

Financial Section

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

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





INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glendale, California, (City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Housing Assistance Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress, the schedules of changes in the net pension liability and related ratios, and the schedules of contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and other schedules, and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California
November 22, 2017

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CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(in thousands)

As management of the City of Glendale (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i – x of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of FY 2016-17 by \$1,562,436 (net position), which was comprised of net investment in capital assets of \$1,331,785, restricted net position of \$130,160 and unrestricted net position of \$100,491. The unrestricted net position consisted of a negative \$162,510 for governmental activities and \$263,001 for business-type activities. The negative unrestricted net position for governmental activities was primarily due to the recognition of net pension liability.
- The City's total net position increased by \$65,792. Most of this increase was attributable to an increase in property taxes, and transfer of capital assets from Glendale Successor Agency to the City.
- As of the close of FY 2016-17, the City's governmental funds reported combined ending fund balances of \$287,931, an increase of \$24,188 in comparison with the prior year. About 19.5% of this total amount, \$56,119 was unassigned and available for spending at the government's discretion.
- At the end of FY 2016-17, charter required stabilization reserve of \$27,296, and unassigned fund balance of \$60,701 for the General Fund totaled \$87,997, representing about 41.8% of the final FY 2016-17 adopted budget of \$210,367. The General Fund reserve levels have historically been maintained above 30.0% of General Fund appropriations, in accordance with the current reserve policy (a floor of 30.0% with a target of 35.0%) adopted by the City Council.
- The City's total debt and liabilities increased by \$3,874 (0.9%) in FY 2016-17. The factors of this increase were a combination of items such as an increase of claims payable of \$9,452; an increase of post-employment benefits of \$531; a decrease of compensated absences of \$230; and an increase of landfill postclosure care of \$2,375; as well as decreases in other long-term liabilities and outstanding bonds payable through regular annual debt retirements.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(in thousands)

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

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate housing authority, financing authority and economic development corporation for which the City is financially accountable. The housing authority, the financing authority, and the economic development corporation although legally separate, function for all practical purposes as departments of the City, and therefore have been included as an integral part of the primary government.

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

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

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

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

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(in thousands)

The City maintains 45 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for General Fund, Housing Assistance Fund and the Capital Improvement Fund, all of which are considered to be major funds. Data from the other 42 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its General Fund, special revenue and debt service fund types. Budgetary comparison information has been provided for the above fund types to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 26-39 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 40-44 of this report.

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

Since the resources of fiduciary fund are not available to support the City's own programs, it is not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on pages 45-46 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-100 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and enterprise funds and internal service funds are presented immediately following the required supplementary information, which can be found on pages 101-105 of this report. Combining and individual fund statements can be found on pages 107-170 of this report.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(in thousands)

Government-wide Financial Analysis

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,562,436 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (85.2%) reflected its net investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment) less any related debt used to acquire those assets that was still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported as net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Glendale's Net Position
As of June 30,**

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

As noted earlier, 8.3% of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$100,491 may be used to meet the government's ongoing obligations to citizens and creditors. Of this total, \$263,001 is in business-type activities such as electric, water, and sewer utilities.

CITY OF GLENDALE

Management's Discussion and Analysis

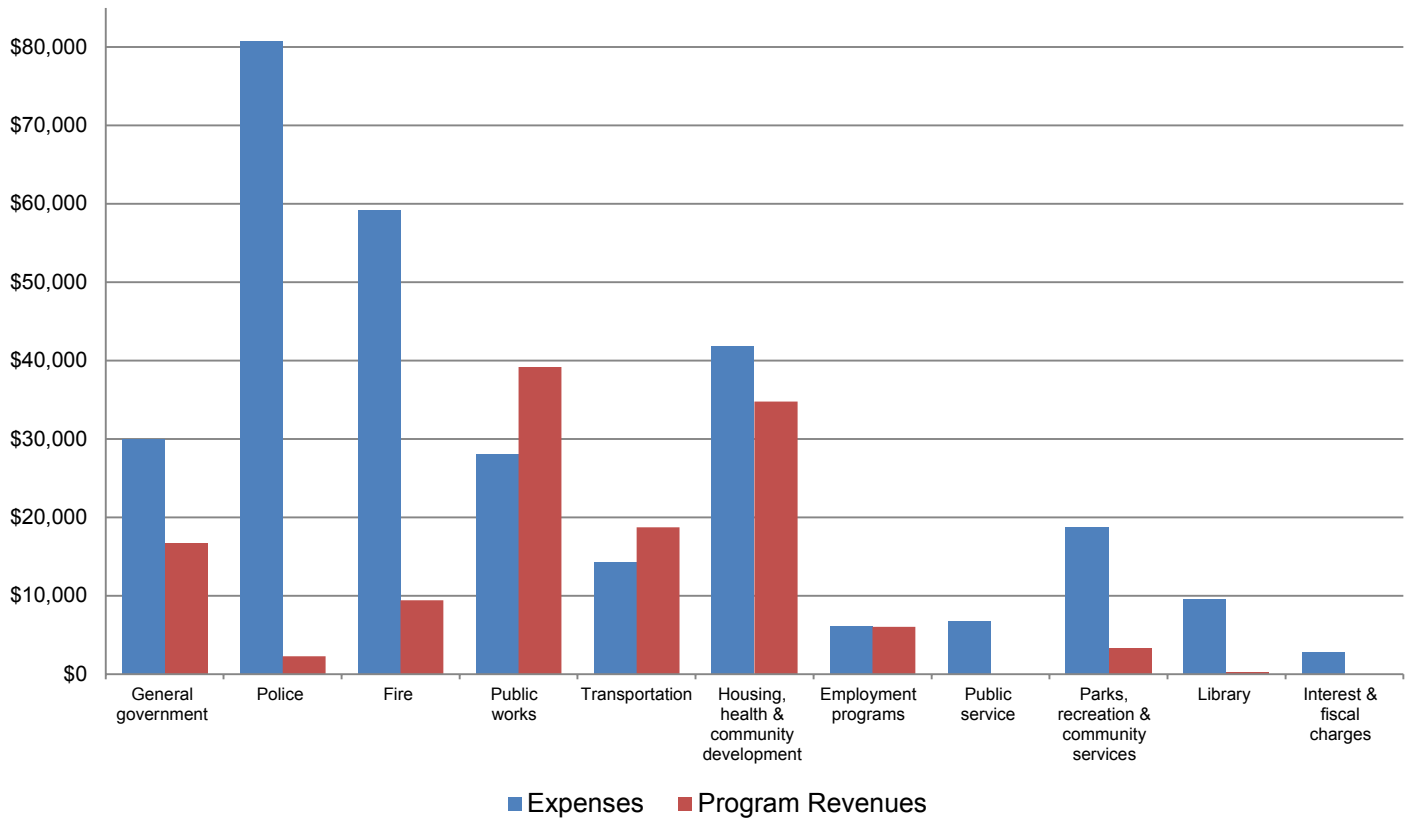
June 30, 2017

(in thousands)

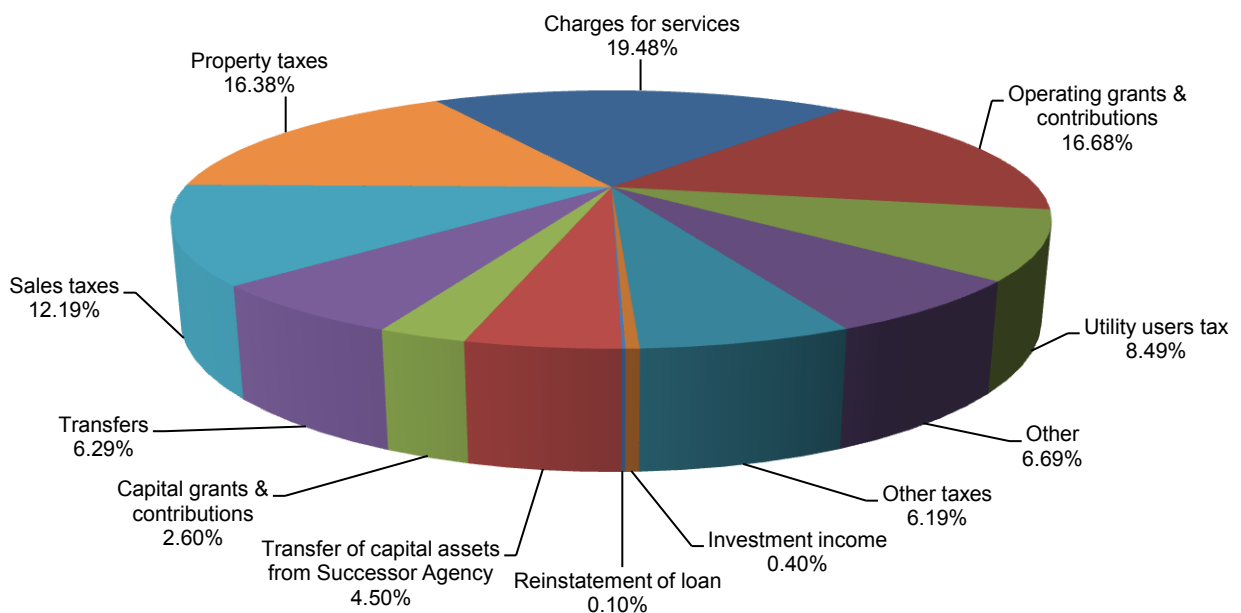
Governmental activities. Governmental activities increased the City's net position by \$38,623. Key elements of this increase are as follows:

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

Expenses and Program Revenues – Governmental Activities



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



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Management's Discussion and Analysis

June 30, 2017

(in thousands)

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

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 65,445	62,371	307,259	306,996	372,704	369,367
Operating grants and contributions	56,317	56,398	207	54	56,524	56,452
Capital grants and contributions	8,776	8,083	61	305	8,837	8,388
General revenues:						
Taxes:						
Property taxes	55,217	51,709	-	-	55,217	51,709
Sales taxes	41,096	46,651	-	-	41,096	46,651
Utility users tax	28,605	28,662	-	-	28,605	28,662
Other taxes	20,998	20,378	-	-	20,998	20,378
Investment income	1,262	8,456	1,859	4,899	3,121	13,355
Other	22,377	25,988	8,559	7,702	30,936	33,690
Reinstatement of loans	206	28,029	-	-	206	28,029
Total revenues	<u>300,299</u>	<u>336,725</u>	<u>317,945</u>	<u>319,956</u>	<u>618,244</u>	<u>656,681</u>
Expenses:						
General government	29,958	20,335	-	-	29,958	20,335
Police	80,687	72,274	-	-	80,687	72,274
Fire	59,228	51,386	-	-	59,228	51,386
Public works	28,021	31,925	-	-	28,021	31,925
Transportation	14,215	14,367	-	-	14,215	14,367
Housing, health and community development	41,831	39,860	-	-	41,831	39,860
Employment program	6,099	5,265	-	-	6,099	5,265
Public service	6,751	6,230	-	-	6,751	6,230
Parks, recreation and community services	18,710	15,889	-	-	18,710	15,889
Library	9,590	8,222	-	-	9,590	8,222
Interest and fiscal charges	2,763	2,203	-	-	2,763	2,203
Fire communications	-	-	3,399	3,149	3,399	3,149
Sewer	-	-	16,697	15,327	16,697	15,327
Refuse disposal	-	-	19,448	18,518	19,448	18,518
Electric	-	-	186,772	172,647	186,772	172,647
Water	-	-	43,400	42,017	43,400	42,017
Total expenses	<u>297,853</u>	<u>267,956</u>	<u>269,716</u>	<u>251,658</u>	<u>567,569</u>	<u>519,614</u>
Excess before transfers, special items and extraordinary gain	2,446	68,769	48,229	68,298	50,675	137,067
Transfers	21,060	19,524	(21,060)	(19,524)	-	-
Special item: Transfer of capital assets from Successor Agency	15,117	6,729	-	-	15,117	6,729
Special item: Elimination of OPEB implied subsidy	-	82,247	-	-	-	82,247
Extraordinary gain	-	26,490	-	-	-	26,490
Change in net position	<u>38,623</u>	<u>203,759</u>	<u>27,169</u>	<u>48,774</u>	<u>65,792</u>	<u>252,533</u>
Net position – Beginning of the year	<u>845,856</u>	<u>642,097</u>	<u>650,788</u>	<u>602,014</u>	<u>1,496,644</u>	<u>1,244,111</u>
Net position – End of the year	<u>\$ 884,479</u>	<u>845,856</u>	<u>677,957</u>	<u>650,788</u>	<u>1,562,436</u>	<u>1,496,644</u>

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(in thousands)

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

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

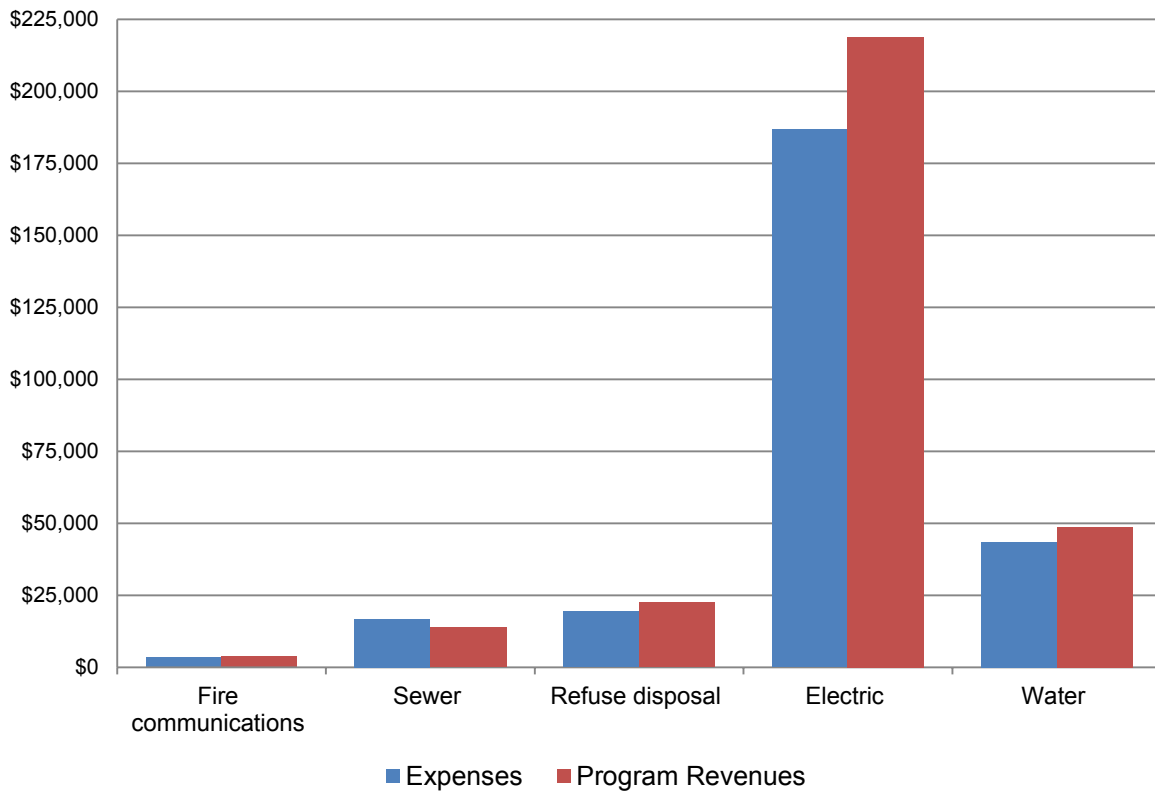
CITY OF GLENDALE

Management's Discussion and Analysis

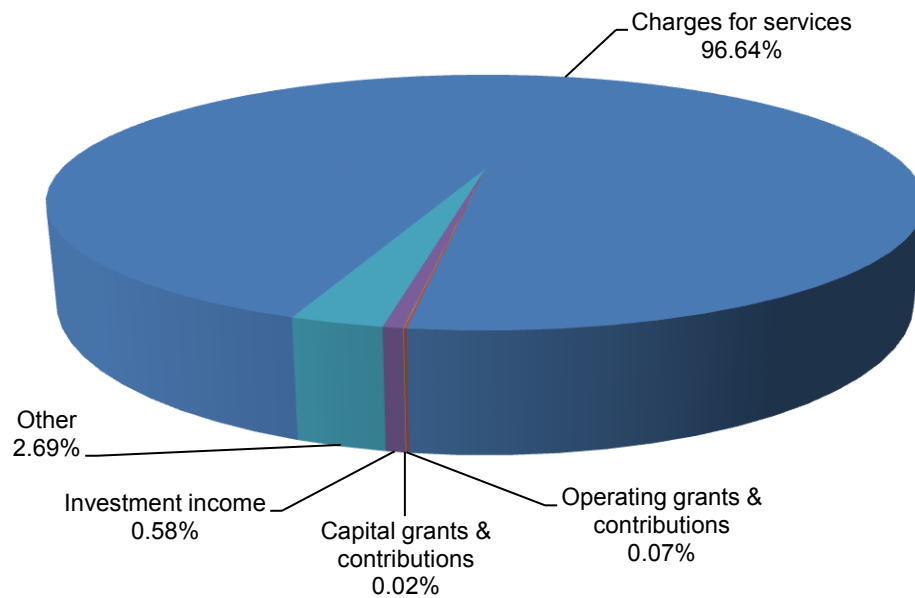
June 30, 2017

(in thousands)

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(in thousands)

Financial Analysis of the Government's Funds

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

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

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

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance and the charter-required stabilization reserve of the General Fund were \$60,701 and \$27,296, respectively, while total fund balance was \$92,869. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance and restricted fund balance which consists of the charter-required stabilization reserve, totaling \$87,997, represented about 43.6% of FY 2016-17 General Fund expenditures plus transfers.

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

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

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

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Management's Discussion and Analysis

June 30, 2017

(in thousands)

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

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

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

At the end of the year, net position was composed of \$211,161 for the Sewer Fund, \$315,904 for the Electric Fund, \$120,797 for the Water Fund, and \$38,321 for the nonmajor enterprise funds.

The net position of the Sewer Fund decreased by \$2,489 during the current fiscal year. The decrease was mainly attributable to lower single-family residential water usage during the winter months due to water conservation and an increase in operating expenses due to higher Glendale's share of operation and maintenance costs for the Los Angeles/Glendale Water Reclamation Plant (LAGWRP).

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

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

The net position of nonmajor enterprise funds increased by \$3,186 during the current fiscal year. The increase was primarily attributable to continued stable operations of Refuse Disposal Fund in providing residents refuse collection and disposal services, as well as Fire Communication Fund in providing residents of its member cities an emergency coordinated assistance services.

General Fund Budgetary Highlights

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

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

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

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$1,612,025 (net of \$860,248 accumulated depreciation, \$9,854 gas depletion and \$46,371 amortization). This investment in capital assets includes land, natural gas reserve, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 2.0%; this represents a 3.3% increase for governmental activities and a 0.1% increase for business-type activities.

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

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

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

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

City of Glendale's Capital Assets

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

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

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

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City of Glendale's Debt and Liabilities

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

Credit ratings

Municipal bond ratings provide investors with a simple way to compare the relative investment quality of different bonds. Bond ratings express the opinions of the rating agencies as to the issuer's ability and willingness to pay debt service when it is due. In general, the credit rating analysis includes the evaluation of the relative strengths and weaknesses of the following four factors as they affect an issuer's ability to pay debt and service: fiscal, economic, debt and administrative/management factors. The City continues to receive high general credit ratings from all three national rating agencies, despite the difficult financial and economic conditions the national and local economy has been faced with and continues to have a strong capacity to meet its financial commitments on obligations.

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The City's bond ratings as of June 30, 2017 are as follows:

Debt Issue	Moody's	Standard & Poor's (S & P)	Fitch Ratings'
Issuer credit rating (Implied General Obligation)	Aa2	AA+	AA+
Certificates of Participation (COPs)	Aa3	-	AA
Electric revenue bonds, 2008 series	Aa3	AA-	A+
Electric revenue bonds, 2013 refunding series	Aa3	AA-	A+
Electric revenue bonds, 2013 series	Aa3	AA-	A+
Electric revenue bonds, 2016 refunding series	-	AA-	A+
Water revenue bonds, 2008 series	A1	A+	A+
Water revenue bonds, 2012 series	A1	A+	A+

Legal Debt Margins

Under the City Charter, the total bonded debt of the city shall at no time exceed 15% of the net assessed value of all real and personal property within the City limits ("debt limit"). General obligation debt is debt secured by the City's property tax revenues. As of June 30, 2017, the City's net assessed value of taxable property was \$23 billion and has no general obligation debt.

Debt Administration

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

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

Continuing Disclosure

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

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

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June 30, 2017

(in thousands)

As of June 30, 2017, the City had 6 series of bonds subject to Continuing Disclosure requirements. The City prepares the Continuing Disclosure (financial and operating information) for its 6 series bonds and engaged a dissemination agent, the Trustee to disseminate such disclosures. These disclosures are disseminated through the use of Electronic Municipal Market Access ("EMMA"), the Municipal Securities Rulemaking Board's ("MSRB") disclosure website. Timely and accurate communication with the municipal marketplace is vital in retaining the City's creditworthiness and market access. Continuing Disclosure and compliance reporting constitute a significant part of Debt Management's compliance activity for the life of each series of bonds.

Additional information on the City's long-term debt can be found in Note 8 on pages 69-74 of this report.

Economic Factors and Next Year's Budget and Rates

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

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

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

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

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

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

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2017

(in thousands)

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

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

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

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

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

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

Requests for Information

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

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CITY OF GLENDALE

Statement of Net Position

June 30, 2017 (in thousands)

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

(Continued)

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

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

CITY OF GLENDALE

Statement of Activities

Fiscal Year Ended June 30, 2017 (in thousands)

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

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

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

(Continued)

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

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

Exhibit B-2

CITY OF GLENDALE

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

Fund balances of governmental funds	\$	287,931
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Amounts reported for governmental activities in the statement of net position are different because:

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

Land	\$	421,748	
Buildings and improvements		240,656	
Equipment		16,021	
Infrastructure		205,875	
Construction in progress		<u>43,109</u>	927,409

Long-term debt not included in the governmental funds:

Due within one year:

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

Due more than one year:

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF GLENDALE

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Fiscal Year Ended June 30, 2017 (in thousands)

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

Exhibit C-2

CITY OF GLENDALE

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
 Fiscal Year Ended June 30, 2017 (in thousands)

Net change in fund balances - total governmental funds	\$	24,188
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures		32,183
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		(20,389)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Certificates of participation	\$	1,820
2011 HUD Section 108	<u>194</u>	2,014
Landfill postclosure care liability increased from prior year		(2,375)
Unavailable revenue in the governmental funds are recognized as revenues in the statement of activities		(1,758)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represents the net change in pension related amounts		216
Post employment benefits		(531)
Accrued interest 2011 Section 108 loan		(1)
Reinstatement of loans from former Redevelopment Agency to the City		206
Payment of loans from former Redevelopment Agency to the City		(12,511)
Transfer of capital assets from Successor Agency		15,117
Change in net position of internal service funds allocated to governmental activities:		
Capital assets	3,243	
Depreciation	(1,377)	
Interest - Fire Equipment Lease 2009	(15)	
Other revenue/(expenses)	<u>413</u>	<u>2,264</u>
Change in net position for governmental activities	\$	<u><u>38,623</u></u>

Exhibit D-1

CITY OF GLENDALE

Statement of Revenues and Other Financing Sources - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2017 (in thousands)

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

(Continued)

Exhibit D-1

CITY OF GLENDALE

Statement of Revenues and Other Financing Sources - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2017 (in thousands)

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

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

Salaries and Benefits

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

(Continued)

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

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

(Continued)

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

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

(Continued)

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

	Transfers			Variance With Final Budget (Over)/Under
	Original Budget	Final Budget	Actual	
General government:				
City clerk	\$ -	-	-	-
Elections	-	-	-	-
City treasurer	-	-	-	-
City manager	-	-	-	-
Legal	-	-	-	-
Finance	-	-	-	-
Planning	-	-	-	-
Personnel	-	-	-	-
Non-departmental	3,067	7,970	9,240	(1,270)
Total	<u>3,067</u>	<u>7,970</u>	<u>9,240</u>	<u>(1,270)</u>
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Housing, health and community development:				
Economic development	-	-	-	-
Community development administration	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Parks, recreation and community services	-	-	-	-
Library	-	-	-	-
Total expenditures and transfers	<u>\$ 3,067</u>	<u>7,970</u>	<u>9,240</u>	<u>(1,270)</u>

(Continued)

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

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

Exhibit D-3

CITY OF GLENDALE

Statement of Revenues - Budget and Actual

Housing Assistance Fund

Fiscal Year Ended June 30, 2017 (in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
Revenues:				
Use of money and property	\$ 10	10	17	7
Revenue from other agencies	32,596	32,747	29,905	(2,842)
Total revenues	<u>\$ 32,606</u>	<u>32,757</u>	<u>29,922</u>	<u>(2,835)</u>

Exhibit D-4

CITY OF GLENDALE

Statement of Expenditures - Budget and Actual

Housing Assistance Fund

Fiscal Year Ended June 30, 2017 (in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over)/Under</u>
Current:				
Housing, health and community development:				
Salaries and benefits	\$ 2,592	2,592	2,237	355
Maintenance and operations	30,154	30,325	27,671	2,654
Capital	35	35	32	3
Total expenditures	<u>\$ 32,781</u>	<u>32,952</u>	<u>29,940</u>	<u>3,012</u>

Exhibit E-1

CITY OF GLENDALE

Statement of Net Position

Proprietary Funds

June 30, 2017 (in thousands)

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

(Continued)

CITY OF GLENDALE

Statement of Net Position

Proprietary Funds

June 30, 2017 (in thousands)

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

CITY OF GLENDALE

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Fiscal Year Ended June 30, 2017 (in thousands)

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

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

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

CITY OF GLENDALE

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2017 (in thousands)

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

(Continued)

Exhibit E-3

CITY OF GLENDALE

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2017 (in thousands)

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

Exhibit F-1

CITY OF GLENDALE

Statement of Net Position

Fiduciary Fund

June 30, 2017 (in thousands)

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

Exhibit F-2

CITY OF GLENDALE

Statement of Changes in Net Position

Fiduciary Fund

Fiscal Year Ended June 30, 2017 (in thousands)

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