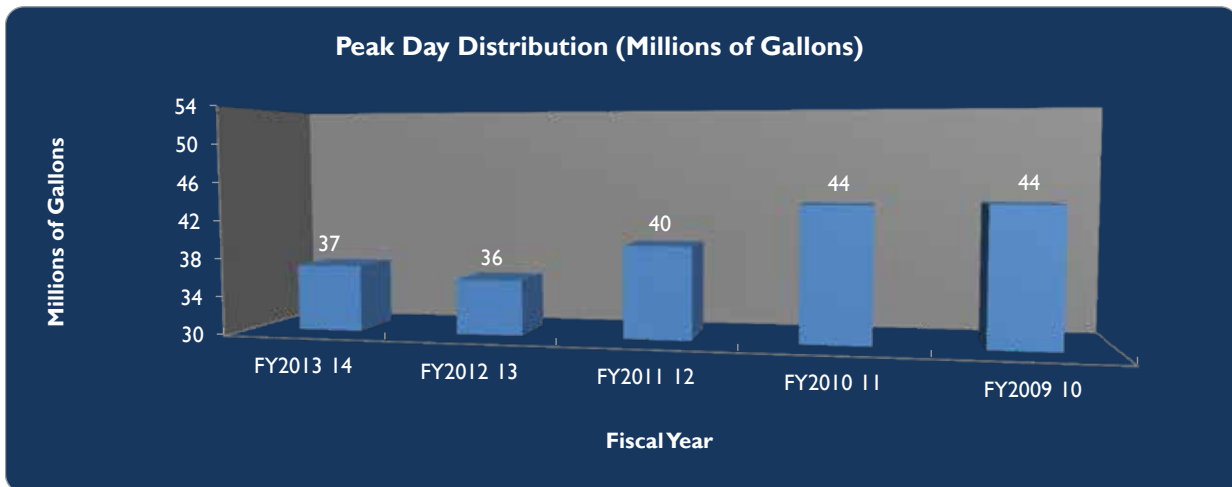
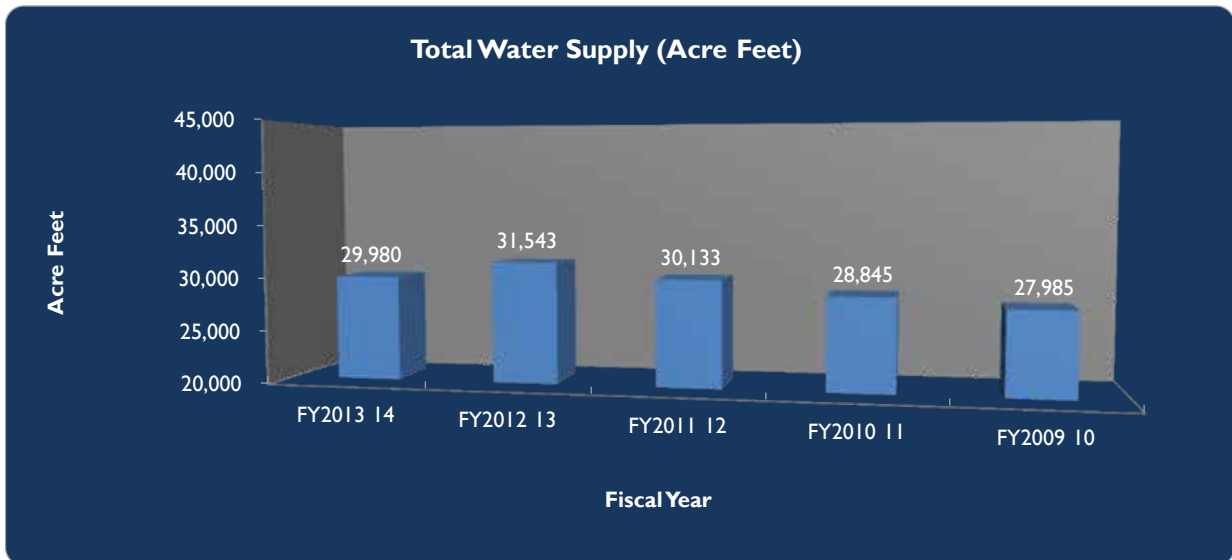
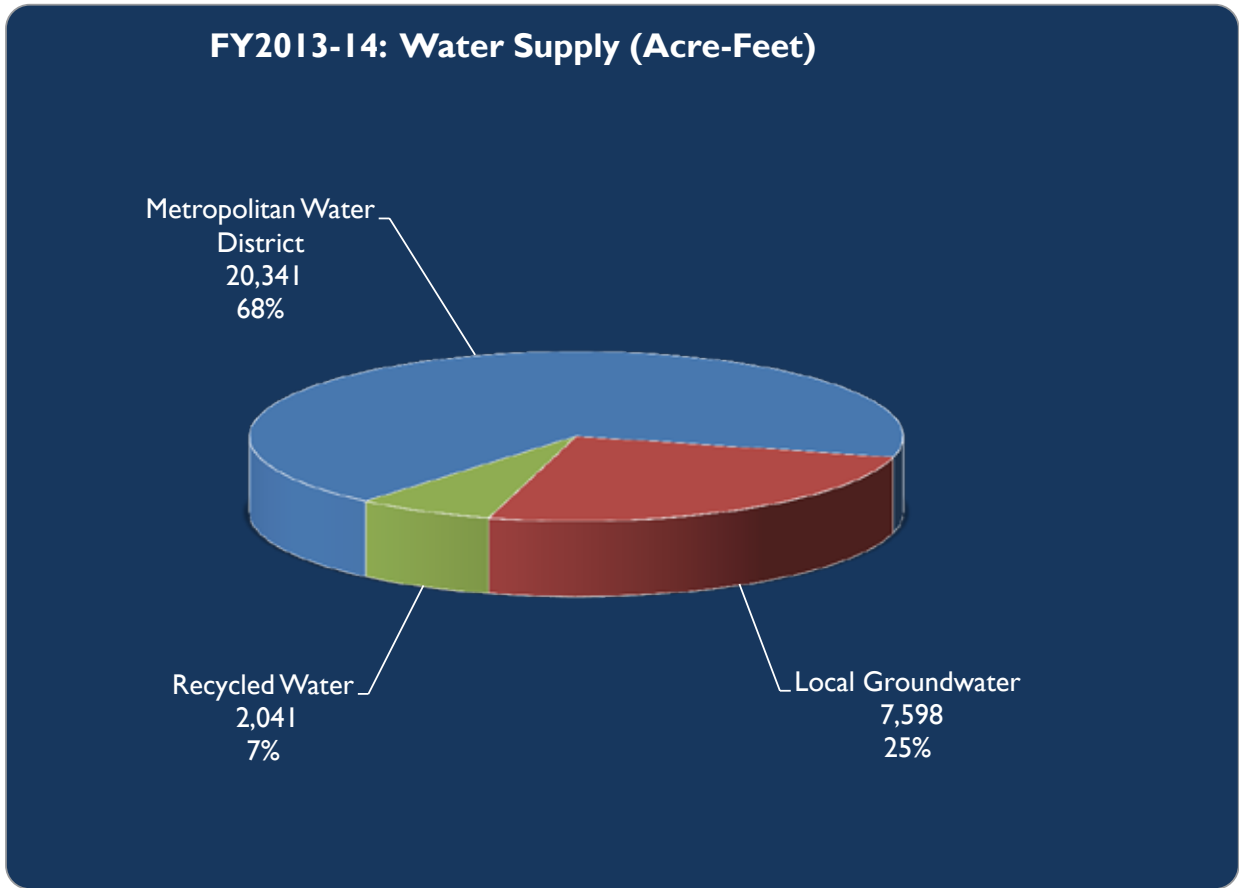


WATER SUPPLY (ACRE-FEET)	FY2013-14	FY2012-13	FY2011-12	FY2010-11	FY2009-10
Metropolitan Water District	20,341	18,761	17,319	16,959	16,535
Percent of Total Water Supply	67.8%	59.5%	57.5%	58.8%	59.1%
Local Groundwater	7,598	10,910	11,355	10,461	9,788
Percent of Total Water Supply	25.3%	34.6%	37.7%	36.3%	35.0%
Recycled Water	2,041	1,873	1,459	1,425	1,662
Percent of Total Water Supply	<u>6.9%</u>	<u>5.9%</u>	<u>4.8%</u>	<u>4.9%</u>	<u>5.9%</u>
Total Water Supply	29,980	31,544	30,133	28,845	27,985
Capacity (Gallons per Minute)					
From Metropolitan Water District	12,611	11,631	10,737	10,514	10,251
From Water System Wells, Average	815	1,043	1,252	1,007	1,239
Treatment Plant Capacity	4,393	4,419	4,753	4,702	4,884
Peak Day Distribution (Millions of Gallons)					
	37	36	40	44	44

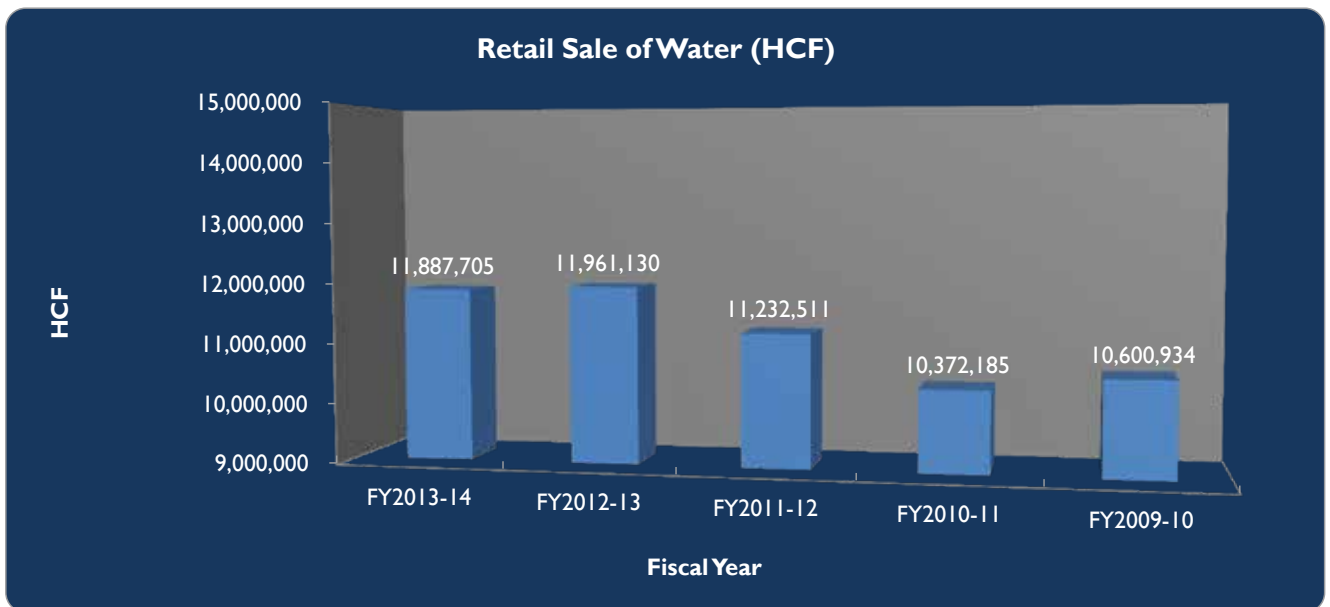


Not covered by independent auditor's report

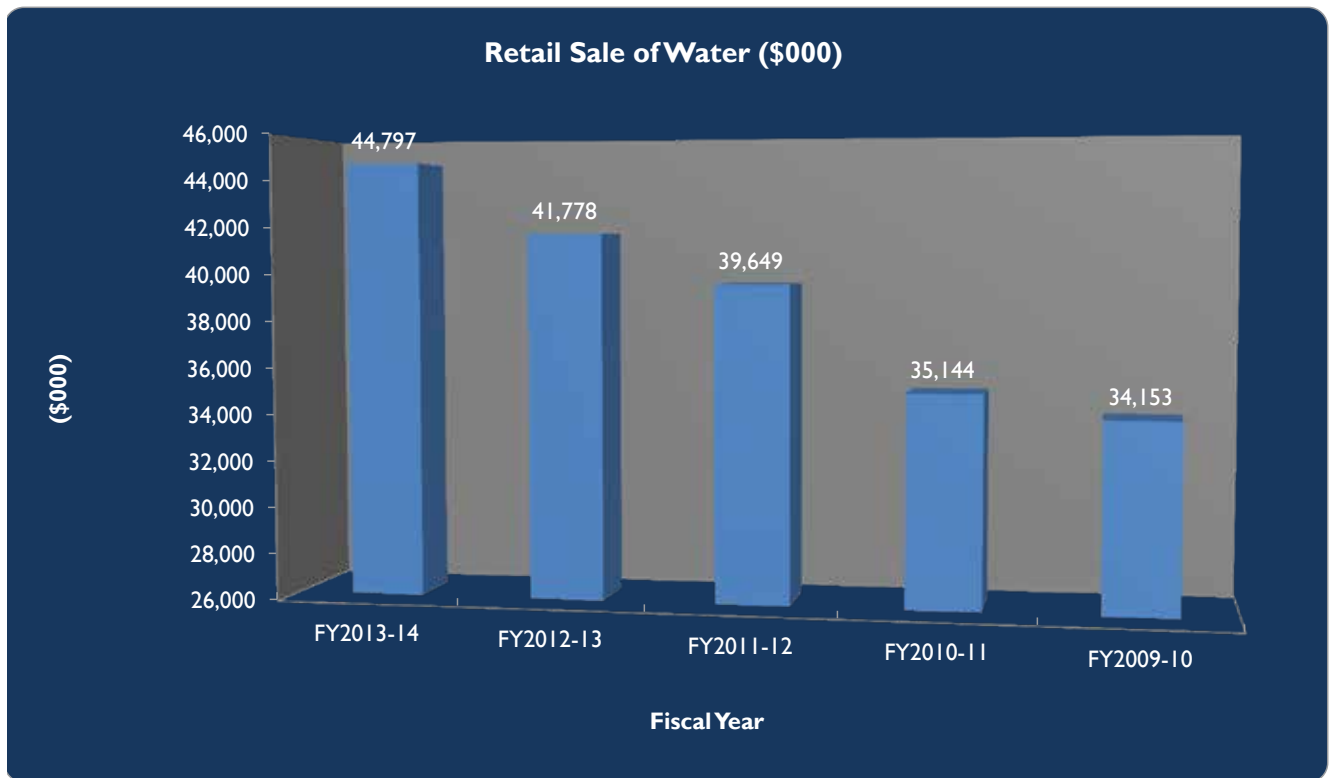


Not covered by independent auditor's report

Water Use	FY2013-14	FY2012-13	FY2011-12	FY2010-11	FY2009-10
Average Number of Meters					
Residential	29,539	29,529	29,504	29,245	29,366
Commercial	3,683	3,669	3,652	3,556	3,568
Industrial	154	159	159	163	162
Other	524	444	429	410	413
Total Meters All Classes	33,900	33,801	33,744	33,374	33,509
Units of Water Sold (Hundred Cubic Feet)					
Retail Sale of Water					
Residential	9,440,269	9,601,126	9,120,049	8,365,671	8,513,840
Commercial	2,148,321	2,063,600	1,829,733	1,734,826	1,875,754
Industrial	299,115	296,404	282,729	271,688	211,341
Total Retail Sale of Water	11,887,705	11,961,130	11,232,511	10,372,185	10,600,934
Other	565,890	672,412	445,603	429,081	501,953
Total Units of Water Sold	12,453,595	12,633,542	11,678,114	10,801,266	11,102,887

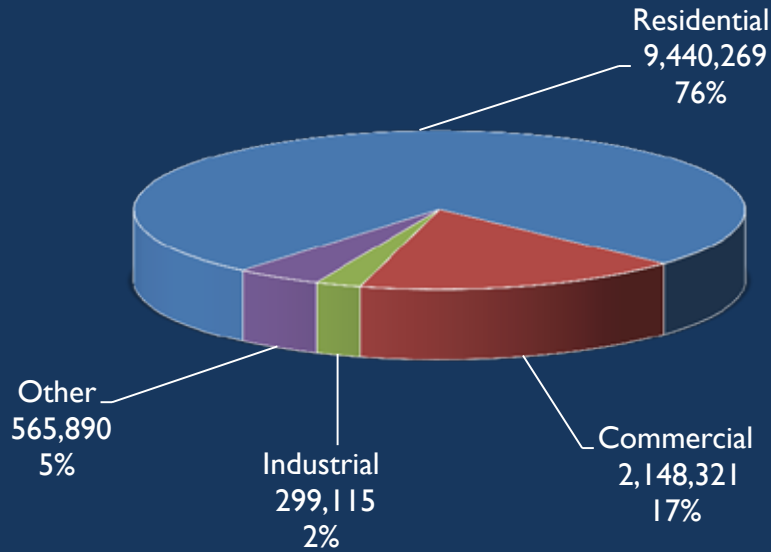


REVENUES (\$000)	FY2013-14	FY2012-13	FY2011-12	FY2010-11	FY2009-10
Retail Sale of Water					
Residential	\$ 34,269	\$ 31,825	\$ 31,612	\$ 28,096	\$ 27,230
Commercial	9,256	8,738	6,961	6,118	6,216
Industrial	1,272	1,215	1,076	930	707
Total Retail Sale of Water	\$ 44,797	41,778	39,649	35,144	34,153
Other	(1,728)	2,827	1,710	1,492	1,563
Total Revenue from the Sale of Water	\$ 43,069	\$ 44,605	\$ 41,359	\$ 36,636	\$ 35,716

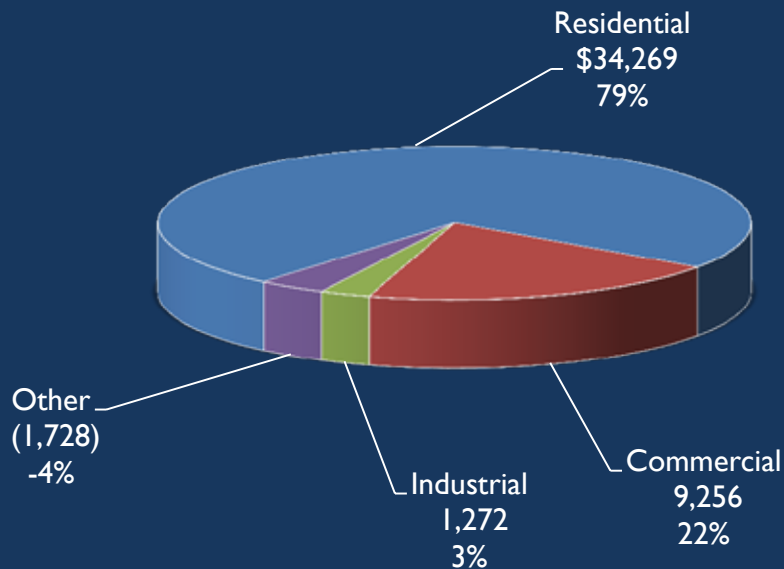


Not covered by independent auditor's report

**FY2013-14: Units of Water Sold
(Hundred Cubic Feet)**



**FY2013-14: Revenue from the Sale of Water
(\$000)**



Not covered by independent auditor's report

Water Utility Facts	FY2013 14	FY2012 13	FY2011 12	FY2010 11	FY2009 10	Units
Glendale Population Served	195,799	193,652	192,654	192,473	207,902	
Average Daily Sales per Capita, (Gallons)	119	122	110	109	107	
Water Distribution System						
Pumping Plants	28	28	28	28	28	Station
Total Water Storage Capacity (30 Reservoirs and Tanks)	184	184	184	184	185	Million Gallons
Chlorination Facilities	13	13	13	13	13	
Mains	397	397	397	397	397	Miles
Gate Valves	9,676	9,646	9,130	9,130	9,130	
Meters	33,900	33,801	33,744	33,374	33,509	
Firelines	1,061	315	302	289	301	
Fire Hydrants	3,149	3,146	3,134	3,134	3,133	
Pressure Zones	7	7	7	7	7	Zones
Wells:						
San Fernando Basin	8	8	8	8	8	
Verdugo Basin	6	6	6	6	5	Plus Pickup Facility
Water Treatment Plants						
Verdugo Park Water Treatment Plant	2	2	2	2	2	MGD
Glendale Water Treatment Plant	8	7	7	7	7	MGD
Recycled Water Distribution System						
Pumping Plants	6	6	6	6	6	Stations
Total Water Storage Capacity (5 Reservoirs)	1.1	1.1	1.1	1.1	1.1	Million Gallons
Mains	23	22	22	21	21	Miles
Operating Margin	4.5%	9.9%	4.9%	11.0%	9.4%	

Not covered by independent auditor's report

FY2013-14 WATER UTILITY OPERATING STATISTICS

Water Utility Class (Overview)	Trends			Recycled	Other		Subtotal	Other		Total
	Residential	Commercial	Industrial		Fireline	Outside		Contracts		
Revenue from the sale of water (\$000)										
Year ended June 30										
2014	\$ 34,269	\$ 9,256	\$ 1,272	\$ 1,601	\$ (3,594)	\$ 33	\$ 42,837	\$ 232	\$ 43,069	
2013	31,825	8,738	1,215	1,331	252	30	43,391	1,214	44,605	
Increase (decrease)	\$ 2,444	\$ 518	\$ 57	\$ 270	\$ (3,846)	\$ 3	\$ (554)	\$ (982)	\$ (1,536)	
Percent increase ()	7.7%	5.9%	4.7%	20.3%	1524.9%	11.8%	1.3%	80.9%	3.4%	
Units of water sold (hundred cubic feet)										
Year ended June 30										
2014	9,440,269	2,148,321	299,115	558,227	64	7,599	12,453,595		12,453,595	
2013	9,601,126	2,063,600	296,404	665,230	114	7,068	12,633,542		12,633,542	
Increase (decrease)	(160,857)	84,721	2,711	(107,003)	(50)	531	(179,947)		(179,947)	
Percent increase ()	1.7%	4.1%	0.9%	16.1%	43.9%	7.5%	1.4%		1.4%	
Average number of meters										
Year ended June 30										
2014	29,539	3,683	154	78	395	51	33,900		33,900	
2013	29,529	3,669	159	78	315	51	33,801		33,801	
Increase (decrease)	10	14	(5)	0	80	0	99		99	
Percent increase ()	0.0%	0.4%	3.1%	0.0%	25.4%	0.0%	0.3%		0.3%	

Water Utility Class Unit Cost	Trends			Recycled	Other		Subtotal	Other		Total
	Residential	Commercial	Industrial		Fireline	Outside		Contracts		
Average billing price per hundred cubic feet										
Year ended June 30										
2014	\$ 3.63	\$ 4.31	\$ 4.25	\$ 2.87	\$ (56,156)	\$ 4.34	\$ 3.44	\$	\$ 3.44	
2013	3.31	4.23	4.10	2.00	2,213	4.18	3.43		3.43	
Increase (decrease)	\$ 0.32	\$ 0.08	\$ 0.15	\$ 0.87	\$ (58,369)	\$ 0.16	\$ 0.01	\$	\$ 0.01	
Percent increase ()	9.5%	2.0%	3.7%	43.4%	2638.1%	3.9%	0.2%		0.2%	

Water Utility Class Usage by Meter	Trends			Recycled	Other		Subtotal	Other		Total
	Residential	Commercial	Industrial		Fireline	Outside		Contracts		
Average annual use by meter, hundred cubic feet										
Year ended June 30										
2014	320	583	1,942	7,157	0	149	367		367	
2013	325	562	1,864	8,529	0	139	374		374	
Increase (decrease)	(5)	21	78	(1,372)	(0)	10	(7)		(7)	
Percent increase ()	1.4%	3.7%	4.2%	16.1%	0.0%	7.5%	2.0%		1.8%	

Not covered by independent auditor's report



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the 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, the statement of net position and related statements of revenues, expenses and changes in net position, and statements of cash flows of the Water Enterprise Fund of the City of Glendale, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Water Enterprise Fund's basic financial statements, and have issued our report thereon dated November 25, 2014. Our report included an emphasis of matter paragraph regarding the fact that the financial statements present only the Water Enterprise Fund of the City and do not purport to, and do not, present fairly the financial position of the City of Glendale, California, as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Water Enterprise Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Water Enterprise Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Water Enterprise Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Water Enterprise Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinick, Trine, Day & Co. LLP

Rancho Cucamonga, California
November 25, 2014