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 Electric Enterprise Fund (the Fund) of the City of Glendale, California (the City), as of and for the year ended June 30, 2015, and the related notes to the 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 an opinion 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 opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of June 30, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Individual Fund Financial Statements

As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the City of Glendale, California, as of June 30, 2015, 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. Our opinion is not modified with respect to this matter.

Implementation of New Accounting Standards

As discussed in Note 1 to the financial statements, the Fund adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

We have previous audited the Fund's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 25, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, Schedule of the Fund's Proportionate Share of the City's Net Pension Liability and Schedule of Contributions, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 financial statements of the Fund. The introductory and operating statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and operating statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the Fund'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

Vavrinek, Trine, Day & Co. LLP

November 30, 2015

MANAGEMENT DISCUSSION AND ANALYSIS – ELECTRIC UTILITY

The management of Glendale *Water & Power* (a department of the City of Glendale), offers the readers of the City of Glendale Electric Enterprise Fund (Electric Utility) financial statements a narrative overview and analysis of the financial activities of the Electric Utility for the fiscal years ended June 30, 2015 and June 30, 2014. We encourage our readers to consider the information presented here in conjunction with the accompanying financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

During fiscal year 2015, the Electric Utility's retail sales increased $21,030 or 13% from the 2014 level. The increase in retail sales was attributable to an increase in the rates charged to the retail customers. Total operating revenues increased by $16,945 or 8% and total operating expenses decreased by $7,283 or 4% from fiscal year 2014. After adding the net decrease of $5,954 from non-operating expenses and capital contributions and subtracting $20,357 transfer to the General Fund of the City to operating income of $38,797, total net position increased by $12,486 in fiscal year 2015.

During fiscal year 2014, the Electric Utility's retail sales increased $8,888 or 6% from the 2013 level. The increase in retail sales was attributable to an increase in the rates charged to the retail customers. Total operating revenues increased by $25,740 or 14% and total operating expenses increased by $18,157 or 11% from fiscal year 2013. After adding the net decrease of $4,277 from non-operating expenses and capital contributions and subtracting $20,607 transfer to the General Fund of the City to operating income of $14,569, total net position decreased by $10,315 in fiscal year 2014.

The assets and deferred outflows of the Electric Utility exceeded its liabilities and deferred inflows at the close of fiscal years 2015 and 2014 by $269,074 and $306,494 respectively. Of these amounts, $106,939 and $120,355 respectively was unrestricted and may be used to meet the Electric Utility's ongoing obligations to creditors and customers. Unrestricted net position balances represented 59% and 64% of annual operating expenses for fiscal years 2015 and 2014 respectively.

Overview of The Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Glendale Electric Utility financial statements. The Electric Utility is a business-type activity of the City, and its activities are recorded in a separate enterprise fund. These financial statements include only the activities for the City of Glendale Electric Utility. Information on citywide financial results is available in the City of Glendale's Comprehensive Annual Financial Report.

The City of Glendale Electric Utility's financial statements comprise two components: 1) financial statements and 2) notes to the financial statements. In addition, this report also contains other information to provide our readers additional information about the Electric Utility including sales statistics and other relevant data. Included as part of the financial statements are three separate statements which collectively provide an indication of the Electric Utility's financial health.

The ***Statement of Net Position*** presents information on 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 condition of the utility is improving or deteriorating.

The ***Statement of Revenues, Expenses and Changes in Net Position*** presents information showing how the Electric Utility's net position changed during the most recent two fiscal years. Results of operations are recorded under the accrual basis of accounting whereby transactions are reported as underlying events occur regardless of the timing of cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods, i.e. accounts payable and accounts receivable. The accrual basis of accounting is more fully described in the accompanying Notes to the Financial Statements.

The ***Statement of Cash Flows*** presents the flows of cash and cash equivalents during the last two fiscal years including certain restricted amounts.

The ***Notes to the Financial Statements*** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 18 to 44 of this report.

The required supplementary information are presented immediately following the notes to financial statements.

<u>Financial Analysis</u>

As noted earlier, net position may serve over time as a useful indicator of the Electric Utility's financial position. In the case of the Electric Utility, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $269,074 and $306,494 as of June 30, 2015 and 2014, respectively. A portion of the Utility's net position (58% and 59% as of June 30, 2015 and 2014, respectively) reflects its net investment in capital assets such as production, transmission, and distribution facilities, less any related outstanding debt used to acquire those assets. The Electric Utility uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Resources needed to repay the outstanding debt shown on the balance sheet must come from other sources such as operations since the capital assets themselves cannot be used to liquidate these long-term liabilities.

An additional portion of the Electric Utility's net position (2% and 2% as of June 30, 2015 and 2014, respectively) represents resources that are subject to external restrictions on how they may be used. This line item historically included net position restricted for SCAQMD emission controls and debt repayment. For fiscal year ended June 30, 2015 and 2014, the net position restricted for SCAQMD emission controls is $5,669 and $5,669, respectively.

The unrestricted portion of the Utility's net position (40% and 39% as of June 30, 2015 and 2014 respectively) may be used to meet the Electric Utility's ongoing obligations to creditors and customers.

Net Position – Electric Utility

The Electric Utility's net position as of June 30, 2015, 2014, 2013 is as follows:

	2015	2014	2013
Current and noncurrent assets	$ 214,754	$ 197,104	$ 115,227
Capital assets	291,625	304,468	326,677
Total assets	506,379	501,572	441,904
Deferred outflows of resources	4,140	1,291	1,443
Current liabilities	14,236	18,693	10,923
Long-term liabilities	215,934	177,676	115,615
Total liabilities	230,170	196,369	126,538
Deferred outflows of resources	11,275	-	-
Net position:			
Net Investment in capital assets	156,466	180,470	209,514
Restricted for SCAQMD emission controls	5,669	5,669	5,669
Unrestricted	106,939	120,355	101,626
Total net position	$ 269,074	$ 306,494	$ 316,809

Net position decreased by $37,420 (or 12%) and by $10,315 (or 3%) during fiscal years 2015 and 2014, respectively. In fiscal year 2015, the decrease in net position was primarily the result of the implementation of GASB 68.

In fiscal year 2014, the decrease in net position was primarily the result of increases in operating expenses and the interest expenses from bonds issuance.

On August 13, 2013, the City Council approved an 8% system average rate increase effective September 13, 2013. The City Council also approved electric rates to become effective July 1 of each of the 4 successive years in the amounts of 7%, 5%, 2%, and 2%. The rate plan puts the Electric Utility on the path to restored financial health by generating positive annual net income by fiscal year ending June 30, 2015, which was achieved in fiscal year 2015

Changes in Net Position – Electric Utility

The Electric Utility's changes in net position for the years ended June 30, 2015, 2014, 2013 is as follows:

	2015	2014	2013
Revenues:			
Retail sales	$ 189,130	$ 168,100	$ 159,212
Wholesale sales	7,784	15,130	12,803
Sale to other utilities	19,042	13,033	1,686
Miscellaneous revenues	4,622	7,370	4,192
Non-operating revenues	1,043	1,528	263
Total revenues	221,621	205,161	178,156
Expenses:			
Production	121,593	128,775	111,400
Transmission and distribution	27,830	28,083	27,084
Customer accounting and sales	4,663	4,521	4,629
Depreciation	26,691	26,264	26,262
Gas depletion	1,004	1,421	1,532
Non-operating expenses	7,322	5,831	4,393
Total expenses	189,103	194,895	175,300
Excess (deficiency) before transfers	32,518	10,266	2,856
Capital contributions	325	26	-
Transfers to the City's General Fund	20,357	20,607	20,857
Change in net position	12,486	(10,315)	(18,001)
Net position, beginning of year, as restated	256,588	316,809	334,810
Net position, end of year	$ 269,074	$ 306,494	$ 316,809

Due to the implementation of the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 and No. 71*, the beginning net position of FY 2014-15 was restated. However, the FY 2013-14 amounts were not restated because California Public Employees' Retirement System (CalPERS), the investment and administrative agent for the City's retirement system, did not provide the information.

Revenue by Source – Electric Utility

Year ended June 30, 2015

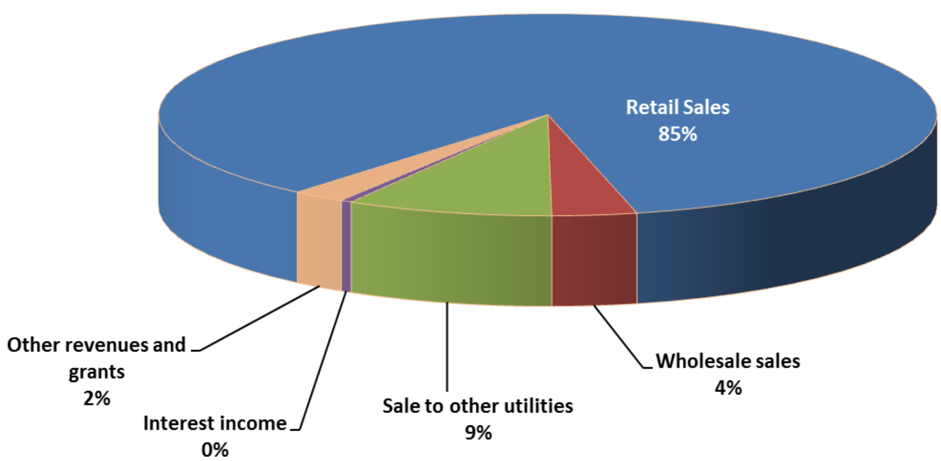
Retail sales (residential, commercial, and industrial) continued to be the primary revenue source for the Electric Utility, making up 85% of total revenue. Retail sales showed an increase of 13% from the prior year due to a 7% system average rate increase beginning July 1, 2014 and an approximately 2% increase in sales volume. Sales to other utilities accounts for the receipts from disposing of excess retail energy supply. This account was established to differentiate such sales from the wholesale operation. Sales to other utilities increased 46% from the prior year due to higher volumes.

Wholesale sales decreased 49% from the prior year due to lack of a favorable market conditions that meet the City's risk criteria.

Interest income decreased 25% from the prior year. In spite of better return on investment and overall increase in the market value of the portfolio investments during the current fiscal year, the investment income showed a decrease as a result of the reversal of the GASB 31 adjustment.

Other revenues and grants decreased 34% from the prior year due to a one time disbursement of the remaining surplus funds from the Southern California Public Power Authority issued Multiple Project Revenue Bonds in FY 2013-14.

2015 Revenues



Year ended June 30, 2014

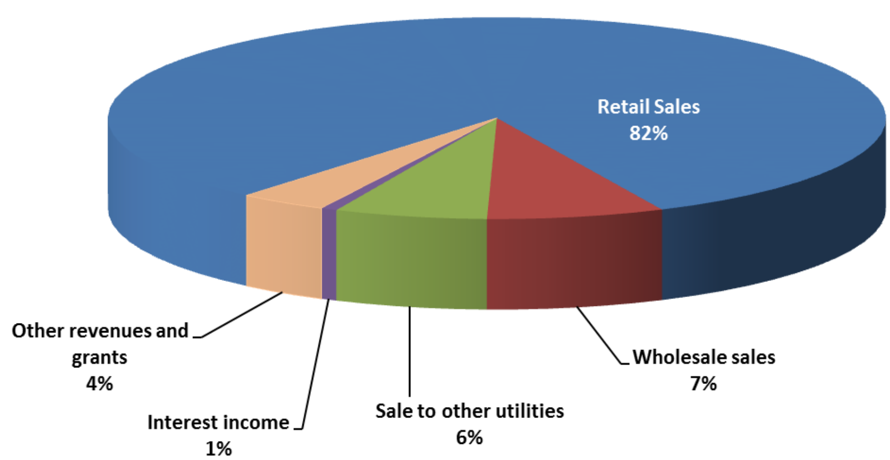
Retail sales (residential, commercial, and industrial) continued to be the primary revenue source for the Electric Utility, making up 82% of total revenue. Retail sales showed an increase of 6% from the prior year reflecting an average 8% rate increase beginning September 13, 2013. Sales to other utilities accounts for the receipts from disposing of excess retail energy supply. This account was established to differentiate such sales from the wholesale operation. Sales to other utilities increased 673% from the prior year due to higher volumes and higher prices.

Wholesale sales increased 18% from the prior year due to a favorable market condition.

Interest income increased 430% from the prior year. The increase was attributed to higher cash reserves from a new bond issuance and increases in customer deposits.

Other revenues and grants increased 80% from the prior year due to the disbursement of the remaining surplus funds from the Southern California Public Power Authority issued Multiple Project Revenue Bonds with the final outstanding maturity paid on July 1, 2013.

2014 Revenues



Expenses by Source – Electric Utility

Year ended June 30, 2015

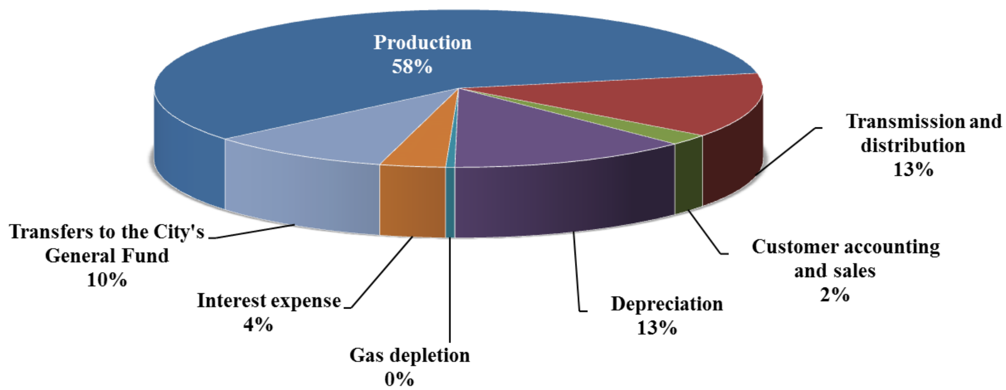
Total expenses for the Electric Utility decreased $5,792 (or 3%) from the prior year level. Production expenses decreased 6% from the prior year as a result of lower natural gas prices. Transmission and distribution expenses decreased 1% from the prior year as a result of decreased operation and maintenance expenses. Customer accounting and sales expense increased 3% and depreciation expense increased 2%. The depletion of gas decreased 29% due to lower gas delivery from the Natural Gas Reserve Project.

The Gas Depletion account was established to record the use of natural gas associated with the Electric Utility's share of the Natural Gas Project through the Southern California Public Power Authority (SCPPA).

Interest on bonds increased 26% from the prior year due to the issuance of the Electric Revenue Bonds, Series 2013 in 2014. 2015 was the first full year of interest on the 2013 Bonds.

The City Charter provides at the end of each fiscal year, up to 25% of the operating revenues of the Electric Utility for such fiscal year, excluding receipts from power supplied to other cities or utilities at wholesale rates, shall be transferred from the Public Services Surplus Fund to the City's general reserve fund of the general fund; provided, however, that the City Council, on an annual basis, may reduce or eliminate the amount to be transferred if the City Council determines that such reduction or elimination is necessary to assure the sound financial position of the utility. Transfers to the City's General Fund decreased 1% from the prior year.

2015 Expenses and Transfers



Year ended June 30, 2014

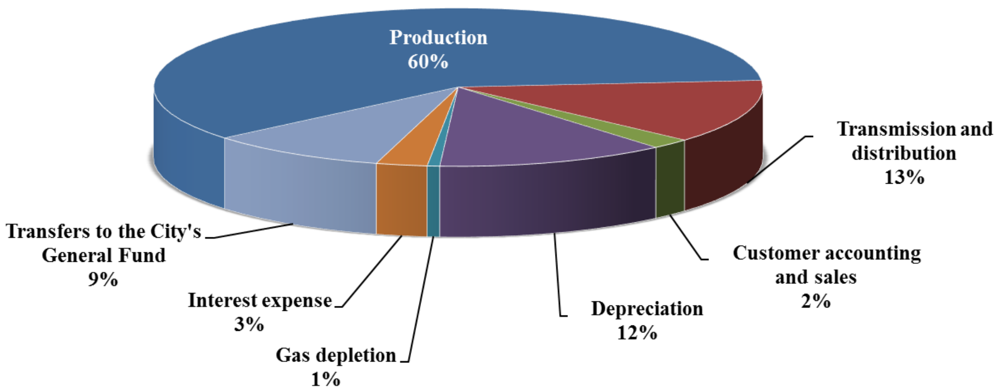
Total expenses for the Electric Utility increased $19,595 (or 11%) from the prior year level. Production expenses increased 16% from the prior year as a result of increased wholesale and retail activity. Transmission and distribution expenses increased 4% from the prior year as a result of increased operation and maintenance expenses. Customer service expense and depreciation expense remained relatively unchanged. The depletion of gas decreased 7% due to lower gas delivery from the Project.

The Gas Depletion account was established to record the use of natural gas associated with the Electric Utility's share of the Natural Gas Project through the Southern California Public Power Authority (SCPPA).

Interest on bonds increased 33% from the prior year due to the issuance of the Electric Revenue Bonds, Series 2013.

The City Charter provides at the end of each Fiscal Year, up to 25% of the operating revenues of the Department for such Fiscal Year, excluding receipts from power supplied to other cities or utilities at wholesale rates, shall be transferred from the Public Services Surplus Fund to the City's general reserve fund of the general fund; provided, however, that the City Council, on an annual basis, may reduce or eliminate the amount to be transferred if the City Council determines that such reduction or elimination is necessary to assure the sound financial position of the Department. Transfers to the City's General Fund decreased 1% from the prior year.

2014 Expenses and Transfers



Capital Assets and Debt Administration

Capital Assets

The Electric Utility's investment in capital assets as of June 30, 2015 and 2014 was $291,625 and $304,468 respectively (net of accumulated depreciation). This included investments in production, transmission, and distribution related facilities, as well as in general items such as office equipment, furniture, etc. Capital assets showed a 4% and 7% decrease as of June 30, 2015 and 2014, respectively,

The Electric Utility's capital assets as of June 30, 2015, 2014, 2013 are as follows:

	2015	2014	2013
Production	$ 102,350	$ 100,680	$ 104,553
Transmission and distribution	437,996	426,562	425,224
Natural Gas Reserve	22,276	22,148	22,129
General	51,102	62,401	63,033
Less: accumulated depreciation	(322,099)	(307,323)	(288,262)
Total	$ 291,625	$ 304,468	$ 326,677

Long-Term Debt
As of June 30, 2015, 2014, and 2013, the Electric Utility had outstanding long-term debt of $174,747, $177,676, and $115,615, respectively.

The Electric Utility's outstanding debt as of June 30, 2015, 2014, 2013 is as follows:

	2015	2014	2013
Electric Revenue Bonds	$ 168,870	$ 170,790	$ 112,080
Less: current portion	(2,870)	(2,302)	(1,548)
Unamortized bond premium	8,747	9,188	5,083
Total long-term debt	$ 174,747	$ 177,676	$ 115,615

During fiscal year 2015, the Electric Utility maintained an "AA-" credit rating from Standard & Poor's, "A+" credit rating from Fitch, Inc., and "Aa3" credit rating from Moody's Investors Service for its revenue bonds.

Additional information on the Electric Utility's long-term debt can be found in Note 4 on pages 29 to 32 of this report.

Economic Factors and Rates

In 2015, the City continued its effort to minimize exposure to market spikes in power and natural gas by implementing retail rate adjustment clauses that allow retail rates to adjust to market conditions and regulatory changes.

The Electric Utility advanced its commitment to environmental improvement by executing a 25-year purchase of firmed solar power, with deliveries starting in December 2015. In addition, the City Council approved agreements that will terminate the Electric Utility's purchase of coal-fired energy from the San Juan Power Plant in New Mexico at the end of 2017, and the Utility is actively engaged in negotiations to replace the energy currently purchased from the coal-fired Intermountain Power Plant by mid-2025.

In late 2012, the City Council adopted a Renewable Portfolio Standard (RPS) Procurement Plan that focused on compliance with state mandates at that time; this Plan will be modified over time as necessary to reflect new state mandates. Currently contracts and ownership rights are in place to assure compliance with state renewable energy mandates through 2020. Additional opportunities for renewable energy in the 2020s are being evaluated in light of California's recently enacted SB350, which requires that 50% of retail loads be served with renewable energy by 2030.

GWP has completed a long-term Integrated Resource Plan and is actively developing alternatives for upgrading the Scholl Canyon landfill gas available within the City of Glendale to allow the production of additional renewable energy, and has adopted a Feed-In Tariff for the purchase of energy from local renewable sources within the City, and is preparing for expected increases in local solar capacity.

The City Council approved rate increases effective September 13, 2013, of 8%, 7%, 5%, 2%, and 2%, with the 7% rate increase beginning in fiscal year 2015, have improved the Electric Utility's financial health evidenced by the increase in net income over prior years and the increase in unrestricted cash reserve balances.

Requests for Information

This financial report is designed to provide a general overview of the Electric Utility's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the General Manager of Glendale Water & Power – 141 North Glendale Avenue, Level 4, Glendale, California 91206.

CITY OF GLENDALE
ELECTRIC FUND
Statement of Net Position
June 30, 2015 (in thousands)
(with comparative amounts for 2014)

	2015	2014
Assets		
Current assets:		
Pooled cash and investments	$ 59,759	$ 53,770
Cash with fiscal agent	4,610	8,025
Investments with fiscal agent	2,464	2,464
Interest receivable	237	282
Investment-gas/electric commodity	1,989	1,088
Accounts receivable, net	21,892	10,722
Unbilled receivable	17,056	17,053
Due from other agencies	383	28
Due from other funds of the City	6,375	-
Inventories	5,929	5,756
Prepaid items and other	5,093	3,817
Total current assets	125,787	103,005
Noncurrent assets:		
Capital assets:		
Land	6,239	6,239
Natural gas reserve	22,276	22,148
Buildings and improvements	65,503	65,493
Machinery and equipment	505,984	515,362
Accumulated depreciation	(314,113)	(300,341)
Gas depletion	(7,986)	(6,982)
Construction in progress	13,722	2,549
Total capital assets	291,625	304,468
Pooled designated & invested cash	41,900	33,644
Restricted cash	46,970	60,358
Prepaid energy	97	97
Total noncurrent assets	380,592	398,567
Total assets	506,379	501,572
Deferred outflow of resources:		
Deferred outflow of resources related to pensions	2,982	-
Loss on refunding	1,158	1,291
Total deferred outflows of resources	4,140	1,291

The notes to the financial statements are an integral part of this statement.

CITY OF GLENDALE
ELECTRIC FUND
Statement of Net Position
June 30, 2015 (in thousands)
(with comparative amounts for 2014)

	2015	2014
Liabilities		
Current liabilities:		
Accounts payable	4,716	7,159
Contracts-retained amount due	298	50
Interest payable	3,316	3,813
Bonds payable, due in one year	2,870	2,302
Deposits	3,036	5,369
Total current liabilities	14,236	18,693
Noncurrent liabilities:		
Net pension liability	41,187	-
Long term debt	174,747	177,676
Total noncurrent liabilities	215,934	177,676
Total liabilities	230,170	196,369
Deferred inflows of resources:		
Deferred inflows of resources related to pensions	11,275	-
Net position:		
Net investment in capital assets	156,466	180,470
Restricted		
SCAQMD emission controls	5,669	5,669
Unrestricted	106,939	120,355
Total net position	$ 269,074	$ 306,494

The notes to the financial statements are an integral part of this statement.

CITY OF GLENDALE
ELECTRIC FUND
Statement of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2015 (in thousands)
(with comparative amounts for 2014)

	2015	2014
Operating revenues:		
Retail:		
Electric residential sales	$ 70,687	$ 61,396
Electric commercial sale	115,533	103,794
Electric street light sales	2,910	2,910
Wholesale sales	7,784	15,130
Sale to other utilities	19,042	13,033
Miscellaneous revenues	4,622	7,370
Total operating revenues	220,578	203,633
Operating expenses:		
Production	121,593	128,775
Transmission & distribution	27,830	28,083
Customer accounting and sales	4,663	4,521
Depreciation	26,691	26,264
Gas depletion	1,004	1,421
Total operating expenses	181,781	189,064
Operating income	38,797	14,569
Non operating revenues (expenses):		
Interest Income	1,043	1,393
Sales of property	-	122
Grant revenue	-	13
Interest on bonds	(7,322)	(5,831)
Total non operating expenses, net	(6,279)	(4,303)
Income before capital contributions and transfers	32,518	10,266
Capital contributions	325	26
Transfer to the General Fund of the City	(20,357)	(20,607)
Change in net position	12,486	(10,315)
Net position at beginning of year, as restated	256,588	316,809
Net position at end of year	$ 269,074	$ 306,494

The notes to the financial statements are an integral part of this statement.

CITY OF GLENDALE
ELECTRIC FUND
Statement of Cash Flows
Years Ended June 30, 2015 (in thousands)
(with comparative amounts for 2014)

	2015	2014
Cash flows from operating activities:		
Cash from customers	$ 209,050	$ 200,242
Cash paid to employees	(31,184)	(29,292)
Cash paid to suppliers	(129,172)	(123,305)
Net cash provided by operating activities	48,694	47,645
Cash flows from noncapital financing activities:		
Amounts paid to other funds	(6,375)	-
Operating transfers out	(20,357)	(20,607)
Investment with fiscal agent	-	(66)
Operating grant received	-	13
Net cash used by noncapital financing activities	(26,732)	(20,660)
Cash flows from capital and related financing activities:		
Interest on long term debt	(7,819)	(4,412)
Bond Proceeds	(2,361)	62,815
Capital grants and contributions	325	26
Acquisition of property, plant, and equipment	(14,852)	(5,476)
Net cash provided (used) by capital and related financing activities	(24,707)	52,953
Cash flows from investing activities		
Investment - gas/electric commodity	(901)	706
Interest received	1,088	1,434
Net cash provided by investing activities	187	2,140
Net increase (decrease) in cash and cash equivalents	(2,558)	82,078
Cash and cash equivalents at beginning of year	155,797	73,719
Cash and cash equivalents at end of year	$ 153,239	$ 155,797
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 38,797	$ 14,569
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	26,691	26,264
Gas depletion	1,004	1,421
(Increase) Accounts receivable net	(11,170)	(1,352)
(Increase) Unbilled Services	(3)	(2,037)
(Increase) Due from other agencies	(355)	(2)
(Increase)Decrease Inventories	(173)	518
(Increase)Decrease Prepaid expenses	(1,276)	1,665
Decrease Prepaid energy	133	1,002
Increase(Decrease) Accounts payable	(2,443)	2,493
Increase Contracts - retention	248	1
(Decrease) Net pension liability	(426)	-
Increase(Decrease) Deposits	(2,333)	3,103
Total adjustments	9,897	33,076
Net cash provided by operating activities	$ 48,694	$ 47,645
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	147	97

The notes to the financial statements are an integral part of this statement.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of the City of Glendale (the City) as they pertain to the Electric Enterprise Fund, (Electric Utility). All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Fund

The accounts of the City are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity with a self-balancing set of accounts for recording cash and other resources together with all related liabilities, obligations and net position that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Basis of Presentation

The City's Electric Enterprise Fund is used to account for the construction, operation and maintenance of the City-owned electric utility. The Fund is considered to be an enterprise fund, proprietary fund type, and uses flow of economic resources measurement focus to determine net income and financial position, as defined under accounting principles generally accepted in the United States of America. Accordingly, the accrual basis of accounting is followed by the Electric Utility, where revenues are recorded when earned and expenses are recorded when incurred. The Electric Utility is included in the City's Comprehensive Annual Financial Report (CAFR), and therefore, these financial statements do not purport to represent the financial position and changes in financial position, and where applicable, cash flow thereof of the City.

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

Pooled Cash and Investment

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

The City manages its pooled idle cash and investments under a formal investment policy that is reviewed by the Investment Committee and adopted by the City Council and follows the guidelines of the State of California Government Code. Individual investments cannot be identified with any single fund because the City may be required to liquidate its investments at any time to cover large outlays required in excess of normal operating needs.

Interest income from the investment of pooled cash is allocated to the Electric Utility on a monthly basis based upon the prior month end cash balance of the Electric Utility as a percent of the month end total pooled cash balance. The City normally holds the investment to maturity; therefore no realized gain/loss is recorded.

For purposes of statement of cash flows of the Electric Utility, cash and cash equivalents include all pooled cash and investments, pooled designated & invested cash, restricted cash and cash with fiscal agents with an original maturity of three months or less. The City considers the cash and investments pool to be a demand deposit accounts where funds may be withdrawn and deposited at any time without prior notice or penalty.

Investment-gas/electric commodity represents the Electric Utility's implementation of a program to purchase and sell options (calls and puts) in natural gas futures contracts at strike prices. These transactions allow the Electric Utility to stabilize the ultimate purchase price of natural gas for the Electric Utility's power plant. They, and other transactions, also give the Electric Utility the ability to manage its overall exposure to fluctuations in the purchase price of natural gas. The options are carried at fair market value. As of June 30, 2015 and 2014, the investment-gas/electric commodity was $1,989 and $1,088, respectively.

Pooled Designated Cash and Investments

A Cash Reserve Policy for the Electric Utility was first established in 2003. Its provision calls for annual review of the reserves to determine if the recommended levels are sufficient. The annual review of the Cash Reserve Policy for the fiscal year ending June 30, 2015, established a target of $66,400 of designated cash in the following categories: $40,400 for contingency reserve; $10,000 for rate stabilization reserve; and $16,000 for Reserve for Gas Reserve Project. As of June 30, 2015 and 2014, $41,900 and $33,644 was designated, respectively.

Capital Assets

The Electric Utility's capital assets include land, building, improvements and equipments that are reported in the Electric Utility's financial statements. The Electric Utility follows the City's asset capitalization policy. Capital assets are defined by the City as assets with an initial, individual cost of $5 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated assets representing utility service assets, which are donated to the City by independent contractors, are recorded at estimated fair market value at the date of donation. Depreciation for both purchased and contributed assets are computed using a straight-line method, based upon average estimated useful life of an asset. Interest incurred during the construction phase of the capital assets is included as part of the capitalized value of the assets constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. As of June 30, 2015 and 2014, total interest incurred is $7,561 and $6,124, respectively. For fiscal year ended June 30, 2015 and 2014, the total interest capitalized is $239 and $293, respectively.

A summary of the useful lives of the capital assets of the Electric Utility is as follows:

Assets	Years
Building and Improvements	10-50
General Structure & Parking Lot Landscaping Improvements	10
Building Improvements	20
Land Improvements	30
Transmission-Off System	50
Machinery and Equipment	6-10
Passenger Cars, Pickup	6
Cargo Vans	7
Dump/Tractor/Trailer Trucks	10

Inventories

Inventories, consisting primarily of construction and maintenance materials and tools for the production and distribution system of the Electric Utility are stated at cost, using the weighted average cost method or disposal value.

Long-Term Debt

The long-term debt and other obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period when the debt is issued.

Compensated Absences

The Electric Utility records and funds a liability for its employees' earned but unused accumulated vacation and overtime.

The Electric Utility also provides sick leave conversion benefits through the Retiree Health Saving Plan (RHSP). Unused sick leave is converted to a dollar amount and deposited in the employee's RHSP account at retirement. The account is used to pay healthcare premiums for the retiree and beneficiaries. After the account is exhausted, the retirees can terminate coverage or elect to continue paying the healthcare premiums from personal funds. The Electric Utility records an expense as the benefit is earned and probable of being paid out.

For additional details on the Compensated Absences, please refer to the City of Glendale Comprehensive Annual Financial Report.

Post-Employment Benefits

The Electric Utility participates in the City's Retiree Healthcare Plan which is a single-employer defined benefit healthcare plan administered by the City. The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established by and may be amended by the City. The City does not have a separate audited GAAP-basis postemployment benefit plan report for this defined benefit plan. No separate obligations are calculated for the Electric Utility, and no obligation is presented herein. The City's contribution is currently based on a pay-as-you-go funding method, that is, benefits are payable when due. This pay-as-you-go method is recorded in the Electric Utility based on the Electric Utility's share of current employees to total city employees. For fiscal year 2015 and 2014, the City's contribution in benefit payments was $3,133 and $2,817, respectively.

For additional details on the Post-Employment Benefit, please refer to the City of Glendale Comprehensive Annual Financial Report.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Glendale's California Public Employees Retirement System (CalPERS) plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Accounts Receivable

The Electric Utility records revenues that have already been earned but not yet received as of June 30 from individual customers, private entities and government agencies. Also, recoveries to utility customer receivables previously written off are recorded when received. An allowance for doubtful account is maintained for utility and miscellaneous accounts receivable. The allowance for doubtful account is adjusted at fiscal year end based on the amount equal to the annual uncollectible accounts. As of June 30, 2015 and 2014, the Electric Utility's allowance for doubtful accounts were $260 and $184, respectively.

Unbilled Receivable

The Electric Utility records revenues for utility services delivered to customers but not billed. As of June 30, 2015 and 2014, the Electric Utility's unbilled receivable was $17,056 and $17,053, respectively.

Due to/from Other Funds

These accounts are used when a fund has a temporary cash overdraft. It is also used to record receivables for advances made to other funds of the City. As of June 30, 2015 and 2014, the Electric Utility's due from other funds were $6,375 and $0, respectively.

Deposits

The Electric Utility requires all new or existing utility customers that have not or failed to establish their credit worthiness with the Electric Utility to place a deposit. The deposits are refunded after these customers establish their credit worthiness to the Electric Utility. As of June 30, 2015 and 2014, the Electric Utility's deposits were $3,036 and $5,369, respectively.

Prepaid Items and other

Certain payments to the vendors reflect costs applicable to future accounting period and are recorded as prepaid, which are then recognized as expense as benefits are received. As of June 30, 2015 and 2014, prepaids were $5,093 and $3,817, respectively.

Contracts - Retained Amount Due

The Electric Utility withholds 10% of each progress payment on construction contracts. These retained amounts are not released until final inspection is completed and sufficient time has elapsed for sub-contractors to file claims against the contractor. As of June 30, 2015 and 2014, the Electric Utility's contracts – retained amount due were $298 and $50, respectively.

Transfers to the City

The City's charter provides for certain percentages (up to a maximum of 25%) of operating revenues in the Electric Utility to be transferred to the City's General Fund as based on City Council approval and have been reflected in the financial statements as transfers out. As of June 30, 2015 and 2014, the Electric Utility's transfers to the City were $20,357 and $20,607, respectively.

Net Position

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

The Electric Utility first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Revenue Recognition

Revenues are recognized for services and energy provided to customers, and customers are billed either monthly or bi-monthly. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Budgets and Budgetary Accounting

The Electric Utility presents and the City Council adopts an annual budget. The proposed budget includes estimated expenses and forecasted revenues. The City Council adopts the Electric Utility's budget in June each year via a resolution.

Pronouncements Issued but Not yet Adopted

The Governmental Accounting Standards Board (GASB) issued pronouncements that have an effective date that may impact future financial presentation. Management has not determined what, if any, impact implementation of the following statements may have on the financial statements of the Electric Utility.

- GASB Statement No. 72 – *Fair Value Measurement and Application*. The objective of the Statement is to address accounting and financial reporting issues related to fair value measurements. The Statement is effective for periods beginning after June 15, 2015.

- GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The principal objectives of this Statement is to improve the information provided in the general purpose external financial reports of state and local governments about pensions and related assets that are not within the scope of Statement No. 68. The Statement is effective for periods beginning after June 15, 2015.

- GASB Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement is effective for periods beginning after June 15, 2016.

- GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. This Statement replaces the requirements of Statements No. 45 and No. 57. The Statement is effective for periods beginning after June 15, 2017.

- GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The Statement is effective for periods beginning after June 15, 2015.

- GASB Statement No. 77 – *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. The Statement is effective for periods beginning after December 15, 2015.

Implementation of Pronouncement

The Electric Utility has adopted and implemented the following GASB Statements during the year ended June 30, 2015:

- GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

- GASB Statement No. 69 – *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

- GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Deferred Outflows and Inflows of Resources

The statement of net position reports a separate section for deferred outflows of resources, in addition to assets. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources, or expenses, until then. This category consists of loss on debt refunding and deferred outflows of resources related to pension for reporting in the statements of net position. As of June 30, 2015 and 2014, the Electric Utility's deferred outflows of resources were $4,140 and $1,291, respectively.

The statement of net position reports a separate section for deferred inflows of resources, in addition to liabilities. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources, or revenues, until then. The Electric Utility records deferred inflows of resources related to pension. As of June 30, 2015 and 2014, the Electric Utility's deferred inflows of resources were $11,275 and $0, respectively.

2. Pooled Cash and Investments

Cash resources of the Electric Utility are combined with other City funds to form a pool of cash and investments, which is managed by the City Treasurer under a formal investment policy that is reviewed by the Investment Committee and adopted annually by the City Council. Therefore, individual investments cannot be identified with any single fund. Income from the investment of pooled cash is allocated to the Electric Utility on a monthly basis, based upon the month-end cash balance of the Electric Utility as a percent of the month-end total pooled cash balance. Of this total pooled cash and investments, $157,692 and $159,349 pertains to the Electric Utility for fiscal year 2015 and 2014, respectively. Pooled cash and investments are stated at the fair value.

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

	2015	2014
Pooled cash and investments	$ 59,759	$ 53,770
Cash with fiscal agent	4,610	8,025
Investments with fiscal agents	2,464	2,464
Restricted cash	46,970	60,358
Pooled designated and invested cash	41,900	33,644
Investment-gas/electric commodity	1,989	1,088
Total	$ 157,692	$ 159,349

For additional details on the City investment pool including disclosure relating to Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Investment in State Investment Pool, please refer to the City of Glendale Comprehensive Annual Financial Report.

Restricted Cash

A separate fund in the City Treasury is established to deposit the proceeds of the Electric

Revenue Bonds, 2013 Series and Southern California Air Quality Management District environmental compliance funds. As of June 30, 2015 and 2014 there is $46,970 and $60,358 recorded. The amounts set aside in this account shall remain therein until from time to time expended for the projects and purposes of paying for the costs of acquisition and construction of certain improvements to the Electric System of the City. Any remaining unspent bond proceeds once the purposes of the Electric Revenue Bonds, 2013 Series are accomplished will be transferred into the Parity Obligation Payment Fund, held with bond fiscal agent.

Cash with Fiscal Agent

The Electric Utility has monies held by trustees or fiscal agents pledged to the payment or security of certain bonds. These are subject to the same risk category as the invested cash. The California Government Code provides that these funds, in the absence of specific statutory provisions governing the issuance of bonds or certificates, may be invested in accordance with the ordinances, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances are generally more restrictive than the City's general investment policy.

As of June 30, 2015, the Electric Utility had $7,074 on deposit with fiscal agent as required by the bond documents; the Electric Utility had the following underlying investments:

Cash and investments with fiscal agents	Fair Value	Maturity	Moody's Rating
Guaranteed Investment Contracts	$ 2,398	More than 5 yr	Aa2
U.S. Treasury Notes	2,241	Less than 1 yr	Aaa
Money Market	2,435	Less than 1 yr	Aaa
	$ 7,074		

As of June 30, 2014, the Electric Utility had $10,489 on deposit with fiscal agent as required by the bond documents; the Electric Utility had the following underlying investments:

Cash and investments with fiscal agents	Fair Value	Maturity	Moody's Rating
Guaranteed Investment Contracts	$ 2,398	More than 5 yr	Aa2
U.S. Treasury Notes	2,241	Less than 1 yr	Aaa
Money Market	5,850	Less than 1 yr	Aaa
	$ 10,489		

3. Capital Assets

Natural Gas Project

In June 2005, the City elected to participate in the Natural Gas Reserve Project through SCPPA and entered into a 25 year Gas Sales Agreement with SCPPA for up to 2,000 MMBtu per day. The project calls for the acquisition and development of gas resources, reserves, fields, wells, and related facilities to provide a long-term supply of natural gas for its participants. The first acquisition was completed on July 1, 2005 with the total cost to the participants at $306.1 million. The City's share in the project is $13.1 million or 4.2553%, with estimated peak daily volume between 1,600 to 1,800 MMBtu. As of June 30, 2015, the net balance for Natural Gas Reserve Project was $14,290.

A summary of the changes in Electric Utility 2014 - 2015 Capital Assets is as follows:

	Balance at June 30, 2014	Increases	Decreases	Reclass/Transfers	Balance at June 30, 2015
Capital assets not being depreciated/depleted:					
Land	$ 6,239	-	-	-	6,239
Construction in progress	2,549	10,837	-	336	13,722
Drilling in progress	-	511	(511)		-
Total assets not being depreciated/depleted	8,788	11,348	(511)	336	19,961
Depreciable capital assets:					
Building and improvements	65,493	10	-		65,503
Machinery and equipment	515,362	3,877	(12,919)	(336)	505,984
Total other capital assets at cost	580,855	3,887	(12,919)	(336)	571,487
Depletable capital assets:					
Natural Gas Reserve	22,148	128	-	-	22,276
Less accumulated depreciation:					
Building and improvements	37,172	1,983	-	-	39,155
Machinery and equipment	263,169	24,708	(12,919)	-	274,958
Total accumulated depreciation	300,341	26,691	(12,919)	-	314,113
Less allowance for gas depletion:					
Natural Gas Reserve	6,982	1,004	-	-	7,986
Total assets being depreciated	295,680	(23,680)	-	(336)	271,664
Electric Fund capital assets, net	$ 304,468	(12,332)	(511)	-	291,625

A summary of the changes in Electric Utility 2013 - 2014 Capital Assets is as follows:

	Balance at June 30, 2013	Increases	Decreases	Reclass/Transfers	Balance at June 30, 2014
Capital assets not being depreciated/depleted:					
Land	$ 6,239	-	-	-	6,239
Construction in progress	12,241	116	-	(9,808)	2,549
Total assets not being depreciated/depleted	18,480	116	-	(9,808)	8,788
Depreciable capital assets:					
Building and improvements	64,710	49	-	734	65,493
Machinery and equipment	509,620	5,455	(8,787)	9,074	515,362
Total other capital assets at cost	574,330	5,504	(8,787)	9,808	580,855
Depletable capital assets:					
Natural Gas Reserve	22,129	19	-	-	22,148
Less accumulated depreciation:					
Building and improvements	35,249	1,923	-	-	37,172
Machinery and equipment	247,452	24,348	(8,631)	-	263,169
Total accumulated depreciation	282,701	26,271	(8,631)	-	300,341
Less allowance for gas depletion:					
Natural Gas Reserve	5,561	1,421	-	-	6,982
Total assets being depreciated	308,197	(22,169)	(156)	9,808	295,680
Electric Fund capital assets, net	$ 326,677	(22,053)	(156)	-	304,468

4. Long-Term Debt

The Electric Utility’s long-term debt as of June 30, 2015 and 2014 consists of the following:

	Remaining Interest Rates	Original Issue	Outstanding June 30, 2015	Outstanding June 30, 2014
Electric Revenue Bonds, 2006 Refunding Series	4.00%-5.00%	$38,830	$28,930	$30,280
Electric Revenue Bonds, 2008 Series	4.00%-5.00%	$60,000	$60,000	$60,000
Electric Revenue Bonds, 2013 Refunding Series	4.00%-5.00%	$20,510	$20,510	$20,510
Electric Revenue Bonds, 2013 Series	3.00%-5.00%	$60,000	$59,430	$60,000
Total			$168,870	$170,790

Electric Revenue Bonds, 2006 Refunding Series

The Electric Utility issued $38,830 in revenue bonds in April 2006 to provide moneys for the refunding of all of the City’s outstanding Electric Revenue Bonds, 2000 Series. The bond proceeds were deposited in an escrow account and will be used to refund the Electric Revenue Bonds, 2000 Series through a legal defeasance. The advance refunding of Electric Revenue

Bonds, 2000 Series resulted in a difference between the reacquisition price of refunding bonds and the net carrying amount of the refunded bonds. Deferred loss on refunding as of June 30, 2015 for $1,021 is recognized and reported in the financial statements as a deferred outflow of resources and is being amortized through February 1, 2030. As of June 30, 2009, $37,000 of the 2000 series bonds outstanding are considered defeased. Liabilities for defeased bonds are not included in the City's financial statements.

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

The bonds mature in regularly increasing amounts ranging from $1,415 to $2,570 annually from 2016 to 2030. The 2006 Refunding Bonds maturing on or prior to February 1, 2016 are not subject to redemption prior to maturity. The 2006 Refunding Bonds maturing on and after February 1, 2017 are subject to redemption prior to maturity, at the option of the City, as a whole or in part, on February 1, 2016, or on any date thereafter, at a redemption price equal to 100% of the principal amount of the 2006 Refunding Bonds to be redeemed, together with accrued interest to the redemption date.

Electric Revenue Bonds, 2008 Series

The Electric Utility issued $60,000 in revenue bonds in February 2008 to finance the costs of acquisition and construction of certain improvements to the Electric System of the City.

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

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

Electric Revenue Bonds, 2013 Refunding Series

The Electric Utility issued $20,510 in revenue bonds in March 2013 to provide funds to refund all of the City's outstanding Electric Revenue Bonds, 2003 Series and pay cost of issuance. The bond proceeds were deposited in an escrow account and were used to refund the Electric Revenue Bonds, 2003 Series through a legal defeasance.

The current refunding resulted in the recognition of a deferred outflow of resources of $137 and is being amortized through year 2032. The Fund in effect reduced its aggregate debt service payments by $4,070 over the next nineteen years and obtained an economic gain (difference between the present value of the old and new debt service payments) of $3,695 (2.478%). The bonds mature in regularly increasing amounts ranging from $900 to $1,805 annually from 2017 to 2032.

Electric Revenue Bonds, 2013 Series

The Electric Utility issued $60,000 in revenue bonds in December 2013 to finance the costs of acquisition and construction of certain improvements to the Electric System of the City.

The terms of the 2013 Electric Revenue Bonds' (2013 Bonds) indenture require the trustee to establish and maintain a reserve fund equal to the Reserve Fund Requirement. The Reserve Fund Requirement is defined by the Debt Indentures as the maximum annual debt service on the debt service schedule. Up to 50% of the Reserve Fund Requirement amount may be held in an unrestricted fund or account. The reserve requirement of the bond issue is satisfied by a cash reserve fund with a minimum funding requirement. The bonds mature in regularly increasing amounts ranging from $1,045 to $3,795 annually from 2016 to 2043.

	Amount outstanding at June 30, 2014	Additions	Retirements	Amount outstanding at June 30, 2015	Due within one year
Electric Revenue Bonds, 2006 Refunding Series	$ 30,280	-	1,350	28,930	1,415
Electric Revenue Bonds, 2008 Series	60,000	-	-	60,000	-
Electric Revenue Bonds, 2013 Refunding Series	20,510	-	-	20,510	-
Electric Revenue Bonds, 2013 Series	60,000	-	570	59,430	1,045
Net Discount/Premium	9,188	-	442	8,747	410
Total bonds payable	179,978	-	2,362	177,617	2,870

	Amount outstanding at June 30, 2013	Additions	Retirements	Amount outstanding at June 30, 2014	Due within one year
Electric Revenue Bonds, 2006 Refunding Series	$ 31,570	-	1,290	30,280	1,350
Electric Revenue Bonds, 2008 Series	60,000	-	-	60,000	-
Electric Revenue Bonds, 2013 Refunding Series	20,510	-	-	20,510	-
Electric Revenue Bonds, 2013 Series	-	60,000	-	60,000	570
Net Discount/Premium	5,083	4,559	454	9,188	382
Total bonds payable	117,163	64,559	1,744	179,978	2,302

The annual debt service requirements to amortize long-term bonded debt at June 30, 2015 are as follows:

	Revenue Bonds		
Fiscal year	Interest	Principal	Total
2016	$ 7,960	2,460	10,420
2017	7,851	3,470	11,321
2018	7,721	5,475	13,196
2019	7,481	5,690	13,171
2020	7,220	5,925	13,145
2021-2025	31,969	33,705	65,674
2026-2030	23,380	42,135	65,515
2031-2035	14,838	32,195	47,033
2036-2040	6,389	26,965	33,354
2041-2045	1,103	10,850	11,953
	$ 115,912	168,870	284,782

Rate Covenants

The Electric Utility has covenanted in the Indenture of Trust that Net Income of the Electric System for each fiscal year will be at least equal to 1.10 times the amount necessary to pay principal and interest as the same become due on all Bonds and Parity Obligations for such fiscal year. The Electric Utility is in compliance with this requirement.

5. Pension Plan

Plan Descriptions

All qualified permanent and probationary employees of the Electric Utility are eligible to participate in the City's Miscellaneous Plan, an agent multiple employer defined benefit pension plans administered by the California Public Employees Retirement System (CalPERS) which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information can be found on the CalPERS website at: www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

Miscellaneous			
Hire date	Prior to January 1, 2011	Between January 1, 2011 and December 31, 2012	On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 55	2% @ 62
Benefit vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-63	52-67
Monthly benefits, as a percent of eligible compensation	2.0% to 2.5%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rate	8.000%	7.000%	6.750%
Required employer contribution rate	17.464%	17.464%	17.464%

Contributions

Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for both Plans are determined annual on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

For the year ended June 30, 2015, the contributions to the City's miscellaneous plan was $2,982.

Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the Electric Utility reported a net pension liability of $41,187 for its proportionate share of the City miscellaneous plan's net pension liability.

The net pension liability of the Plan was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014. The Electric Utility's proportion of the City's net pension liability was based on the Electric Utility's fiscal year 2014 contributions to the City's miscellaneous plan relative to the total contributions of the City as a whole. The Electric Utility's proportionate share of the City's miscellaneous plan's net pension liability as of June 30, 2013 and 2014 was as follows:

	Miscellaneous
Proportion - June 30, 2013	21%
Proportion - June 30, 2014	21%

For the year ended June 30, 2015, the Electric Utility recognized pension expense of $2,557. At June 30, 2015, the Electric Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,982	$ -
Net differences between projected and actual earnings on pension plan investments	-	11,275
	$ 2,982	$ 11,275

The amount of $2,982 reported as deferred outflows of resources related to pensions resulting from the Electric Utility's contributions to the City's plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	
2016	$ (2,819)
2017	(2,819)
2018	(2,819)
2019	(2,818)
Total	$(11,275)

Actuarial Assumptions

The Electric Utility's proportion of the City's total pension liabilities in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	Entry - Age Normal Cost Method
Actuarial assumptions:	
Discount rate	7.5%
Inflation	2.75%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.5% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality rate table	Derived using CalPERS' Membership Data for all Funds
Post retirement benefit increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period of 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website at: http://www.calpers.ca.gov/index.jsp?bc=/about/forms-pubs/calpers-reports/actuarial-reports.xml

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	**Target Allocation**	**Real Return Years 1 - 10 ***	**Real Return Years 11+ ****
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)
Total	100%		

*an expected inflation rate of 2.5% used for this period.
** an expected inflation rate of 3.0% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Sensitivity of the Electric Utility's Proportionate share of the City's Miscellaneous Plan's Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Electric Utility for the plan, calculated using the discount rate of 7.50%, as well as what the Electric Utility's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.50%
Net Pension Liability	$ 68,303
Current Discount Rate	7.50%
Net Pension Liability	$ 41,187
1% Increase	8.50%
Net Pension Liability	$ 18,786

Pension Plan Fiduciary Net Position

Detailed information about the City's collective net pension liability is available in the City's separately issued Comprehensive Annual Financial Report (CAFR). The City's financial statements may be obtained by contacting the City of Glendale's Finance Department. The report may also be obtained on the internet at www.glendaleca.gov/government/departments/ finance/budget/annual-report.

6. Self-Insurance Program

The Electric Utility is covered by the City's unemployment and workers' compensation insurance. For purposes of general liability, the Electric Utility is self-insured through the City's self-insurance program which is accounted for in the Internal Service Fund of the City. There were no significant settlements or reductions in insurance coverage from settlements for the past three years. The insurance schedule for fiscal year 2015-16 is as follows:

Insurance Type	Program Limits	Deductible / SIR (self insured retention)
Excess Liability Insurance	$20,000	$2,000 SIR per occurrence
D & O Employment Practices	$2,000	$250 SIR
Excess Workers' Comp Employer's Liability Insurance	Statutory	$2,000 SIR per occurrence
Property Insurance	$250,000	Various deductibles up to $250
Employee Dishonesty - Crime Policy	$1,000	$25

The Electric Utility is charged a premium and the Internal Service Funds recognized the corresponding revenue. The Electric Utility is not liable for amounts other than the premiums. Claims expenses are recorded in the Internal Service Funds. Premiums are evaluated periodically and increases are charged to the Electric Utility to reflect recent trends in actual claims experience and to provide sufficient reserve for catastrophic losses. As of June 30, 2015 and 2014, premium charged by the Internal Service Funds for Glendale *Water & Power* were $1,532 and $1,475, respectively.

For additional details on the self-insurance program, please refer to the City of Glendale Comprehensive Annual Financial Report.

7. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position is reported as unrestricted when there are no limitations imposed on their use.

Excess capital surcharge revenue restricted to retrofit the City's Grayson Power Plant as mandated by Air Quality Management for fiscal years 2015 and 2014 was $5,669 and $5,669, respectively.

8. "Take or Pay" Contracts

The Electric Utility has entered into twelve "Take or Pay" contracts, which require payments to be made whether or not projects are completed or operable, or whether output from such projects is suspended, interrupted or terminated. Such payments represent the Electric Utility's share of current and long-term obligations. Payment for these obligations is expected to be made from operating revenues received during the year that payment is due. These contracts provide for current and future electric generating capacity and transmission of energy for the City residents. Through these contracts, the Electric Utility purchased approximately 59% of its total energy requirements during fiscal year 2014-2015. With a few exceptions, the Electric Utility is obligated to pay the amortized cost of indebtedness regardless of the ability of the contracting agency to provide electricity. The original indebtedness will be amortized by adding the financing costs to purchase energy over the life of the contract. All of these agreements contain "step-up" provisions obligating the Electric Utility to pay a share of the obligations of any defaulting participant.

The Intermountain Power Agency, a subdivision of the State of Utah, was formed in January 1974 to finance the construction of a 1,400 megawatt coal-fired generating plant, consisting of two generating units located near Delta, Utah and associated transmission lines, called the

Intermountain Power Project. The project began uprating of the two generating units in early 2003. When the uprating was finished in March 2004, it increased the capacity of the plant from 1,400 megawatts to 1,800 megawatts.

The Electric Utility through contract is obligated for 30 megawatts or 1.704% of the generation. In addition, the Electric Utility entered into an “Excess Power Sales Agreement” with the IPA, agent for the Utah Municipal Purchasers and the Cooperative Purchasers, which entitles the Electric Utility to additional shares that can vary from year to year. As of June 30, 2015 Excess Entitlement share is 0.461%. The total Electric Utility’s obligation from Intermountain Power Project (IPP) is between 35 and 38 megawatts.

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

The first of the SCPPA projects is a 3,810 megawatt nuclear fuel generation plant in Arizona. The Palo Verde (PV) nuclear project consists of three (3) units, each having an electric output of approximately 1,270 megawatts. SCPPA has purchased approximately 225 megawatts of capacity and associated energy (approximately 5.910% of total Palo Verde output), of which the Electric Utility receives 9.9 megawatts or 4.4% of SCPPA’s entitlement. As of June 30, 2015, Electric Utility’s share is 4.4% (PV).

A second project financed through SCPPA is the Southern Transmission System (STS) that transmits power from the coal-fired IPP to Southern California. The 500 kV DC line is currently rated at 2,400 megawatts. The Electric Utility’s share of the line is 2.274% or approximately 55 megawatts. As of June 30, 2015, Electric Utility’s share is 2.274% (STS).

A third project financed through SCPPA is the acquisition of 41.80% ownership interest in a coal-fired 497 megawatt unit in San Juan Generating Station, Unit 3, located in New Mexico. SCPPA members are entitled to 208 megawatts. The Electric Utility is obligated for 20 megawatts or 9.8047% of the SCPPA entitlement. As of June 30, 2015, Electric Utility’s share is 9.8047% (SJ).

A fourth project financed through SCPPA is Mead-Adelanto Project (MA). The project consists of a 202-mile 500 kV AC transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada, and the development of the Marketplace Substation at the southern Nevada terminus approximately 17 miles southwest of

Boulder City, Nevada. The initial transfer capability of the Mead-Adelanto Project is estimated at 1,200 megawatts. SCPPA members in the project are entitled to 815 megawatts. The Electric Utility is obligated for 90 megawatts or 11.043% of the SCPPA entitlement. As of June 30, 2015, Electric Utility's share is 11.043% (MA).

A fifth project financed through SCPPA is Mead-Phoenix Project (MP). The project consists of a 256-mile long 500 kV AC transmission line from the Westwing Substation in the vicinity of Phoenix, Arizona to the Marketplace Substation approximately 17 miles southwest of Boulder City, Nevada with an interconnection to the Mead Substation in southern Nevada. The project consists of three separate components: the Westwing-Mead Component, the Mead Substation Component, and the Mead-Marketplace Component. The Electric Utility's participation shares in the components range from 11.7647% to 22.7273%. The Mead-Phoenix Project in conjunction with the Mead-Adelanto Project provides an alternative path for the Electric Utility's purchases from the Palo Verde Nuclear Generating Station, San Juan Generating Station and Hoover Power Plant. These transmission lines also provide access to the southwest U.S. where economical energy is readily available. As of June 30, 2015, Electric Utility's share is 14.8% (MP).

A sixth project financed through SCPPA is the Magnolia Power Project (MPP) located on Burbank Water & Power's generation station complex adjacent to Magnolia Boulevard in Burbank, California. The project consists of a combined cycle natural gas-fired generating plant with a nominally rated net base capacity of 242 megawatts. The Electric Utility is obligated for 40 megawatts or 16.5289% of the project's output. As of June 30, 2015, Electric Utility's share is 16.5289% (MPP).

A seventh project financed through SCPPA is Natural Gas Prepaid Project (NGPP). In August 2007, the Electric Utility entered into a 30-year Prepaid Natural Gas Agreement with the SCPPA. The agreement will provide a secure and long-term supply of natural gas up to 3,500 MMBtu per day at a discounted price below a spot market price index. The delivery of natural gas started in July 2008. As of June 30, 2015, Electric Utility's share is 23.0% (NGPP).

An eighth project financed through SCPPA is the Linden Wind Energy Project (LIN) located in Klickitat County in the state of Washington. The facility is a 50 MW capacity wind farm. The 25 year purchase power agreement with SCPPA is for purchase of 10% (approximately 5 MW) of the capacity of the project. The Electric Utility has sold its output entitlement share to Los Angeles Water and Power (LADWP), but remains responsible for all the obligations associated with its participation in the Power Sales Agreements in the event if LADWP should default. As of June 30, 2015, Electric Utility's share is 10.0% (LIN).

A ninth project financed through SCPPA is the Tieton Hydropower Project (THP) located near the town of Tieton in Yakima County, Washington. The Project has a maximum capacity of approximately 20 megawatts. The Project includes a 115 kV transmission line, approximately 22-miles long, connecting the generating station with PacifiCorp's Tieton Substation. The Electric Utility is obligated for approximately 6.8 megawatts or 50% of the project's output. As of June 30, 2015, Electric Utility's share is 50.0% (THP).

A tenth project financed through SCPPA is Windy Point/Windy Flats project (WP) located in Klickitat County in the state of Washington. The Project has a maximum capacity of approximately 262.2 megawatts. The City Council approved a 20 year purchase power agreement with SCPPA for the purchase of approximately 20 megawatts or 7.63% of the renewable energy output from the Project. The Electric Utility has sold its output entitlement share to Los Angeles Water and Power (LADWP), but remains responsible for all the obligations associated with its participation in the Power Sales Agreements in the event if LADWP should default. As of June 30, 2015, Electric Utility's share is 7.63% (WP).

The eleventh project financed through SCPPA is the Milford II Wind Project (MIL2) located near Beaver and Millard Counties, Utah. The Project has a capacity of approximately 102 megawatts. The City Council approved 20 year purchase power agreement with SCPPA for the purchase of approximately 5 megawatts or 4.902% of the Project's output. The Electric Utility has sold its output entitlement share to Los Angeles Water and Power, but remains responsible for all the obligations associated with its participation in the Power Sales Agreements in the event if LADWP should default. As of June 30, 2015, Electric Utility's share is 4.90% (MIL2).

Take-or-Pay commitments expire upon contract expiration date, or final maturity of outstanding bonds for each project, whichever is later.

Final fiscal year contract expirations are as follows:

Project	Contract Expiration Date	Glendale's Share
Intermountain Power Project (IPP)	2027	2.1648%
Palo Verde Project (PV)	2030	4.4000%
Southern Transmission System (STS)	2027	2.2740%
San Juan Project (SJ)	2030	9.8047%
Mead-Adelanto Project (MA)	2030	11.0430%
Mead-Phoenix Project (MP)	2030	14.8000%
Magnolia Power Project (MPP)	2036	17.2536%
Natural Gas Prepaid Project (NGPP)	2035	23.0000%
Linden Wind Energy Project (LIN)	2035	10.0000%
Tieton Hydropower Project (THP)	2040	50.0000%
Windy Point/Windy Flats Project (WP)	2030	7.6300%
Milford II Wind Project (MIL2)	2031	4.9020%

A summary of the Electric Utility's "Take or Pay" debt service commitment and the final maturity date as of June 30, 2015:

Fiscal Year	IPP	PV	STS	SJ	MA	MP	MPP	NGPP	LIN	THP	WP	MIL2	TOTAL
2016	$ 4,699	548	1,812	2,151	2,465	997	3,677	4,539	1,008	1,671	3,103	624	27,294
2017	3,315	550	1,837	2,110	2,415	969	3,673	4,537	1,008	1,669	3,097	624	25,804
2018	4,832	552	1,801	-	2,380	955	2,867	4,562	1,006	1,670	3,095	623	24,343
2019	5,198	-	1,780	-	2,358	951	2,866	4,684	1,007	1,668	3,093	623	24,228
2020	4,534	-	1,561	-	2,339	941	2,866	4,858	1,005	1,668	3,090	622	23,484
2021-2025	9,180	-	8,172	-	1,747	698	14,740	26,917	5,019	8,320	15,411	3,104	93,308
2026-2030	-	-	2,184	-	-	-	16,360	31,855	4,998	9,048	15,335	3,089	82,869
2031-2035	-	-	-	-	-	-	16,891	33,688	4,864	8,209	3,057	1,230	67,939
2036-2040	-	-	-	-	-	-	14,706	4,232	921	8,173	-	-	28,032
2041-2045	-	-	-	-	-	-	-	.	-	3,272	-	-	3,272
Total	$ 31,758	1,650	19,147	4,261	13,704	5,511	78,646	119,872	20,836	45,368	49,281	10,539	400,573

In addition to debt service, the Electric Utility's entitlement requires the payment for fuel costs, operation and maintenance (O&M), administrative and general (A&G), and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service and vary each year. The costs incurred for fiscal year 2015 and 2014 are as follows:

Fiscal Year	IPP	SJ	PV	STS	MA	MP	MPP	NGPP	LIN	WP	THP	MIL2	Total
2015	$ 7,535	6,493	3,027	696	240	456	2,959	1,632	-	-	733	-	23,771
2014	$ 8,588	7,568	2,760	676	266	224	4,236	1,923	-	-	505	-	26,746

9. Power Purchase Agreements

Boulder Canyon Project

The Electric Utility first participated in Boulder Canyon Project for electric service from the Hoover Power Plant in 1937 for a term of 50-year, expired on May 31, 1987. The plant was operated by Southern California Edison and Los Angeles Department of Water and Power under the supervision of the Bureau of Reclamation during the contract term.

Before the expiration of the contract, Hoover Power Plant Act of 1984 authorized the uprating of the 17 main generating units and provided long-term contingent capacity and firm energy to the participants in a renewal contract. The uprating program replaced all 17 original turbines in the Hoover Dam Power Plant began in 1986. When the program was finished in 1993, it increased the capacity of the plant from 1,344 megawatts to 2,079 megawatts.

In January 1987, the Electric Utility renewed the contract with the United States Bureau of Reclamation providing for the advancement of funds for the Hoover Uprating Project and Western Area Power Administration for the purchase of power from the project. The renewed contract is for a term of 30-year from 1987 to 2017. The Bureau of Reclamation also assumed control of operation and maintenance of the plant in 1987. Under this renewed contract, the Electric Utility is entitled to 21 megawatts or 1.0251% of the capacity and 1.5874% of the firm energy.

High Winds Energy Project

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

Ormat Geothermal Project

In June 2005, the Electric Utility entered into a 25-year power sales agreement with SCPPA for the Ormat Geothermal Energy Project for purchase of up to 3 megawatts of the project electric energy. The project began commercial operation in January 2006.

Southwest Wyoming Wind Project

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

Pebble Springs Wind Project

In November 2007, The Electric Utility entered into a 18-year contract with SCPPA for the purchase of 20 megawatts of renewable energy from Pebble Springs Wind Generation Facility. The project began commercial operation in January 2009.

Skylar Renewable Solar Power Purchase Agreement

In September 2014, the Electric Utility entered into a 25-year contract with Skylar Resources L.P. for the procurement of 50 megawatts of firmed renewable solar. At least fifty percent of 50 MW/hour is guaranteed by the seller to qualify as Portfolio Content Category 1 renewable energy on an annual basis. Delivery of energy will be scheduled during the peak period hours each day, and may begin as early as December 1, 2015.

9. Subsequent Events

In July 2015, the City Council authorized the Southern California Public Power Authority (SCPPA) to execute, on Glendale’s behalf, a set of three agreements that will collectively shut down Unit 3 at the coal-fired San Juan Power Plant in New Mexico at the end of December 2017. The agreements address restructuring of rights and obligations at San Juan, including disposal of coal inventory, mine reclamation, and plant decommissioning. The termination of operations at San Juan Unit 3 will help GWP achieve California state goals regarding the reduction of greenhouse gas emissions. Under the Mine Reclamation and Plant Decommissioning Agreements, Glendale shares the responsibility for any liability arising from operations before the December 2017 exit date. As such a liability for decommission the power plant can not be determined at this time.

10. Restatement

A prior period adjustment of $49,906 was made to decrease the beginning net position of the Electric Utility, respectively, in accordance with the implementation of GASB 68 and GASB 71. The adjustment was made to record the beginning net pension liability and deferred outflows of resources for contributions subsequent to the measurement date.

	June 30, 2014 Previously Stated	Restatement	July 1, 2014 Restated
Net Pension Liability	$ -	$ (52,936)	$ (52,936)
Deferred Outflows	-	3,030	3,030
Net Position	$ 306,494	$ (49,906)	$ 256,588

Required Supplementary Information

Last 10 Years *

Schedule of the Fund's Proportionate Share of the City's Net Pension Liability (Miscellaneous Plan)

		2015
Fund's proportion of the net pension liability		21.00%
Fund's proportionate share of the net pension liability	$	41,187
Covered - employee payroll	$	19,214
Fund's proportionate share of the City's Miscellaneous Plan's net pension liability as a percentage of covered-employee payroll		214.36%
Miscellaneous Plan fiduciary net position as a percentage of the total pension liability		79.94%

* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

Last 10 Years *

Schedule of Contributions

		2015
Actuarially determined contributions	$	2,982
Contributions in relation to the actuarially determined contribution		2,982
Contribution deficiency (excess)	$	-
Covered-employee payroll	$	20,226
Contributions as a percentage of covered-employee payroll		17.46%

* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

Schedule of Changes in Net Pension Liability and Related Ratios - Electric Utility

		Fiscal Year 2014
Total pension liability		
Service cost	$	1,562
Interest on the total pension liability		7,247
Changes of benefit terms		-
Difference between expected and actual experience		-
Changes of assumptions		-
Benefit payments, including refunds of employee contributions		(4,969)
Net change in total pension liability		3,840
Total pension liability -- beginning		173,090
Total pension liability -- ending (A)		176,930
Plan fiduciary net position		
Contributions from the employer		1,508
Contributions from employees		857
Net investment income		12,291
Benefit payments, including refunds of employee contributions		(4,969)
Net change in fiduciary net position		9,687
Plan fiduciary net position -- beginning		126,055
Plan fiduciary net position -- ending (B)		135,742
Net pension liability -- ending (A) - (B)	$	41,188
Plan fiduciary net position as a percentage of the total pension liability		76.72%
Covered-employee payroll	$	16,062
Net pension liability as a percentage of covered-employee payroll		256.43%

Notes:

(1) FY2015 is the first year of implementation of GASB 68; therefore, only one year of data is shown.

(2) Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

(3) Changes of assumptions: There were no changes in assumptions.

Source: Page 11 of the CalPERS GASB68 report

Schedule of Plan Contributions - Electric Utility

		Fiscal Year 2014
Actuarially determined contributions	$	1,508
Contributions in relation to the actuarially determined contribution		(1,508)
Contribution deficiency (excess)		-
Covered-employee payroll	$	16,062
Contributions as a percentage of covered-employee payroll		9.39%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014 were from the June 30, 2011 public agency valuations.

Actuarial cost method	Entry age normal
Amortization method/period	For details, see June 30, 2011 funding valuation report
Asset valuation method	Acturial value of assets. For details, see June 30, 2011 funding valuation report
Inflation	2.75%
Salary increase	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expense, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

Source: Page 12 of the CalPERS GASB68 report