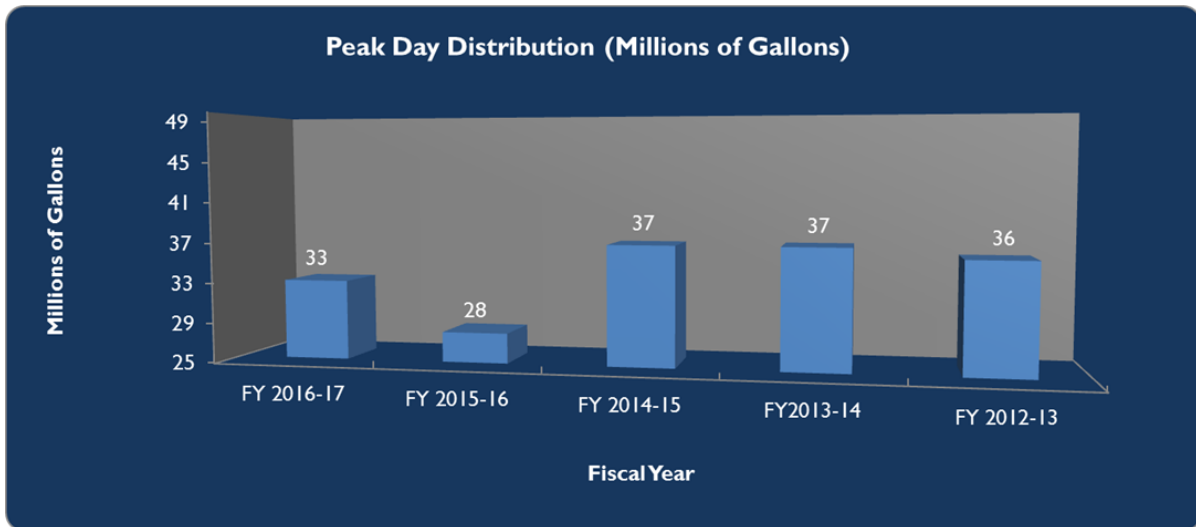
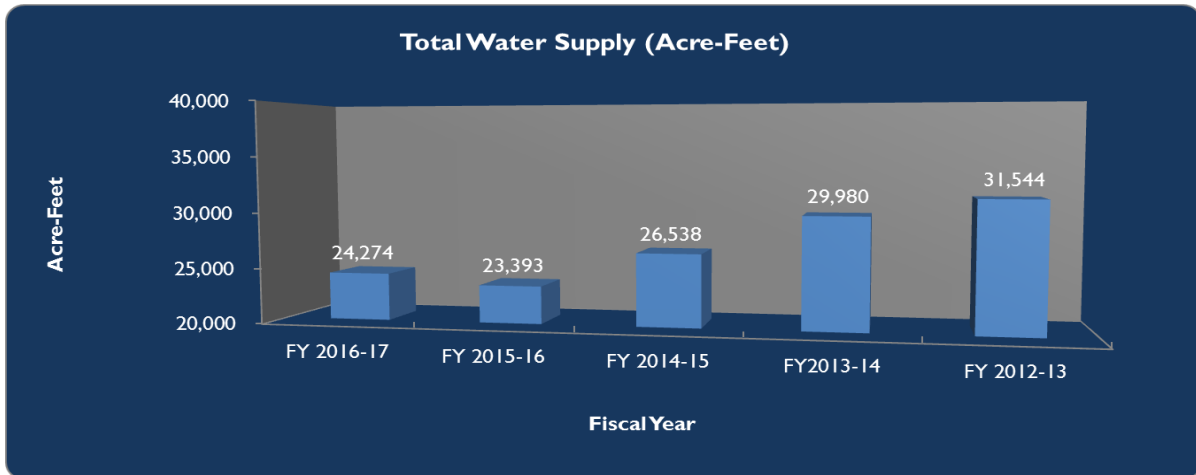
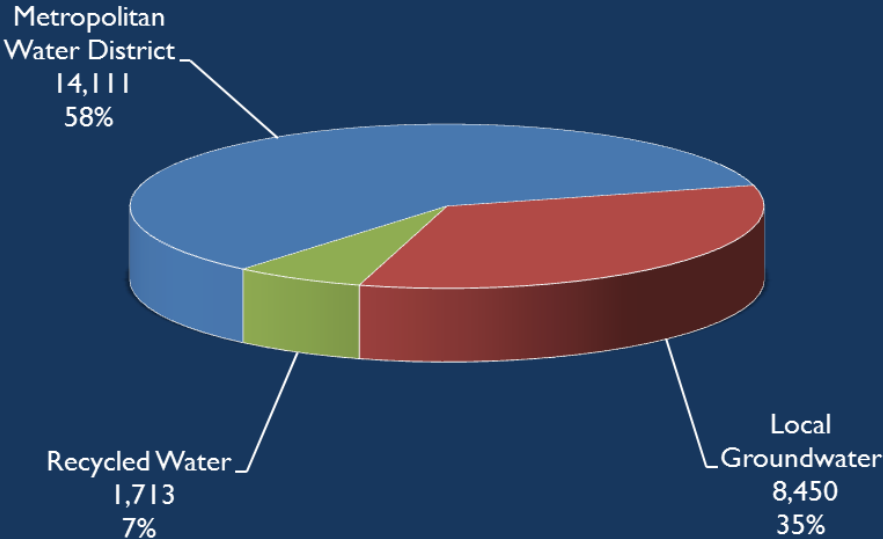


WATER SUPPLY (ACRE-FEET)	FY2016-17	FY2015-16	FY2014-15	FY 2013-14	FY2012-13
Metropolitan Water District	14,111	13,992	17,045	20,341	18,761
Percent of Total Water Supply	58.1%	59.8%	64.2%	67.8%	59.5%
Local Groundwater	8,450	7,844	7,760	7,598	10,910
Percent of Total Water Supply	34.8%	33.5%	29.2%	25.3%	34.6%
Recycled Water	1,713	1,557	1,733	2,041	1,873
Percent of Total Water Supply	7.1%	6.7%	6.5%	6.8%	5.9%
<b>Total Water Supply</b>	<b>24,274</b>	<b>23,393</b>	<b>26,538</b>	<b>29,980</b>	<b>31,544</b>
<b>Capacity (Gallons per Minute)</b>					
From Metropolitan Water District	8,748	8,675	12,611	12,611	11,631
From Water System Wells, Average	546	629	815	815	1,043
Treatment Plant Capacity	4,693	4,235	4,393	4,393	4,419
<b>Peak Day Distribution (Millions of Gallons)</b>	<b>33</b>	<b>28</b>	<b>37</b>	<b>37</b>	<b>36</b>

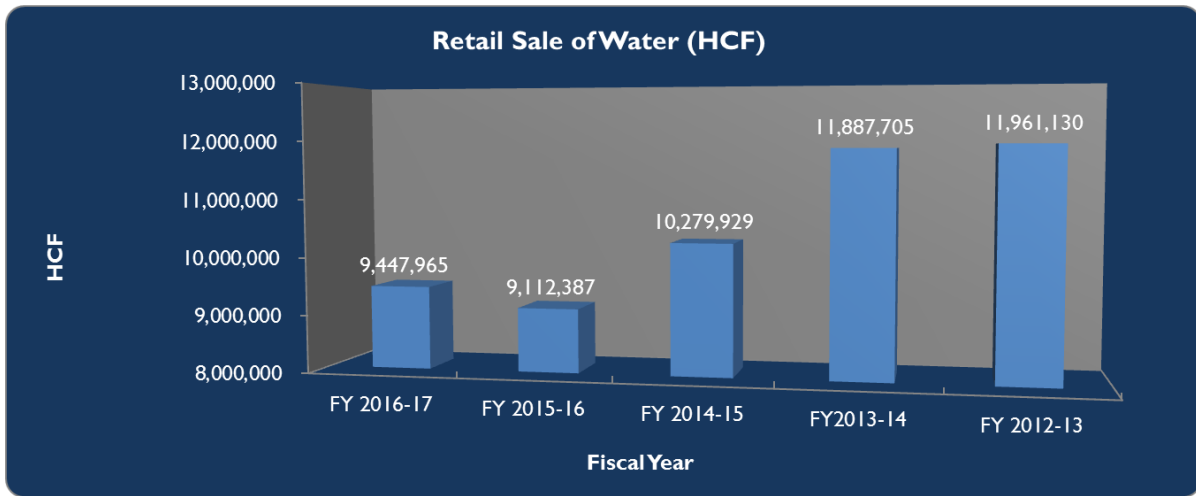


FY2016-17: Water Supply (Acre-Feet)

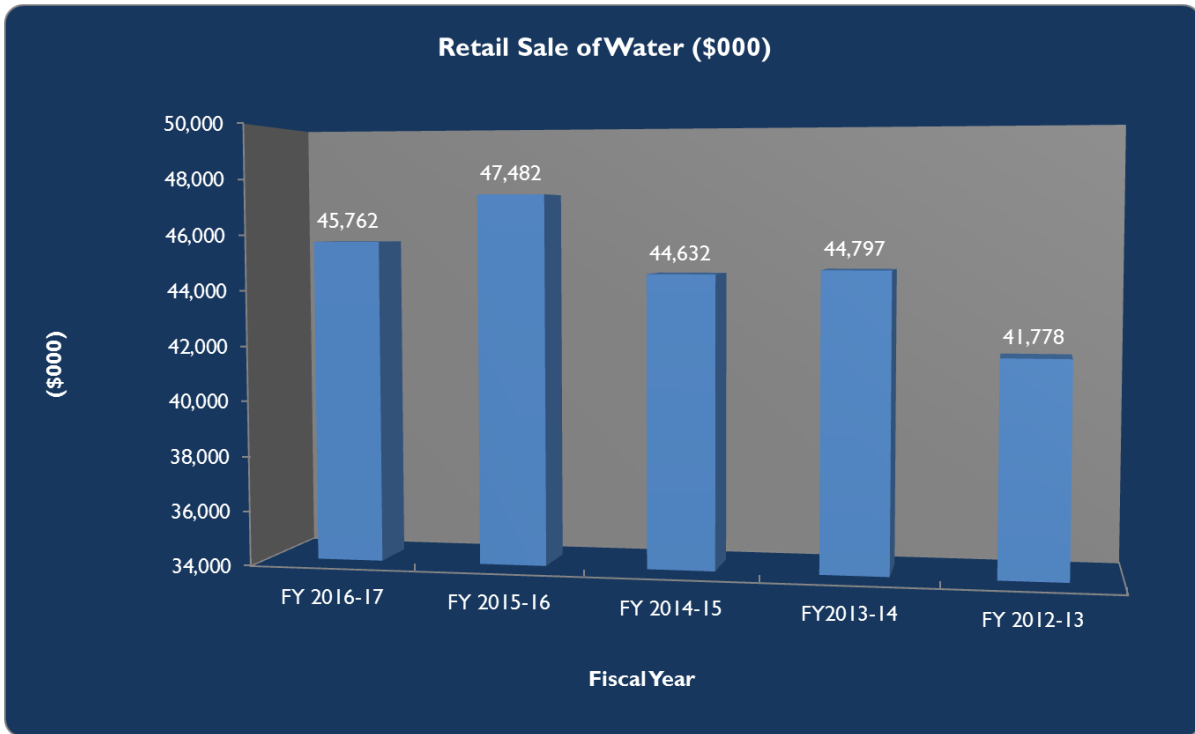


Not covered by independent auditor's report

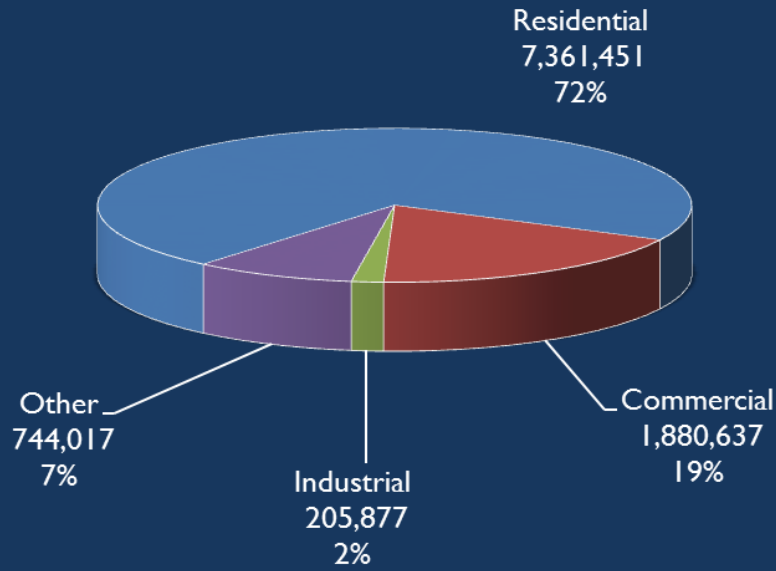
Water Use	FY 2016-17	FY 2015-16	FY 2015-16	FY 2014-15	FY2013-14
<b>Average Number of Meters</b>					
Residential	29,619	29,633	29,569	29,539	29,529
Commercial	3,734	3,728	3,700	3,683	3,669
Industrial	152	146	149	154	159
Other	583	579	558	524	444
<b>Total Meters - All Classes</b>	<b>34,088</b>	<b>34,086</b>	<b>33,976</b>	<b>33,900</b>	<b>33,801</b>
<b>Units of Water Sold (Hundred Cubic Feet)</b>					
<b>Retail Sale of Water</b>					
Residential	7,361,451	7,124,594	8,352,836	9,440,269	9,601,126
Commercial	1,880,637	1,813,592	1,714,600	2,148,321	2,063,600
Industrial	205,877	174,201	212,493	299,115	296,404
<b>Total Retail Sale of Water</b>	<b>9,447,965</b>	<b>9,112,387</b>	<b>10,279,929</b>	<b>11,887,705</b>	<b>11,961,130</b>
Other	744,017	682,790	687,261	565,890	672,412
<b>Total Units of Water Sold</b>	<b>10,191,982</b>	<b>9,795,177</b>	<b>10,967,190</b>	<b>12,453,595</b>	<b>12,633,542</b>



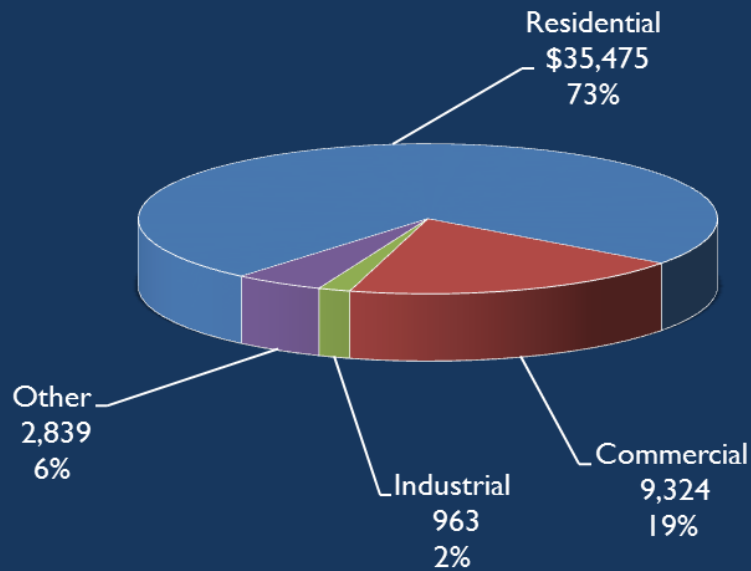
REVENUES (\$000)	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14	FY2012-13
<b>Retail Sale of Water</b>					
Residential	\$ 35,475	\$ 36,976	\$ 35,473	\$ 34,269	\$ 31,825
Commercial	9,324	9,611	8,275	9,256	8,738
Industrial	963	895	884	1,272	1,215
<b>Total Retail Sale of Water</b>	<b>\$ 45,762</b>	<b>47,482</b>	<b>44,632</b>	<b>44,797</b>	<b>41,778</b>
Other	2,839	2,490	2,888	(1,728)	2,827
<b>Total Revenue from the Sale of Water</b>	<b>\$ 48,601</b>	<b>\$ 49,972</b>	<b>\$ 47,520</b>	<b>\$ 43,069</b>	<b>\$ 44,605</b>



**FY2016-17: Units of Water Sold  
(Hundred Cubic Feet)**



**FY2016-17: Revenue from the Sale of Water  
(\$000)**



Not covered by independent auditor's report

Water Utility Facts	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13	Units
Glendale Population Served	201,748	201,668	199,182	195,799	193,652	
Average Daily Sales per Capita, (Gallons)	104	101	118	199	122	
<b>Water Distribution System</b>						
Pumping Plants	28	28	28	28	28	Station
Total Water Storage Capacity (28 Reservoirs and Tanks)	184	184	184	184	184	Million Gallons
Chlorination Facilities	4	13	13	13	13	
Mains	384	398	398	398	397	Miles
Gate Valves	9,415	9,290	9,197	9,676	9,646	
Meters	34,088	34,086	33,976	33,900	33,801	
Firelines	454	447	429	1,061	781	
Fire Hydrants	3,201	3,177	3,164	3,149	3,146	
Pressure Zones	12	12	12	7	7	Zones
Wells:						
San Fernando Basin	9	8	8	8	8	
Verdugo Basin	4	6	6	6	6	Plus Pickup Facility
<b>Water Treatment Plants</b>						
Verdugo Park Water Treatment Plant	N/A (Inactive)	2	2	2	2	MGD
Glendale Water Treatment Plant	9	8	8	8	7	MGD
<b>Recycled Water Distribution System</b>						
Pumping Plants	6	6	6	6	6	Stations
Total Water Storage Capacity (5 Reservoirs)	1.1	1.1	1.1	1.1	1.1	Million Gallons
Mains	23	23	23	23	22	Miles
<b>Operating Margin</b>	<b>17.1%</b>	<b>18.7%</b>	<b>10.5%</b>	<b>-4.5%</b>	<b>9.9%</b>	

Water Utility - Class (Overview)	Trends				Other			Subtotal	Other	Total
	Residential	Commercial	Industrial	Recycled	Fireline	Outside	Contracts			
Revenue from the sale of water (\$000)										
Year ended June 30 -										
2017	\$ 35,475	\$ 9,324	\$ 963	\$ 2,112	\$ 277	\$ 34	\$ 48,185	\$ 416	\$ 48,601	
2016	36,976	9,611	895	1,878	257	36	49,653	319	49,972	
<b>Increase (decrease)</b>	<b>\$ (1,501)</b>	<b>\$ (287)</b>	<b>\$ 68</b>	<b>\$ 234</b>	<b>\$ 20</b>	<b>\$ (2)</b>	<b>\$ (1,468)</b>	<b>\$ 97</b>	<b>\$ (1,371)</b>	
Percent increase (-)	-4.1%	-3.0%	7.6%	12.5%	7.8%	-5.6%	-3.0%	30.4%	-2.7%	
Units of water sold (hundred cubic feet)										
Year ended June 30 -										
2017	7,361,451	1,880,637	205,877	738,286	590	5,141	10,191,982		10,191,982	
2016	7,124,594	1,813,592	174,201	676,590	974	5,226	9,795,177	194,384	9,989,561	
<b>Increase (decrease)</b>	<b>236,857</b>	<b>67,045</b>	<b>31,676</b>	<b>61,696</b>	<b>(384)</b>	<b>(85)</b>	<b>396,805</b>	<b>(194,384)</b>	<b>202,421</b>	
Percent increase (-)	3.3%	3.7%	18.2%	9.1%	-39.4%	-1.6%	4.1%		2.0%	
Average number of meters										
Year ended June 30 -										
2017	29,619	3,734	152	78	454	51	34,088	-	34,088	
2016	29,633	3,728	146	81	447	51	34,086	-	34,086	
<b>Increase (decrease)</b>	<b>(14)</b>	<b>6</b>	<b>6</b>	<b>(3)</b>	<b>7</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>	
Percent increase (-)	0.0%	0.2%	4.1%	-3.7%	1.6%	0.0%	0.0%		0.0%	

Water Utility - Class Unit Cost	Trends				Other			Subtotal	Other	Total
	Residential	Commercial	Industrial	Recycled	Fireline	Outside	Contracts			
Average billing price per hundred cubic feet										
Year ended June 30 -										
2017	\$ 4.82	\$ 4.96	\$ 4.68	\$ 2.86	\$ 469.49	\$ 6.61	\$ 4.73	\$ -	\$ 4.77	
2016	5.19	5.30	5.14	2.78	263.86	6.89	5.07	-	5.00	
<b>Increase (decrease)</b>	<b>\$ (0.37)</b>	<b>\$ (0.34)</b>	<b>\$ (0.46)</b>	<b>\$ 0.08</b>	<b>\$ 206</b>	<b>\$ (0.28)</b>	<b>\$ (0.34)</b>	<b>\$ -</b>	<b>\$ (0.23)</b>	
Percent increase (-) *	-7.1%	-6.4%	-8.9%	2.9%	77.9%	-4.1%	-6.7%		-4.6%	

Water Utility - Class Usage by Meter	Trends				Other			Subtotal	Other	Total
	Residential	Commercial	Industrial	Recycled	Fireline	Outside	Contracts			
Average annual use by meter, hundred cubic feet										
Year ended June 30 -										
2017	249	504	1,354	9,465	1	101	299	-	299	
2016	240	486	1,193	8,353	2	102	287	-	293	
<b>Increase (decrease)</b>	<b>9</b>	<b>18</b>	<b>161</b>	<b>1,112</b>	<b>(1)</b>	<b>(1)</b>	<b>12</b>	<b>-</b>	<b>5</b>	
Percent increase (-)	3.8%	3.7%	13.5%	13.3%	-50.0%	-1.0%	4.2%		1.7%	

\* Percent changes in the Unit Cost are due to the inclusion of drought charges of \$0.75/HCF applied in 2015-2016 during the Mandatory Conservation Phase.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position and related statement of revenues, expenses and changes in net position, and statement of cash flows of the Water Enterprise Fund (the Fund) of the City of Glendale, California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated November 22, 2017. Our report included an emphasis of matter paragraph regarding the fact that the financial statements present only the Fund of the City and do not purport to, and do not, present fairly the financial position of the City of Glendale, California, as of June 30, 2017, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

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

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

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



## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Vavrinick, Trine, Day & Co. LLP

November 22, 2017