | 3,236 | 616 | 30,288 |

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

D. Employee Retirement System and Plans

Plan Description

The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California.

All full time employees, which includes both safety (fire and police) and miscellaneous (general and management) employees, are required to participate in the single CalPERS plan, in which all related benefits vest after five years of service. Upon five years of service, employees who retire at age 50 or older are entitled to receive an annual retirement benefit. The benefit is payable monthly for life. For all employees hired under the 1st tier plan, the benefit is calculated as follows: years of credited service multiplied by their highest twelve consecutive months of salary multiplied by a percentage factor. Effective January 1, 2011 the City implemented a 2nd tier plan and for all new hired miscellaneous employees, the benefit is calculated as follows: years of credited service multiplied by their highest three average years multiplied by a percentage factor. The percentage factor is age-based. All public safety employees hired under the 1st tier plan use the 3% at age 50 factor and effective January 1, 2011 and January 1, 2012, the 2nd tier plan implemented for all new hired fire and police safety employees to use the 3% at age 55 factor respectively. All miscellaneous employees hired under the 1st tier plan use the 2.5% at age 55 factor, and effective January 1, 2011, the 2nd tier plan implemented all new hired miscellaneous employees to use the 2.0% at age 55 factor. The system also provides death and disability benefits. CalPERS issues a publicly available financial report that includes financial statements and required supplemental information of participating public entities within the State of California. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Funding Policy

CalPERS is a contributory plan deriving funds from employee and employer contributions as well as earnings from investments. The actuarial funding method used for the retirement program is the entry age normal cost method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry aged) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost.

The excess of the total actuarial accrued liability over the actuarial valued of plan assets is called the unfunded actuarial accrued liability. Funding requirements are determined by adding the normal cost and amortization of the unfunded liability as a level percentage of assumed future payrolls. All changes in the liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20 year period. All gains or losses are traced and amortized over a rolling 30 year period with the exception of special gains and losses in fiscal years 2008-09, 2009-10 and 2010-11. Each of these years gains or losses will be isolated and amortized over fixed and declining 30 year periods (as opposed to the current rolling 30 year amortization). If a plan's accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30 –year amortization of the unfunded liability.

The City's miscellaneous employees hired under the 1st tier plan are required to contribute 8.0% of their annual salary and effective January 1, 2011, the 2nd tier plan implemented all new hired miscellaneous employees are required to contribute 7.0% of their annual salary. All the City's safety employees are required to contribute 9.0% of their annual salary. The City is also required to contribute at an actuarially determined rate. The City's contribution rate for miscellaneous members effective July 1, 2011 was 15.66%. The City's contribution rate for safety members effective July 1, 2011 was 30.31%. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

In addition to the required rates that the employees contribute to the retirement plan they also contribute an additional rate to help fund part of the City's PERS cost in FY 2011-12. The cost sharing rates are based on the Memoranda of Understanding (MOU's) between the City and the five City Associations. The employee contribution rates by each employee association group for 2011-12 are as follows:

| Association | % of Employee Contributions |
|---|-----------------------------|
| International Brotherhood of Electrical Workers, IBEW | 0.5% |
| Glendale City Employee Association (GCEA) | 1.5% |
| Glendale Management Association (GMA) | 3.0% |
| Glendale Fire Fighter Association (GFFA) | 2.0% |
| Glendale Police Officers Association (GPOA) | 3.5% |

Annual Pension Cost

City's annual required contributions to CalPERS totaled \$30,570 during the fiscal year ended June 30, 2012 in accordance with actuarially determined contribution requirements through an actuarial valuation performed at June 30, 2009. The breakdown of the annual pension cost as of June 30, 2012 is as follow:

| Plan | Annual required contribution | Employer contribution | Employee contribution |
|---------------|------------------------------------|--------------------------|--------------------------|
| Miscellaneous | \$ 15,821 | 13,949 | 1,872 |
| Police | 8,523 | 7,551 | 972 |
| Fire | 6,226 | 5,814 | 412 |
| | <u>\$ 30,570</u> | <u>27,314</u> | <u>3,256</u> |

Actuarial Assumptions

The CalPERS' Board of Administration adopted updated actuarial assumptions to be used beginning with the June 30, 2009 valuation. Nearly all of the demographic assumptions have changed, including salary increase assumptions and rates for mortality, disability, termination and retirement. Of these, the change to the post retirement mortality assumption had the most significant impact on contribution rates. In addition, CalPERS board adopted changes to the asset smoothing method as well as changes to the Board policy on the amortization of gains and losses in order to phase in over a three year period the impact of the -24% investment loss experienced by CalPERS in fiscal year 2008-09.

The actuarial calculation is based on two categories: Economic and Demographic.

1. Economic Assumptions:

- Investment Return is 7.75%
- Salary Growth vary by category (miscellaneous or safety), entry age and duration of service ranging from 3.30% to 14.20%
- Overall payroll growth compounded at 3.25% annually
- Inflation compounded at 3%
- Non-valued potential additional liabilities – the potential liability loss for a cost of living increase exceeding the 2.75% inflation assumption, and any potential liability loss from future member service purchases are not reflected in the valuation
- Miscellaneous loading factors such as credit for unused sick which increased the benefit by 1%

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

2. Demographic Assumptions:
 - a) Pre-retirement mortality
 - b) Post retirement mortality
 - c) Marital status
 - d) Age of spouse
 - e) Terminated members
 - f) Service retirement

Asset Valuation Method

The actuarial value of the City's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period depending on the size of investment gains and/or losses. CalPERS uses the entry age normal actuarial cost method, which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. In addition, the employer's total normal cost is expressed as a level percentage of payroll. CalPERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20 year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization.

Annual Pension Cost

| Fiscal year ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-----------------------|------------------------------|-------------------------------------|---------------------------|
| 06/30/2012: | | | |
| Misc. | \$ 15,821 | 100% | 0 |
| Safety | 14,749 | 100% | 0 |
| Total | <u>\$ 30,570</u> | | |

Schedule of Pension Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability <AAL> – Entry Age (B) | (Over- funded AAL) / Unfunded AAL (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | (Overfunded AAL) / Unfunded AAL as a Percentage of Covered Payroll {(B-A)/C} |
|--------------------------------|--|--|--|--------------------------|-----------------------------|---|
| 06/30/2011: | | | | | | |
| Misc. | \$ 727,228 | 830,155 | 102,927 | 87.6% | \$ 103,355 | 99.59% |
| Safety | 472,794 | 596,914 | 124,120 | 79.2% | 49,932 | 248.58% |
| Total | <u>\$ 1,200,022</u> | <u>1,427,069</u> | <u>227,047</u> | <u>84.1%</u> | <u>\$ 153,287</u> | <u>148.12%</u> |

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

E. Inter-fund Transactions

The composition of interfund balances consists of due to/from other funds, transfers and advances to/from other funds.

Due to/from other funds are temporary cash overdrafts within a fund. Due to/from other funds for fiscal year 2011-12 consisted of the following:

| | | |
|-----------------------------|----|--------|
| Due to General fund from: | | |
| Nonmajor governmental funds | \$ | 13,264 |
| Due to Electric fund from: | | |
| Capital improvement fund | \$ | 1,331 |
| Due to Sewer fund from: | | |
| Water fund | \$ | 22,859 |

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

| | Amount | Purpose |
|--|------------------|---|
| Transfer to general fund from: | | |
| Electric fund | \$ 21,107 | Fund general fund operations |
| Capital improvement fund | 296 | Fund general fund operations |
| Nonmajor enterprise funds | 2,900 | Fund general fund operations |
| | <u>24,303</u> | |
| Transfers to nonmajor governmental funds from: | | |
| General fund | 1,600 | Fund fire paramedics operations |
| Capital improvement fund | 1,392 | Fund MSB Building lease payment |
| Glendale redevelopment agency fund | 7,474 | Fund housing projects to be administered by the housing authority |
| Glendale redevelopment agency fund | 2,690 | Fund debt service of the 2002 TABs |
| Nonmajor governmental funds | 28,453 | Close-out of the glendale redevelopment agency funds and reclassify transit activities by specific grants |
| | <u>41,609</u> | |
| Transfers to capital improvement fund from: | | |
| General fund | 1,540 | Fund capital improvement projects |
| Nonmajor governmental fund | 598 | Fund capital improvement projects |
| Internal service fund | 1,365 | Fund capital improvement projects |
| | <u>3,503</u> | |
| Transfers to internal service funds from: | | |
| General fund | 730 | Fund ISD infrastructure |
| Capital improvement fund | 90 | Fund ISD applications |
| Internal service fund | 600 | Fund ISD equipment replacement |
| | <u>1,420</u> | |
| Total Interfund Transfers | <u>\$ 70,835</u> | |

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

F. Successor Agency Trust For Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Glendale that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-01.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

CITY OF GLENDALE

Notes to the Financial Statements

Fiscal Year Ended June 30, 2012

(in thousands)

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

| | |
|---|------------------|
| Total extraordinary loss reported in governmental funds – increase to net assets of the Successor Agency Trust Fund | \$ 121,947 |
| Capital assets recorded in the government-wide financial statements – increase to net assets of the Successor Agency Trust Fund. | 49,301 |
| Long-term debt reported in the government-wide financial Statements – decrease to net assets of the Successor Agency Trust Fund | <u>(154,934)</u> |
| Net increase to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary loss reported in the government-wide financial statements of the City) | <u>\$ 16,314</u> |

G. Pronouncement Issued but Not yet Accepted

GASB issued pronouncements prior to June 30, 2012 that have an effective date that may impact future financial presentation. Management has not currently determined any impact on the implementation of the following statements may have on the financial statements of the City:

- Governmental Accounting Standards Board Statement No. 60 – *Accounting and Financial Reporting for Service Concession Arrangements*.
- Governmental Accounting Standards Board Statement No. 61 – *The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements NO. 14 and No. 34*.
- Governmental Accounting Standards Board Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- Governmental Accounting Standards Board Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Governmental Accounting Standards Board Statement No. 65 – *Items Previously Reported as Assets and Liabilities*.
- Governmental Accounting Standards Board Statement No. 66 – *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*.
- Governmental Accounting Standards Board Statement No. 68 – *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*.

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CITY OF GLENDALE

Required Supplementary Information

Fiscal Year Ended June 30, 2012

(in thousands)

(A) Employment Retirement Plan**Three year Trend Information**

| Fiscal year ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|--------------------|---------------------------|-------------------------------|------------------------|
| 06/30/2010: | | | |
| Misc. | \$ 11,829 | 100% | 0 |
| Safety | 12,023 | 100% | 0 |
| Total | <u>23,852</u> | | |
| 6/30/2011: | | | |
| Misc. | 11,922 | 100% | 0 |
| Safety | 12,916 | 100% | 0 |
| Total | <u>24,838</u> | | |
| 06/30/2012: | | | |
| Misc. | 15,821 | 100% | 0 |
| Safety | 14,749 | 100% | 0 |
| Total | <u>\$ 30,570</u> | | |

Schedule of Pension Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability <AAL> – Entry Age (B) | (Over-funded AAL) / Unfunded AAL (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | (Overfunded AAL) / Unfunded AAL as a Percentage of Covered Payroll {(B-A)/C} |
|--------------------------|-------------------------------|---|--|--------------------|---------------------|--|
| 06/30/2009: | | | | | | |
| Misc. | \$ 666,773 | 759,485 | 92,712 | 87.80% | \$ 104,075 | 89.10% |
| Safety | 430,823 | 533,851 | 103,028 | 80.70% | 48,703 | 211.50% |
| Total | <u>1,097,596</u> | <u>1,293,336</u> | <u>195,740</u> | <u>84.90%</u> | <u>152,778</u> | <u>128.10%</u> |
| 06/30/2010: | | | | | | |
| Misc. | 694,063 | 788,085 | 94,022 | 88.1% | 104,409 | 90.05% |
| Safety | 449,556 | 560,655 | 111,099 | 80.2% | 50,320 | 220.78% |
| Total | <u>1,143,619</u> | <u>1,348,740</u> | <u>205,121</u> | <u>84.8%</u> | <u>154,729</u> | <u>132.57%</u> |
| 06/30/2011: | | | | | | |
| Misc. | 727,228 | 830,155 | 102,927 | 87.6% | 103,355 | 99.59% |
| Safety | 472,794 | 596,914 | 124,120 | 79.2% | 49,932 | 248.58% |
| Total | <u>\$ 1,200,022</u> | <u>1,427,069</u> | <u>227,047</u> | <u>84.1%</u> | <u>\$ 153,287</u> | <u>148.12%</u> |

CITY OF GLENDALE

Required Supplementary Information

Fiscal Year Ended June 30, 2012

(in thousands)

(B) Postemployment Healthcare Plan**Schedule of Funding Progress**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded Actuarial Accrued Liability (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|--|--------------------------|---------------------------|--|
| 6/30/07 | \$0 | \$ 27,902 | \$ 27,902 | 0% | \$133,050 | 21% |
| 6/30/09 | 0 | 103,947 | 103,947 | 0% | 140,934 | 74% |
| 6/30/11 | 0 | 191,063 | 191,063 | 0% | 140,403 | 136% |

NONMAJOR GOVERNMENTAL FUNDS

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

- **Special Revenue Funds** are used to account for the proceeds of specific revenue resources or to finance specified activities as required by law or administrative regulation.
- **Debt Service Funds** are used to account for the accumulation and disbursement of financial resources that will be used to make principal and interest payments on general long-term debt of the City of Glendale.
- **Capital Project Funds** are used to account for financial resources used for the acquisition of major capital facilities other than those financed by Special Revenue and Proprietary Funds.

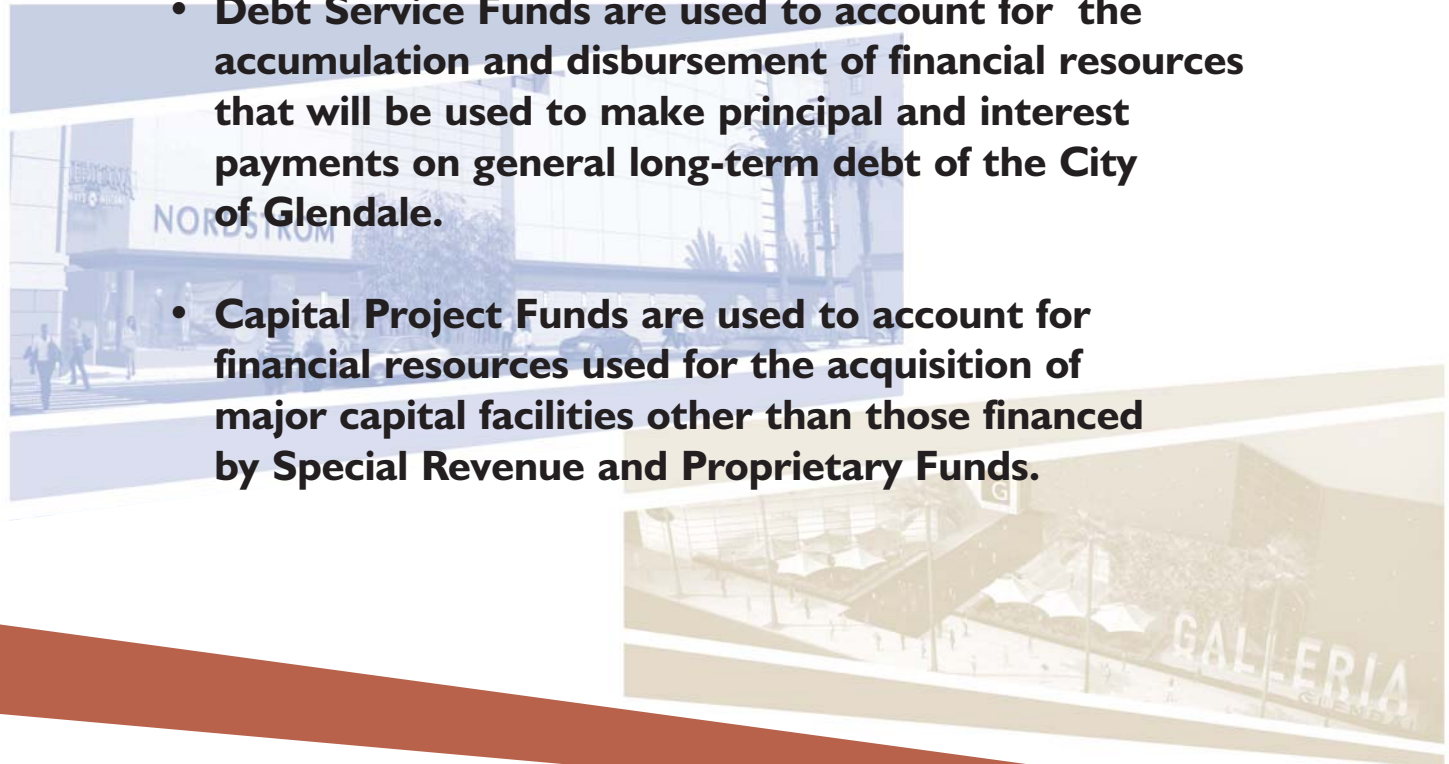


Exhibit G-1

CITY OF GLENDALE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2012 (in thousands)

| | Special Revenue Funds | Debt Service Funds | Capital Project Funds | Total Nonmajor Governmental Funds |
|--------------------------------------|--------------------------|-----------------------|--------------------------|---|
| Assets | | | | |
| Cash and invested cash | \$ 26,105 | 28,972 | 16,849 | 71,926 |
| Cash with fiscal agent | - | 5,008 | - | 5,008 |
| Designated & invested cash | - | - | 22,100 | 22,100 |
| Interest receivable | 356 | 115 | 64 | 535 |
| Accounts receivable, net | 11,958 | - | 566 | 12,524 |
| Prepaid items | 32 | - | - | 32 |
| Loans receivable | 4,959 | - | - | 4,959 |
| Property held for resale | 6,007 | - | - | 6,007 |
| Total assets | 49,417 | 34,095 | 39,579 | 123,091 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 1,918 | 8 | 556 | 2,482 |
| Due to other funds | 13,264 | - | - | 13,264 |
| Unearned revenues | 5,288 | - | - | 5,288 |
| Deposits | 201 | - | - | 201 |
| Total liabilities | 20,671 | 8 | 556 | 21,235 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid | 32 | - | - | 32 |
| Restricted For: | | | | |
| Federal and state grants | 1,612 | - | - | 1,612 |
| Private endowments | 1,400 | - | - | 1,400 |
| Public safety | 1,295 | - | - | 1,295 |
| Youth employment | 52 | - | - | 52 |
| Transportation | 12,927 | - | - | 12,927 |
| Landscaping district | 43 | - | - | 43 |
| Low and moderate housing | 18,963 | - | - | 18,963 |
| Air quality improvement | 214 | - | - | 214 |
| Cable access | 379 | - | - | 379 |
| Electric public benefit AB1890 | 186 | - | - | 186 |
| State gas tax mandates | - | - | 12,466 | 12,466 |
| Landfill postclosure | - | - | 22,100 | 22,100 |
| Committed to: | | | | |
| Debt service | - | 34,087 | - | 34,087 |
| Urban art | 984 | - | - | 984 |
| Public safety | 179 | - | - | 179 |
| Impact fee funded projected | - | - | 4,457 | 4,457 |
| Unassigned: | (9,520) | - | - | (9,520) |
| Total fund balances | 28,746 | 34,087 | 39,023 | 101,856 |
| Total liabilities and fund balances | \$ 49,417 | 34,095 | 39,579 | 123,091 |

Exhibit G-2

CITY OF GLENDALE

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

Nonmajor Governmental Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Special Revenue Funds | Debt Service Funds | Capital Project Funds | Total Nonmajor Governmental Funds |
|--|--------------------------|-----------------------|--------------------------|---|
| Revenues: | | | | |
| Property taxes | \$ 908 | 12,105 | - | 13,013 |
| Sales tax | 1,878 | - | - | 1,878 |
| Other taxes | 5,552 | - | - | 5,552 |
| Revenue from other agencies | 21,497 | - | 6,484 | 27,981 |
| Licenses and permits | 957 | - | 2,735 | 3,692 |
| Fines and forfeitures | 489 | - | - | 489 |
| Charges for services | 20,738 | - | - | 20,738 |
| Use of money and property | 253 | 441 | 291 | 985 |
| Miscellaneous revenue | 1,789 | - | - | 1,789 |
| Total revenues | 54,061 | 12,546 | 9,510 | 76,117 |
| Expenditures: | | | | |
| Operating expenditures | | | | |
| General government | 532 | - | - | 532 |
| Police | 3,048 | 380 | - | 3,428 |
| Fire | 19,284 | - | - | 19,284 |
| Public works | 9,093 | - | 1,712 | 10,805 |
| Housing, health & community development | 7,057 | 10 | 6 | 7,073 |
| Employment programs | 5,832 | - | - | 5,832 |
| Public service | 6,500 | - | - | 6,500 |
| Parks, recreation and community services | 474 | - | 70 | 544 |
| Library | 356 | - | - | 356 |
| Capital | 7,332 | - | 7,528 | 14,860 |
| Debt service | | | | |
| Interest expenses | 25 | 5,099 | - | 5,124 |
| Principal | 230 | 9,741 | - | 9,971 |
| Total expenditures | 59,763 | 15,230 | 9,316 | 84,309 |
| Excess of revenues over (under) expenditures | (5,702) | (2,684) | 194 | (8,192) |
| Other financing sources (uses): | | | | |
| Issuance of debt | 2,000 | - | - | 2,000 |
| Transfers in | 35,837 | 5,419 | - | 41,256 |
| Transfers out | (28,699) | - | - | (28,699) |
| Total financing sources (uses) | 9,138 | 5,419 | - | 14,557 |
| Extraordinary loss | 6,840 | 20,978 | 12,993 | 40,811 |
| Net change in fund balances | (3,404) | (18,243) | (12,799) | (34,446) |
| Fund balance, July 1 | 32,150 | 52,330 | 51,822 | 136,302 |
| Fund balance, June 30 | \$ 28,746 | 34,087 | 39,023 | 101,856 |

SPECIAL REVENUE FUNDS

- Community Dev Block Grant Fund - To account for monies received and expended by the City as a participant in the Federal Community Dev Block GrantBlock Grant Program.
- Home Grant Fund - To account for monies received and expended by the City under the HOME Investment Partnerships Program to strengthen public-private partnerships and to preserve and provide affordable housing.
- Supportive Hsg Prog Grant Fund - To account for monies received by the City under the Supportive Hsg Prog Program to address the homeless needs of the City.
- Emergency Shelter Grant Fund - To account for monies received by the City under the Emergency Shelter Grant Program to address the homeless needs of the City.
- Workforce Investment Act Fund - To account for grant monies received and expended, for the federally funded job training program.
- Urban Art Fund - To account for art fees collected by the City from contractors to make sure that art is added to all new construction in the city.
- Glendale Youth Alliance Fund - To account for monies received and expended in the youth employment programs.
- Low & Moderate Income Housing Asset Fund - To account for monies received and expended for low and moderate income housing activities pursuant to AB1484.
- Low and Moderate Housing Fund - To account for monies received and expended by the Agency for the 20% set aside funds pursuant to redevelopment laws of the State of California.
- Local Transit Assistance Fund - To account for monies received from a portion of the sales tax via Prop A and C which are restricted to transportation-related activities.
- Air Quality Improvement Fund - To account for monies received from South Coast Air Quality Management District and expended on air pollution reduction.
- PW Special Grants Fund - To account for various small grants received and expended by the City, such as Senior Citizen Traffic Safety Education Program.
- San Fernando Landscape District Fund - To account for assessments and expenditures associated with the San Fernando Road Corridor (SFRC) Landscape & Maintenance District Project.
- Measure R Fund - To account for monies received from the ½ cent sales tax increase approved in November 2008 by Los Angeles County voters, and the related transportation project expenses.
- Transit Prop A Local Return Fund - To account for monies received from a portion of the sales tax via Prop A which are restricted to transportation-related activities.
- Transit Prop C Local Return Fund - To account for monies received from a portion of the sales tax via Prop C which are restricted to transportation-related activities.
- Narcotic Forfeiture Fund - To account for the proceeds of money or property seized as a result of illegal activity which is restricted to law enforcement uses.
- Special Grant Fund - To account for various small grants received and expended by the City, such as the Career Criminal Apprehension Program, Community Oriented Policing and the Child Passenger Safety Grant.
- Supplemental Law Enforcement Fund - To account for monies received from the State of California to provide funding for local agencies for the Citizen's Option for Public Safety Program (COPS).

- Fire Grant Fund - To account for grant monies received and expended for fire prevention programs.
- Fire Mutual Aid Fund - To account for reimbursements received from either Federal or the State of California for the City's fire strike team labor costs, fire equipment charges as well as overhead costs incurred by the City in assisting fire incidents outside of the City's jurisdiction.
- Special Events Fund - To accounts for monies received and expended from Police and Fire special events and movie details.
- Nutritional Meals Grant Fund - To account for monies received from Federal assistance programs for senior citizen services.
- Library Grant Fund - To account for grant monies received and expended for library services from State and local agencies.
- Cable Access Fund - To account for the 1.45% cable access fee to provide for resources to broadcast the City Council meetings and other various commissions, forums, etc.
- Electric Public Benefit Fund - To account for the 2.85% fees assessed on the electric customers to fund public benefit programs such as low income projects, research and development and demonstration program as mandated by State of California, AB 1890.
- Fire Paramedic Fund - To account for operations of the emergency transport and paramedic service in the City.

Exhibit H-1
CITY OF GLENDALE
Combining Balance Sheet
Nonmajor Governmental Funds-Special Revenue Funds
June 30, 2012 (in thousands)

| | Community Dev Block Grant Fund | Home Grant Fund | Supportive Hsg Prog Grant Fund | Emergency Shelter Grant Fund |
|--------------------------------------|--------------------------------------|-----------------------|-----------------------------------|------------------------------------|
| Assets | | | | |
| Cash and invested cash | \$ 218 | - | - | - |
| Interest receivable | - | - | - | - |
| Accounts receivable, net | 431 | 23 | 444 | 54 |
| Prepaid items | - | - | 32 | - |
| Loans receivable | - | - | - | - |
| Property held for resale | - | - | - | - |
| Total assets | 649 | 23 | 476 | 54 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 138 | 6 | 127 | 12 |
| Due to other funds | - | 17 | 349 | 61 |
| Unearned revenues | - | - | - | - |
| Deposits | - | - | - | - |
| Total liabilities | 138 | 23 | 476 | 73 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid | - | - | 32 | - |
| Restricted for: | | | | |
| Federal and state grants | 511 | - | - | - |
| Private endowments | - | - | - | - |
| Public safety | - | - | - | - |
| Youth employment | - | - | - | - |
| Transportation | - | - | - | - |
| Landscaping district | - | - | - | - |
| Low and moderate housing | - | - | - | - |
| Air quality improvement | - | - | - | - |
| Cable access | - | - | - | - |
| Electric public benefit AB1890 | - | - | - | - |
| Committed to: | | | | |
| Urban art | - | - | - | - |
| Public safety | - | - | - | - |
| Unassigned: | - | - | (32) | (19) |
| Total fund balances | 511 | - | - | (19) |
| Total liabilities and fund balances | \$ 649 | 23 | 476 | 54 |

(Continued)

Exhibit H-1
CITY OF GLENDALE
Combining Balance Sheet
Nonmajor Governmental Funds-Special Revenue Funds
June 30, 2012 (in thousands)

| | Workforce Investment Act Fund | Urban Art Fund | Glendale Youth Alliance Fund | Low & Moderate Income Housing Asset Fund |
|--------------------------------------|-------------------------------------|-------------------|------------------------------------|--|
| Assets | | | | |
| Cash and invested cash | \$ 30 | 980 | - | 7,903 |
| Interest receivable | - | 4 | - | 286 |
| Accounts receivable, net | 590 | - | 118 | 93 |
| Prepaid items | - | - | - | - |
| Loans receivable | - | - | - | 4,959 |
| Property held for resale | - | - | - | 6,007 |
| Total assets | 620 | 984 | 118 | 19,248 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 140 | - | - | - |
| Due to other funds | - | - | 66 | - |
| Unearned revenues | - | - | - | 285 |
| Deposits | 3 | - | - | - |
| Total liabilities | 143 | - | 66 | 285 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid | - | - | - | - |
| Restricted for: | | | | |
| Federal and state grants | 477 | - | - | - |
| Private endowments | - | - | - | - |
| Public safety | - | - | - | - |
| Youth employment | - | - | 52 | - |
| Transportation | - | - | - | - |
| Landscaping district | - | - | - | - |
| Low and moderate housing | - | - | - | 18,963 |
| Air quality improvement | - | - | - | - |
| Cable access | - | - | - | - |
| Electric public benefit AB1890 | - | - | - | - |
| Committed to: | | | | |
| Urban art | - | 984 | - | - |
| Public safety | - | - | - | - |
| Unassigned: | | | | |
| | - | - | - | - |
| Total fund balances | 477 | 984 | 52 | 18,963 |
| Total liabilities and fund balances | \$ 620 | 984 | 118 | 19,248 |

(Continued)

Exhibit H-1
CITY OF GLENDALE
Combining Balance Sheet
Nonmajor Governmental Funds-Special Revenue Funds
June 30, 2012 (in thousands)

| | Air Quality Improvement Fund | PW Special Grants Fund | San Fernando Landscape District Fund | Measure R Fund |
|--------------------------------------|------------------------------------|------------------------------|--|-------------------|
| Assets | | | | |
| Cash and invested cash | \$ 226 | - | 74 | 1,102 |
| Interest receivable | 1 | - | - | 5 |
| Accounts receivable, net | 1 | 72 | 12 | - |
| Prepaid items | - | - | - | - |
| Loans receivable | - | - | - | - |
| Property held for resale | - | - | - | - |
| Total assets | 228 | 72 | 86 | 1,107 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 14 | 26 | 43 | - |
| Due to other funds | - | 557 | - | - |
| Unearned revenues | - | - | - | - |
| Deposits | - | - | - | - |
| Total liabilities | 14 | 583 | 43 | - |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid | - | - | - | - |
| Restricted for: | | | | |
| Federal and state grants | - | - | - | - |
| Private endowments | - | - | - | - |
| Public safety | - | - | - | - |
| Youth employment | - | - | - | - |
| Transportation | - | - | - | 1,107 |
| Landscaping district | - | - | 43 | - |
| Low and moderate housing | - | - | - | - |
| Air quality improvement | 214 | - | - | - |
| Cable access | - | - | - | - |
| Electric public benefit AB1890 | - | - | - | - |
| Committed to: | | | | |
| Urban art | - | - | - | - |
| Public safety | - | - | - | - |
| Unassigned: | - | (511) | - | - |
| Total fund balances | 214 | (511) | 43 | 1,107 |
| Total liabilities and fund balances | \$ 228 | 72 | 86 | 1,107 |

(Continued)

Exhibit H-1
CITY OF GLENDALE
Combining Balance Sheet
Nonmajor Governmental Funds-Special Revenue Funds
June 30, 2012 (in thousands)

| | | Transit Prop A Local Return Fund | Transit Prop C Local Return Fund | Narcotic Forfeiture Fund | Special Grant Fund |
|--------------------------------------|----|--|--|--------------------------------|--------------------------|
| Assets | | | | | |
| Cash and invested cash | \$ | 8,586 | 3,230 | 1,170 | - |
| Interest receivable | | 32 | 12 | 5 | - |
| Accounts receivable, net | | 463 | 29 | 12 | 495 |
| Prepaid items | | - | - | - | - |
| Loans receivable | | - | - | - | - |
| Property held for resale | | - | - | - | - |
| Total assets | | 9,081 | 3,271 | 1,187 | 495 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | | 466 | 66 | 135 | 39 |
| Due to other funds | | - | - | - | 456 |
| Unearned revenues | | - | - | - | - |
| Deposits | | - | - | 57 | - |
| Total liabilities | | 466 | 66 | 192 | 495 |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Prepaid | | - | - | - | - |
| Restricted for: | | | | | |
| Federal and state grants | | - | - | - | - |
| Private endowments | | - | - | - | - |
| Public safety | | - | - | 995 | - |
| Youth employment | | - | - | - | - |
| Transportation | | 8,615 | 3,205 | - | - |
| Landscaping district | | - | - | - | - |
| Low and moderate housing | | - | - | - | - |
| Air quality improvement | | - | - | - | - |
| Cable access | | - | - | - | - |
| Electric public benefit AB1890 | | - | - | - | - |
| Committed to: | | | | | |
| Urban art | | - | - | - | - |
| Public safety | | - | - | - | - |
| Unassigned: | | - | - | - | - |
| Total fund balances | | 8,615 | 3,205 | 995 | - |
| Total liabilities and fund balances | \$ | 9,081 | 3,271 | 1,187 | 495 |

(Continued)

Exhibit H-1
CITY OF GLENDALE
Combining Balance Sheet
Nonmajor Governmental Funds-Special Revenue Funds
June 30, 2012 (in thousands)

| | Supplemental Law Enforcement Fund | Fire Grant Fund | Fire Mutual Aid Fund | Special Events Fund |
|--------------------------------------|---|-----------------------|----------------------------|------------------------|
| Assets | | | | |
| Cash and invested cash | \$ 109 | - | 9 | 78 |
| Interest receivable | 1 | - | - | - |
| Accounts receivable, net | 190 | 5,262 | - | 92 |
| Prepaid items | - | - | - | - |
| Loans receivable | - | - | - | - |
| Property held for resale | - | - | - | - |
| Total assets | 300 | 5,262 | 9 | 170 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | - | 8 | - | - |
| Due to other funds | - | 5,347 | - | - |
| Unearned revenues | - | 5,003 | - | - |
| Deposits | - | - | - | - |
| Total liabilities | - | 10,358 | - | - |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid | - | - | - | - |
| Restricted for: | | | | |
| Federal and state grants | - | - | - | - |
| Private endowments | - | - | - | - |
| Public safety | 300 | - | - | - |
| Youth employment | - | - | - | - |
| Transportation | - | - | - | - |
| Landscaping district | - | - | - | - |
| Low and moderate housing | - | - | - | - |
| Air quality improvement | - | - | - | - |
| Cable access | - | - | - | - |
| Electric public benefit AB1890 | - | - | - | - |
| Committed to: | | | | |
| Urban art | - | - | - | - |
| Public safety | - | - | 9 | 170 |
| Unassigned: | - | (5,096) | - | - |
| Total fund balances | 300 | (5,096) | 9 | 170 |
| Total liabilities and fund balances | \$ 300 | 5,262 | 9 | 170 |

(Continued)

Exhibit H-1
CITY OF GLENDALE
Combining Balance Sheet
Nonmajor Governmental Funds-Special Revenue Funds
June 30, 2012 (in thousands)

| | | Nutritional Meals Grant Fund | Library Grant Fund | Cable Access Fund | Electric Public Benefits Fund |
|--------------------------------------|----|------------------------------------|--------------------------|----------------------|-------------------------------------|
| Assets | | | | | |
| Cash and invested cash | \$ | 70 | 1,943 | 239 | 138 |
| Interest receivable | | - | 8 | 2 | - |
| Accounts receivable, net | | 29 | - | 145 | 793 |
| Prepaid items | | - | - | - | - |
| Loans receivable | | - | - | - | - |
| Property held for resale | | - | - | - | - |
| Total assets | | 99 | 1,951 | 386 | 931 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | | 17 | 9 | 7 | 606 |
| Due to other funds | | - | - | - | - |
| Unearned revenues | | - | - | - | - |
| Deposits | | - | - | - | 139 |
| Total liabilities | | 17 | 9 | 7 | 745 |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Prepaid | | - | - | - | - |
| Restricted for: | | | | | |
| Federal and state grants | | 82 | 542 | - | - |
| Private endowments | | - | 1,400 | - | - |
| Public safety | | - | - | - | - |
| Youth employment | | - | - | - | - |
| Transportation | | - | - | - | - |
| Landscaping district | | - | - | - | - |
| Low and moderate housing | | - | - | - | - |
| Air quality improvement | | - | - | - | - |
| Cable access | | - | - | 379 | - |
| Electric public benefit AB1890 | | - | - | - | 186 |
| Committed to: | | | | | |
| Urban art | | - | - | - | - |
| Public safety | | - | - | - | - |
| Unassigned: | | - | - | - | - |
| Total fund balances | | 82 | 1,942 | 379 | 186 |
| Total liabilities and fund balances | \$ | 99 | 1,951 | 386 | 931 |

(Continued)

Exhibit H-1
CITY OF GLENDALE
Combining Balance Sheet
Nonmajor Governmental Funds-Special Revenue Funds
June 30, 2012 (in thousands)

| | Fire Paramedic Fund | Total Nonmajor Special Revenue Funds |
|--------------------------------------|------------------------|--|
| Assets | | |
| Cash and invested cash | \$ - | 26,105 |
| Interest receivable | - | 356 |
| Accounts receivable, net | 2,610 | 11,958 |
| Prepaid items | - | 32 |
| Loans receivable | - | 4,959 |
| Property held for resale | - | 6,007 |
| Total assets | 2,610 | 49,417 |
| Liabilities and Fund Balances | | |
| Liabilities: | | |
| Accounts payable | 59 | 1,918 |
| Due to other funds | 6,411 | 13,264 |
| Unearned revenues | - | 5,288 |
| Deposits | 2 | 201 |
| Total liabilities | 6,472 | 20,671 |
| Fund Balances: | | |
| Nonspendable: | | |
| Prepaid | - | 32 |
| Restricted for: | | |
| Federal and state grants | - | 1,612 |
| Private endowments | - | 1,400 |
| Public safety | - | 1,295 |
| Youth employment | - | 52 |
| Transportation | - | 12,927 |
| Landscaping district | - | 43 |
| Low and moderate housing | - | 18,963 |
| Air quality improvement | - | 214 |
| Cable access | - | 379 |
| Electric public benefit AB1890 | - | 186 |
| Committed to: | | |
| Urban art | - | 984 |
| Public safety | - | 179 |
| Unassigned: | (3,862) | (9,520) |
| Total fund balances | (3,862) | 28,746 |
| Total liabilities and fund balances | \$ 2,610 | 49,417 |

CITY OF GLENDALECombining Statement of Revenues, Expenditures,
and Changes in Fund Balances

Nonmajor Governmental Funds-Special Revenue Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Community Dev Block Grant Fund | Home Grant Fund | Supportive Hsg Prog Grant Fund | Emergency Shelter Grant Fund |
|--|--------------------------------------|-----------------------|--------------------------------------|------------------------------------|
| Revenues: | | | | |
| Property taxes | \$ - | - | - | - |
| Sales tax | - | - | - | - |
| Other taxes | - | - | - | - |
| Revenue from other agencies | 1,992 | 248 | 2,310 | 597 |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Charges for services | 3 | - | - | - |
| Use of money and property | - | - | - | - |
| Miscellaneous revenue | 46 | 5 | - | - |
| Total revenues | 2,041 | 253 | 2,310 | 597 |
| Expenditures: | | | | |
| Operating expenditures | | | | |
| General government | - | - | - | - |
| Police | - | - | - | - |
| Fire | - | - | - | - |
| Public works | - | - | - | - |
| Hsg Prog, health and community Dev Block Grant | 1,806 | 253 | 2,310 | 616 |
| Employment programs | - | - | - | - |
| Public service | - | - | - | - |
| Parks, recreation and community services | - | - | - | - |
| Library | - | - | - | - |
| Capital | 147 | - | - | - |
| Debt service | 255 | - | - | - |
| Total expenditures | 2,208 | 253 | 2,310 | 616 |
| Excess of revenues over (under) expenditures | (167) | - | - | (19) |
| Other financing sources (uses): | | | | |
| Issuance of debt | 2,000 | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total financing sources (uses) | 2,000 | - | - | - |
| Extraordinary (loss) | - | - | - | - |
| Net change in fund balances | 1,833 | - | - | (19) |
| Fund balance, July 1 | (1,322) | - | - | - |
| Fund balance, June 30 | \$ 511 | - | - | (19) |

(Continued)

CITY OF GLENDALECombining Statement of Revenues, Expenditures,
and Changes in Fund Balances

Nonmajor Governmental Funds-Special Revenue Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Workforce Investment Act Fund | Urban Art Fund | Glendale Youth Alliance Fund | Low & Moderate Income Housing Asset Fund |
|--|-------------------------------------|-------------------|------------------------------------|--|
| Revenues: | | | | |
| Property taxes | \$ - | - | - | - |
| Sales tax | - | - | - | - |
| Other taxes | - | - | - | - |
| Revenue from other agencies | 4,015 | - | - | - |
| Licenses and permits | - | 957 | - | - |
| Fines and forfeitures | - | - | - | - |
| Charges for services | - | - | 1,740 | - |
| Use of money and property | - | 9 | - | 78 |
| Miscellaneous revenue | 62 | - | - | 363 |
| Total revenues | 4,077 | 966 | 1,740 | 441 |
| Expenditures: | | | | |
| Operating expenditures | | | | |
| General government | - | - | - | - |
| Police | - | - | - | - |
| Fire | - | - | - | - |
| Public works | - | - | - | - |
| Hsg Prog, health and community Dev Block Grant | - | - | - | - |
| Employment programs | 4,144 | - | 1,688 | - |
| Public service | - | - | - | - |
| Parks, recreation and community services | - | - | - | - |
| Library | - | - | - | - |
| Capital | - | - | - | - |
| Debt service | - | - | - | - |
| Total expenditures | 4,144 | - | 1,688 | - |
| Excess of revenues over (under) expenditures | (67) | 966 | 52 | 441 |
| Other financing sources (uses): | | | | |
| Issuance of debt | - | - | - | - |
| Transfers in | - | - | - | 18,522 |
| Transfers out | - | - | - | - |
| Total financing sources (uses) | - | - | - | 18,522 |
| Extraordinary (loss) | - | - | - | - |
| Net change in fund balances | (67) | 966 | 52 | 18,963 |
| Fund balance, July 1 | 544 | 18 | - | - |
| Fund balance, June 30 | \$ 477 | 984 | 52 | 18,963 |

(Continued)

CITY OF GLENDALECombining Statement of Revenues, Expenditures,
and Changes in Fund Balances

Nonmajor Governmental Funds-Special Revenue Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Low & Moderate Housing Fund | Local Transit Assistance Fund | Air Quality Improvement Fund | PW Special Grants Fund |
|--|-----------------------------------|-------------------------------------|------------------------------------|------------------------------|
| Revenues: | | | | |
| Property taxes | \$ 908 | - | - | - |
| Sales tax | - | - | - | - |
| Other taxes | - | - | - | - |
| Revenue from other agencies | - | 6,660 | 171 | 101 |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Charges for services | - | 2,117 | 10 | - |
| Use of money and property | - | 132 | 3 | - |
| Miscellaneous revenue | - | 243 | - | - |
| Total revenues | 908 | 9,152 | 184 | 101 |
| Expenditures: | | | | |
| Operating expenditures | | | | |
| General government | - | - | - | - |
| Police | - | - | - | - |
| Fire | - | - | - | - |
| Public works | - | 8,721 | 256 | 45 |
| Hsg Prog, health and community Dev Block Grant | 2,072 | - | - | - |
| Employment programs | - | - | - | - |
| Public service | - | - | - | - |
| Parks, recreation and community services | - | - | - | - |
| Library | - | - | - | - |
| Capital | - | - | - | 509 |
| Debt service | - | - | - | - |
| Total expenditures | 2,072 | 8,721 | 256 | 554 |
| Excess of revenues over (under) expenditures | (1,164) | 431 | (72) | (453) |
| Other financing sources (uses): | | | | |
| Issuance of debt | - | - | - | - |
| Transfers in | - | 3,895 | - | - |
| Transfers out | (12,386) | (11,820) | - | - |
| Total financing sources (uses) | (12,386) | (7,925) | - | - |
| Extraordinary (loss) | (6,840) | - | - | - |
| Net change in fund balances | (20,390) | (7,494) | (72) | (453) |
| Fund balance, July 1 | 20,390 | 7,494 | 286 | (58) |
| Fund balance, June 30 | \$ - | - | 214 | (511) |

(Continued)

CITY OF GLENDALECombining Statement of Revenues, Expenditures,
and Changes in Fund Balances

Nonmajor Governmental Funds-Special Revenue Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | San Fernando Landscape District Fund | Measure R Fund | Transit Prop A Local Return Fund | Transit Prop C Local Return Fund |
|--|--|-------------------|--|--|
| Revenues: | | | | |
| Property taxes | \$ - | - | - | - |
| Sales tax | - | 1,878 | - | - |
| Other taxes | - | - | - | - |
| Revenue from other agencies | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Charges for services | - | - | - | - |
| Use of money and property | 1 | 12 | - | - |
| Miscellaneous revenue | 60 | - | - | - |
| Total revenues | 61 | 1,890 | - | - |
| Expenditures: | | | | |
| Operating expenditures | | | | |
| General government | - | - | - | - |
| Police | - | - | - | - |
| Fire | - | - | - | - |
| Public works | 71 | - | - | - |
| Hsg Prog, health and community Dev Block Grant | - | - | - | - |
| Employment programs | - | - | - | - |
| Public service | - | - | - | - |
| Parks, recreation and community services | - | - | - | - |
| Library | - | - | - | - |
| Capital | - | - | - | - |
| Debt service | - | - | - | - |
| Total expenditures | 71 | - | - | - |
| Excess of revenues over (under) expenditures | (10) | 1,890 | - | - |
| Other financing sources (uses): | | | | |
| Issuance of debt | - | - | - | - |
| Transfers in | - | - | 8,615 | 3,205 |
| Transfers out | - | (3,895) | - | - |
| Total financing sources (uses) | - | (3,895) | 8,615 | 3,205 |
| Extraordinary (loss) | - | - | - | - |
| Net change in fund balances | (10) | (2,005) | 8,615 | 3,205 |
| Fund balance, July 1 | 53 | 3,112 | - | - |
| Fund balance, June 30 | \$ 43 | 1,107 | 8,615 | 3,205 |

(Continued)

CITY OF GLENDALECombining Statement of Revenues, Expenditures,
and Changes in Fund Balances

Nonmajor Governmental Funds-Special Revenue Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Narcotic Forfeiture Fund | Special Grant Fund | Supplemental Law Enforcement Fund | Fire Grant Fund |
|--|--------------------------------|--------------------------|---|-----------------------|
| Revenues: | | | | |
| Property taxes | \$ - | - | - | - |
| Sales tax | - | - | - | - |
| Other taxes | - | - | - | - |
| Revenue from other agencies | - | 1,671 | 346 | 2,993 |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | 489 | - | - | - |
| Charges for services | - | 235 | - | - |
| Use of money and property | 8 | - | 3 | - |
| Miscellaneous revenue | 3 | 131 | - | 472 |
| Total revenues | 500 | 2,037 | 349 | 3,465 |
| Expenditures: | | | | |
| Operating expenditures | | | | |
| General government | - | - | - | - |
| Police | 693 | 1,488 | 297 | - |
| Fire | - | - | - | 2,222 |
| Public works | - | - | - | - |
| Hsg Prog, health and community Dev Block Grant | - | - | - | - |
| Employment programs | - | - | - | - |
| Public service | - | - | - | - |
| Parks, recreation and community services | - | - | - | - |
| Library | - | - | - | - |
| Capital | 323 | 549 | - | 5,627 |
| Debt service | - | - | - | - |
| Total expenditures | 1,016 | 2,037 | 297 | 7,849 |
| Excess of revenues over (under) expenditures | (516) | - | 52 | (4,384) |
| Other financing sources (uses): | | | | |
| Issuance of debt | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total financing sources (uses) | - | - | - | - |
| Extraordinary (loss) | - | - | - | - |
| Net change in fund balances | (516) | - | 52 | (4,384) |
| Fund balance, July 1 | 1,511 | - | 248 | (712) |
| Fund balance, June 30 | \$ 995 | - | 300 | (5,096) |

(Continued)

CITY OF GLENDALECombining Statement of Revenues, Expenditures,
and Changes in Fund Balances

Nonmajor Governmental Funds-Special Revenue Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Fire Mutual Aid Fund | Special Events Fund | Nutritional Meals Grant Fund | Library Grant Fund |
|--|----------------------------|------------------------|------------------------------------|--------------------------|
| Revenues: | | | | |
| Property taxes | \$ - | - | - | - |
| Sales tax | - | - | - | - |
| Other taxes | - | - | - | - |
| Revenue from other agencies | 81 | - | 269 | 43 |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Charges for services | - | 721 | - | 103 |
| Use of money and property | - | - | - | 7 |
| Miscellaneous revenue | - | - | 59 | 46 |
| Total revenues | 81 | 721 | 328 | 199 |
| Expenditures: | | | | |
| Operating expenditures | | | | |
| General government | - | - | - | - |
| Police | - | 570 | - | - |
| Fire | 72 | 151 | - | - |
| Public works | - | - | - | - |
| Hsg Prog, health and community Dev Block Grant | - | - | - | - |
| Employment programs | - | - | - | - |
| Public service | - | - | - | - |
| Parks, recreation and community services | - | - | 474 | - |
| Library | - | - | - | 356 |
| Capital | - | - | - | 26 |
| Debt service | - | - | - | - |
| Total expenditures | 72 | 721 | 474 | 382 |
| Excess of revenues over (under) expenditures | 9 | - | (146) | (183) |
| Other financing sources (uses): | | | | |
| Issuance of debt | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total financing sources (uses) | - | - | - | - |
| Extraordinary (loss) | - | - | - | - |
| Net change in fund balances | 9 | - | (146) | (183) |
| Fund balance, July 1 | - | 170 | 228 | 2,125 |
| Fund balance, June 30 | \$ 9 | 170 | 82 | 1,942 |

(Continued)

CITY OF GLENDALECombining Statement of Revenues, Expenditures,
and Changes in Fund Balances

Nonmajor Governmental Funds-Special Revenue Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Cable Access Fund | Electric Public Benefits Fund | Fire Paramedic Fund | Total Nonmajor Special Revenue Funds |
|--|----------------------|-------------------------------------|------------------------|--|
| Revenues: | | | | |
| Property taxes | \$ - | - | - | 908 |
| Sales tax | - | - | - | 1,878 |
| Other taxes | - | 5,552 | - | 5,552 |
| Revenue from other agencies | - | - | - | 21,497 |
| Licenses and permits | - | - | - | 957 |
| Fines and forfeitures | - | - | - | 489 |
| Charges for services | 717 | - | 15,092 | 20,738 |
| Use of money and property | - | - | - | 253 |
| Miscellaneous revenue | - | 267 | 32 | 1,789 |
| Total revenues | 717 | 5,819 | 15,124 | 54,061 |
| Expenditures: | | | | |
| Operating expenditures | | | | |
| General government | 532 | - | - | 532 |
| Police | - | - | - | 3,048 |
| Fire | - | - | 16,839 | 19,284 |
| Public works | - | - | - | 9,093 |
| Hsg Prog, health and community Dev Block Grant | - | - | - | 7,057 |
| Employment programs | - | - | - | 5,832 |
| Public service | - | 6,500 | - | 6,500 |
| Parks, recreation and community services | - | - | - | 474 |
| Library | - | - | - | 356 |
| Capital | - | - | 151 | 7,332 |
| Debt service | - | - | - | 255 |
| Total expenditures | 532 | 6,500 | 16,990 | 59,763 |
| Excess of revenues over (under) expenditures | 185 | (681) | (1,866) | (5,702) |
| Other financing sources (uses): | | | | |
| Issuance of debt | - | - | - | 2,000 |
| Transfers in | - | - | 1,600 | 35,837 |
| Transfers out | (598) | - | - | (28,699) |
| Total financing sources (uses) | (598) | - | 1,600 | 9,138 |
| Extraordinary (loss) | - | - | - | (6,840) |
| Net change in fund balances | (413) | (681) | (266) | (3,404) |
| Fund balance, July 1 | 792 | 867 | (3,596) | 32,150 |
| Fund balance, June 30 | \$ 379 | 186 | (3,862) | 28,746 |

Exhibit H-3

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget to Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget Over/(Under) |
|---------------------------------|--------------------|-----------------|--------|---|
| Community Dev Block Grant Fund: | | | | |
| Revenue from other agencies | \$ 3,352 | 6,446 | 1,992 | (4,454) |
| Charges for services | - | - | 3 | 3 |
| Miscellaneous revenue | - | 9 | 46 | 37 |
| Issuance of debt | - | - | 2,000 | 2,000 |
| Total | 3,352 | 6,455 | 4,041 | (2,414) |
| Home Grant Fund: | | | | |
| Revenue from other agencies | 2,104 | 6,836 | 248 | (6,588) |
| Miscellaneous revenue | - | - | 5 | 5 |
| Total | 2,104 | 6,836 | 253 | (6,583) |
| Supportive Hsg Prog Grant Fund: | | | | |
| Revenue from other agencies | 2,443 | 3,912 | 2,310 | (1,602) |
| Total | 2,443 | 3,912 | 2,310 | (1,602) |
| Emergency Shelter Grant Fund: | | | | |
| Revenue from other agencies | 199 | 686 | 597 | (89) |
| Total | 199 | 686 | 597 | (89) |
| Workforce Investment Act Fund: | | | | |
| Revenue from other agencies | 4,525 | 6,450 | 4,015 | (2,435) |
| Miscellaneous revenue | 100 | 100 | 62 | (38) |
| Total | 4,625 | 6,550 | 4,077 | (2,473) |
| Urban Art Fund: | | | | |
| Use of money and property | - | - | 9 | 9 |
| Licenses & Permits | - | - | 957 | 957 |
| Total | - | - | 966 | 966 |
| Glendale Youth Alliance Fund: | | | | |
| Charges for services | 1,899 | 1,899 | 1,740 | (159) |
| Total | \$ 1,899 | 1,899 | 1,740 | (159) |

(Continued)

Exhibit H-3

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget to Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget Over/(Under) |
|---|--------------------|-----------------|--------|---|
| Low & Moderate Income Housing Asset Fund: | | | | |
| Use of money and property | \$ - | - | 78 | 78 |
| Miscellaneous revenue | - | - | 363 | 363 |
| Transfers | - | - | 18,522 | 18,522 |
| Total | - | - | 18,963 | 18,963 |
| Low & Moderate Housing Fund: | | | | |
| Property taxes | 3,607 | 3,607 | 908 | (2,699) |
| Use of money and property | 165 | 165 | - | (165) |
| Miscellaneous revenue | 250 | 250 | - | (250) |
| Total | 4,022 | 4,022 | 908 | (3,114) |
| Local Transit Assistance Fund: | | | | |
| Use of money and property | 100 | 100 | 132 | 32 |
| Revenue from other agencies | 8,350 | 8,350 | 6,660 | (1,690) |
| Charges for services | 1,446 | 1,446 | 2,117 | 671 |
| Miscellaneous revenue | 40 | 40 | 243 | 203 |
| Transfers | 3,962 | 3,962 | 3,895 | (67) |
| Total | 13,898 | 13,898 | 13,047 | (851) |
| Air Quality Improvement Fund: | | | | |
| Use of money and property | 20 | 20 | 3 | (17) |
| Revenue from other agencies | 255 | 255 | 171 | (84) |
| Charges for services | 52 | 52 | 10 | (42) |
| Total | 327 | 327 | 184 | (143) |
| PW Special Grants Fund: | | | | |
| Revenue from other agencies | - | 1,167 | 101 | (1,066) |
| Total | - | 1,167 | 101 | (1,066) |
| San Fernando Landscape District Fund: | | | | |
| Use of money and property | - | - | 1 | 1 |
| Miscellaneous revenue | 81 | 81 | 60 | (21) |
| Total | \$ 81 | 81 | 61 | (20) |

(Continued)

Exhibit H-3

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget to Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Over/(Under)</u> |
|------------------------------------|----------------------------|-------------------------|---------------|--|
| Measure R Fund: | | | | |
| Sales taxes | \$ 1,738 | 1,738 | 1,878 | 140 |
| Use of money and property | 12 | 12 | 12 | - |
| Total | <u>1,750</u> | <u>1,750</u> | <u>1,890</u> | <u>140</u> |
| Transit Prop A Local Return Fund: | | | | |
| Transfers | - | - | 8,615 | 8,615 |
| Total | <u>-</u> | <u>-</u> | <u>8,615</u> | <u>8,615</u> |
| Transit Prop C Local Return Fund: | | | | |
| Transfers | - | - | 3,205 | 3,205 |
| Total | <u>-</u> | <u>-</u> | <u>3,205</u> | <u>3,205</u> |
| Narcotic Forfeiture Fund: | | | | |
| Use of money and property | - | - | 8 | 8 |
| Fines and forfeitures | - | - | 489 | 489 |
| Miscellaneous revenue | - | - | 3 | 3 |
| Total | <u>-</u> | <u>-</u> | <u>500</u> | <u>500</u> |
| Special Grant Fund: | | | | |
| Revenue from other agencies | 536 | 1,156 | 1,671 | 515 |
| Charges for services | 279 | 279 | 235 | (44) |
| Miscellaneous revenue | 87 | 107 | 131 | 24 |
| Total | <u>902</u> | <u>1,542</u> | <u>2,037</u> | <u>495</u> |
| Supplemental Law Enforcement Fund: | | | | |
| Use of money and property | - | - | 3 | 3 |
| Revenue from other agencies | 367 | 367 | 346 | (21) |
| Total | <u>367</u> | <u>367</u> | <u>349</u> | <u>(18)</u> |
| Fire Grant Fund: | | | | |
| Revenue from other agencies | 1,095 | 4,885 | 2,993 | (1,892) |
| Miscellaneous revenue | 3 | 169 | 472 | 303 |
| Total | <u>1,098</u> | <u>5,054</u> | <u>3,465</u> | <u>(1,589)</u> |
| Fire Mutual Aid Fund: | | | | |
| Revenue from other agencies | 100 | 100 | 81 | (19) |
| Total | <u>\$ 100</u> | <u>100</u> | <u>81</u> | <u>(19)</u> |

(Continued)

Exhibit H-3

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget to Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget Over/(Under) |
|--|--------------------|-----------------|--------|---|
| Special Events Fund: | | | | |
| Charges for services | \$ 805 | 805 | 721 | (84) |
| Total | 805 | 805 | 721 | (84) |
| Nutritional Meals Grant Fund: | | | | |
| Use of money and property | 3 | 3 | - | (3) |
| Revenue from other agencies | 244 | 267 | 269 | 2 |
| Miscellaneous revenue | 136 | 138 | 59 | (79) |
| Total | 383 | 408 | 328 | (80) |
| Library Grant Fund: | | | | |
| Use of money and property | 30 | 30 | 7 | (23) |
| Revenue from other agencies | - | 15 | 43 | 28 |
| Charges for services | 110 | 110 | 103 | (7) |
| Miscellaneous revenue | 54 | 54 | 46 | (8) |
| Total | 194 | 209 | 199 | (10) |
| Cable Access Fund: | | | | |
| Use of money and property | 10 | 10 | - | (10) |
| Charges for services | 600 | 600 | 717 | 117 |
| Miscellaneous revenue | 1 | 1 | - | (1) |
| Total | 611 | 611 | 717 | 106 |
| Electric Public Benefit Fund: | | | | |
| Other taxes | 6,189 | 6,189 | 5,552 | (637) |
| Use of money and property | 50 | 50 | - | (50) |
| Miscellaneous revenue | 50 | 50 | 267 | 217 |
| Total | 6,289 | 6,289 | 5,819 | (470) |
| Fire Paramedic Fund: | | | | |
| Charges for services | 12,473 | 12,473 | 15,092 | 2,619 |
| Miscellaneous revenue | 3 | 3 | 32 | 29 |
| Transfers | 1,600 | 1,600 | 1,600 | - |
| Total | 14,076 | 14,076 | 16,724 | 2,648 |
| Total revenues and other financing sources | \$ 59,525 | 77,044 | 91,898 | 14,854 |

Exhibit H-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget to Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget (Over)/Under |
|---|--------------------|-----------------|--------|---|
| Community Dev Block Grant Fund: | | | | |
| Housing, health and community development: | | | | |
| Salaries and benefits | \$ 975 | 1,044 | 982 | 62 |
| Maintenance and operations | 1,159 | 3,033 | 825 | 2,208 |
| Capital projects | 971 | 2,131 | 147 | 1,984 |
| Debt service | 248 | 248 | 254 | (6) |
| Total | 3,353 | 6,456 | 2,208 | 4,248 |
| Home Grant Fund: | | | | |
| Housing, health and community development: | | | | |
| Salaries and benefits | 211 | 211 | 198 | 13 |
| Maintenance and operations | 1,894 | 5,525 | 55 | 5,470 |
| Capital | - | 1,100 | - | 1,100 |
| Total | 2,105 | 6,836 | 253 | 6,583 |
| Supportive Hsg Prog Grant Fund: | | | | |
| Housing, health and community development: | | | | |
| Salaries and benefits | 135 | 184 | 133 | 51 |
| Maintenance and operations | 2,309 | 3,729 | 2,177 | 1,552 |
| Total | 2,444 | 3,913 | 2,310 | 1,603 |
| Emergency Shelter Grant Fund: | | | | |
| Housing, health and community development: | | | | |
| Salaries and benefits | 8 | 345 | 275 | 70 |
| Maintenance and operations | 191 | 341 | 341 | - |
| Total | 199 | 686 | 616 | 70 |
| Workforce Investment Act Fund: | | | | |
| Employment and job training services: | | | | |
| Salaries and benefits | 3,339 | 4,578 | 2,752 | 1,826 |
| Maintenance and operations | 1,286 | 1,971 | 1,392 | 579 |
| Total | 4,625 | 6,549 | 4,144 | 2,405 |
| Glendale Youth Alliance Fund: | | | | |
| Salaries and benefits | 1,665 | 1,665 | 1,490 | 175 |
| Maintenance and operations | 235 | 235 | 198 | 37 |
| Total | \$ 1,900 | 1,900 | 1,688 | 212 |

(Continued)

Exhibit H-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget to Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget (Over)/Under |
|---|--------------------|-----------------|--------|---|
| Low & Moderate Housing Fund: | | | | |
| Housing, health and community development: | | | | |
| Salaries and benefits | \$ 2,278 | 2,281 | 1,162 | 1,119 |
| Maintenance and operations | 2,516 | 9,802 | 910 | 8,892 |
| Capital projects | - | 477 | - | 477 |
| Transfer to other funds | - | - | 12,386 | (12,386) |
| Extraordinary loss | - | - | 6,840 | (6,840) |
| Total | 4,794 | 12,560 | 21,298 | (8,738) |
| Local Transit Assistance Fund: | | | | |
| Public works: | | | | |
| Salaries and benefits | 1,073 | 1,073 | 925 | 148 |
| Maintenance and operations | 9,257 | 9,257 | 7,796 | 1,461 |
| Capital | 3,263 | 3,263 | - | 3,263 |
| Capital projects | 100 | 11,815 | - | 11,815 |
| Transfer to other funds | - | - | 11,820 | (11,820) |
| Total | 13,693 | 25,408 | 20,541 | 4,867 |
| Air Quality Improvement Fund: | | | | |
| Public works: | | | | |
| Salaries and benefits | 202 | 202 | 180 | 22 |
| Maintenance and operations | 104 | 154 | 76 | 78 |
| Total | 306 | 356 | 256 | 100 |
| PW Special Grants Fund: | | | | |
| Public works: | | | | |
| Salaries and benefits | - | - | 34 | (34) |
| Maintenance and operations | - | 467 | 11 | 456 |
| Capital | - | 753 | 509 | 244 |
| Total | - | 1,220 | 554 | 666 |
| San Fernando Landscape District Fund: | | | | |
| Public works: | | | | |
| Maintenance and operations | 81 | 81 | 71 | 10 |
| Total | \$ 81 | 81 | 71 | 10 |

(Continued)

Exhibit H-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget to Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget (Over)/Under |
|------------------------------------|--------------------|-----------------|--------|---|
| Measure R Fund: | | | | |
| Public works: | | | | |
| Transfer to other funds | \$ 3,962 | 3,962 | 3,895 | 67 |
| Total | 5,087 | 3,962 | 3,895 | 67 |
| Narcotic Forfeiture Fund: | | | | |
| Public safety: | | | | |
| Salaries and benefits | 498 | 498 | 460 | 38 |
| Maintenance and operations | 417 | 417 | 233 | 184 |
| Capital | 350 | 350 | 323 | 27 |
| Total | 1,265 | 1,265 | 1,016 | 249 |
| Special Grant Fund: | | | | |
| Public safety: | | | | |
| Salaries and benefits | 778 | 1,744 | 1,074 | 670 |
| Maintenance and operations | 668 | 1,636 | 414 | 1,222 |
| Capital | - | 720 | 549 | 171 |
| Total | 1,446 | 4,100 | 2,037 | 2,063 |
| Supplemental Law Enforcement Fund: | | | | |
| Public safety: | | | | |
| Salaries and benefits | 358 | 358 | 289 | 69 |
| Maintenance and operations | 9 | 9 | 8 | 1 |
| Total | 367 | 367 | 297 | 70 |
| Fire Grant Fund: | | | | |
| Public safety: | | | | |
| Salaries and benefits | 363 | 1,872 | 543 | 1,329 |
| Maintenance and operations | 12 | 4,359 | 1,679 | 2,680 |
| Capital | 700 | 10,423 | 5,627 | 4,796 |
| Total | 1,075 | 16,654 | 7,849 | 8,805 |
| Fire Mutual Aid Fund: | | | | |
| Public safety: | | | | |
| Salaries and benefits | 98 | 98 | 72 | 26 |
| Maintenance and operations | 2 | 2 | - | 2 |
| Total | \$ 100 | 100 | 72 | 28 |

(Continued)

Exhibit H-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget to Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget (Over)/Under |
|--|--------------------|-----------------|--------|---|
| Special Events Fund: | | | | |
| Public safety: | | | | |
| Salaries and benefits | \$ 728 | 728 | 653 | 75 |
| Maintenance and operations | 77 | 77 | 68 | 9 |
| Total | 805 | 805 | 721 | 84 |
| Nutritional Meals Grant Fund: | | | | |
| Parks, recreation and community services: | | | | |
| Salaries and benefits | 286 | 286 | 225 | 61 |
| Maintenance and operations | 234 | 260 | 249 | 11 |
| Total | 520 | 546 | 474 | 72 |
| Library Grant Fund: | | | | |
| Library: | | | | |
| Salaries and benefits | 50 | 131 | 108 | 23 |
| Maintenance and operations | 144 | 425 | 248 | 177 |
| Capital | 27 | 27 | 26 | 1 |
| Total | 221 | 583 | 382 | 201 |
| Cable Access Fund: | | | | |
| General government: | | | | |
| Maintenance and operations | 532 | 532 | 532 | - |
| Other financing uses | 598 | 598 | 598 | - |
| Total | 1,130 | 1,130 | 1,130 | - |
| Electric Public Benefit Fund: | | | | |
| Public service: | | | | |
| Salaries and benefits | 396 | 396 | 351 | 45 |
| Maintenance and operations | 6,984 | 6,984 | 6,149 | 835 |
| Total | 7,380 | 7,380 | 6,500 | 880 |
| Fire Paramedic Fund | | | | |
| Public safety: | | | | |
| Salaries and benefits | 5,272 | 5,272 | 5,538 | (266) |
| Maintenance and operations | 9,469 | 9,469 | 11,301 | (1,832) |
| Capital | 181 | 181 | 151 | 30 |
| Total | 14,922 | 14,922 | 16,990 | (2,068) |
| Total expenditures and other financing uses | \$ 67,818 | 117,779 | 95,302 | 22,477 |

DEBT SERVICE FUNDS

- 2003 GRA Tax Allocation Bonds Fund - To accumulate monies for the payment of interest and principal of the 2003 Tax Allocation bonds. Debt Service is financed via the incremental property tax from the Glendale Redevelopment Agency.
- Police Building Project Fund - To accumulate monies for the payment of interest principal of the 2000 Police Building Project Variable Rate Demands Certificates of Participation. Debt Service is currently financed via the capitalized interest set aside for the project. After the completion of the Police building construction, debt service will be financed via lease payments.
- 2002 GRA Tax Allocation Bonds Fund - To accumulate monies for the payment of interest and principal of the 2002 Tax Allocation bonds. Debt Service is financed via the incremental property tax from the Glendale Redevelopment Agency.
- Capital Leases Fund - To accumulate monies for the payment of interest and principal for the Capital Lease of the Municipal Building Services (MSB) Seismic Upgrade Project. Debt Service is financed via lease payments.
- Low and Mod Loan Fund - To accumulate monies for the payment of interest and principal for the \$14 million loan from the Union Bank of California. Debt Service is financed via the 20% of incremental property taxes received by the Housing Authority from Glendale Redevelopment Project areas.
- 2010 GRA Tax Allocation Bonds Fund - To accumulate monies for the payment of interest and principal of the 2010 Tax Allocation bonds. Debt Service is financed via the incremental property tax from the Glendale Redevelopment Agency.
- 2011 GRA Tax Allocation Bonds Fund - To accumulate monies for the payment of interest and principal of the 2011 Tax Allocation bonds. Debt Service is financed via the incremental property tax from the Glendale Redevelopment Agency.

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Exhibit I-1

CITY OF GLENDALE

Combining Balance Sheet

Nonmajor Governmental Funds - Debt Service Funds

June 30, 2012 (in thousands)

| | | Police Building Project Fund |
|--------------------------------------|----|---------------------------------|
| Assets | | |
| Cash and invested cash | \$ | 28,972 |
| Cash with fiscal agent | | 5,008 |
| Interest receivable | | <u>115</u> |
| Total assets | | <u><u>34,095</u></u> |
| Liabilities and Fund Balances | | |
| Liabilities: | | |
| Accounts payable | | <u>8</u> |
| Total liabilities | | <u>8</u> |
| Fund Balances: | | |
| Committed to: | | |
| Debt service | | <u>34,087</u> |
| Total fund balances | | <u>34,087</u> |
| Total liabilities and fund balances | \$ | <u><u>34,095</u></u> |

Exhibit I-2

CITY OF GLENDALECombining Statement of Revenues, Expenditures,
and Changes in Fund Balances

Nonmajor Governmental Funds - Debt Service Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | 2003 GRA Tax Allocation Bonds Fund | Police Building Project Fund | 2002 GRA Tax Allocation Bonds Fund |
|--|--|---------------------------------------|--|
| Revenues: | | | |
| Property taxes | \$ 4,141 | - | 595 |
| Use of money and property | 8 | 326 | 102 |
| Total Revenues | 4,149 | 326 | 697 |
| Expenditures: | | | |
| Operating expenditures | | | |
| Police | - | 380 | - |
| Housing, health and community development | 5 | - | 5 |
| Debt service | | | |
| Interest expenses | 869 | 81 | 763 |
| Principal | 3,105 | 1,700 | 2,320 |
| Total expenditures | 3,979 | 2,161 | 3,088 |
| Excess of revenues over (under) expenditures | 170 | (1,835) | (2,391) |
| Other financing sources: | | | |
| Transfers in | - | - | 2,690 |
| Extraordinary loss | (5,664) | - | (4,574) |
| Net change in fund balances | (5,494) | (1,835) | (4,275) |
| Fund balance, July 1 | 5,494 | 35,922 | 4,275 |
| Fund balance, June 30 | \$ - | 34,087 | - |

(Continued)

Exhibit I-2

CITY OF GLENDALECombining Statement of Revenues, Expenditures,
and Changes in Fund Balances

Nonmajor Governmental Funds - Debt Service Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Capital Leases Fund | Low and Mod Loan Fund | 2010 GRA Tax Allocation Bonds Fund | 2011 GRA Tax Allocation Bonds Fund | Total Nonmajor Debt Service Funds |
|--|------------------------|-----------------------------|--|--|--|
| Revenues: | | | | | |
| Property taxes | \$ - | 2,479 | 1,461 | 3,429 | 12,105 |
| Use of money and property | - | 3 | - | 2 | 441 |
| Total Revenues | - | 2,482 | 1,461 | 3,431 | 12,546 |
| Expenditures: | | | | | |
| Operating expenditures | | | | | |
| Police | - | - | - | - | 380 |
| Housing, health and community development | - | - | - | - | 10 |
| Debt service | | | | | |
| Interest expenses | 173 | 131 | 731 | 2,351 | 5,099 |
| Principal | 1,219 | 1,397 | - | - | 9,741 |
| Total expenditures | 1,392 | 1,528 | 731 | 2,351 | 15,230 |
| Excess of revenues over (under) expenditures | (1,392) | 954 | 730 | 1,080 | (2,684) |
| Other financing sources: | | | | | |
| Transfers in | 1,392 | 565 | - | 772 | 5,419 |
| Extraordinary loss | - | (1,528) | (2,358) | (6,854) | (20,978) |
| Net change in fund balances | - | (9) | (1,628) | (5,002) | (18,243) |
| Fund balance, July 1 | - | 9 | 1,628 | 5,002 | 52,330 |
| Fund balance, June 30 | \$ - | - | - | - | 34,087 |

Exhibit I-3

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget to Actual

Nonmajor Governmental Funds - Debt Service Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Variance (Over)/Under</u> |
|--|------------------|---------------|---------------|----------------------------------|
| 2003 GRA Tax Allocation Bonds Fund | | | | |
| Property taxes | \$ 4,803 | 4,803 | 4,141 | 662 |
| Interest and invest. revenue | <u>100</u> | <u>100</u> | <u>8</u> | <u>92</u> |
| Total | <u>4,903</u> | <u>4,903</u> | <u>4,149</u> | <u>754</u> |
| Police Building Project Fund | | | | |
| Interest and invest. revenue | <u>800</u> | <u>800</u> | <u>326</u> | <u>474</u> |
| Total | <u>800</u> | <u>800</u> | <u>326</u> | <u>474</u> |
| 2002 GRA Tax Allocation Bonds Fund | | | | |
| Property taxes | 3,812 | 3,812 | 595 | 3,217 |
| Interest and invest. revenue | 110 | 110 | 102 | 8 |
| Transfers | <u>-</u> | <u>-</u> | <u>2,690</u> | <u>(2,690)</u> |
| Total | <u>3,922</u> | <u>3,922</u> | <u>3,387</u> | <u>535</u> |
| Capital Leases Fund | | | | |
| Transfers | <u>1,392</u> | <u>1,392</u> | <u>1,392</u> | <u>-</u> |
| Total | <u>1,392</u> | <u>1,392</u> | <u>1,392</u> | <u>-</u> |
| Low & Mod Loan Fund | | | | |
| Property taxes | 3,056 | 3,056 | 2,479 | 577 |
| Interest and invest. revenue | - | - | 3 | (3) |
| Transfers | <u>-</u> | <u>-</u> | <u>565</u> | <u>(565)</u> |
| Total | <u>3,056</u> | <u>3,056</u> | <u>3,047</u> | <u>9</u> |
| 2010 GRA Tax Allocation Bonds Fund | | | | |
| Property taxes | <u>1,462</u> | <u>1,462</u> | <u>1,461</u> | <u>1</u> |
| Total | <u>1,462</u> | <u>1,462</u> | <u>1,461</u> | <u>1</u> |
| 2011 GRA Tax Allocation Bonds Fund | | | | |
| Property taxes | 4,203 | 4,203 | 3,429 | 774 |
| Interest and invest. revenue | - | - | 2 | (2) |
| Transfers | <u>-</u> | <u>-</u> | <u>772</u> | <u>(772)</u> |
| Total | <u>4,203</u> | <u>4,203</u> | <u>4,203</u> | <u>-</u> |
| Total revenues and other financing sources | \$ <u>19,738</u> | <u>19,738</u> | <u>17,965</u> | <u>1,773</u> |

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget to Actual

Nonmajor Governmental Funds - Debt Service Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Variance (Over)/Under</u> |
|---|------------------|---------------|---------------|----------------------------------|
| 2003 GRA Tax Allocation Bonds Fund | | | | |
| Administration | \$ 6 | 6 | 5 | 1 |
| Debt service | 4,797 | 4,797 | 3,974 | 823 |
| Extraordinary loss | - | - | 5,664 | (5,664) |
| Total | <u>4,803</u> | <u>4,803</u> | <u>9,643</u> | <u>(4,840)</u> |
| Police Building Project Fund | | | | |
| Administration | 500 | 500 | 380 | 120 |
| Debt service | <u>1,850</u> | <u>1,850</u> | <u>1,781</u> | <u>69</u> |
| Total | <u>2,350</u> | <u>2,350</u> | <u>2,161</u> | <u>189</u> |
| 2002 GRA Tax Allocation Bonds Fund | | | | |
| Administration | 6 | 6 | 5 | 1 |
| Debt service | 3,806 | 3,806 | 3,083 | 723 |
| Extraordinary loss | - | - | 4,574 | (4,574) |
| Total | <u>3,812</u> | <u>3,812</u> | <u>7,662</u> | <u>(3,850)</u> |
| Capital Leases Fund | | | | |
| Debt service | <u>1,392</u> | <u>1,392</u> | <u>1,392</u> | <u>-</u> |
| Total | <u>1,392</u> | <u>1,392</u> | <u>1,392</u> | <u>-</u> |
| Low & Mod Loan Fund | | | | |
| Debt service | 3,056 | 3,056 | 1,528 | 1,528 |
| Extraordinary loss | - | - | 1,528 | (1,528) |
| Total | <u>3,056</u> | <u>3,056</u> | <u>3,056</u> | <u>-</u> |
| 2010 GRA Tax Allocation Bonds Fund | | | | |
| Debt service | 1,462 | 1,462 | 731 | 731 |
| Extraordinary loss | - | - | 2,358 | (2,358) |
| Total | <u>1,462</u> | <u>1,462</u> | <u>3,089</u> | <u>(1,627)</u> |
| 2011 GRA Tax Allocation Bonds Fund | | | | |
| Administration | 3 | 3 | - | 3 |
| Debt service | 4,200 | 4,200 | 2,351 | 1,849 |
| Extraordinary loss | - | - | 6,854 | (6,854) |
| Total | <u>4,203</u> | <u>4,203</u> | <u>9,205</u> | <u>(5,002)</u> |
| Total expenditures and other financing uses | \$ <u>21,078</u> | <u>21,078</u> | <u>36,208</u> | <u>(15,130)</u> |

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CAPITAL PROJECTS FUNDS

- State Gas Tax Fund - To account for monies received and expended from state gas tax allocations for street improvement purposes.
- Landfill Postclosure Fund - To account for monies reserved for the post-closure maintenance cost of Scholl Canyon landfill.
- Development Impact Fees Fund - City Council adopted Ordinance No. 5575 on September 11, 2007, in accordance with California AB1600 later on codified under State Government Code section 66006, allowing the City to impose development impact fees on new residential, commercial and industrial developments to mitigate the cost of developing new or rehabilitating existing parks and recreational facilities, developing new libraries and/or adding to existing collections in order to maintain adequate parks and library services for those new residents. This fund was created to account for revenue collection for these impact fees and restricted usage of these funds for allowed projects. In addition, fund will also be used to guarantee adequate interest accumulation and disbursements of unused funds.
- San Fernando Road Corridor Tax Share Fund - To account for monies received from LA County for tax sharing and used for capital projects in San Fernando Road Corridor.

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Exhibit J-1

CITY OF GLENDALE

Combining Balance Sheet

Nonmajor Governmental Funds-Capital Projects Funds

June 30, 2012 (in thousands)

| | State Gas Tax Fund | Landfill Postclosure Fund | Development Impact Fees Fund | Total Nonmajor Capital Projects Funds |
|--------------------------------------|-----------------------|------------------------------|---------------------------------|---|
| Assets | | | | |
| Cash and invested cash | \$ 12,410 | - | 4,439 | 16,849 |
| Designated & invested cash | - | 22,100 | - | 22,100 |
| Interest receivable | 46 | - | 18 | 64 |
| Accounts receivable, net | 566 | - | - | 566 |
| Total assets | 13,022 | 22,100 | 4,457 | 39,579 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 556 | - | - | 556 |
| Total liabilities | 556 | - | - | 556 |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| State gas tax mandates | 12,466 | - | - | 12,466 |
| Landfill postclosure | - | 22,100 | - | 22,100 |
| Committed to: | | | | |
| Impact fee funded projects | - | - | 4,457 | 4,457 |
| Total fund balances | 12,466 | 22,100 | 4,457 | 39,023 |
| Total liabilities and fund balances | \$ 13,022 | 22,100 | 4,457 | 39,579 |

Exhibit J-2

CITY OF GLENDALE

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

Nonmajor Governmental Funds - Capital Projects Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | State Gas Tax Fund | Landfill Postclosure Fund | Development Impact Fees Fund | San Fernando Road Corridor Tax Share Fund | Total Nonmajor Capital Projects Funds |
|---|--------------------------|---------------------------------|------------------------------------|--|--|
| Revenues: | | | | | |
| Revenue from other agencies | \$ 6,484 | - | - | - | 6,484 |
| Licenses and permits | - | - | 2,735 | - | 2,735 |
| Use of money and property | 121 | - | 16 | 154 | 291 |
| Total Revenues | 6,605 | - | 2,751 | 154 | 9,510 |
| Expenditures: | | | | | |
| Operating expenditures | | | | | |
| Public works | 1,712 | - | - | - | 1,712 |
| Housing, health and community development | - | - | - | 6 | 6 |
| Parks, recreation and community services | - | - | 70 | - | 70 |
| Capital | 6,862 | - | 433 | 233 | 7,528 |
| Total expenditures | 8,574 | - | 503 | 239 | 9,316 |
| Excess of revenues over (under) expenditures | (1,969) | - | 2,248 | (85) | 194 |
| Extraordinary (loss) | - | - | - | (12,993) | (12,993) |
| Net change in fund balances | (1,969) | - | 2,248 | (13,078) | (12,799) |
| Fund balance, July 1 | 14,435 | 22,100 | 2,209 | 13,078 | 51,822 |
| Fund balance, June 30 | \$ 12,466 | 22,100 | 4,457 | - | 39,023 |

NONMAJOR ENTERPRISE FUNDS

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



NONMAJOR ENTERPRISE FUNDS

- Recreation Fund - To account for recreation programs of the Parks, Recreation and Community Services department on a proprietary user fee basis.
- Hazardous Disposal Fund - To account for operations of the toxic waste disposal in the City.
- Parking Fund - To account for operations of City-owned public parking lots and garages.
- Refuse Disposal Fund - To account for operations of the City-owned refuse collection and disposal service.
- Fire Communication Fund - To account for monies received and expended, as the lead city, for the tri-city (Burbank, Glendale and Pasadena) Verdugo Fire Communication operations.

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Exhibit K-1
CITY OF GLENDALE
Combining Statement of Net Assets
Proprietary Funds - Nonmajor Enterprise Funds
June 30, 2012 (in thousands)

| | Recreation Fund | Hazardous Disposal Fund | Parking Fund |
|--|-----------------|----------------------------|--------------|
| Assets | | | |
| Current assets: | | | |
| Cash and invested cash | \$ 4,039 | 1,116 | 4,966 |
| Interest receivable | 15 | 4 | 20 |
| Accounts receivable, net | 11 | 206 | 76 |
| Total current assets | 4,065 | 1,326 | 5,062 |
| Capital assets: | | | |
| Land | - | - | 5,651 |
| Buildings and improvements | - | 598 | 41,562 |
| Machinery and equipment | 65 | 240 | 2,742 |
| Bldg & impro accm depreciation | (63) | (810) | (22,531) |
| Construction in progress | - | - | 64 |
| Total capital assets | 2 | 28 | 27,488 |
| Total noncurrent assets | 2 | 28 | 27,488 |
| Total assets | 4,067 | 1,354 | 32,550 |
| Liabilities | | | |
| Accounts payable | 71 | 53 | 298 |
| Deposits | 82 | 46 | - |
| Total liabilities | 153 | 99 | 298 |
| Net assets: | | | |
| Investment in capital assets, net of related debt | 2 | 28 | 27,488 |
| Unrestricted | 3,912 | 1,227 | 4,764 |
| Total net assets | \$ 3,914 | 1,255 | 32,252 |

(Continued)

Exhibit K-1
CITY OF GLENDALE
Combining Statement of Net Assets
Proprietary Funds - Nonmajor Enterprise Funds
June 30, 2012 (in thousands)

| | Refuse Disposal Fund | Fire Communication Fund | Total Nonmajor Enterprise Fund |
|--|-------------------------|----------------------------|-----------------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and invested cash | \$ 21,883 | 3,468 | 35,472 |
| Interest receivable | 89 | 16 | 144 |
| Accounts receivable, net | 2,218 | 26 | 2,537 |
| Total current assets | 24,190 | 3,510 | 38,153 |
| Capital assets: | | | |
| Land | 1,639 | - | 7,290 |
| Buildings and improvements | 6,799 | - | 48,959 |
| Machinery and equipment | 15,162 | 5,608 | 23,817 |
| Bldg & impro accm depreciation | (12,686) | (4,223) | (40,313) |
| Construction in progress | - | - | 64 |
| Total capital assets | 10,914 | 1,385 | 39,817 |
| Total noncurrent assets | 10,914 | 1,385 | 39,817 |
| Total assets | 35,104 | 4,895 | 77,970 |
| Liabilities | | | |
| Accounts payable | 422 | 4 | 848 |
| Deposits | 278 | - | 406 |
| Total liabilities | 700 | 4 | 1,254 |
| Net assets: | | | |
| Investment in capital assets, net of related debt | 10,914 | 1,385 | 39,817 |
| Unrestricted | 23,490 | 3,506 | 36,899 |
| Total net assets | \$ 34,404 | 4,891 | 76,716 |

Exhibit K-2

CITY OF GLENDALECombining Statement of Revenues, Expenses
and Changes in Net Assets

Proprietary Funds - Non Major Enterprise Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | | Hazardous | |
|---|-----------------|---------------|--------------|
| | Recreation Fund | Disposal Fund | Parking Fund |
| Operating revenues: | | | |
| Charges for services | \$ 2,648 | 1,547 | 8,304 |
| Miscellaneous revenues | 341 | 44 | 44 |
| Total operating revenues | 2,989 | 1,591 | 8,348 |
| Operating expenses: | | | |
| Salaries and benefits | 1,660 | 869 | 2,550 |
| Maintenance and operations | 1,042 | 540 | 3,829 |
| Depreciation | 2 | 13 | 1,190 |
| Total operating expenses | 2,704 | 1,422 | 7,569 |
| Operating income | 285 | 169 | 779 |
| Non operating revenues (expenses): | | | |
| Interest revenue | 44 | 13 | 56 |
| Grant revenue | 175 | 56 | - |
| Contribution in aid | 7 | - | - |
| Total non operating revenues, net | 226 | 69 | 56 |
| Income before transfers | 511 | 238 | 835 |
| Transfers out | - | - | (1,900) |
| Change in net assets | 511 | 238 | (1,065) |
| Total net asset (deficit), July 1 | 3,403 | 1,017 | 33,317 |
| Total net assets (deficit), June 30 | \$ 3,914 | 1,255 | 32,252 |

(Continued)

Exhibit K-2

CITY OF GLENDALECombining Statement of Revenues, Expenses
and Changes in Net Assets

Proprietary Funds - Non Major Enterprise Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Refuse Disposal Fund | Fire Communication Fund | Total Nonmajor Enterprise Funds |
|---|-------------------------|-------------------------------|------------------------------------|
| Operating revenues: | | | |
| Charges for services | \$ 20,457 | 3,223 | 36,179 |
| Miscellaneous revenues | 21 | 622 | 1,072 |
| Total operating revenues | 20,478 | 3,845 | 37,251 |
| Operating expenses: | | | |
| Salaries and benefits | 6,919 | 2,144 | 14,142 |
| Maintenance and operations | 9,836 | 1,094 | 16,341 |
| Depreciation | 1,691 | 186 | 3,082 |
| Total operating expenses | 18,446 | 3,424 | 33,565 |
| Operating income | 2,032 | 421 | 3,686 |
| Non operating revenues (expenses): | | | |
| Interest revenue | 302 | 42 | 457 |
| Grant revenue | 91 | - | 322 |
| Contribution in aid | - | - | 7 |
| Total non operating revenues, net | 393 | 42 | 786 |
| Income before transfers | 2,425 | 463 | 4,472 |
| Transfers out | (1,000) | - | (2,900) |
| Change in net assets | 1,425 | 463 | 1,572 |
| Total net asset (deficit), July 1 | 32,979 | 4,428 | 75,144 |
| Total net assets (deficit), June 30 | \$ 34,404 | 4,891 | 76,716 |

CITY OF GLENDALE

Combining Statement of Cash Flows

Proprietary Funds - Nonmajor Enterprise Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | | Hazardous Disposal | |
|---|-----------------|--------------------|--------------|
| | Recreation Fund | Fund | Parking Fund |
| Cash flows from operating activities: | | | |
| Cash from customers | \$ 3,006 | 1,562 | 8,535 |
| Cash paid to employees | (1,660) | (869) | (2,550) |
| Cash paid to suppliers | (1,041) | (556) | (3,799) |
| Net Cash provided (used) by operating activities | 305 | 137 | 2,186 |
| Cash flows from noncapital financing activities: | | | |
| Operating transfers out | - | - | (1,900) |
| Operating grant received | 175 | 56 | - |
| Net Cash provided (used) by noncapital financing activities | 175 | 56 | (1,900) |
| Cash flows from capital and related financing activities: | | | |
| Contribution in aid | 7 | - | - |
| Acquisition of property, plant, and equipment | - | - | (93) |
| Net cash provided (used) by capital and related financing activities | 7 | - | (93) |
| Cash provided by investing activities: | | | |
| Interest received | 43 | 13 | 56 |
| Net increase (decrease) in cash and cash equivalents | 530 | 206 | 249 |
| Cash and cash equivalents at July 1 | 3,509 | 910 | 4,717 |
| Cash and cash equivalents at June 30 | 4,039 | 1,116 | 4,966 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | |
| Operating income | 285 | 169 | 779 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | |
| Depreciation | 2 | 13 | 1,190 |
| (Increase)Decrease Accounts receivable net | - | (46) | 23 |
| (Increase)Decrease Unbilled receivable | - | 17 | - |
| (Increase)Decrease Due from other agencies | 17 | - | 164 |
| Increase(Decrease) Accounts payable | 12 | (22) | 35 |
| Increase(Decrease) Due to other agencies | - | - | (5) |
| Increase(Decrease) Deposits | (11) | 6 | - |
| Total adjustments | 20 | (32) | 1,407 |
| Net cash provided (used) by operating activities | \$ 305 | 137 | 2,186 |
| Noncash investing, capital, and financing activities: | | | |
| Increase in fair value of investments | 13 | 4 | 17 |

(Continued)

Exhibit K-3

CITY OF GLENDALE

Combining Statement of Cash Flows

Proprietary Funds - Nonmajor Enterprise Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Refuse Disposal Fund | Fire Communication Fund | Total Nonmajor Enterprise Funds |
|---|-------------------------|----------------------------|------------------------------------|
| Cash flows from operating activities: | | | |
| Cash from customers | \$ 20,633 | 3,844 | 37,580 |
| Cash paid to employees | (6,919) | (2,144) | (14,142) |
| Cash paid to suppliers | (10,444) | (1,092) | (16,932) |
| Net Cash provided (used) by operating activities | 3,270 | 608 | 6,506 |
| Cash flows from noncapital financing activities: | | | |
| Operating transfers out | (1,000) | - | (2,900) |
| Operating grant received | 91 | - | 322 |
| Net Cash provided (used) by noncapital financing activities | (909) | - | (2,578) |
| Cash flows from capital and related financing activities: | | | |
| Contribution in aid | - | - | 7 |
| Acquisition of property, plant, and equipment | (575) | (293) | (961) |
| Net cash provided (used) by capital and related financing activities | (575) | (293) | (954) |
| Cash provided by investing activities: | | | |
| Interest received | 298 | 40 | 450 |
| Net increase (decrease) in cash and cash equivalents | 2,084 | 355 | 3,424 |
| Cash and cash equivalents at July 1 | 19,799 | 3,113 | 32,048 |
| Cash and cash equivalents at June 30 | 21,883 | 3,468 | 35,472 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | |
| Operating income | 2,032 | 421 | 3,686 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | |
| Depreciation | 1,691 | 186 | 3,082 |
| (Increase)Decrease Accounts receivable net | (218) | (1) | (242) |
| (Increase)Decrease Unbilled receivable | 418 | - | 435 |
| (Increase)Decrease Due from other agencies | (45) | - | 136 |
| Increase(Decrease) Accounts payable | (615) | 2 | (588) |
| Increase(Decrease) Due to other agencies | - | - | (5) |
| Increase(Decrease) Deposits | 7 | - | 2 |
| Total adjustments | 1,238 | 187 | 2,820 |
| Net cash provided (used) by operating activities | \$ 3,270 | 608 | 6,506 |
| Noncash investing, capital, and financing activities: | | | |
| Increase in fair value of investments | 77 | 13 | 124 |

Exhibit K-4

CITY OF GLENDALE

Schedule of Investment in Capital Assets

Proprietary Funds - Nonmajor Enterprise Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | | Land | Construction in Progress | Infrastructure | Buildings and Improvements | Machinery and Equipment | Total |
|-------------------------|----|-------|-----------------------------|----------------|-------------------------------|----------------------------|--------|
| Recreation Fund | \$ | - | - | - | - | 65 | 65 |
| Hazardous Disposal Fund | | - | - | - | 598 | 240 | 838 |
| Fire Communication Fund | | - | - | - | - | 5,608 | 5,608 |
| Parking Fund | | 5,651 | 64 | - | 41,562 | 2,742 | 50,019 |
| Refuse Disposal Fund | | 1,639 | - | - | 6,799 | 15,162 | 23,600 |
| Total capital assets | \$ | 7,290 | 64 | - | 48,959 | 23,817 | 80,130 |

Exhibit K-5

CITY OF GLENDALE

Schedule of Changes in Capital Assets

Proprietary Funds - Nonmajor Enterprise Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | <u>Balance at July 1</u> | <u>Additions/Reclass</u> | <u>Retirements/ Reclass</u> | <u>Total</u> |
|-------------------------|-----------------------------|-----------------------------|---------------------------------|-----------------------------|
| Recreation Fund | \$ 65 | - | - | 65 |
| Hazardous Disposal Fund | 885 | - | (47) | 838 |
| Fire Communication Fund | 5,315 | 293 | - | 5,608 |
| Parking Fund | 49,926 | 93 | - | 50,019 |
| Refuse Disposal Fund | 24,269 | 575 | (1,244) | 23,600 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total capital assets | \$ <u>80,460</u> | <u>961</u> | <u>(1,291)</u> | <u>80,130</u> |

INTERNAL SERVICE FUNDS

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



INTERNAL SERVICE FUNDS

- Fleet/Equipment Management Fund - To account for equipment replacement resources which are derived from periodic charges to governmental operations to ensure timely replacement of equipment.
- Joint Helicopter Operation Fund - To account for set-aside funds to perform major maintenance or replacement of the helicopters.
- ISD Infrastructure Fund - To account for technological equipment replacement resources which are derived from periodic charges to governmental operations to ensure timely replacement of the technological equipment.
- ISD Applications Fund - To account for major ISD Applications resources which are derived from periodic charges to governmental operations to ensure timely replacement of the major application software.
- Unemployment Insurance Fund - To finance and account for unemployment claims. Resources are derived from unemployment insurance charges to various City operations. Unemployment claims are reimbursed to the State Employment Department which disburses the unemployment claims.
- Liability Insurance Fund - To account for financing and disbursement of City self-insurance funds for uninsurable litigation activities, general liability and auto liability claims. Charges, in lieu of insurance premiums, are made periodically to City operations to provide the self-insurance resources.
- Compensation Insurance Fund - To finance and account for the City's workers' compensation claims. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.
- Dental Insurance Fund - To finance and account for the City's dental insurance program for its employees. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.
- Medical Insurance Fund - To finance and account for the City's medical insurance program for its employees. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.
- Vision Insurance Fund - To finance and account for the City's vision insurance program for its employees. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.
- Employee Benefits Fund - To account for the resources and the liability for employees' compensated absences (vacation and comp time).
- Retiree Health Savings Plan (RHSP) Benefits Fund - To account for the resources and the liability for employees' sick leave conversion under RHSP plan.
- Post Employment Benefits Fund - To account for the resources and the liability for retirees' medical insurance premium subsidy.
- ISD Wireless Communication Fund - To account for the operation of the citywide radio system.

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Exhibit L-1
CITY OF GLENDALE
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012 (in thousands)

| | Fleet/Equipment Management Fund | Joint Helicopter Operation Fund | ISD Infrastructure Fund | ISD Applications Fund | Unemployment Insurance Fund |
|---|---------------------------------------|--|-------------------------------|-----------------------------|-----------------------------------|
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and invested cash | \$ 12,015 | 3,318 | 2,333 | 4,281 | 457 |
| Interest receivable | 49 | 13 | 5 | 18 | 2 |
| Accounts receivable, net | - | 144 | - | - | - |
| Prepaid items | - | - | - | - | - |
| Total current assets | 12,064 | 3,475 | 2,338 | 4,299 | 459 |
| Capital assets: | | | | | |
| Machinery and equipment | 31,770 | 2,074 | - | 24 | - |
| Bldg & impro accm depreciation | (17,880) | (1,457) | - | - | - |
| Construction in progress | - | - | - | 226 | - |
| Total capital assets | 13,890 | 617 | - | 250 | - |
| Total assets | 25,954 | 4,092 | 2,338 | 4,549 | 459 |
| Liabilities and Net Assets | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 142 | 21 | 26 | 26 | - |
| Interest payable | 41 | - | - | - | - |
| Capital leases | 622 | - | - | - | - |
| Claims payable | - | - | - | - | - |
| Compensated absences | - | - | - | - | - |
| Total current liabilities | 805 | 21 | 26 | 26 | - |
| Noncurrent liabilities: | | | | | |
| Claims payable | - | - | - | - | - |
| Compensated absences | - | - | - | - | - |
| Long-term debt | 2,073 | - | - | - | - |
| Total noncurrent liabilities | 2,073 | - | - | - | - |
| Total liabilities | 2,878 | 21 | 26 | 26 | - |
| Net assets: | | | | | |
| Investment in general FA net of related debt | 11,195 | 617 | - | 250 | - |
| Unrestricted | 11,881 | 3,454 | 2,312 | 4,273 | 459 |
| Total net assets | \$ 23,076 | 4,071 | 2,312 | 4,523 | 459 |

(Continued)

Exhibit L-1
CITY OF GLENDALE
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012 (in thousands)

| | Liability Insurance Fund | Compensation Insurance Fund | Dental Insurance Fund | Medical Insurance Fund | Vision Insurance Fund | Employee Benefits Fund |
|--|--------------------------|-----------------------------|-----------------------|------------------------|-----------------------|------------------------|
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and invested cash | \$ 10,505 | 16,062 | 471 | 3,834 | 352 | 8,102 |
| Interest receivable | 312 | 63 | 2 | 10 | 1 | 32 |
| Accounts receivable, net | 1,100 | - | - | 2 | - | 109 |
| Prepaid items | - | - | - | 587 | - | - |
| Total current assets | 11,917 | 16,125 | 473 | 4,433 | 353 | 8,243 |
| Capital assets: | | | | | | |
| Machinery and equipment | - | 110 | - | - | - | - |
| Bldg & impro accm depreciation | - | (80) | - | - | - | - |
| Construction in progress | - | - | - | - | - | - |
| Total capital assets | - | 30 | - | - | - | - |
| Total assets | 11,917 | 16,155 | 473 | 4,433 | 353 | 8,243 |
| Liabilities and Net Assets | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | - | 7 | - | 582 | 4 | - |
| Interest payable | - | - | - | - | - | - |
| Capital leases | - | - | - | - | - | - |
| Claims payable | 4,284 | 7,133 | 99 | 1,514 | 22 | - |
| Compensated absences | - | - | - | - | - | 1,502 |
| Total current liabilities | 4,284 | 7,140 | 99 | 2,096 | 26 | 1,502 |
| Noncurrent liabilities: | | | | | | |
| Claims payable | 6,973 | 26,717 | - | - | - | - |
| Compensated absences | - | - | - | - | - | 13,014 |
| Long-term debt | - | - | - | - | - | - |
| Total noncurrent liabilities | 6,973 | 26,717 | - | - | - | 13,014 |
| Total liabilities | 11,257 | 33,857 | 99 | 2,096 | 26 | 14,516 |
| Net assets: | | | | | | |
| Investment in general FA net of related debt | - | 31 | - | - | - | - |
| Unrestricted | 660 | (17,733) | 374 | 2,337 | 327 | (6,273) |
| Total net assets | \$ 660 | (17,702) | 374 | 2,337 | 327 | (6,273) |

(Continued)

Exhibit L-1
CITY OF GLENDALE
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012 (in thousands)

| | Retiree Health Savings Plan Benefits Fund | Post Employment Benefits Fund | ISD Wireless Communications Fund | Total Internal Service Funds |
|---|--|--|--|------------------------------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash and invested cash | \$ 7,052 | 337 | 271 | 69,390 |
| Interest receivable | 27 | 1 | 2 | 537 |
| Accounts receivable, net | 155 | 5,640 | - | 7,150 |
| Prepaid items | - | - | - | 587 |
| Total current assets | 7,234 | 5,978 | 273 | 77,664 |
| Capital assets: | | | | |
| Machinery and equipment | - | - | 864 | 34,842 |
| Bldg & impro accm depreciation | - | - | (221) | (19,638) |
| Construction in progress | - | - | 690 | 916 |
| Total capital assets | - | - | 1,333 | 16,120 |
| Total assets | 7,234 | 5,978 | 1,606 | 93,784 |
| Liabilities and Net Assets | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | - | 37 | 845 |
| Interest payable | - | - | - | 41 |
| Capital leases | - | - | - | 622 |
| Claims payable | - | - | - | 13,052 |
| Compensated absences | 1,672 | - | - | 3,174 |
| Total current liabilities | 1,672 | - | 37 | 17,734 |
| Noncurrent liabilities: | | | | |
| Claims payable | - | - | - | 33,690 |
| Compensated absences | 9,977 | - | - | 22,991 |
| Long-term debt | - | - | - | 2,073 |
| Total noncurrent liabilities | 9,977 | - | - | 58,754 |
| Total liabilities | 11,649 | - | 37 | 76,488 |
| Net assets: | | | | |
| Investment in general FA net of related debt | - | - | 1,332 | 13,425 |
| Unrestricted | (4,415) | 5,978 | 237 | 3,871 |
| Total net assets | \$ (4,415) | 5,978 | 1,569 | 17,296 |

CITY OF GLENDALECombining Statement of Revenues, Expenses
and Changes in Net Assets

Internal Service Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Fleet/Equipment Management Fund | Joint Helicopter Operation Fund | ISD Infrastructure Fund | ISD Applications Fund |
|---|---------------------------------------|------------------------------------|-------------------------------|--------------------------|
| Operating revenues: | | | | |
| Charges for services | \$ 10,861 | 308 | 4,827 | 5,759 |
| Miscellaneous revenues | 11 | 3 | - | 22 |
| Total operating revenues | 10,872 | 311 | 4,827 | 5,781 |
| Operating Expenses: | | | | |
| Salaries and benefits | 3,697 | 4 | 2,516 | 3,350 |
| Maintenance and operations | 6,994 | 498 | 2,505 | 1,613 |
| Claims and settlements | - | - | - | - |
| Depreciation | 2,342 | 109 | - | - |
| Total operating expenses | 13,033 | 611 | 5,021 | 4,963 |
| Operating income (loss) | (2,161) | (300) | (194) | 818 |
| Non operating revenues (expenses): | | | | |
| Interest revenue | 326 | 36 | 18 | 48 |
| Interest expense | (119) | - | - | - |
| Contribution in aid | - | 392 | - | - |
| Total non operating revenues, net | 207 | 428 | 18 | 48 |
| Income before transfers | (1,954) | 128 | (176) | 866 |
| Transfers in | - | - | 1,420 | - |
| Transfers out | - | - | - | (600) |
| Total transfers | - | - | 1,420 | (600) |
| Change in net assets | (1,954) | 128 | 1,244 | 266 |
| Total net assets (deficit), July 1 | 25,030 | 3,943 | 1,068 | 4,257 |
| Total net assets (deficit), June 30 | \$ 23,076 | 4,071 | 2,312 | 4,523 |

(Continued)

CITY OF GLENDALECombining Statement of Revenues, Expenses
and Changes in Net Assets

Internal Service Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | | Unemployment Insurance Fund | Liability Insurance Fund | Compensation Insurance Fund | Dental Insurance Fund |
|---|----|--------------------------------|-----------------------------|--------------------------------|--------------------------|
| Operating revenues: | | | | | |
| Charges for services | \$ | 165 | 6,433 | 12,491 | 1,584 |
| Miscellaneous revenues | | - | 1,118 | - | - |
| Total operating revenues | | 165 | 7,551 | 12,491 | 1,584 |
| Operating Expenses: | | | | | |
| Salaries and benefits | | - | 417 | 1,123 | - |
| Maintenance and operations | | 5 | 773 | 988 | 25 |
| Claims and settlements | | 267 | 2,123 | 9,038 | 1,529 |
| Depreciation | | - | - | 3 | - |
| Total operating expenses | | 272 | 3,313 | 11,152 | 1,554 |
| Operating income (loss) | | (107) | 4,238 | 1,339 | 30 |
| Non operating revenues (expenses): | | | | | |
| Interest revenue | | 5 | 141 | 181 | 5 |
| Interest expense | | - | - | - | - |
| Contribution in aid | | - | - | - | - |
| Total non operating revenues, net | | 5 | 141 | 181 | 5 |
| Income before transfers | | (102) | 4,379 | 1,520 | 35 |
| Transfers in | | - | - | - | - |
| Transfers out | | - | (1,365) | - | - |
| Total transfers | | - | (1,365) | - | - |
| Change in net assets | | (102) | 3,014 | 1,520 | 35 |
| Total net assets (deficit), July 1 | | 561 | (2,354) | (19,222) | 339 |
| Total net assets (deficit), June 30 | \$ | 459 | 660 | (17,702) | 374 |

(Continued)

CITY OF GLENDALECombining Statement of Revenues, Expenses
and Changes in Net Assets

Internal Service Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | | Medical Insurance Fund | Vision Insurance Fund | Employee Benefits Fund | Retiree Health Savings Plan Benefits Fund |
|---|----|---------------------------|--------------------------|---------------------------|--|
| Operating revenues: | | | | | |
| Charges for services | \$ | 24,291 | 342 | 5,481 | 3,865 |
| Miscellaneous revenues | | 445 | - | - | - |
| Total operating revenues | | 24,736 | 342 | 5,481 | 3,865 |
| Operating Expenses: | | | | | |
| Salaries and benefits | | - | - | 3,403 | 1,239 |
| Maintenance and operations | | 378 | 7 | 52 | 36 |
| Claims and settlements | | 23,162 | 291 | - | - |
| Depreciation | | - | - | - | - |
| Total operating expenses | | 23,540 | 298 | 3,455 | 1,275 |
| Operating income (loss) | | 1,196 | 44 | 2,026 | 2,590 |
| Non operating revenues (expenses): | | | | | |
| Interest revenue | | 34 | 4 | 86 | 73 |
| Interest expense | | - | - | - | - |
| Contribution in aid | | - | - | - | - |
| Total non operating revenues, net | | 34 | 4 | 86 | 73 |
| Income before transfers | | 1,230 | 48 | 2,112 | 2,663 |
| Transfers in | | - | - | - | - |
| Transfers out | | - | - | - | - |
| Total transfers | | - | - | - | - |
| Change in net assets | | 1,230 | 48 | 2,112 | 2,663 |
| Total net assets (deficit), July 1 | | 1,107 | 279 | (8,385) | (7,078) |
| Total net assets (deficit), June 30 | \$ | 2,337 | 327 | (6,273) | (4,415) |

(Continued)

CITY OF GLENDALECombining Statement of Revenues, Expenses
and Changes in Net Assets

Internal Service Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Post Employment Benefits Fund | ISD Wireless Communications Fund | Total Internal Service Funds |
|---|-------------------------------------|--|---------------------------------|
| Operating revenues: | | | |
| Charges for services | \$ 174 | 3,453 | 80,034 |
| Miscellaneous revenues | 5,648 | 9 | 7,256 |
| Total operating revenues | 5,822 | 3,462 | 87,290 |
| Operating Expenses: | | | |
| Salaries and benefits | 187 | 1,198 | 17,134 |
| Maintenance and operations | - | 1,766 | 15,640 |
| Claims and settlements | - | - | 36,410 |
| Depreciation | - | 33 | 2,487 |
| Total operating expenses | 187 | 2,997 | 71,671 |
| Operating income (loss) | 5,635 | 465 | 15,619 |
| Non operating revenues (expenses): | | | |
| Interest revenue | 5 | 7 | 969 |
| Interest expense | - | - | (119) |
| Contribution in aid | - | - | 392 |
| Total non operating revenues, net | 5 | 7 | 1,242 |
| Income before transfers | 5,640 | 472 | 16,861 |
| Transfers in | - | - | 1,420 |
| Transfers out | - | - | (1,965) |
| Total transfers | - | - | (545) |
| Change in net assets | 5,640 | 472 | 16,316 |
| Total net assets (deficit), July 1 | 338 | 1,097 | 980 |
| Total net assets (deficit), June 30 | \$ 5,978 | 1,569 | 17,296 |

CITY OF GLENDALE

Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Fleet/Equipment Management Fund | Joint Helicopter Operation Fund | ISD Infrastructure Fund | ISD Applications Fund |
|---|---------------------------------------|------------------------------------|-------------------------------|--------------------------|
| Cash flows from operating activities: | | | | |
| Cash from customers | \$ 10,872 | 403 | 4,827 | 5,781 |
| Cash paid to employees | (3,697) | (4) | (2,516) | (3,350) |
| Cash paid to suppliers | (7,157) | (585) | (2,597) | (1,854) |
| Net Cash provided (used) by operating activities | 18 | (186) | (286) | 577 |
| Cash flows from noncapital financing activities: | | | | |
| Operating transfers | | | | |
| Operating transfers out | - | - | - | (600) |
| Operating transfers in | - | - | 1,420 | - |
| Net Cash provided (used) by noncapital financing activities | - | - | 1,420 | (600) |
| Cash flows from capital and related financing activities: | | | | |
| Interest on long-term debt | (119) | - | - | - |
| Bond, premium and interest accrued | (608) | - | - | - |
| Contribution in aid | - | 392 | - | - |
| Acquisition of property, plant, and equipment | (2,657) | - | - | (250) |
| Net cash provided (used) by capital and related financing activities | (3,384) | 392 | - | (250) |
| Cash provided by investing activities: | | | | |
| Interest received | 341 | 35 | 18 | 49 |
| Net increase (decrease) in cash and cash equivalents | (3,025) | 241 | 1,152 | (224) |
| Cash and cash equivalents at July 1 | 15,040 | 3,077 | 1,181 | 4,505 |
| Cash and cash equivalents at June 30 | 12,015 | 3,318 | 2,333 | 4,281 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | (2,161) | (300) | (194) | 818 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation | 2,342 | 109 | - | - |
| (Increase)Decrease Accounts receivable net | - | (45) | - | - |
| (Increase)Decrease Due from other agencies | - | 137 | - | - |
| (Increase)Decrease Prepaid expenses | - | - | - | - |
| Increase(Decrease) Compensated absences | - | - | - | - |
| Increase(Decrease) Accounts payable | (163) | (87) | (92) | (241) |
| Increase(Decrease) Claims payable | - | - | - | - |
| Total adjustments | 2,179 | 114 | (92) | (241) |
| Net cash provided (used) by operating activities | \$ 18 | (186) | (286) | 577 |
| Noncash investing, capital, and financing activities: | | | | |
| Increase in fair value of investments | 42 | 11 | 5 | 15 |

(Continued)

CITY OF GLENDALE

Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Unemployment Insurance Fund | Liability Insurance Fund | Compensation Insurance Fund | Dental Insurance Fund |
|---|--------------------------------|-----------------------------|--------------------------------|--------------------------|
| Cash flows from operating activities: | | | | |
| Cash from customers | \$ 165 | 6,451 | 12,505 | 1,584 |
| Cash paid to employees | - | (417) | (1,123) | - |
| Cash paid to suppliers | (272) | (5,434) | (8,749) | (1,571) |
| Net Cash provided (used) by operating activities | (107) | 600 | 2,633 | 13 |
| Cash flows from noncapital financing activities: | | | | |
| Operating transfers | | | | |
| Operating transfers out | - | (1,365) | - | - |
| Operating transfers in | - | - | - | - |
| Net Cash provided (used) by noncapital financing activities | - | (1,365) | - | - |
| Cash flows from capital and related financing activities: | | | | |
| Interest on long-term debt | - | - | - | - |
| Bond, premium and interest accrued | - | - | - | - |
| Contribution in aid | - | - | - | - |
| Acquisition of property, plant, and equipment | - | - | (16) | - |
| Net cash provided (used) by capital and related financing activities | - | - | (16) | - |
| Cash provided by investing activities: | | | | |
| Interest received | 5 | 133 | 174 | 5 |
| Net increase (decrease) in cash and cash equivalents | (102) | (632) | 2,791 | 18 |
| Cash and cash equivalents at July 1 | 559 | 11,137 | 13,271 | 453 |
| Cash and cash equivalents at June 30 | 457 | 10,505 | 16,062 | 471 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | (107) | 4,238 | 1,339 | 30 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation | - | - | 3 | - |
| (Increase)Decrease Accounts receivable net | - | - | 14 | - |
| (Increase)Decrease Due from other agencies | - | (1,100) | - | - |
| (Increase)Decrease Prepaid expenses | - | - | - | - |
| Increase(Decrease) Compensated absences | - | - | - | - |
| Increase(Decrease) Accounts payable | - | - | (3) | (116) |
| Increase(Decrease) Claims payable | - | (2,538) | 1,280 | 99 |
| Total adjustments | - | (3,638) | 1,294 | (17) |
| Net cash provided (used) by operating activities | \$ (107) | 600 | 2,633 | 13 |
| Noncash investing, capital, and financing activities: | | | | |
| Increase in fair value of investments | 2 | 48 | 54 | 2 |

(Continued)

CITY OF GLENDALE

Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Medical Insurance Fund | Vision Insurance Fund | Employee Benefits Fund | Retiree Health Savings Plan Benefits Fund |
|---|---------------------------|--------------------------|---------------------------|--|
| Cash flows from operating activities: | | | | |
| Cash from customers | \$ 24,785 | 342 | 5,372 | 3,710 |
| Cash paid to employees | - | - | (3,567) | (1,783) |
| Cash paid to suppliers | (22,408) | (293) | (52) | (36) |
| Net Cash provided (used) by operating activities | 2,377 | 49 | 1,753 | 1,891 |
| Cash flows from noncapital financing activities: | | | | |
| Operating transfers | | | | |
| Operating transfers out | - | - | - | - |
| Operating transfers in | - | - | - | - |
| Net Cash provided (used) by noncapital financing activities | - | - | - | - |
| Cash flows from capital and related financing activities: | | | | |
| Interest on long-term debt | - | - | - | - |
| Bond, premium and interest accrued | - | - | - | - |
| Contribution in aid | - | - | - | - |
| Acquisition of property, plant, and equipment | - | - | - | - |
| Net cash provided (used) by capital and related financing activities | - | - | - | - |
| Cash provided by investing activities: | | | | |
| Interest received | 31 | 4 | 82 | 69 |
| Net increase (decrease) in cash and cash equivalents | 2,408 | 53 | 1,835 | 1,960 |
| Cash and cash equivalents at July 1 | 1,426 | 299 | 6,267 | 5,092 |
| Cash and cash equivalents at June 30 | 3,834 | 352 | 8,102 | 7,052 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | 1,196 | 44 | 2,026 | 2,590 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation | - | - | - | - |
| (Increase)Decrease Accounts receivable net | 49 | - | - | - |
| (Increase)Decrease Due from other agencies | - | - | (109) | (155) |
| (Increase)Decrease Prepaid expenses | 6 | - | - | - |
| Increase(Decrease) Compensated absences | - | - | (164) | (544) |
| Increase(Decrease) Accounts payable | 141 | (17) | - | - |
| Increase(Decrease) Claims payable | 985 | 22 | - | - |
| Total adjustments | 1,181 | 5 | (273) | (699) |
| Net cash provided (used) by operating activities | \$ 2,377 | 49 | 1,753 | 1,891 |
| Noncash investing, capital, and financing activities: | | | | |
| Increase in fair value of investments | 9 | 1 | 27 | 23 |

(Continued)

CITY OF GLENDALE

Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2012 (in thousands)

| | Post Employment Benefits Fund | ISD Wireless Communications Fund | Total Internal Service Funds |
|---|-------------------------------------|--|---------------------------------|
| Cash flows from operating activities: | | | |
| Cash from customers | \$ 182 | 3,462 | 80,441 |
| Cash paid to employees | (187) | (1,198) | (17,842) |
| Cash paid to suppliers | - | (1,750) | (52,758) |
| Net Cash provided (used) by operating activities | (5) | 514 | 9,841 |
| Cash flows from noncapital financing activities: | | | |
| Operating transfers | | | |
| Operating transfers out | - | - | (1,965) |
| Operating transfers in | - | - | 1,420 |
| Net Cash provided (used) by noncapital financing activities | - | - | (545) |
| Cash flows from capital and related financing activities: | | | |
| Interest on long-term debt | - | - | (119) |
| Bond, premium and interest accrued | - | - | (608) |
| Contribution in aid | - | - | 392 |
| Acquisition of property, plant, and equipment | - | (907) | (3,830) |
| Net cash provided (used) by capital and related financing activities | - | (907) | (4,165) |
| Cash provided by investing activities: | | | |
| Interest received | 6 | 8 | 960 |
| Net increase (decrease) in cash and cash equivalents | 1 | (385) | 6,091 |
| Cash and cash equivalents at July 1 | 336 | 656 | 63,299 |
| Cash and cash equivalents at June 30 | 337 | 271 | 69,390 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | 5,635 | 465 | 15,619 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | - | 33 | 2,487 |
| (Increase)Decrease Accounts receivable net | - | - | 18 |
| (Increase)Decrease Due from other agencies | (5,640) | - | (6,867) |
| (Increase)Decrease Prepaid expenses | - | - | 6 |
| Increase(Decrease) Compensated absences | - | - | (708) |
| Increase(Decrease) Accounts payable | - | 16 | (562) |
| Increase(Decrease) Claims payable | - | - | (152) |
| Total adjustments | (5,640) | 49 | (5,778) |
| Net cash provided (used) by operating activities | \$ (5) | 514 | 9,841 |
| Noncash investing, capital, and financing activities: | | | |
| Increase in fair value of investments | 1 | 2 | 242 |

Exhibit M-1

CITY OF GLENDALE

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

June 30, 2012 (in thousands)

| | Land | Construction in Progress | Infrastructure | Buildings and Improvements | Machinery and Equipment | Total |
|----------------------------|------------------|-----------------------------|----------------|-------------------------------|----------------------------|----------------|
| General government: | | | | | | |
| City Council | \$ - | 66 | - | - | 2,240 | 2,306 |
| City Clerk | - | (50) | - | 5 | 55 | 10 |
| City Manager | - | 32 | - | 273 | 564 | 869 |
| Legal | - | - | - | 10 | 41 | 51 |
| Finance | - | - | - | - | 6,117 | 6,117 |
| Information Services | - | - | 12,221 | 430 | 17,515 | 30,166 |
| Personnel | - | - | - | - | 246 | 246 |
| Total | - | 48 | 12,221 | 718 | 26,778 | 39,765 |
| Public Safety: | | | | | | |
| Police | 5,227 | 120 | - | 68,762 | 9,935 | 84,044 |
| Fire | 5,925 | 441 | - | 18,202 | 11,037 | 35,605 |
| Fire Paramedics | - | - | - | - | 678 | 678 |
| Emergency Services | - | - | - | - | 150 | 150 |
| Total | 11,152 | 561 | - | 86,964 | 21,800 | 120,477 |
| Public Works: | | | | | | |
| Public works | 25,238 | 14,500 | 487 | 1,560 | 1,353 | 43,138 |
| Engineering | - | - | - | - | 47 | 47 |
| Permit services | - | - | - | - | 788 | 788 |
| Corporation yard | 282,947 | 4,985 | 265,054 | 73,494 | 688 | 627,168 |
| Mechanical maintenance | - | - | - | - | 154 | 154 |
| Traffic engineering | - | 1,810 | 2,302 | 747 | 88 | 4,947 |
| Transit administration | 15,441 | 162 | - | 2,405 | 11,579 | 29,587 |
| Air quality improvement | - | 508 | - | - | - | 508 |
| Total | 323,626 | 21,965 | 267,843 | 78,206 | 14,697 | 706,337 |
| CD&H: | | | | | | |
| Housing administration | 16,760 | - | - | - | 144 | 16,904 |
| Community dev admin | 2,080 | 1,302 | 326 | 9,302 | 142 | 13,152 |
| Total | \$ 18,840 | 1,302 | 326 | 9,302 | 286 | 30,056 |

(Continued)

Exhibit M-1

CITY OF GLENDALE

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

June 30, 2012 (in thousands)

| | | Land | Construction in Progress | Infrastructure | Buildings and Improvements | Machinery and Equipment | Total |
|---|----|---------|-----------------------------|----------------|-------------------------------|----------------------------|-----------|
| Parks, recreation and community services | \$ | 51,429 | 4,277 | - | 104,514 | 950 | 161,170 |
| Library | | 448 | 2,785 | - | 9,761 | 1,903 | 14,897 |
| Total capital assets | | 405,495 | 30,938 | 280,390 | 289,465 | 66,414 | 1,072,702 |
| Accumulated depreciation | | | | (90,919) | (91,428) | (47,505) | (229,852) |
| Net capital assets | \$ | 405,495 | 30,938 | 189,471 | 198,037 | 18,909 | 842,850 |

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

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

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

Exhibit M-2

CITY OF GLENDALE

Capital Assets used in the Operation of Governmental Funds

Schedule by Function and Activity

Fiscal Year Ended June 30, 2012 (in thousands)

| | Balance at July 1 | Additions | Retirements | Reclass | Total |
|-------------------------|-------------------|-----------|-------------|---------|---------|
| General government: | | | | | |
| City council | \$ 2,306 | - | - | - | 2,306 |
| City clerk | 10 | - | - | - | 10 |
| City treasurer | 6 | - | (6) | - | - |
| City manager | 975 | 115 | (221) | - | 869 |
| Legal | 51 | - | - | - | 51 |
| Finance | 6,130 | - | (13) | - | 6,117 |
| Information services | 29,802 | 364 | - | - | 30,166 |
| Planning | 39 | - | (39) | - | - |
| Personnel | 246 | - | - | - | 246 |
| Total | 39,565 | 479 | (279) | - | 39,765 |
| Public safety: | | | | | |
| Police | 83,653 | 458 | (67) | - | 84,044 |
| Fire | 31,751 | 3,854 | - | - | 35,605 |
| Fire paramedics | 667 | 11 | - | - | 678 |
| Emergency services | 150 | - | - | - | 150 |
| Total | 116,221 | 4,323 | (67) | - | 120,477 |
| Public works: | | | | | |
| Public works | 48,150 | 526 | - | (5,538) | 43,138 |
| Engineering | 47 | - | - | - | 47 |
| Permit services | 788 | - | - | - | 788 |
| Corporation yard | 602,431 | 6,960 | (1,860) | 19,637 | 627,168 |
| Mechanical maintenance | 154 | - | - | - | 154 |
| Traffic engineering | 2,269 | 1,737 | (2,692) | 3,633 | 4,947 |
| Transit administration | 29,815 | - | (228) | - | 29,587 |
| Air quality improvement | 581 | - | - | (73) | 508 |
| Total | \$ 684,235 | 9,223 | (4,780) | 17,659 | 706,337 |

(Continued)

Exhibit M-2

CITY OF GLENDALE

Capital Assets used in the Operation of Governmental Funds

Schedule by Function and Activity

Fiscal Year Ended June 30, 2012 (in thousands)

| | | Balance at July 1 | Additions | Retirements | Reclass | Total |
|--|----|-------------------|-----------|-------------|----------|-----------|
| <hr/> | | | | | | |
| Housing, health and community development: | | | | | | |
| Housing administration | \$ | 15,878 | 1,054 | (28) | - | 16,904 |
| Community dev admin | | 12,257 | 895 | - | - | 13,152 |
| GRA | | 64,166 | 381 | (19,628) | (44,919) | - |
| | | <hr/> | | | | |
| Total | | 92,301 | 2,330 | (19,656) | (44,919) | 30,056 |
| | | <hr/> | | | | |
| Parks, recreation and community services: | | | | | | |
| Parks administration | | 147,491 | 3,767 | (37) | 9,949 | 161,170 |
| | | <hr/> | | | | |
| Total | | 147,491 | 3,767 | (37) | 9,949 | 161,170 |
| | | <hr/> | | | | |
| Library | | 13,196 | 1,701 | - | - | 14,897 |
| | | <hr/> | | | | |
| Total capital assets | | 1,093,009 | 21,823 | (24,819) | (17,311) | 1,072,702 |
| | | <hr/> | | | | |
| Accumulated depreciation | | (221,252) | (17,693) | 5,186 | 3,907 | (229,852) |
| | | <hr/> | | | | |
| Net capital assets | \$ | 871,757 | 4,130 | (19,633) | (13,404) | 842,850 |
| | | <hr/> | | | | |

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

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

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

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STATISTICAL SECTION (UNAUDITED)

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

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

Schedule 1

CITY OF GLENDALE

Net Assets by Component,
Last Ten Fiscal Years (in thousands)
(accrual basis of accounting)

| | Fiscal Year | | | | |
|--|---------------------|------------------|------------------|------------------|------------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Governmental Activities | | | | | |
| Invested in capital assets, net of related debt | \$ 802,729 | 814,946 | 806,721 | 782,170 | 766,314 |
| Restricted | 40,119 | 53,953 | 56,854 | 56,506 | 48,392 |
| Unrestricted | 104,152 | 85,930 | 91,582 | 113,761 | 109,313 |
| Total governmental activities net assets | 947,000 | 954,829 | 955,157 | 952,437 | 924,019 |
| Business-type Activities | | | | | |
| Invested in capital assets, net of related debt | 545,511 | 526,011 | 476,440 | 448,099 | 392,039 |
| Restricted | 5,669 | 15,474 | 13,864 | 14,047 | 14,058 |
| Unrestricted | 140,283 | 159,353 | 208,562 | 238,443 | 278,763 |
| Total business-type activities net assets | 691,463 | 700,838 | 698,866 | 700,589 | 684,860 |
| Primary Government | | | | | |
| Invested in capital assets, net of related debt | 1,348,240 | 1,340,957 | 1,283,161 | 1,230,269 | 1,158,353 |
| Restricted | 45,788 | 69,427 | 70,718 | 70,553 | 62,450 |
| Unrestricted | 244,435 | 245,283 | 300,144 | 352,204 | 388,076 |
| Total primary government net assets | \$ 1,638,463 | 1,655,667 | 1,654,023 | 1,653,026 | 1,608,879 |
| | | | | | |
| | Fiscal Year | | | | |
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Governmental Activities | | | | | |
| Invested in capital assets, net of related debt | \$ 608,369 | 684,725 | 658,445 | 635,754 | 607,260 |
| Restricted | 59,782 | 58,668 | 60,899 | 51,900 | 95,245 |
| Unrestricted | 236,117 | 151,966 | 151,155 | 150,127 | 131,816 |
| Total governmental activities net assets | 904,268 | 895,359 | 870,499 | 837,781 | 834,321 |
| Business-type Activities | | | | | |
| Invested in capital assets, net of related debt | 472,893 | 435,757 | 393,342 | 371,934 | 347,099 |
| Restricted | 8,392 | 8,653 | 12,461 | 11,947 | 4,814 |
| Unrestricted | 190,462 | 217,431 | 261,248 | 282,328 | 302,302 |
| Total business-type activities net assets | 671,747 | 661,841 | 667,051 | 666,209 | 654,215 |
| Primary Government | | | | | |
| Invested in capital assets, net of related debt | 1,081,262 | 1,120,482 | 1,051,787 | 1,007,688 | 954,359 |
| Restricted | 68,174 | 67,321 | 73,360 | 63,847 | 100,059 |
| Unrestricted | 426,579 | 369,397 | 412,403 | 432,455 | 434,118 |
| Total primary government net assets | \$ 1,576,015 | 1,557,200 | 1,537,550 | 1,503,990 | 1,488,536 |

Note:

Due to AB 1x 26 - Redevelopment Agencies Dissolution on February 1, 2012, only seven months of the Glendale Redevelopment Agency transactions are included in the governmental activities for FY2012. The transactions for the remainder of the fiscal year are recorded in the Glendale Successor Agency Fiduciary Fund.

Source: City Finance Department

Not covered by independent auditor's report

Schedule 2

CITY OF GLENDALE

Changes in Net Assets,

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

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

Notes:

- (1) Fire paramedic is reclassified as special revenue fund from enterprise fund in fiscal year 2006.
- (2) Fire communication is reclassified as enterprise fund from special revenue fund in fiscal year 2009.
- (3) Beginning in fiscal year 2009 and going forward, public safety is split between fire and police.
- (4) Due to AB 1x 26 - Redevelopment Agencies Dissolution on February 1, 2012, only seven months of the Glendale Redevelopment Agency transactions are included in the governmental activities for FY2012. The transactions for the remainder of the fiscal year are recorded in the Glendale Successor Agency Fiduciary Fund.

Source: City Finance Department

Not covered by independent auditor's report

(Continued)

Schedule 2

CITY OF GLENDALE

Changes in Net Assets,

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

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

Notes:

(1) Fire paramedic is reclassified as special revenue fund from enterprise fund in fiscal year 2006.

(2) Fire communication is reclassified as enterprise fund from special revenue fund in fiscal year 2009.

(3) Beginning in fiscal year 2009 and going forward, public safety is split between fire and police.

(4) Due to AB 1x 26 - Redevelopment Agencies Dissolution on February 1, 2012, only seven months of the Glendale Redevelopment Agency transactions are included in the governmental activities for FY2012. The transactions for the remainder of the fiscal year are recorded in the Glendale Successor Agency Fiduciary Fund.

Source: City Finance Department

Not covered by independent auditor's report

(Continued)

Schedule 2

CITY OF GLENDALE

Changes in Net Assets,

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

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

Notes:

- (1) Fire paramedic is reclassified as special revenue fund from enterprise fund in fiscal year 2006.
- (2) Fire communication is reclassified as enterprise fund from special revenue fund in fiscal year 2009.
- (3) Beginning in fiscal year 2009 and going forward, public safety is split between fire and police.
- (4) Due to AB 1x 26 - Redevelopment Agencies Dissolution on February 1, 2012, only seven months of the Glendale Redevelopment Agency transactions are included in the governmental activities for FY2012. The transactions for the remainder of the fiscal year are recorded in the Glendale Successor Agency Fiduciary Fund.

Source: City Finance Department

Not covered by independent auditor's report

(Continued)

Schedule 2

CITY OF GLENDALE

Changes in Net Assets,

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

| | Fiscal Year | | | | |
|--|-------------------|----------------|----------------|----------------|----------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 25,842 | 20,301 | 17,536 | 11,121 | 20,471 |
| Public safety | 107,660 | 94,711 | 83,074 | 50,085 | 67,710 |
| Public works | 35,442 | 37,075 | 39,261 | 46,435 | 37,846 |
| Housing, health, and comm dev | 63,526 | 53,214 | 39,683 | 49,923 | 29,671 |
| Employment programs | 6,808 | 6,106 | 5,136 | 4,824 | 5,472 |
| Public service | 6,932 | 3,900 | 5,024 | 5,693 | 5,216 |
| Parks, recreation and community services | 14,955 | 15,561 | 10,066 | 25,219 | 24,429 |
| Library | 8,463 | 7,918 | 7,003 | 1,544 | 6,960 |
| Interest and fiscal charges on bonds | 10,097 | 8,404 | 7,284 | 6,729 | 1,754 |
| Total governmental activities expenses | <u>279,725</u> | <u>247,190</u> | <u>214,067</u> | <u>201,573</u> | <u>199,529</u> |
| Business-type activities: | | | | | |
| Recreation | 2,072 | 1,853 | 2,078 | 2,268 | 2,013 |
| Hazardous disposal | 1,539 | 1,420 | 1,350 | 1,715 | 1,706 |
| Fire paramedic | - | - | 8,150 | 7,456 | 6,577 |
| Parking | 6,618 | 5,593 | 5,913 | 5,704 | 7,236 |
| Sewer | 11,993 | 6,874 | 8,112 | 9,790 | 3,588 |
| Refuse disposal | 15,074 | 14,388 | 14,636 | 14,639 | 13,024 |
| Electric | 178,220 | 184,913 | 147,377 | 141,989 | 141,799 |
| Water | 29,927 | 26,151 | 25,608 | 25,606 | 23,623 |
| Total business-type activities expenses | <u>245,443</u> | <u>241,192</u> | <u>213,224</u> | <u>209,167</u> | <u>199,566</u> |
| Total primary government expenses | <u>\$ 525,168</u> | <u>488,382</u> | <u>427,291</u> | <u>410,740</u> | <u>399,095</u> |

Notes:

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- (3) Beginning in fiscal year 2009 and going forward, public safety is split between fire and police.
- (4) Due to AB 1x 26 - Redevelopment Agencies Dissolution on February 1, 2012, only seven months of the Glendale Redevelopment Agency transactions are included in the governmental activities for FY2012. The transactions for the remainder of the fiscal year are recorded in the Glendale Successor Agency Fiduciary Fund.

Source: City Finance Department

Not covered by independent auditor's report

(Continued)

Schedule 2

CITY OF GLENDALE

Changes in Net Assets,

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

| | Fiscal Year | | | | |
|---|--------------|-----------|-----------|-----------|-----------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 9,533 | 8,762 | 8,600 | 9,167 | 8,271 |
| Public safety | 13,739 | 12,169 | 3,757 | 3,949 | 5,685 |
| Public works | 15,014 | 12,674 | 11,256 | 10,834 | 8,786 |
| Housing, health, and comm dev | 86 | 110 | 99 | 104 | 130 |
| Employment programs | 1,423 | 1,154 | 937 | 806 | 346 |
| Parks, recreation and community services | 47 | 28 | 31 | 95 | 36 |
| Library | 211 | 202 | 150 | 193 | 148 |
| Operating grants and contributions | 43,199 | 40,617 | 33,855 | 36,001 | 44,369 |
| Capital grants and contributions | 12,228 | 17,532 | 6,860 | 9,504 | 13,767 |
| Total governmental activities program revenues | 95,480 | 93,248 | 65,545 | 70,653 | 81,538 |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Recreation | 1,842 | 1,943 | 1,736 | 1,617 | 1,552 |
| Hazardous disposal | 1,586 | 1,404 | 1,403 | 1,438 | 1,508 |
| Fire paramedic | - | - | 6,887 | 6,390 | 6,068 |
| Parking | 7,329 | 7,024 | 7,139 | 6,159 | 6,058 |
| Sewer | 17,447 | 16,611 | 16,323 | 16,036 | 19,041 |
| Refuse disposal | 18,205 | 16,115 | 15,404 | 13,759 | 13,132 |
| Electric | 178,979 | 170,208 | 148,799 | 151,718 | 178,632 |
| Water | 33,277 | 31,189 | 29,753 | 31,377 | 31,634 |
| Operating grants and contributions | 1,415 | 511 | 659 | 715 | 1,542 |
| Capital grants and contributions | 5,222 | 2,712 | 1,376 | 3,344 | 1,472 |
| Total business-type activities program revenues | 265,302 | 247,717 | 229,479 | 232,553 | 260,639 |
| Total primary government program revenues | 360,782 | 340,965 | 295,024 | 303,206 | 342,177 |
| Net (Expense) / Revenue | | | | | |
| Governmental activities | (184,245) | (153,942) | (148,522) | (130,920) | (117,991) |
| Business-type activities | 19,859 | 6,525 | 16,255 | 23,386 | 61,073 |
| Total primary government net expense | \$ (164,386) | (147,417) | (132,267) | (107,534) | (56,918) |

Notes:

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- (3) Beginning in fiscal year 2009 and going forward, public safety is split between fire and police.
- (4) Due to AB 1x 26 - Redevelopment Agencies Dissolution on February 1, 2012, only seven months of the Glendale Redevelopment Agency transactions are included in the governmental activities for FY2012. The transactions for the remainder of the fiscal year are recorded in the Glendale Successor Agency Fiduciary Fund.

Source: City Finance Department

Not covered by independent auditor's report

(Continued)

Schedule 2

CITY OF GLENDALE

Changes in Net Assets,

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

| | Fiscal Year | | | | |
|--|------------------|-----------------|-----------------|-----------------|----------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| General Revenues and Other Changes in Net Assets | | | | | |
| Governmental activities: | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 67,394 | 60,961 | 55,716 | 39,491 | 39,181 |
| Sales taxes | 23,944 | 23,985 | 22,351 | 28,328 | 30,317 |
| Utility users tax | 26,202 | 24,386 | 23,772 | 22,666 | 19,488 |
| Other taxes | 21,262 | 19,216 | 18,562 | 11,920 | 10,915 |
| Investment income | 15,826 | 6,805 | 9,057 | 2,696 | 13,354 |
| Other | 13,715 | 21,411 | 15,461 | 14,194 | 19,485 |
| Transfers | 24,811 | 24,357 | 27,127 | 21,987 | 19,170 |
| Contributions | - | - | - | - | - |
| Total governmental activities | <u>193,154</u> | <u>181,121</u> | <u>172,046</u> | <u>141,282</u> | <u>151,910</u> |
| Business-type activities: | | | | | |
| Investment income | 11,569 | 6,421 | 8,251 | 2,697 | 10,589 |
| Other | 3,289 | 3,883 | 3,463 | 5,949 | 10,465 |
| Transfers | (24,811) | (24,358) | (27,127) | (21,987) | (19,171) |
| Contributions | - | - | - | - | - |
| Total business-type activities | <u>(9,953)</u> | <u>(14,054)</u> | <u>(15,413)</u> | <u>(13,341)</u> | <u>1,883</u> |
| Total primary government | <u>183,201</u> | <u>167,067</u> | <u>156,633</u> | <u>127,941</u> | <u>153,793</u> |
| Change in Net Assets | | | | | |
| Governmental activities | 8,909 | 27,179 | 23,525 | 10,363 | 33,919 |
| Business-type activities | <u>9,906</u> | <u>(7,529)</u> | <u>841</u> | <u>10,044</u> | <u>62,956</u> |
| Total primary government | <u>\$ 18,815</u> | <u>19,650</u> | <u>24,366</u> | <u>20,407</u> | <u>96,875</u> |

Notes:

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- (2) Fire communication is reclassified as enterprise fund from special revenue fund in fiscal year 2009.
- (3) Beginning in fiscal year 2009 and going forward, public safety is split between fire and police.
- (4) Due to AB 1x 26 - Redevelopment Agencies Dissolution on February 1, 2012, only seven months of the Glendale Redevelopment Agency transactions are included in the governmental activities for FY2012. The transactions for the remainder of the fiscal year are recorded in the Glendale Successor Agency Fiduciary Fund.

Source: City Finance Department

Not covered by independent auditor's report

Schedule 3

CITY OF GLENDALE

Fund Balances, Governmental Funds,
Last Ten Fiscal Years (in thousands)
(accrual basis of accounting)

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

Notes:

- (1) Due to AB 1x 26 - Redevelopment Agencies Dissolution on February 1, 2012, only seven months of the Glendale Redevelopment Agency transactions are included in the governmental activities for FY2012. The transactions for the remainder of the fiscal year are recorded in the Glendale Successor Agency Fiduciary Fund.
- (2) This schedule has been modified pursuant to GASB Statement 54, which establishes the following classifications (effective for fiscal year ending June 30, 2011): nonspendable, restricted, committed, assigned, and unassigned.

Not covered by independent auditor's report

(Continued)

Schedule 3

CITY OF GLENDALE

Fund Balances, Governmental Funds,
Last Ten Fiscal Years (in thousands)
(accrual basis of accounting)

| | Fiscal Year | | | | |
|------------------------------------|-------------------|----------------|----------------|----------------|----------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| General Fund | | | | | |
| Nonspendable: | \$ 67,347 | 67,147 | 66,786 | 66,288 | 64,979 |
| Restricted for: | | | | | |
| City Charter- stabilization | 17,805 | 16,495 | 15,521 | 13,727 | 13,072 |
| Assigned to: | | | | | |
| Economic Development | - | - | - | - | - |
| Unassigned: | 42,559 | 32,541 | 35,544 | 43,268 | 48,365 |
| Total general fund | <u>127,711</u> | <u>116,183</u> | <u>117,851</u> | <u>123,283</u> | <u>126,416</u> |
| All Other Governmental Funds | | | | | |
| Nonspendable: | 13,844 | 71,314 | 74,324 | 66,891 | 36,337 |
| Restricted for: | | | | | |
| Federal and state grants | 3,725 | 1,783 | 1,075 | 1,327 | 2,156 |
| Private endowments | - | - | - | - | - |
| Public safety | 8,569 | 9,671 | 11,324 | 7,831 | 4,593 |
| Youth Employment | - | - | - | - | - |
| Transportation | 12,976 | 11,826 | 4,823 | 4,261 | 4,222 |
| Landscaping district | - | - | - | - | - |
| Low and Mod Housing | 17,060 | 13,976 | 6,287 | 3,110 | 8,212 |
| Air quality improvement | 538 | 482 | 457 | 431 | 467 |
| Cable access | 690 | 938 | 1,027 | 980 | 2,627 |
| Electric public benefit AB1890 | 2,716 | 5,219 | 5,598 | 6,925 | 9,047 |
| Redevelopment activities | 4,663 | 4,639 | - | 2,958 | 46,276 |
| Debt service funds | 56,323 | 60,928 | 62,724 | 60,616 | 66,299 |
| Capital projects funds | 12,851 | 27,516 | 47,893 | 91,638 | 45,568 |
| Committed to: | | | | | |
| Debt service funds | - | - | - | - | - |
| Impact fee funded projects | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Urban art | - | - | - | - | - |
| Assigned to: | | | | | |
| Capital projects funds | - | - | - | - | - |
| Unassigned: | 5,851 | (31,110) | (12,883) | (46,912) | (19,512) |
| Total all other governmental funds | <u>\$ 139,806</u> | <u>177,182</u> | <u>202,649</u> | <u>200,056</u> | <u>206,292</u> |

Notes:

- (1) Due to AB 1x 26 - Redevelopment Agencies Dissolution on February 1, 2012, only seven months of the Glendale Redevelopment Agency transactions are included in the governmental activities for FY2012. The transactions for the remainder of the fiscal year are recorded in the Glendale Successor Agency Fiduciary Fund.
- (2) This schedule has been modified pursuant to GASB Statement 54, which establishes the following classifications (effective for fiscal year ending June 30, 2011): nonspendable, restricted, committed, assigned, and unassigned.

Not covered by independent auditor's report

Schedule 4

CITY OF GLENDALE

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

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

Notes:

- (1) Intergovernmental revenue became part of use of money and property in fiscal year 2010.
- (2) Beginning in fiscal year 2010 and going forward, other taxes are split among sales, property, and other.
- (3) Due to AB 1x 26 - Redevelopment Agencies Dissolution on February 1, 2012, only seven months of the Glendale Redevelopment Agency transactions are included in the governmental activities for FY2012. The transactions for the remainder of the fiscal year are recorded in the Glendale Successor Agency Fiduciary Fund.

Source: City Finance Department

Not covered by independent auditor's report

(Continued)

Schedule 4

CITY OF GLENDALE

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

| | Fiscal Year | | | | |
|---|-------------|----------|----------|----------|----------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Revenues: | | | | | |
| Property taxes | \$ 67,394 | 60,961 | 55,716 | 39,492 | 39,180 |
| Other taxes | 71,408 | 69,172 | 66,178 | 64,277 | 62,096 |
| Revenue from other agencies | 64,206 | 49,247 | 45,579 | 54,001 | 60,289 |
| Licenses and permits | 8,589 | 6,247 | 5,303 | 4,698 | 3,925 |
| Fines and forfeitures | 1,503 | 1,671 | 1,822 | 1,032 | 2,257 |
| Charges for services | 23,202 | 21,079 | 12,036 | 12,005 | 11,522 |
| Use of money and property | 16,389 | 8,914 | 10,821 | 5,259 | 16,363 |
| Intergovernmental revenue | 2,000 | 1,500 | 1,250 | 1,000 | - |
| Interfund revenue | 8,262 | 7,774 | 7,491 | 8,446 | 7,641 |
| Miscellaneous revenue | 5,168 | 12,499 | 4,689 | 4,728 | 3,324 |
| Total revenues | 268,121 | 239,064 | 210,885 | 194,938 | 206,597 |
| Expenditures: | | | | | |
| General government | 20,285 | 17,984 | 16,730 | 16,431 | 14,942 |
| Community promotion | 115 | 245 | 116 | 56 | 63 |
| Police | 51,482 | 52,808 | 48,140 | 39,971 | 37,171 |
| Fire | 49,481 | 44,658 | 34,184 | 28,482 | 25,557 |
| Public works | 29,714 | 29,767 | 25,968 | 22,829 | 22,293 |
| Housing, health and community development | 32,612 | 37,747 | 35,588 | 45,044 | 33,827 |
| Employment programs | 6,649 | 6,129 | 4,968 | 4,870 | 5,373 |
| Public service | 6,770 | 3,931 | 4,860 | 5,474 | 5,119 |
| Parks, recreation and community services | 12,384 | 11,966 | 10,287 | 9,329 | 9,004 |
| Library | 8,097 | 7,668 | 6,815 | 6,409 | 6,392 |
| Capital outlay | 91,919 | 59,299 | 41,255 | 34,383 | 65,873 |
| Debt service | | | | | |
| Interest | 6,655 | 6,379 | 5,707 | 6,968 | 6,314 |
| Principal | 6,300 | 5,575 | 6,482 | 2,910 | 3,400 |
| Fiscal agent fees | - | - | - | 2,120 | 1,275 |
| Total expenditures | 322,463 | 284,156 | 241,100 | 225,276 | 236,603 |
| Excess of revenues over (under) expenditures | (54,342) | (45,092) | (30,215) | (30,338) | (30,006) |
| Other Financing Sources (Uses): | | | | | |
| Proceeds from borrowing | 8,200 | - | - | 61,495 | 52,522 |
| Original/Issue discount | - | - | - | - | - |
| Cost of issuance | - | - | - | - | - |
| Payments to escrow agent | - | - | - | (62,110) | - |
| Transfers in | 31,312 | 33,684 | 31,424 | 55,860 | 46,815 |
| Transfers out | (11,019) | (13,407) | (13,242) | (40,404) | (25,644) |
| Total other financing sources (uses) | 28,493 | 20,277 | 18,182 | 14,841 | 73,693 |
| Extraordinary loss | - | - | - | - | - |
| Net change in fund balances | \$ (25,849) | (24,815) | (12,033) | (15,497) | 43,687 |
| Debt service as a percentage of noncapital expenditures | 5.0% | 4.9% | 6.2% | 4.8% | 5.1% |

Notes:

- (1) Intergovernmental revenue became part of use of money and property in fiscal year 2010.
- (2) Beginning in fiscal year 2010 and going forward, other taxes are split among sales, property, and other.
- (3) Due to AB 1x 26 - Redevelopment Agencies Dissolution on February 1, 2012, only seven months of the Glendale Redevelopment Agency transactions are included in the governmental activities for FY2012. The transactions for the remainder of the fiscal year are recorded in the Glendale Successor Agency Fiduciary Fund.

Source: City Finance Department

Not covered by independent auditor's report

Schedule 5

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

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

Notes:

(1) Sales to other utilities were classified as wholesale prior to fiscal year 2005.

(2) Fluctuations in wholesale sales volume and revenue were due to changing market demand and price volatility.

(3) Starting in fiscal year 2004, Glendale Water and Power department assumed ownership of the City's Street light system and no longer collects street light sales revenue from the City.

(4) Reflects an over-collection of the fuel adjustment charge.

Source: Glendale Water & Power Department

Not covered by independent auditor's report

(Continued)

Schedule 5

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

| | Fiscal Year | | | | |
|------------------------------------|-----------------------|--------------------|--------------------|--------------------|--------------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Number of Customers: | | | | | |
| Residential | 70,921 | 70,810 | 70,798 | 70,662 | 70,612 |
| Commercial | 12,481 | 12,385 | 12,331 | 12,329 | 12,296 |
| Industrial | 224 | 220 | 220 | 223 | 221 |
| Other (Government) | 18 | 18 | 18 | 18 | 18 |
| Total | <u>83,644</u> | <u>83,433</u> | <u>83,367</u> | <u>83,232</u> | <u>83,147</u> |
| Megawatt-Hour Sales: | | | | | |
| Residential | 395,260 | 381,010 | 371,057 | 380,997 | 344,078 |
| Commercial | 345,407 | 345,315 | 338,411 | 341,482 | 328,806 |
| Industrial | 396,997 | 407,151 | 389,919 | 399,081 | 388,208 |
| Public street and highway lighting | 9,164 | 9,106 | 9,012 | 9,074 | 9,009 |
| Total Retail Energy Sales | <u>1,146,828</u> | <u>1,142,582</u> | <u>1,108,399</u> | <u>1,130,634</u> | <u>1,070,101</u> |
| Sales to other utilities | 114,465 | 114,247 | 52,140 (1) | - | - |
| Wholesale | 126,627 | 147,207 | 72,615 | 84,264 | 236,380 (2) |
| Total Energy Sales | <u>1,387,920</u> | <u>1,404,036</u> | <u>1,233,154</u> | <u>1,214,898</u> | <u>1,306,481</u> |
| Revenue from Sale Energy | | | | | |
| Residential | \$ 58,251,508 | 50,347,062 | 48,775,385 | 49,466,888 | 46,479,601 |
| Commercial | 53,302,463 | 47,141,992 | 45,627,641 | 45,584,694 | 44,317,317 |
| Industrial | 51,908,777 | 43,976,070 | 41,457,748 | 41,611,313 | 40,569,086 |
| Public street and highway lighting | 1,810 | 1,487 | 1,258 | 1,326 (3) | 10,376 |
| Adjustable rate revenue | - | - | - | - | 19,602,506 (4) |
| Sales to other utilities | 5,969,693 | 15,640,657 | 8,579,688 (1) | - | - |
| Wholesale | 9,545,014 | 13,100,161 | 4,356,897 | 15,053,921 | 27,652,643 (2) |
| Total Energy Sales | <u>\$ 178,979,265</u> | <u>170,207,429</u> | <u>148,798,617</u> | <u>151,718,142</u> | <u>178,631,529</u> |

Notes:

(1) Sales to other utilities were classified as wholesale prior to fiscal year 2005.

(2) Fluctuations in wholesale sales volume and revenue were due to changing market demand and price volatility.

(3) Starting in fiscal year 2004, Glendale Water and Power department assumed ownership of the City's Street light system and no longer collects street light sales revenue from the City.

(4) Reflects an over-collection of the fuel adjustment charge.

Source: Glendale Water & Power Department

Not covered by independent auditor's report

Schedule 6

CITY OF GLENDALE

Electric Rates (Dollars per Kilowatt Hour)

Last Ten Fiscal Years

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

| | | Fiscal Year | | | | |
|----------------|----|-------------|--------|--------|--------|--------|
| | | 2007 | 2006 | 2005 | 2004 | 2003 |
| Customer Class | | | | | | |
| Residential | \$ | 0.1474 | 0.1321 | 0.1314 | 0.1298 | 0.1351 |
| Commercial | | 0.1543 | 0.1365 | 0.1348 | 0.1335 | 0.1348 |
| Industrial | | 0.1308 | 0.1080 | 0.1063 | 0.1043 | 0.1045 |
| Lighting | | 0.0002 | 0.0002 | 0.0001 | 0.0001 | 0.0012 |

Note:

These are the average rates for the indicated customer classes, including energy cost adjustment charge.

Source: Glendale Water & Power Department

Not covered by independent auditor's report

Schedule 7

CITY OF GLENDALEPrincipal Electric Payer Groups
Current Year and Six Years Ago

| Electric Payer Groups | Fiscal Year 2012 | | | Fiscal Year 2006 | | |
|------------------------------|----------------------|------|---|----------------------|------|---|
| | Electric Charges | Rank | Percentage of Total City Electric Charges | Electric Charges | Rank | Percentage of Total City Electric Charges |
| Hospitals/Medical Facilities | \$ 9,410,262 | 1 | 4.80% | \$ 5,409,579 | 4 | 3.18% |
| Entertainment Industry | 9,263,264 | 2 | 4.73% | 7,312,437 | 1 | 4.30% |
| Retail Stores/Malls | 7,646,576 | 3 | 3.90% | 5,894,901 | 2 | 3.46% |
| Government Agencies | 7,287,480 | 4 | 3.72% | 5,766,049 | 3 | 3.39% |
| High-Rise Buildings | 4,441,456 | 5 | 2.27% | 5,349,323 | 5 | 3.14% |
| Schools/Colleges | 4,271,719 | 6 | 2.18% | 3,672,134 | 6 | 2.16% |
| Grocery Stores | 3,683,867 | 7 | 1.88% | 3,636,487 | 7 | 2.14% |
| Manufacturing | 3,128,314 | 8 | 1.60% | 1,904,525 | 9 | 1.12% |
| Utilities | 1,292,496 | 9 | 0.66% | 2,181,564 | 8 | 1.28% |
| Hotels/Motels | 1,276,950 | 10 | 0.65% | 1,172,868 | 10 | 0.69% |
| Total | \$ <u>51,702,384</u> | | <u>26.38%</u> | \$ <u>36,890,288</u> | | <u>24.86%</u> |

Notes:

(1) Individual customer's information is not public record and cannot be released without customer's permission.

Therefore, top ten electric payer group is presented instead of top ten customers.

(2) Data prior fiscal year 2006 are not available.

Source: Glendale Water & Power Department

Not covered by independent auditor's report

Schedule 8

CITY OF GLENDALE

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years (in thousands)

| Fiscal Fiscal Year Ended June 30, | Residential Property (4) | Commercial Property (4) | Industrial Property (4) | Other Property (4) |
|--|-----------------------------|----------------------------|----------------------------|-----------------------|
| 2003 | 9,967,736 | 2,667,649 | 613,642 | 1,741,553 |
| 2004 | 10,833,752 | 2,976,622 | 635,830 | 1,625,490 |
| 2005 | 11,756,804 | 3,078,785 | 645,596 | 1,589,205 |
| 2006 | 12,818,420 | 3,595,247 | 631,715 | 1,559,282 |
| 2007 | 14,021,333 | 3,972,910 | 682,581 | 1,740,934 |
| 2008 | 15,044,118 | 4,334,682 | 716,251 | 1,835,689 |
| 2009 | 15,785,560 | 4,548,563 | 771,577 | 2,233,232 |
| 2010 | 15,588,384 | 4,649,949 | 774,196 | 2,318,317 |
| 2011 | 15,706,014 | 4,574,190 | 777,581 | 2,379,814 |
| 2012 | 16,233,512 | 4,785,127 | 761,299 | 2,047,080 |

| Fiscal Fiscal Year Ended June 30, | Less: Tax-Exempt Property (5) | Total Taxable Assessed Value | Total Direct Tax Rate (2)(3) |
|--|-------------------------------------|------------------------------------|------------------------------------|
| 2003 | 591,477 | 14,399,104 | 0.24921% |
| 2004 | 528,611 | 15,543,084 | 0.25012% |
| 2005 | 496,524 | 16,573,866 | 0.24192% |
| 2006 | 599,470 | 18,005,194 | 0.25043% |
| 2007 | 516,434 | 19,901,324 | 0.25543% |
| 2008 | 720,421 | 21,210,321 | 0.25637% |
| 2009 | 750,483 | 22,588,450 | 0.26764% |
| 2010 | 741,047 | 22,589,799 | 0.26915% |
| 2011 | 544,780 | 22,892,818 | 0.27303% |
| 2012 | 538,972 | 23,288,046 | 0.27112% |

Notes:

- (1) In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.
- (2) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.
- (3) As a result of moving all data to a different database/system, HdL's revenue calculations have been revised and refined, resulting in changes to prior year total direct rates. Nevertheless, HdL encourages users of its data to leave prior year data unchanged on their schedules.
- (4) Prior year data has been revised to reflect "Assessed" rather than "Net Taxable" values.
- (5) Prior year tax-exempt data has been revised to reflect both the Homeowners' Exemption + Exempt Use Code categories.

Source: HdL Coren & Cone

Not covered by independent auditor's report

Schedule 9

CITY OF GLENDALE

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

Last Ten Fiscal Years

| Fiscal Year | City's Share of 1% Levy Per Prop 13 | Redevelopment Rate | Total Direct Tax Rate |
|-------------|-------------------------------------|--------------------|-----------------------|
| 2003 | 0.13573 | 1.00861 | 0.24921 |
| 2004 | 0.13573 | 1.00755 | 0.25012 |
| 2005 | 0.13573 | 1.00697 | 0.24192 |
| 2006 | 0.13573 | 1.00604 | 0.25043 |
| 2007 | 0.13573 | 1.00541 | 0.25543 |
| 2008 | 0.13573 | 1.00450 | 0.25637 |
| 2009 | 0.13573 | 1.00430 | 0.26764 |
| 2010 | 0.13573 | 1.00430 | 0.26915 |
| 2011 | 0.13573 | 1.00370 | 0.27303 |
| 2012 | 0.13573 | 1.00370 | 0.27112 |

| Direct & Overlapping Rates | | | | | |
|----------------------------|------------|---------------------------------------|----------------------------|----------------------------------|-----------------------------------|
| Fiscal Year | Basic Levy | County Detention Facilities 1987 Debt | Glendale Community College | Glendale Unified School District | La Canada Unified School District |
| 2003 | 1.00000 | 0.00103 | 0.00138 | 0.06004 | 0.04021 |
| 2004 | 1.00000 | 0.00099 | 0.02039 | 0.06057 | 0.04158 |
| 2005 | 1.00000 | 0.00092 | 0.02132 | 0.06161 | 0.07132 |
| 2006 | 1.00000 | 0.00080 | 0.01857 | 0.05221 | 0.06708 |
| 2007 | 1.00000 | 0.00066 | 0.02213 | 0.05205 | 0.05923 |
| 2008 | 1.00000 | 0.00000 | 0.02408 | 0.04742 | 0.05630 |
| 2009 | 1.00000 | 0.00000 | 0.02119 | 0.04560 | 0.06475 |
| 2010 | 1.00000 | 0.00000 | 0.02366 | 0.04603 | 0.07043 |
| 2011 | 1.00000 | 0.00000 | 0.02344 | 0.03541 | 0.07329 |
| 2012 | 1.00000 | 0.00000 | 0.02452 | 0.04551 | 0.07086 |

Notes:

- (1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- (3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.
- (4) RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.
- (5) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

Source: HdL Coren & Cone

Not covered by independent auditor's report

(Continued)

Schedule 9

CITY OF GLENDALE

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

Last Ten Fiscal Years

| Fiscal Year | Direct & Overlapping Rates | | | | | Total Direct & Overlapping Tax Rates |
|----------------|-------------------------------------|---------------------------------|--|-----------------------------------|--|--|
| | La Community College District | L.A. County Flood Control | Los Angeles Unified School District | Metropolitan Water District | Pasadena Community College District | |
| 2002 | 0.01600 | 0.00107 | 0.04813 | 0.00770 | 0.00000 | 1.16086 |
| 2003 | 0.01460 | 0.00088 | 0.03697 | 0.00670 | 0.00000 | 1.17181 |
| 2004 | 0.01986 | 0.00046 | 0.07715 | 0.00610 | 0.00681 | 1.23391 |
| 2005 | 0.01810 | 0.00025 | 0.08884 | 0.00580 | 0.00879 | 1.27694 |
| 2006 | 0.01429 | 0.00005 | 0.08435 | 0.00520 | 0.00410 | 1.24665 |
| 2007 | 0.02146 | 0.00005 | 0.10681 | 0.00470 | 0.02080 | 1.28791 |
| 2008 | 0.00879 | 0.00000 | 0.12334 | 0.00450 | 0.01972 | 1.28416 |
| 2009 | 0.02212 | 0.00000 | 0.12478 | 0.00430 | 0.01742 | 1.30015 |
| 2010 | 0.02311 | 0.00000 | 0.15181 | 0.00430 | 0.02300 | 1.34234 |
| 2011 | 0.04031 | 0.00000 | 0.18696 | 0.00370 | 0.01986 | 1.38297 |
| 2012 | 0.03530 | 0.00000 | 0.16819 | 0.00370 | 0.01956 | 1.36763 |

Notes:

- (1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- (3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.
- (4) RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.
- (5) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

Source: HdL Coren & Cone

Not covered by independent auditor's report

Schedule 10

CITY OF GLENDALE

Principal Property Tax Payers

Current Year and Six Years Ago (in thousands)

| Taxpayer | Fiscal Year 2012 | | | Fiscal Year 2006 | | |
|--|------------------------------|------|---|------------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| GGP Homart II | \$ 448,296 | 1 | 1.93% | \$ 392,313 | 1 | 2.11% |
| Walt Disney World Company | 392,648 | 2 | 1.69% | 247,489 | 2 | 1.33% |
| Glendale Adventist Medical Center | 261,252 | 3 | 1.12% | 178,654 | 3 | 0.96% |
| Americana at Brand LLC | 249,851 | 4 | 1.07% | | | |
| PR Glendale Plaza Office California LLC | 174,876 | 5 | 0.75% | | | |
| Dreamworks Animation LLC | 149,421 | 6 | 0.64% | | | |
| City of Glendale | 144,208 | 7 | 0.62% | | | |
| Wells Reit Glendale California LLC | 134,000 | 8 | 0.58% | 163,130 | 4 | 0.88% |
| Metropolitan Life Insurance Company | 110,338 | 9 | 0.47% | 119,340 | 6 | 0.64% |
| Legacy Partners II Glendale N Br and LLC | 103,812 | 10 | 0.45% | | | |
| Glendale Plaza Realty Holding Company | | | | 139,127 | 5 | 0.75% |
| CLPF -500 Brand | | | | 108,000 | 7 | 0.58% |
| Maguire Properties 611 N Brand LLC | | | | 92,106 | 8 | 0.50% |
| Glendale Memorial Hospital & Health Center | | | | 89,151 | 9 | 0.48% |
| Napi Glendale I LLC | | | | 84,786 | 10 | 0.46% |
| Total | \$ <u>2,168,702</u> | | <u>9.33%</u> | \$ <u>1,614,096</u> | | <u>8.69%</u> |

Note: Data prior to fiscal year 2006 are not available.

Source: HdL Coren & Cone

Not covered by independent auditor's report

CITY OF GLENDALE

Property Tax Levies and Collections

Last Ten Fiscal Years (in thousands)

| Fiscal Year Ended June 30, | City | | | | | |
|-------------------------------------|--|---|-----------------------|---------------------------------------|-------------------------------|-----------------------|
| | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date (1) | |
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| | | | | | | |
| 2003 | 15,847 | 15,755 | 99% | 443 (3)(4) | 16,198 | 102% |
| 2004 | 17,032 | 16,114 | 95% | 393 (4) | 16,507 | 97% |
| 2005 | 17,640 | 17,072 | 97% | 492 (4) | 17,564 | 100% |
| 2006 | 19,996 | 19,208 | 96% | 589 (4) | 19,797 | 99% |
| 2007 | 22,247 | 21,228 | 95% | 827 (4) | 22,055 | 99% |
| 2008 | 23,853 | 22,460 | 94% | 1,209 (4) | 23,669 | 99% |
| 2009 | 24,731 | 23,552 | 95% | 1,201 (4) | 24,753 | 100% |
| 2010 | 23,814 | 22,698 | 95% | 902 (4) | 23,600 | 99% |
| 2011 | 24,737 | 23,811 | 96% | 620 (4) | 24,431 | 99% |
| 2012 | 25,402 | 24,726 | 97% | - (4) | 24,726 | 97% |

| Fiscal Year Ended June 30, | Redevelopment Agency | | | | | |
|-------------------------------------|--|---|-----------------------|---------------------------------------|-------------------------------|-----------------------|
| | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date (1) | |
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| | | | | | | |
| 2003 | 21,931 | 21,704 | 99% | 139 (4) | 21,843 | 100% |
| 2004 | 23,474 | 21,406 | 91% | 819 (4) | 22,225 | 95% |
| 2005 | 28,489 | 26,662 | 94% | 528 (4) | 27,190 | 95% |
| 2006 | 26,505 | 25,798 | 97% | 341 (4) | 26,139 | 99% |
| 2007 | 29,118 | 27,415 | 94% | 472 (4) | 27,887 | 96% |
| 2008 | 31,205 | 30,505 | 98% | (19) (2)(4) | 30,486 | 98% |
| 2009 | 36,408 | 34,667 | 95% | 283 (4) | 34,950 | 96% |
| 2010 | 41,442 | 39,884 | 96% | 383 (4) | 40,267 | 97% |
| 2011 | 39,048 | 37,801 | 97% | 265 (4) | 38,066 | 97% |
| 2012 | 37,958 | 16,643 (5) | 44% | - (4) | 16,643 (5) | 44% |

Notes:

- (1) Education Revenue Augmentation Fund (ERAF) III payment to State, ERAF in lieu of Vehicle License Fee, SB211 Proposition Share for Central Project, supplemental property tax, and property tax penalty are excluded from property tax collections when compared to property tax levied in this schedule. All prior fiscal year data are updated in fiscal year 2010 CAFR.
- (2) The negative collection is due to refunds to property owners for overpayment in prior years, which mainly resulted from lower property values.
- (3) Fiscal year 2003 "Collections in Subsequent Year" amount has been restated to exclude the Delinquent Supplemental Amount. In addition, this fiscal year's collection from prior year's levy increased therefore, the Total Collections To-Date Percentage of Levy is over by 2% from the Taxes Levied for the fiscal year.
- (4) Delinquent taxes should be reported by levy year rather than by collection year. [GASB-S44: 21c; 2005 GAAFR, page 307]. Accordingly, the "Collections in Subsequent Years" column has been modified.
- (5) This amount only includes Property Tax Increment collections from July 2011 through January 2012 due to AB 1x 26 - Redevelopment Agencies Dissolution effective February 1, 2012. The rest of this fiscal year's Property Tax Increment receipts are recorded in the Glendale Successor Agency Fiduciary Fund.

Sources:

- County of Los Angeles Department of Auditor-Controller
- City Finance Department

Not covered by independent auditor's report

CITY OF GLENDALE

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

| Governmental Activities | | | | | | | |
|-------------------------|--------------------------------|----------------|-----------------------------|-----------------------------|---------------|---|----------|
| Fiscal Year | Police Building Project (COPs) | Capital Leases | Section 108 (Series 2002-A) | Section 108 (Series 2011-A) | Notes Payable | Residential Development Loan Program (RDLP) | Subtotal |
| 2003 | 63,100 | 2,000 | 1,800 | - | - | - | 66,900 |
| 2004 | 62,000 | 1,631 | 1,700 | - | 4,615 | - | 69,946 |
| 2005 | 60,800 | 4,989 | 1,590 | - | 3,692 | - | 71,071 |
| 2006 | 59,600 | 4,273 | 1,450 | - | 2,769 | - | 68,092 |
| 2007 | 58,300 | 11,729 | 1,280 | - | 1,846 | - | 73,155 |
| 2008 | 56,900 | 9,935 | 1,100 | - | 923 | - | 68,858 |
| 2009 | 55,500 | 10,540 | 690 | - | - | - | 66,730 |
| 2010 | 54,000 | 8,866 | 690 | - | - | 4,643 | 68,199 |
| 2011 | 52,400 | 7,121 | 470 | - | - | 4,643 | 64,634 |
| 2012 | 50,700 | 5,302 | 240 | 2,000 | - | 4,643 | 62,885 |

| Business-Type Activities | | | | | | |
|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|-------------------------|----------|
| Fiscal Year | 2000 Electric Revenue Bond | 2003 Electric Revenue Bond | 2006 Electric Revenue Bond | 2008 Electric Revenue Bond | 2008 Water Revenue Bond | Subtotal |
| 2003 | 37,146 | 32,248 | - | - | - | 69,395 |
| 2004 | 37,138 | 31,431 | - | - | - | 68,569 |
| 2005 | 37,130 | 30,615 | - | - | - | 67,745 |
| 2006 | - | 29,798 | 36,780 | - | - | 66,577 |
| 2007 | - | 28,983 | 36,212 | - | - | 65,195 |
| 2008 | - | 28,166 | 35,381 | 61,687 | 51,916 | 177,150 |
| 2009 | - | 27,350 | 34,482 | 61,630 | 51,851 | 175,313 |
| 2010 | - | 26,533 | 33,515 | 61,573 | 51,787 | 173,408 |
| 2011 | - | 25,718 | 32,481 | 61,516 | 51,722 | 171,437 |
| 2012 | - | 24,811 | 31,371 | 61,459 | 51,657 | 169,298 |

| Business-Type Activities | | | | | | |
|--------------------------|------------------------------|----------------------------|-------------------------------|------------|-------|------------|
| Fiscal Year | Total Primary Government (I) | Total Personal Income (II) | Percentage of Personal Income | Population | | per Capita |
| 2003 | 136,295 | 6,496,217 | 2.10% | 203 | (IV) | 0.671 |
| 2004 | 138,515 | 6,768,245 | 2.05% | 205 | (IV) | 0.676 |
| 2005 | 138,816 | 7,137,808 | 1.94% | 207 | (IV) | 0.671 |
| 2006 | 134,669 | 7,516,626 | 1.79% | 206 | (IV) | 0.654 |
| 2007 | 138,350 | 8,186,637 | 1.69% | 207 | (IV) | 0.668 |
| 2008 | 246,008 | 8,557,034 | 2.87% | 207 | (IV) | 1.188 |
| 2009 | 242,043 | 8,761,661 | 2.76% | 207 | (IV) | 1.169 |
| 2010 | 241,607 | 7,839,231 | 3.08% | 192 | (III) | 1.258 |
| 2011 | 236,071 | 8,043,639 | 2.93% | 192 | (III) | 1.230 |
| 2012 | 232,183 | 8,051,203 | 2.88% | 193 | (III) | 1.203 |

(Continued)

Schedule 12

CITY OF GLENDALE

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

| Fiscal Year | Fiduciary Activities | | | | | | Subtotal |
|----------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-------------------------------|----------|
| | 1993 GRA Tax Allocation Bond | 2002 GRA Tax Allocation Bond | 2003 GRA Tax Allocation Bond | 2010 GRA Tax Allocation Bond | 2011 GRA Tax Allocation Bond | Low & Mod Loans payable | |
| 2003 | 59,315 | 49,969 | - | - | - | - | 109,284 |
| 2004 | - | 48,053 | 58,129 | - | - | - | 106,182 |
| 2005 | - | 46,083 | 56,184 | - | - | - | 102,267 |
| 2006 | - | 44,057 | 53,924 | - | - | - | 97,981 |
| 2007 | - | 41,971 | 51,544 | - | - | - | 93,515 |
| 2008 | - | 39,832 | 49,043 | - | - | - | 88,875 |
| 2009 | - | 37,626 | 46,418 | - | - | 13,352 | 84,044 |
| 2010 | - | 35,355 | 43,658 | 26,621 | - | 10,716 | 105,634 |
| 2011 | - | 33,008 | 40,758 | 26,644 | 50,000 | 7,991 | 150,410 |
| 2012 | - | 30,583 | 37,708 | 26,667 | 47,967 | 5,171 | 148,096 |

Note:

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

Sources:

(I) City Finance Department

(II) Personal income is calculated as follows: Population multiplied by Per Capita Personal Income.
Prior year per capita income amounts were revised (see FY2011 Statistical Section, Schedule 16).
Accordingly, prior year personal income has also changed.

(III) 2011 and revised 2010 population data were obtained from the California State Department of Finance
Demographic Research Unit, Population Estimates for California Cities, January 2010 and 2011 (E-1). (Note: 2010
population data differs from the previous year estimate as it incorporates 2010 Census counts as the benchmark.)

(IV) Prior year population data was obtained from California State Department of Finance, January 1 of every year.

Not covered by independent auditor's report

Schedule 13

CITY OF GLENDALE

Direct & Overlapping Governmental Activities Debt

As of June 30, 2012 (in thousands)

| | Gross Bonded Debt Balance | Percentage Applicable to Glendale | Amount Applicable to Glendale |
|---|------------------------------|---|----------------------------------|
| Direct Debt | | | |
| Glendale Police Facility Certificate of Participation | \$ 50,700 | 100% | \$ 50,700 |
| Overlapping Debt | | | |
| Metropolitan Water District | 94,032 | 2.264% | 2,129 |
| Glendale CCD DS 2002 Ser-A | 750 | 89.259% | 669 |
| Glendale CCD DS 2002 Ser-C | 10,134 | 89.259% | 9,046 |
| Glendale CCD DS RF BD 02, 05 S-A | 9,131 | 89.259% | 8,150 |
| Glendale CCD DS 2002 Ser 2006 | 31,990 | 89.259% | 28,554 |
| Glendale CCD DS 2002 Ser 2011 | 5,001 | 89.259% | 4,464 |
| Pasadena Area CCD DS 2002 S-A | 980 | 0.095% | 1 |
| Pasadena CCD DS 2006 Series B | 47,560 | 0.095% | 45 |
| Pasadena CCD DS 2006 REF BD Series C | 8,660 | 0.095% | 8 |
| Pasadena CCD DS 2002, 2006 Ser D | 26,615 | 0.097% | 26 |
| Pasadena CCD DS 2002, 2009 Series E (BABS) | 25,295 | 0.095% | 24 |
| Glendale USD DS 1997 Ser E | 655 | 89.259% | 585 |
| Glendale USD DS 1997 Ser F | 1,275 | 89.259% | 1,138 |
| Glendale USD DS 1997 Ser G | 1,440 | 89.259% | 1,285 |
| Glendale USD DS 2009 Ref Bonds | 69,555 | 89.259% | 62,084 |
| Glendale USD DS 2010 Ref Bonds | 44,060 | 89.259% | 39,328 |
| Glendale USD DS 2011 Ser A Bonds | 54,000 | 89.259% | 48,200 |
| La Canada Unified SD 1995 SD | 4,576 | 1.096% | 50 |
| La Canada Unif SD DS 1999 Ser A | 1,830 | 1.096% | 20 |
| La Canada USD DS 1999 Ser B | 270 | 1.096% | 3 |
| La Canada USD DS 2004 Ser A | 2,625 | 1.096% | 29 |
| La Canada Unif Sch DS 2004 Ser B | 4,990 | 1.096% | 55 |
| La Canada Unif Sch DS 2004 Ser C | 16,615 | 1.096% | 182 |
| Total Overlapping Debt | | | <u>206,075</u> |
| Total Direct and Overlapping Debt | | | <u><u>\$ 256,775</u></u> |

Notes:

- (1) The Direct Debt does not include bond premiums and/or net original bond discounts.
- (2) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Sources:

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

Not covered by independent auditor's report

CITY OF GLENDALE

Legal Debt Margin Information

Last Ten Fiscal Years (in thousands)

Legal Debt Margin Calculation for Fiscal Year 2012

| | |
|------------------------------------|-------------------|
| Assessed value | \$ 18,731,796 (2) |
| Debt limit (15% of assessed value) | 2,809,769 (1) |
| Less debt applicable to limit | - |
| Legal debt margin | \$ 2,809,769 |

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

| | Fiscal Year | | | | |
|---|--------------|-----------|-----------|-----------|-----------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Debt limit | \$ 2,985,199 | 2,700,779 | 2,486,080 | 2,331,463 | 2,159,866 |
| Total net debt applicable to limit | 92,570 | 96,985 | 101,220 | 97,469 | 48,015 |
| Legal debt margin | \$ 2,892,629 | 2,603,794 | 2,384,860 | 2,233,994 | 2,111,851 |
| Total net debt applicable to the limit as a percentage of debt limit | 3.10% | 3.59% | 4.07% | 4.18% | 2.22% |

Notes:

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

Sources:

(I) City Finance Department

(II) HdL Coren & Cone

Not covered by independent auditor's report

CITY OF GLENDALE

Pledged-Revenue Coverage

Last Ten Fiscal Years (in thousands)

| Fiscal Year | Electric Revenue Bonds | | | | | |
|-------------|------------------------|-----------|-----------|--------------|----------|----------|
| | Utility | Less: | Net | Debt Service | | Coverage |
| | Service | Operating | Available | Principal | Interest | |
| | Charges | Expenses | Revenue | | | |
| 2003 | 178,632 | 136,673 | 41,959 | - | 2,171 | 19.33 |
| 2004 | 151,718 | 134,973 | 16,745 | 795 | 3,801 | 3.64 |
| 2005 | 148,799 | 140,060 | 8,739 | 795 | 3,628 | 1.98 |
| 2006 | 170,207 | 183,172 | (12,965) | 1,485 | 3,580 | (2.56) |
| 2007 | 178,979 | 170,967 | 8,012 | 1,520 | 2,833 | 1.84 |
| 2008 | 204,497 | 184,378 | 20,119 | 1,755 | 3,044 | 4.19 |
| 2009 | 207,177 | 185,615 | 21,562 | 1,805 | 5,591 | 2.92 |
| 2010 | 176,903 | 160,917 | 15,986 | 1,855 | 5,658 | 2.13 |
| 2011 | 187,801 | 179,768 | 8,033 | 1,905 | 5,576 | 1.07 |
| 2012 | 196,007 | 196,226 | (219) | 1,965 | 5,488 | (0.03) |

| Fiscal Year | Water Revenue Bonds | | | | | |
|-------------|---------------------|-----------|-----------|--------------|----------|----------|
| | Utility | Less: | Net | Debt Service | | Coverage |
| | Service | Operating | Available | Principal | Interest | |
| | Charges | Expenses | Revenue | | | |
| 2003 | - | - | - | - | - | - |
| 2004 | - | - | - | - | - | - |
| 2005 | - | - | - | - | - | - |
| 2006 | - | - | - | - | - | - |
| 2007 | - | - | - | - | - | - |
| 2008 | 34,817 | 29,900 | 4,917 | - | - | N/A |
| 2009 | 36,068 | 32,027 | 4,041 | - | 2,188 | 1.85 |
| 2010 | 35,716 | 32,354 | 3,362 | - | 2,310 | 1.46 |
| 2011 | 36,637 | 32,623 | 4,014 | - | 2,310 | 1.74 |
| 2012 | 41,359 | 39,351 | 2,008 | - | 2,310 | 0.87 |

| Fiscal Year | Tax Allocation Bonds recorded as Fiduciary Activities (1) | | | | | |
|-------------|---|------------|-----------|--------------|----------|----------|
| | Property | Less: | Net | Debt Service | | Coverage |
| | Tax | Operating | Available | Principal | Interest | |
| | Increment | Expenses | Revenue | | | |
| 2003 | 14,045 | 4,433 | 9,612 | 1,935 | 4,366 | 1.53 |
| 2004 | 14,201 | 3,588 | 10,613 | 1,810 | 3,626 | 1.95 |
| 2005 | 17,921 | 6,324 | 11,597 | 3,865 | 4,511 | 1.38 |
| 2006 | 18,233 | 5,063 | 13,170 | 4,235 | 4,366 | 1.53 |
| 2007 | 19,872 | 4,301 | 15,571 | 4,415 | 4,189 | 1.81 |
| 2008 | 19,301 | 4,174 | 15,127 | 4,590 | 4,004 | 1.76 |
| 2009 | 21,561 | 5,900 (2) | 15,661 | 4,780 | 3,808 | 1.82 |
| 2010 | 25,254 | 17,166 (2) | 8,088 | 4,980 | 3,599 | 0.94 |
| 2011 | 22,693 (3) | 8,296 (3) | 14,397 | 4,995 | 5,201 | 1.41 |
| 2012 | 10,031 (4) | 4,454 (4) | 5,577 | 5,425 | 4,282 | 0.57 |

Notes:

- (1) Due to the dissolution of the Glendale Revelopment Agency (GRA) on February 1, 2012, all of the GRA's debt have been moved to Glendale Successor Agency (Fiduciary Fund).
- (2) The Operating Expenses increase between fiscal year 2009 & fiscal year 2010 was due to the GRA's transfer to "SERAF" in the amount of \$11.2 million in fiscal year 2010.
- (3) Fiscal year 2011 Property Tax Increment and Operating Expenses have been restated and reflect the "SERAF" transfer of \$2.3 million
- (4) These Revenue and Operating Expenses only represent the first seven months of fiscal year 2012.

Source: City Finance Department

Not covered by independent auditor's report

CITY OF GLENDALE

Demographic and Economic Statistics

Last Ten Fiscal Years

| Year | Population | | Per Capita Personal Income (III) | Total Personal Income | Median Age (IV) |
|------|------------|------|--|-----------------------------|-----------------|
| 2003 | 202,747 | (II) | 32,041 | 6,496,216,627 | 37.5 |
| 2004 | 205,341 | (II) | 32,961 | 6,768,244,701 | 37.5 |
| 2005 | 207,007 | (II) | 34,481 | 7,137,808,367 | 37.5 |
| 2006 | 206,308 | (II) | 36,434 | 7,516,625,672 | 37.5 |
| 2007 | 207,157 | (II) | 39,519 | 8,186,637,483 | 39.0 |
| 2008 | 207,157 | (II) | 41,307 | 8,557,034,199 | 41.2 |
| 2009 | 207,303 | (II) | 42,265 | 8,761,661,295 | 40.6 |
| 2010 | 191,823 | (I) | 40,867 | 7,839,230,541 | 40.9 |
| 2011 | 192,473 | (I) | 41,791 | 8,043,639,143 | 40.0 |
| 2012 | 192,654 | (I) | 41,791 | 8,051,203,314 | 42.5 |

| Year | Percent High School Graduate or Higher (IV) | Percent Bachelor's Degree or Higher (IV) | School Enrollment (V) | Unemployment Rate (VI) |
|------|---|--|--------------------------|---------------------------|
| 2003 | 79% | 32% | 46,000 | 5.80% |
| 2004 | 79% | 32% | 44,000 | 5.70% |
| 2005 | 79% | 32% | 43,000 | 4.90% |
| 2006 | 79% | 32% | 42,144 | 4.00% |
| 2007 | 81% | 33% | 42,223 | 4.70% |
| 2008 | 83% | 35% | 45,116 | 6.10% |
| 2009 | 83% | 36% | 50,606 | 9.90% |
| 2010 | 84% | 38% | 51,139 | 11.30% |
| 2011 | 84% | 37% | 48,582 | 11.10% |
| 2012 | 83% | 36% | 48,146 | 9.80% |

Sources:

(I) 2010 - 2012 population data were obtained from the California State Department of Finance Demographic Research Unit, Population Estimates for California Cities, January 2010, 2011, and 2012 (E-1).

(II) Prior to FY2010, population data was obtained from California State Department of Finance, January 1 of every year.

(III) Bureau of Economic Analysis, Regional Economic Accounts, CA1-3- Metropolitan Divisions, Per capita personal income 2/. (Note: Prior year data was revised in order to be consistent with the source used beginning as of FY2010)

*FY2012 per capita income was unavailable at the time of publishing. As such, revised FY2011 per capita income was also used for FY2012; however, it will be revised in next year's CAFR.

(IV) 2012 and 2011 data were obtained from the U.S. Census, 2010 American Community Survey 1-Year Estimate and 2005-2009 American Community Survey 5-Year Estimates, respectively.
Prior to 2011, data was also obtained from the U.S. Census.

(V) Glendale Unified School District and Glendale Community College District school attendance reports.

(VI) California Employment Development Department

Not covered by independent auditor's report

CITY OF GLENDALE

Principal Employers

Current Year and Six Years Ago

| Employer | 2012 | | | 2006 | | |
|------------------------------------|--------------------|------|---|-------------------|------|---|
| | Employees (1) (II) | Rank | Percentage of Total City Employment (3) | Employees (1) (I) | Rank | Percentage of Total City Employment (3) |
| Glendale Adventist Med Center #262 | 2,332 | 1 | 2.5% | 1,999 | 3 | 2.62% |
| City of Glendale | 2,242 | 2 | 2.4% | 2,706 | 1 | 3.55% |
| Glendale Memorial Medical Center | 1,280 | 3 | 1.4% | 1,248 | 5 | 1.64% |
| ONS Aerotek | 1,155 | 4 | 1.2% | | | |
| Diagnostic Laboratories | 1,042 | 5 | 1.1% | | | |
| Nestle Company | 816 | 6 | 0.9% | 1,735 (2) | 4 | 2.27% |
| Apple One | 754 | 7 | 0.8% | | | |
| Verdugo Hills Hospital | 704 | 8 | 0.8% | | | |
| Porto's Bakery | 637 | 9 | 0.7% | | | |
| Glendale Community College | 567 | 10 | 0.6% | 1,141 | 6 | 1.50% |
| Glendale Unified School District | | | | 2,681 | 2 | 3.51% |
| Public Storage Inc | | | | 967 | 7 | 1.27% |
| Bank America North America | | | | 834 | 8 | 1.09% |
| Walt Disney Imagineering | | | | 765 | 9 | 1.00% |
| Acco Engineered Systems | | | | 711 | 10 | 0.93% |

Notes:

(1) Both actual full-time and hourly employees are included.

(2) It includes the three subsidiaries of Nestle in Glendale.

(3) In 2012, % of total employment is calculated using a baseline of 92,600 workers. In 2006, the % of total employment was calculated using a baseline of 76,276 workers employed in Glendale.

(4) Data prior fiscal year 2006 are not available.

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

Sources:

(I) 2006 data is from the Labor Market Information Division, California Employment Development Department.

(II) 2012 data, with the exception of the City of Glendale data, is from the Verdugo Workforce Investment Board. 2012 City of Glendale data is from the City Finance Department.

Not covered by independent auditor's report

Schedule 18

CITY OF GLENDALE

Budgeted Full-time Positions by Department

Last Six Fiscal Years

| Department | Fiscal Year | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Administrative Services | 34.05 | 35.05 | 31.90 | 43.40 | 73.90 | 72.90 |
| City Attorney | 20.16 | 20.16 | 12.30 | 10.80 | 14.30 | 12.50 |
| City Clerk | 10.00 | 10.00 | 10.00 | 10.00 | 11.00 | 11.00 |
| City Treasurer | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Community Development | 135.99 | - | - | - | - | - |
| Community Development & Housing | - | - | 102.47 | 103.63 | 107.63 | 115.11 |
| Community Planning | - | 85.01 | - | - | - | - |
| Community Redevelopment & Housing | - | 50.48 | - | - | - | - |
| Community Services & Parks | 158.38 | 165.05 | - | - | - | - |
| Development Services | - | - | 18.23 | 18.23 | 18.23 | 17.25 |
| Fire | | | | | | |
| Sworn | 177.00 | 179.00 | 185.00 | 187.00 | 192.00 | 192.00 |
| Civilians | 47.00 | 46.00 | 45.00 | 49.00 | 51.00 | 52.00 |
| Glendale Water & Power | 415.50 | 408.00 | 416.15 | 426.15 | 426.15 | 425.50 |
| Human Resources | 27.85 | 28.00 | 31.00 | 31.00 | - | - |
| Information Services | 52.00 | 50.00 | 42.00 | 45.00 | 47.00 | 50.00 |
| Library | 59.00 | 61.00 | 64.00 | 65.00 | 65.00 | 66.00 |
| Management Services | 32.82 | 30.00 | 31.00 | 26.00 | 26.00 | 26.00 |
| Parks, Recreation and Community Services | - | - | 128.00 | 134.00 | 140.00 | 130.00 |
| Planning | - | - | 26.95 | 27.95 | 28.95 | 28.00 |
| Police | | | | | | |
| Sworn | 253.60 | 255.10 | 255.10 | 258.10 | 269.70 | 267.70 |
| Civilians | 105.00 | 107.00 | 108.00 | 120.00 | 120.00 | 125.00 |
| Public Works | 340.65 | 354.15 | 391.90 | 381.74 | 390.14 | 378.04 |
| Total | <u>1,874.00</u> | <u>1,889.00</u> | <u>1,904.00</u> | <u>1,942.00</u> | <u>1,986.00</u> | <u>1,974.00</u> |

Notes:

- (1) Administrative Services Department includes data for Purchasing.
- (2) Prior to FY 2008-09, Human Resources was part of Administrative Services.
- (3) Prior to FY 2009-10, Graphics was part of the Administrative Services Department. As of July 1, 2009 Graphics is part of Management Services.
- (4) As of FY 2010-11, central support staff (e.g. Administrative Services, City Attorney, Human Resources) that were charged to other funds, were shifted back to their home departments and included in the citywide cost allocation plan.
- (5) The data in FY 2010-11 reflects realignment and renaming of Planning, Development Services, Parks, Recreation & Community Services, and Community Development & Housing.
- (6) The data in FY 2011-12 reflects the renaming of Community Planning and Community Redevelopment & Housing into Community Development.
- (7) Effective FY 2011-12, the position count in Management Services includes the five (5) Councilmembers.

Source: City's Budget book.

Not covered by independent auditor's report

CITY OF GLENDALE

Operations Indicators by Function/Program

Last Seven Fiscal Years

| Function/Program | Fiscal Year | | | | | | |
|--|-------------|---------------|------------|-----------|-----------|-----------|-----------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Police | | | | | | | |
| Physical arrests | 5,829 | 5,652 | 5,857 | 6,405 | 6,254 | 6,717 | 7,087 |
| Parking violations | 74,572 | 81,843 | 87,621 | 83,706 | 89,700 | 87,971 | 80,374 |
| Traffic violations | 18,566 | 25,667 | 23,990 | 26,149 | 22,059 | 20,199 | 22,253 |
| Fire | | | | | | | |
| Emergency responses | 16,591 | 15,447 | 15,424 | 14,923 | 15,253 | 14,906 | 14,759 |
| Fires extinguished | 372 | 349 | 333 | 420 | 442 | 456 | 465 |
| Refuse collection | | | | | | | |
| Refuse collected (tons per day) | 184 (7) | 195 | 197 | 279 | 283 | 289 | 299 |
| Recyclables collected (tons per day) | 29 | 31 | 32 | 48 | 51 | 140 | 135 |
| Inert waste recycling - Brand Park landfill (tons per year) | 3,545 (2) | 2,500 (2) | 3,000 (2) | 3,000 (2) | 3,000 (2) | 6,500 | 10,500 |
| Other public works | | | | | | | |
| Street resurfacing (miles) | 5.85 (3) | 5.56 (3) | 5.30 (3) | 1.62 | 0.42 | 1.36 | 3.47 |
| Street reconstructing (miles) | 0.68 | 0.70 | 0.50 | 0.13 | 0.91 | 0.82 | 2.97 |
| Potholes repaired (square feet per year) | 21,962 (4) | 21,012 (4) | 16,449 (4) | 11,800 | 16,683 | 9,886 | 10,057 |
| Parks and recreation | | | | | | | |
| Athletic field permits issued | 682 (6) | 917 | 930 | 1,054 | 873 | 648 | 7,114 |
| Community center admissions | 3,194 | 2,360 | 1,114 | 1,229 | 1,192 | 1,797 | 1,236 |
| Library | | | | | | | |
| Volumes in collections | 643,598 | 688,818 | 701,928 | 718,879 | 722,790 | 761,314 | 770,784 |
| Total volumes borrowed | 1,179,964 | 1,290,945 | 1,312,743 | 1,236,950 | 1,185,385 | 1,088,286 | 1,075,073 |
| Electric | | | | | | | |
| Average daily consumption (MWH) | 2,998 | 2,878 | 3,020 | 3,154 | 3,180 | 3,142 | 3,130 |
| Electricity generated (MWH) | 846,637 | 928,682 | 960,061 | 940,051 | 1,007,011 | 1,025,235 | 887,263 |
| Electricity purchased (MWH) | 1,289,843 | 1,195,972 (5) | 451,545 | 533,258 | 583,906 | 490,592 | 626,304 |
| Electricity sold - Retail (MWH) | 1,094,194 | 1,050,450 | 1,102,310 | 1,151,391 | 1,160,566 | 1,146,828 | 1,142,582 |
| Electricity sold - Wholesale (MWH) | 897,830 | 884,686 (5) | 185,665 | 204,828 | 250,391 | 241,092 | 261,454 |
| Peak demand (MW) | 316 | 336 | 300 | 299 | 333 | 336 | 313 |
| Water | | | | | | | |
| Average daily consumption (millions of gallons) | 23 | 21 | 22 | 25 | 26 | 28 | 27 |
| Water mains breaks | 14 | 10 | 8 | 12 | 18 | 12 | 11 |
| Water purchased (AF) | 17,319 | 16,959 | 16,535 | 20,873 | 21,705 | 23,643 | 22,239 |
| Water sold (AF) | 26,809 | 24,796 | 25,489 | 29,465 | 30,691 | 31,889 | 29,907 |

(Continued)

Schedule 19

CITY OF GLENDALE

Operations Indicators by Function/Program

Last Seven Fiscal Years

| Function/Program | Fiscal Year | | | | | | |
|---|---------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Wastewater | | | | | | | |
| Average daily sewage treatment (millions of gallons) | 15 | 20 | 20 | 17 | 17 | 17 | 17 |
| Transit | | | | | | | |
| Total route miles | 822,432 (8) | 880,655 | 866,901 | 889,819 | 880,991 | 871,430 | 816,240 |
| Passengers | 2,543,532 (9) | 2,724,121 | 2,574,396 | 2,260,263 | 2,152,200 | 2,271,548 | 2,273,843 |

Notes:

- (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 fiscal year 2006.
- (2) Some inert wastes were diverted to an outside recycling company rather than using Brand Landfill.
- (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.
- (4) As a result of the Public Works Departments' 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 starting in FY2010 compared to prior years.
- (5) 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.
- (6) 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.
- (7) Decrease in number of tons disposed due to regional economic slow down and free recycling offered to residential and commercial accounts.
- (8) Reduction in service has contributed to the decrease in total route miles from the previous years.
- (9) A fare increase, service reductions, and reduced student enrollment have contributed to the decrease in number of passengers from the previous year.

Sources: Various city departments

Not covered by independent auditor's report

Schedule 20

CITY OF GLENDALECapital Asset Statistics by Function/Program
Last Seven Fiscal Years

| | Fiscal Year | | | | | | |
|--|-------------|---------|---------|---------|---------|--------|--------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| <u>Function/Program</u> | | | | | | | |
| Police | | | | | | | |
| Stations | 2 (1) | 2 (1) | 2 (1) | 2 (1) | 2 (1) | 2 (1) | 2 (1) |
| Patrol units | 74 | 70 | 70 | 64 | 68 | 69 | 71 |
| Helicopters | 1.5 (2) | 1.5 (2) | 1.5 (2) | 1.5 (2) | 1.5 (2) | 2 | 2 |
| Motorcycles | 23 | 25 | 25 | 26 | 24 | 26 | 24 |
| Fire | | | | | | | |
| Stations | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Refuse collection | | | | | | | |
| Collection trucks | 48 (3) | 50 (3) | 50 (3) | 46 (3) | 46 (3) | 45 (3) | 44 (3) |
| Other public works | | | | | | | |
| Streets (miles) | 350 | 350 | 350 | 350 | 350 | 350 | 350 |
| Traffic signals | 234 | 233 | 233 | 226 | 232 | 229 | 225 |
| Parks and recreation | | | | | | | |
| Open space acres | 5,034 | 5,034 | 5,029 | 5,020 | 5,020 | 5,020 | 5,020 |
| Developed parkland acres | 282 | 281 | 281 | 280 | 275 | 274 | 274 |
| Parks and other facilities | 41 (7) | 39 | 39 | 39 | 39 | 37 | 37 |
| Community centers | 4 (7) | 8 | 8 | 8 | 8 | 8 | 8 |
| Baseball/softball diamonds | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Soccer/football fields | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Golf course | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community pool | 1 | 1 | | | | | |
| Library | | | | | | | |
| Branches | 8 | 8 | 8 (6) | 8 (6) | 8 (6) | 7 | 7 |
| Electric | | | | | | | |
| Number of electric meters | 85,358 | 84,962 | 84,800 | 84,554 | 84,167 | 83,644 | 83,433 |
| Number of streetlights | 10,735 | 10,725 | 10,714 | 10,692 | 10,622 | 11,117 | 10,210 |
| Grayson power plant capacity (MW) | 260 | 260 | 260 | 260 | 249 | 249 | 249 |
| Water | | | | | | | |
| Number of water meters | 33,744 | 33,374 | 33,509 | 33,407 | 33,173 | 33,120 | 32,995 |
| Water mains (miles) | 397 | 397 | 397 | 397 | 397 | 397 | 397 |
| Fire hydrants | 3,134 | 3,134 | 3,133 | 3,072 | 2,970 | 2,950 | 2,950 |
| Storage capacity (millions of gallons) | 184 | 184 | 185 | 185 | 185 | 185 | 185 |

(Continued)

CITY OF GLENDALE

Capital Asset Statistics by Function/Program

Last Seven Fiscal Years

| | Fiscal Year | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| <u>Function/Program</u> | | | | | | | |
| Wastewater | | | | | | | |
| Storm catch basin | 3,686 | 3,686 | 3,679 | 3,679 | 3,679 | 3,679 | 3,679 |
| Sanitary sewers (miles) | 360 | 360 | 360 | 360 | 360 | 360 | 360 |
| LAGWRP Treatment capacity (millions of gallons) | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Transit | | | | | | | |
| Buses | 34 | 34 | 34 | 34 | 34 | 34 | 34 |

Notes:

- (1) One main facility and one substation at the Galleria.
- (2) Three helicopters are shared with the City of Burbank as of May 14, 2007.
- (3) This number does not include the small bin trucks or light duty vehicles.
- (4) The data prior to fiscal year 2006 are not available.
- (5) Does not include .48 acres of Maryland.
- (6) The number of branches in FY2008 - FY2010 was modified to include the Library Connection at Adams Square, which was opened in 2008.
- (7) Beginning in FY2012, community buildings are not accounted for as community centers separately. They are included in the parks and facilities count as part of the park in which they reside.

Sources: Various city departments

Not covered by independent auditor's report

Schedule 21
CITY OF GLENDALE
Schedule of Credits

Robert Elliot, CPA
Director of Finance

General Overview
Letter of Transmittal

Lily Fang, Finance Administrator

General Overview
Management's Discussion & Analysis
Combined Statements Overview
Notes to Financial Statements

Artak Khachatryan, Accounting Supervisor
Theresa Clark, Accountant II
Alwin De Leon, Accountant II

PeopleSoft Nvision Report Writing
Cash Reporting/Fixed Asset Accounting
Glendale Water & Power

Shu-Jun Li, Accounting Supervisor
Vanik Darabedian, Accountant II
Liza Jue, Accountant I

Grant Reporting
Internal Service Funds / Single Audit
Statistical Section

Zinda Jimenez, Accounting Supervisor

Rima Dagbashyan, Accountant I

Glendale Redevelopment Agency/Glendale
Successor Agency/Debt Reporting
Glendale Redevelopment Agency/Glendale
Successor Agency/Debt Reporting

Graphics Section

Reprographic Services

Douglas Alvarez, Graphics Illustrator
Mark Berry, Principal Development Officer
Vanik Darabedian, Accountant II

Cover Design

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