

## ENTERPRISE FUNDS

The Recreation, Hazardous Disposal, Parking, Sewer, Refuse Disposal, Electric and Water operations make up the Enterprise section of the budget. These activities primary source of revenues are charges for services, and reflect characteristics that are more properly accounted for as enterprise operations. Summarized below are the 2007-08 budgets compared to 2006-07:

	2006-07	2007-08		
	<u>Appropriation</u>	<u>Appropriation</u>	<u>\$ Change</u>	<u>% Change</u>
Recreation	\$ 1,971,917	\$ 2,026,771	\$ 54,854	2.8 %
Hazardous Disposal	1,801,235	1,782,562	(18,673)	(1.0 %)
Parking	9,645,576	9,503,187	(142,389)	(1.5 %)
Sewer	22,139,223	27,869,609	5,730,386	25.9 %
Refuse Disposal	15,686,651	16,852,245	1,165,594	7.4 %
Electric	247,662,300	243,610,600	(4,051,700)	(1.6 %)
Water	46,464,300	61,932,600	15,468,300	33.3 %
TOTAL	<u>\$345,371,202</u>	<u>\$363,577,574</u>	<u>\$18,206,372</u>	<u>5.3 %</u>

The 2007-08 Enterprise Budgets show an \$18.2 million, or an overall 5.3% increase, compared to the 2006-07 budget.

The Recreation Fund shows an expected net income of \$266,229 for 2007-08.

The Hazardous Disposal Fund shows an expected net loss of \$172,562 for 2007-08.

The Parking Fund continues to operate at a net loss in 2007-08 of approximately \$1.5 million. We have invested approximately \$30 million in three garages {Glendale Urban Garage, Marketplace Garage and Orange Street Garage}. However, we are not recovering our investment in these three structures. With a negative net income, the depreciation on these three garages is not being provided for, even though we depreciate these garages over 40 years. We have a budgeted net loss in this fund; therefore, we are not saving for the replacement of these garages. Since the Parking Fund is accounted for as a business we need to set aside funds to replace all of our capital purchases, including these garages.

The Sewer Fund continues to post strong net income in the range of \$5-\$12 million each year. The increase from the prior year shown above is primarily due to a \$3.6 million increase in capital projects expenditures.

As of 2002-03 year, the Refuse Disposal Fund became responsible for the street sweeping operations of the City. The last rate increase was 7%, effective July 1, 2007, which was the seventh rate increase in seven years. Before July 2001, it had been a decade since the last rate increase. Even with the rate increases we still provide our customers with one of the lowest fees in southern California.

The Electric Fund shows a decrease of \$4 million, or 1.6%, due primarily to a \$2.5 million decrease in operating expenses and a \$2 million decrease in capital projects expenses compared to last year. This fund had two recent rate increases: An average 11.7% increase effective July 1, 2006 and an average 5.1% increase effective July 1, 2007.

The Water Fund shows an increase of \$15.5 million due to an increase in operating expenditures primarily for interest on bonds and for customer service operating costs approved after adoption of the original 2006/07 Budget. This fund's last recent rate increase was an average 5.5% increase, effective July 1, 2007.

*ENTERPRISE FUNDS*  
*SUMMARY OF THE BUDGET FOR THE YEAR ENDED JUNE 30, 2008*

	Recreation Fund	Hazardous Disposal Fund	Parking Fund	Sewer Fund	Refuse Disposal Fund	Electric Works Fund	Water Works Fund	<b>TOTAL</b>
<b>ESTIMATED FINANCING RESOURCES</b>								
<i>REVENUE</i>								
Operating Revenues	1,757,000	1,525,000	7,285,000	16,500,000	18,430,000	190,001,000	31,800,000	267,298,000
Non - Operating Revenues	536,000	85,000	100,000	2,500,000	300,000	6,675,000	1,580,000	11,776,000
Total Revenue	<u>\$ 2,293,000</u>	<u>\$ 1,610,000</u>	<u>\$ 7,385,000</u>	<u>\$ 19,000,000</u>	<u>\$ 18,730,000</u>	<u>\$ 196,676,000</u>	<u>\$ 33,380,000</u>	<u>\$ 279,074,000</u>
Contribution in Aid	-	-	-	-	-	1,000,000	300,000	1,300,000
Fund Balance - Prior Year	-	129,972	940,792	6,804,609	-	27,429,600	24,652,600	59,957,573
<b>TOTAL</b>	<u><u>\$ 2,293,000</u></u>	<u><u>\$ 1,739,972</u></u>	<u><u>\$ 8,325,792</u></u>	<u><u>\$ 25,804,609</u></u>	<u><u>\$ 18,730,000</u></u>	<u><u>\$ 225,105,600</u></u>	<u><u>\$ 58,332,600</u></u>	<u><u>\$ 340,331,573</u></u>
<b>ESTIMATED REQUIREMENTS</b>								
<i>EXPENDITURES</i>								
Operating expenses	2,026,771	1,782,562	6,998,187	12,784,609	14,627,245	175,215,400	34,026,100	247,460,874
Non - Operating Expenses	-	-	-	-	-	4,400,000	-	4,400,000
Capital Outlay	-	-	75,000	425,000	2,225,000	-	-	2,725,000
Capital Projects	-	-	530,000	13,620,000	-	44,135,200	23,781,500	82,066,700
Transfers to Other Funds	-	-	1,900,000	1,040,000	-	18,375,000	4,125,000	25,440,000
Revenue Bond Requirements	-	-	-	-	-	1,485,000	-	1,485,000
<b>Total Appropriations</b>	<u>\$ 2,026,771</u>	<u>\$ 1,782,562</u>	<u>\$ 9,503,187</u>	<u>\$ 27,869,609</u>	<u>\$ 16,852,245</u>	<u>\$ 243,610,600</u>	<u>\$ 61,932,600</u>	<u>\$ 363,577,574</u>
Depreciation	(7,538)	(42,590)	(1,177,395)	(2,065,000)	(1,030,164)	(18,505,000)	(3,600,000)	(26,427,687)
Unallocated	273,767	-	-	-	2,907,919	-	-	3,181,686
<b>TOTAL</b>	<u><u>\$ 2,293,000</u></u>	<u><u>\$ 1,739,972</u></u>	<u><u>\$ 8,325,792</u></u>	<u><u>\$ 25,804,609</u></u>	<u><u>\$ 18,730,000</u></u>	<u><u>\$ 225,105,600</u></u>	<u><u>\$ 58,332,600</u></u>	<u><u>\$ 340,331,573</u></u>