

POPULAR ANNUAL FINANCIAL REPORT

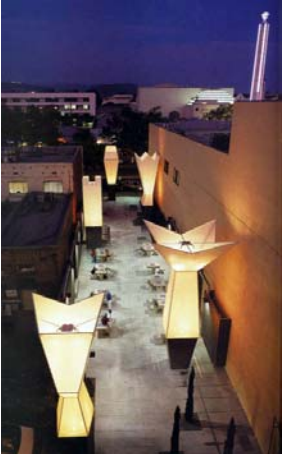


city of
glendale
california



Fiscal Year Ended June 30, 2012

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INTRODUCTION

As part of our continuous effort to keep you informed about how your tax dollars are being spent, we are pleased to present the 2012 Popular Annual Financial Report (PAFR). The PAFR is a summary of the financial activities of the City and was drawn from information found in the 2012 Comprehensive Annual Financial Report (CAFR). Copies of the CAFR are available for public viewing at the Finance department and online at

<http://www.ci.glendale.ca.us/adminsvcs/cafr.asp>.

The information included in this report contains an overview of the City's economic outlook, an analysis of the City's financial position, and key financial information. In addition, the report highlights the City's investments, capital assets, debts and gives an overview of service operating indicators. Moreover, it provides in depth analysis of the general fund and how the monies are received and spent.

It is important to note that the financial data in this report is unaudited and presented on a non-GAAP (Generally Accepted Accounting Principles) basis. This means that it excludes discrete component units, contains condensed financial information and does not provide all of the necessary financial statements and note disclosures required by GAAP.

We hope you enjoy reading this report and invite you to access our audited CAFR referenced above for more detailed information, or by contacting the Finance Department at 141 N. Glendale Avenue, Suite 346, Glendale, CA 91206, Tel. (818) 548-2085.

KEY TERMS

In order to make the report even more user friendly, here are some definitions of key accounting terms used throughout the report. These selected terms are commonly used in governmental accounting and hopefully will clear the mystery out of the technical part of the report:

Fund: A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and

residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Governmental Funds: Funds used to account for most general government activities such as police, fire, public works and etc... that are supported by taxes.

Proprietary/Business-Type Funds: Funds that are used to account for activities for which a fee is charged to external users for goods or services. In other words, City operations that charge customers such as electric and water utilities, refuse and sewer collections, etc...

Assets: Resources owned and controlled by the City that are expected to benefit future operations.

Liabilities: Debt or obligation that a City must pay.

Net Assets: The difference between the City's assets and liabilities. It is also known in governmental accounting as Fund Balance.

Current Assets: Liquid assets of the City such as cash or receivables. Assets that can be liquidated within a short period of time, usually one year.

Non-Current Assets: Assets that can not be converted to cash or liquidated in a short period of time such as Fixed/Capital Assets, Inventory, Restricted Assets, Deferred charges, etc..

Capital/Fixed Assets: Non-current assets that are used in the operation of the City and have an initial useful life in excess of one year. For example, land, buildings, infrastructure, vehicles, etc...

Current Liabilities: City's debt and obligations that are due within a year such as accounts payable, payroll taxes, matured principal payments, etc...

Long-term Debt/Non-current liabilities: Debts and obligations of the City that are long-term, usually more than one year such as bonds payable, claims payable, landfill postclosure, etc...

Invested in capital assets, net of related debt: One of the three components of net assets reported in government-wide and proprietary fund financial statements. It represents amounts invested in capital assets less accumulated depreciation and any outstanding debt used to acquire these assets.

Restricted Net Assets: One of the three components of net assets reported in government-wide and proprietary fund financial statements. Net assets should be restricted when: 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets: One of the three components of net assets reported in government-wide and proprietary fund financial statements. It represents that portion of net assets that is neither restricted nor invested in capital assets (net of related debt). In other words, these funds are available for the City to use for operations.

Property Tax: This is an ad valorem tax (based on value) imposed or assessed on real property (land and permanently attached improvements such as buildings) and personal (movable) property.

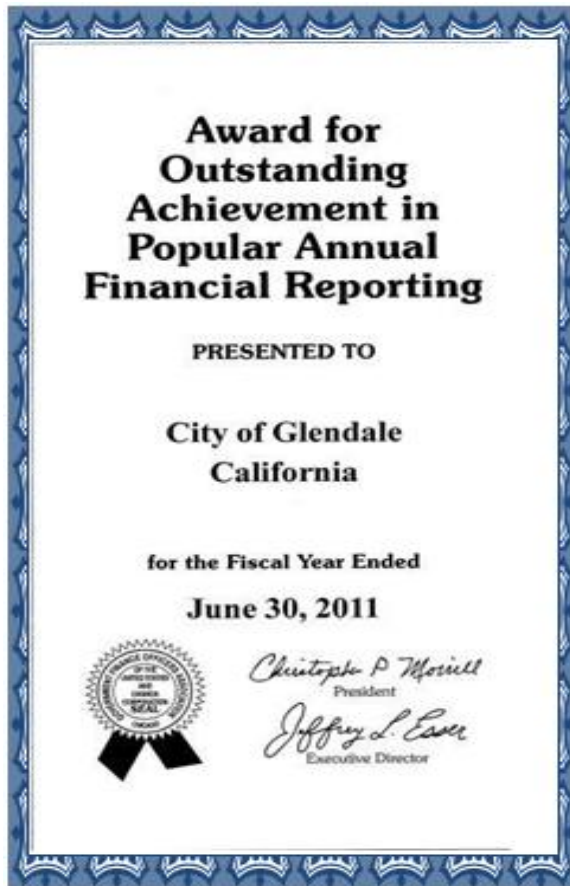
Sales Tax: City portion of California State consumption tax charged at the point of purchase for certain goods and services.

Utility Users Tax: UUTs in California are taxes that cities and counties are allowed, via election, to impose on the consumption of certain utility services. In Glendale, this tax is levied on the following utility services: telecommunications (6.5%), video (6.5%), electricity (7%), natural gas (7%), and water (7%).

Other Taxes: This category accounts for other taxes in the City such as Transient Occupancy Tax, Franchise Tax, Property Transfer Tax, etc...

Licenses and Permits: This category includes Building Permits, Business License Permits, Variance Permits, Plan Check Fees, Street Permits, etc...

CERTIFICATE OF ACHIEVEMENT AWARD



Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Glendale for its Popular Annual Financial Report for the fiscal year ended June 30, 2011. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

The Popular Annual Financial Reporting Awards Program is specifically designed to encourage state and local governments to prepare and issue a high quality popular annual financial report to make financial information accessible to ordinary citizens and other interested parties.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, as we prepare for its submission to GFOA.

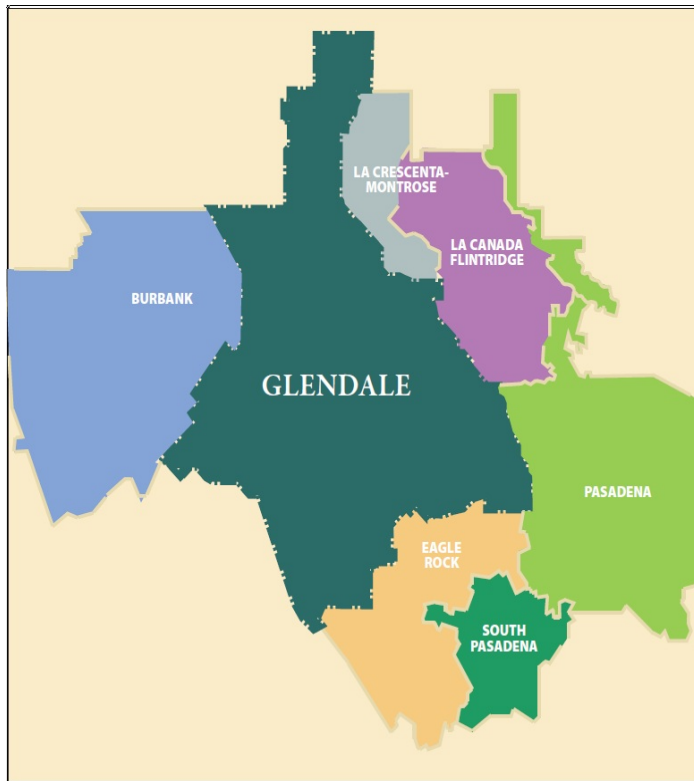
CITY OF GLENDALE HISTORY

This area, originally consisting of 36,400 acres of woodland and grassland, was inhabited by the Native American Tongva people, and attracted the attention of Corporal Jose Maria Verdugo of the San Diego Company of the Spanish army. In 1784 Corporal Verdugo, a native of Baja California, received permission from his army commander to settle and graze this land. In 1798 he retired from the army to become a full-time rancher. His ranch, Rancho San Rafael, supported herds of cattle, horses, sheep, mules, watermelons, corn, beans, peppers, and fruit. Senior Verdugo's route to and from Los Angeles, via San Fernando Road at his property's southern edge, came to be known as Verdugo Road.

The next half-century brought many changes, with California being ceded to the United States in 1848, being admitted as a state in 1850, and the railroads being built to link Glendale to Los Angeles and destinations beyond.

In the years that followed, the Great Partition paved the way for more American settlers, who cleared the cactus and sagebrush for the purpose of establishing fruit orchards. Following Thanksgiving dinner in 1883, settlers met at the schoolhouse (which also served as the community church) on lower Verdugo Road to discuss the possible names for the town. Ultimately, a young female painter from Chicago offered the two-word name "Glen Dale"

By 1887, Glendale, having an established name and consisting of approximately 150 acres, was officially surveyed and recorded as a town and by the turn of the century, Glendale was rapidly becoming urbanized.



Country	 United States
State	 California
County	Los Angeles
Incorporated	February 15, 1906


In 1902 the Glendale Improvement Society, under the leadership of Mr. Edgar D. Goode and Dr. D.W. Hunt, embarked on a campaign to advertise Glendale, develop new business, attract residents, and above all to bring the Los Angeles Interurban railroad to Glendale from Los Angeles. The tracks were laid in 1904 through a strip of land owned by Leslie C. Brand – a location well to the west of the then main thoroughfare, Glendale Avenue. The railway (by then called the Pacific Electric) eventually helped shift the business center of Glendale to Brand Boulevard, and also sparked the desired population growth. Two short years later, Glendale was officially incorporated in 1906.

The City of Glendale currently consists of 34 neighborhoods which are delineated by streets, washes, and mountain ridges. Each neighborhood has a unique history and character and as these neighborhoods have developed, they have combined to form the City of Glendale as we know it today. Glendale is noted for its high quality of life and fiscal stability, and it is the 4th largest city in Los Angeles County.


Source: Glendale Historical Society & City of Glendale

<http://glendalehistorical.org>

<http://www.ci.glendale.ca.us/>

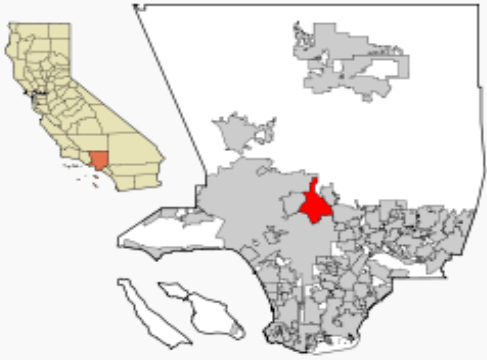


Flag



Seal

Nickname(s): The Jewel City



Location of Glendale within Los Angeles County and the State of California.

Government

-Type	Council-Manager
-City Council	Mayor Frank Quintero Laura Friedman Rafi Manoukian Ara Najarian Dave Weaver
-City Treasurer	Ronald T. Borucki
-City Clerk	Ardashes Kassakhian
-City Manager	Scott Ochoa
-City Attorney	Michael J. Garcia

Area

-Total	30.7 sq mi (79.4 km ²)
-Land	30.66 sq mi (79.3 km ²)
-Water	0.04 sq mi (0.1 km ²)

Elevation	522 ft (159 m)
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Population (May 1, 2010) Dept. of Finance

-Total	192,654
-Density	6,275.3/sq mi
Zip Codes	91201-91210, 91221, 91222, 91225, 91226

Area Code	818
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Website	www.ci.glendale.ca.us
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ORGANIZATIONAL STRUCTURE

City of Glendale Form of Government

Glendale is a full-service Charter City governed by a Council-Manager form of government. Five Councilmembers are elected at-large and serve 4-year staggered terms. Elections take place every other year during odd numbered years on the first Tuesday in April. The Mayor's position is filled by one of the Councilmembers, who vote each year to decide who will hold this honor. Other elected officials include the City Clerk and City Treasurer. The City Manager and City Attorney are appointed by the City Council.

A variety of Boards, Commissions, and Committees assist the City Council in serving the Glendale community. These bodies identify specific needs and problems within their purview. Each body meets on a regular basis and each meeting is open to the public. The length of member terms and the interval of appointments vary.

The City Manager, who is appointed by the City Council, acts as the chief executive officer responsible for the daily operations of the City. The City Manager appoints all non-elected department heads who are responsible for the daily operations within their individual departments. The City provides full range of municipal services.

Executive & Key Staff

Scott Ochoa
CITY MANAGER

Michael J. Garcia
CITY ATTORNEY

Ardashes "Ardy" Kassakhian
CITY CLERK

Ronald Borucki
CITY TREASURER

Yasmin K. Beers
ASSISTANT CITY MANAGER

John Takhtalian
DEPUTY CITY MANAGER

Michele Flynn
CITY AUDITOR

Hassan Haghani
DIRECTOR OF COMMUNITY DEVELOPMENT

Jess Duran
DIRECTOR OF COMMUNITY SERVICES & PARKS

Robert P. Elliot, CPA
DIRECTOR OF FINANCE

Harold Scoggins
FIRE CHIEF

Matt Doyle
DIRECTOR OF HUMAN RESOURCES

Edward Fraga
DIRECTOR OF INFORMATION SERVICES

Cindy Cleary
DIRECTOR OF LIBRARY, ARTS & CULTURE

Ron De Pompa
POLICE CHIEF

Stephen M. Zurn
GENERAL MANAGER OF
GLENDALE WATER & POWER &
DIRECTOR OF PUBLIC WORKS

City of Glendale, CA City Council

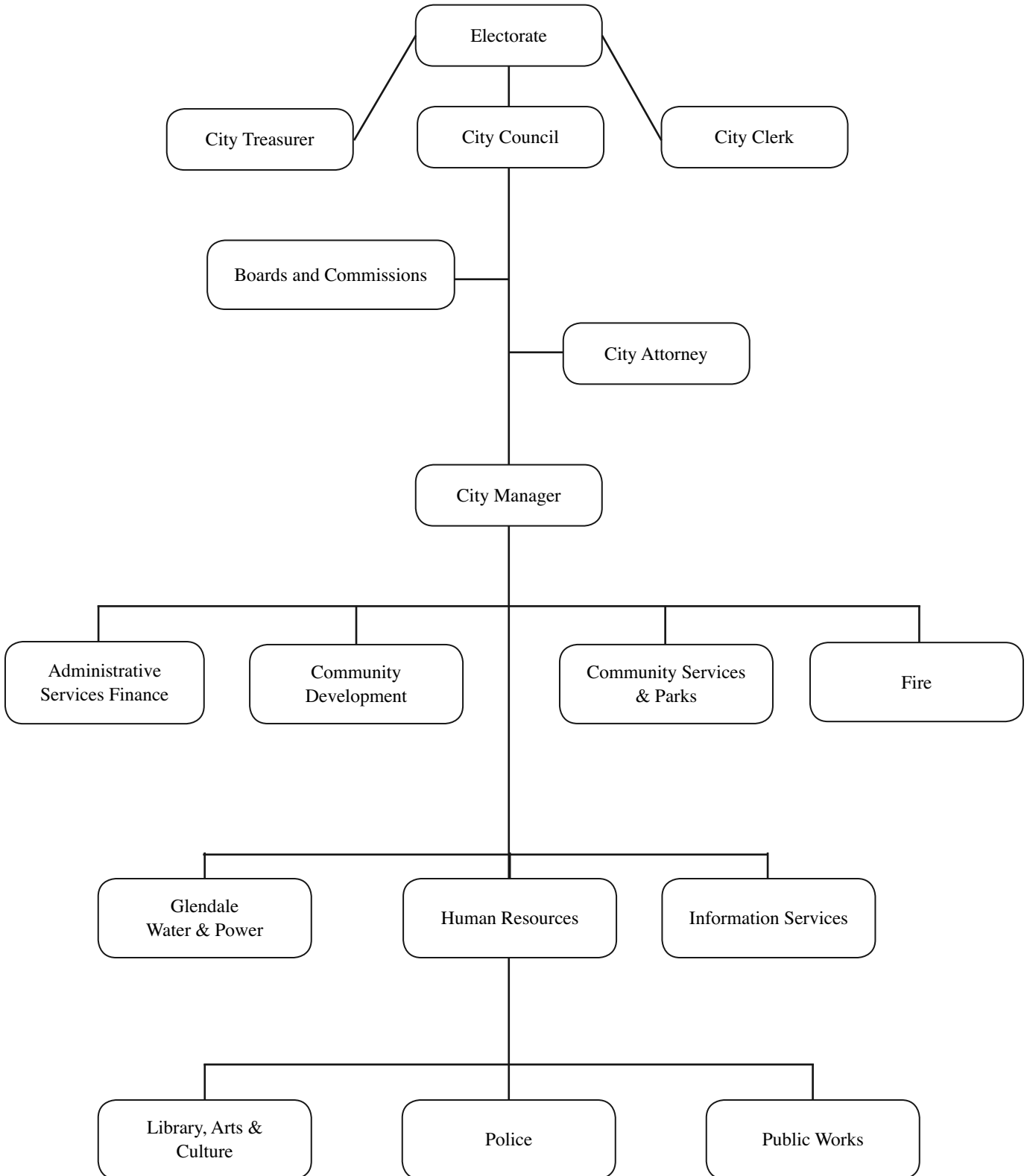


Frank Quintero, Mayor

Council Members:

Dave Weaver, Laura Friedman, Ara Najarian, Rafi Manoukian

City of Glendale, CA Organization Chart



ECONOMIC OUTLOOK

Local Economy: New investment continues to take place throughout the City in the form of business expansion as well as businesses attracted to Glendale's central location, public safety record and low cost business environment. Glendale's regional shopping centers, the Glendale Galleria and Americana at Brand are both undergoing expansion and/or renovation, which will reaffirm Glendale as one of the region's leading shopping destinations. Several large development projects are underway in Glendale, including an eleven-story hotel project (Courtyard By Marriot), and four mixed-use projects that will provide a total of 1,000 residential units and 210,000 square feet of commercial space. Such investments by the business community indicate a continued confidence in Glendale. Overall, Glendale's economy is one of the most diverse within the Los Angeles region largely due to a healthy mix of business and industry that operates within its borders.

Economic development accomplishments for 2012 in Glendale are numerous and vary in size and scope. Here are a few to mention:

- **The Economic Development Ordinance** - was established as a result of the dissolution of Redevelopment Agencies throughout the state, and authorizes the City Council to engage in some of the activities that were formerly performed by the Glendale Redevelopment Agency.
- **A Business Attraction Strategy** - was completed by Staff to help guide the City's outreach efforts to retail businesses that can help deliver the City's "18-hour City" vision and position the City for Class-A Office occupancy growth.
- **Bloomingdale's** - signed a lease to occupy and redesign the vacant anchor space on the corner of Brand & Broadway. Construction is underway and will be completed by the end of 2013.

Employment. Like the national economy, employment growth and the rebound from the recession in the City have been slow. Similarly, the City's unemployment rate has remained stubbornly high following the recession. Employment rates in Glendale improved over the past year by 1.3%, and are 2.2% higher than the LA County average. In August 2012, the rate stood at 9.8%. It was 11.1% in 2011, and 11.3% in 2010. Nationally, the economy has created only half of the jobs that were lost during the recession, reflective of a similar pattern in the City.

The City's largest industry, health care, is still in recovery mode, having lost about 10% of its workforce compared to pre-recession levels.

The City's auto retailers have recovered nicely, thanks to a national rebound in car sales.

Industries tied to the financial crisis that sparked the recession such as finance/insurance, real estate, and construction continue to struggle.

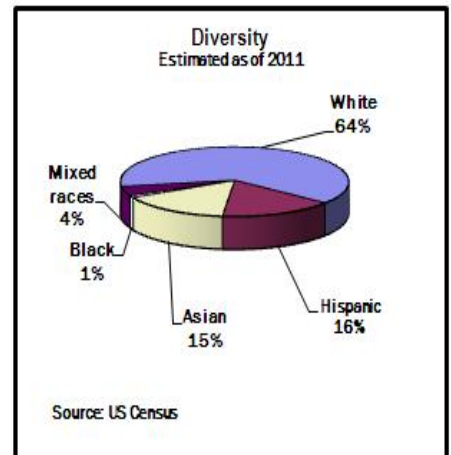
The City's Professional and Technical Services industry, which covers areas such as legal services, accounting services, information technology services, architectural services, etc., enjoyed a strong double-digit increase compared to pre-recession levels.

Finally, the City continues to enjoy growth in its entertainment sector due to the continuing expansion of Disney operations at its Creative Campus facility in Glendale.

Housing. Glendale experienced a net taxable property value increase of 1.7%, which was slightly more than the increase experienced countywide at 1.4%. According to the City's property tax consultant, HdL, Glendale's housing market showed an increase in sales volume and an average home prices of \$599,261 as of June 2012, compared to \$581,708 in June 2011. However, condominium sales decreased in sales volume as well as in sales prices, reflected in an average price of \$278,684 as of June 2012, compared to \$285,914 in June 2011.

Statistics	
Population	192,654
Per Capita Personal Income	\$41,791
Unemployment Rate	9.80%
School Enrollment	48,146
Median Age	42.5
Adopted Annual Budget FY11-12	\$810 million

See Comprehensive Annual Report (CAFR) for fiscal year ended June 30, 2012, Statistical Section Schedule 16 and Letter of Transmittal.



Top 10 Principal Employers	
Employer	Employees
Glendale Adventist	2,332
City of Glendale*	2,242
GUSD	1,886
Glendale Memorial	1,280
ONS Aerotek	1,155
Diagnostic Lab	1,042
Walt Disney	1,025
Nestle	816
Apple One	754

*Includes Part Time Employees

FINANCIAL HIGHLIGHTS (IN THOUSANDS)

Effective February 1, 2012, pursuant to California Assembly Bill (AB 1x 26), the City dissolved the Glendale Redevelopment Agency ("former Agency"). As a result of this devastating legislation, the financial results portray unusual changes in comparison to the prior year; therefore, it is necessary to explain the differences with the effect of this legislation and without it.

- The assets of the City exceeded its liabilities at the close of FY 2011-12 by \$1,638,463 (net assets). Of this amount, \$244,435 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. The total unrestricted net assets consist of \$104,152 for governmental activities and \$140,283 for business-type activities.
- The City's total assets decreased by \$167,032. Most of this decrease is attributable to AB 1x 26 in terms of invalidating City Agency Debt and returning to former Redevelopment Agency capital assets as well as Land held for Resale and Loans Receivable.
- As of the close of the 2012 fiscal year, the City's total debt decreased by \$149,828 due to dissolution of Redevelopment Agency by transferring about \$148,127 of Tax Allocation Bonds to the Successor Agency.
- Without the impact of AB 1x 26, the City's total debt increased by \$18,945 (5.2%) in FY 2011-12.
- The factors of this increase was a combination of items such as post-employment benefits, post-closure liability of Scholl Canyon Landfill and the Glendale Housing Authority Section 108 (2011 Series) loan from Housing and Urban Development (HUD), as well as decreases such as debt retirements through regular annual payments. Due to the dissolution of the former Agency, the former Agency's outstanding debt has been moved from a debt service fund type to a fiduciary fund.
- The City's total net assets decreased by \$17,204. The extraordinary loss of \$16,314 occurred during the year due to the dissolution of the Glendale Redevelopment Agency pursuant to AB 1x 26 on February 1, 2012. The movement of the assets and liabilities from the Glendale Redevelopment Agency to the Glendale Successor Agency as of February 1, 2012 resulted in the extraordinary loss in governmental funds, and the extraordinary gain in the fiduciary fund.

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2012	2011	2012	2011	2012	2011
Current and other assets \$	301,309	429,523	185,161	212,729	486,470	642,252
Capital assets	858,969	886,533	713,761	697,447	1,572,730	1,583,980
Total assets	1,160,278	1,316,056	898,922	910,176	2,059,200	2,226,232
Long-term liabilities	173,080	306,321	184,773	181,517	357,853	487,838
Other liabilities	40,198	54,906	22,686	27,821	62,884	82,727
Total liabilities	213,278	316,227	207,459	209,338	420,737	570,565
Investment in capital assets, net of related debt	802,729	814,946	545,511	526,011	1,348,240	1,340,957
Restricted	40,119	53,953	5,669	15,474	45,788	69,427
Unrestricted	104,152	85,930	140,283	159,353	244,435	245,283
Total net assets \$	947,000	954,829	691,463	700,838	1,638,463	1,655,667

GENERAL FUND (IN THOUSANDS)

The General Fund is the primary fund of the City. The General Fund provides City services that the general public typically associates with local government including parks, library, public safety (police and fire), and general administrative support. The General Fund collects all general revenues not specifically levied or collected for other City funds or expenditures.

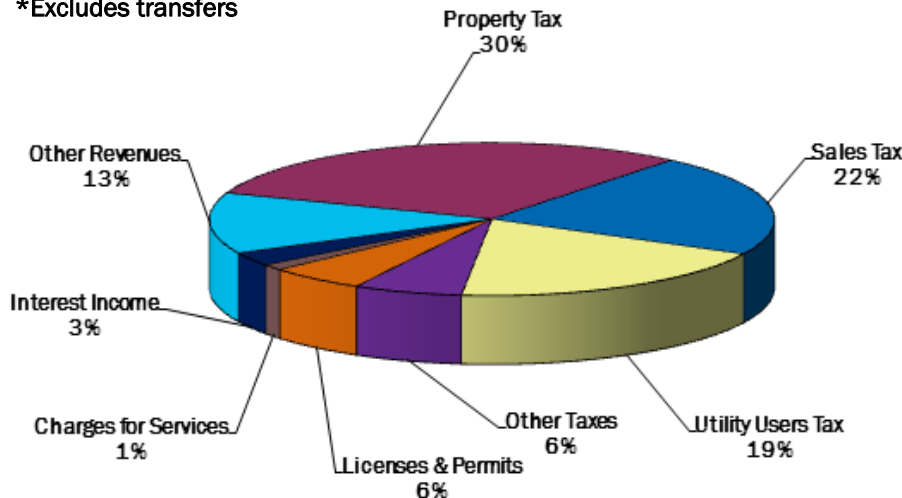
At the end of FY 2011-12, the unassigned fund balance of \$37,852 and the charter-required reserve of \$21,156 for the General Fund totaled \$59,008. Effective February 1, 2012, AB 1x 26 dissolved the Glendale Redevelopment Agency ("former Agency"). As a result of this legislation, the operating results for FY 2011-12 can be segmented into two distinctive parts: the operating results before AB 1x 26 and the impact of the wind-down of the former Agency on the General Fund. Without the impact of the AB 1x 26, the General Fund total revenue, including transfers from other funds, was \$163,256 whereas total expenditures including transfers to other funds was \$165,987 which resulted in a net loss of \$2,781. However, the General Fund would have a net surplus of \$3,270 if the City was able to realize the FY 2011-12 revenue estimates for the \$6,000 amortization from the former Agency to reduce the principal of the City Advances, which was invalidated by AB 1x 26. This, along with the extraordinary loss of \$71,758 recorded for the wind-down of the former Agency decreased the General Fund balance by \$74,489. Other factor that contributed to a better than expected General Fund's operating result was that year end departmental actual expenditures were significantly below budgeted appropriations. A total of \$174,700 was appropriated for FY 2011-12 and actual expenditures were \$162,100, which represented a budget savings of \$12,600.

In the next few sections of this document we will look at General Fund Revenues and Expenditures as well as General Fund available resources. In addition, we will provide a history of our property tax revenues in relation to enterprise fund transfers.

WHERE THE MONEY COMES FROM (IN THOUSANDS)

Revenue by Source	2012	2011	2010
Property Tax	\$ 42,259	41,141	40,336
Sales Tax	29,996	28,292	25,146
Utility Users Tax	26,632	26,802	27,827
Other Taxes	8,629	8,450	5,850
Licenses & Permits	7,717	6,154	4,553
Charges for Services	1,708	3,438	3,237
Interest Income	4,083	4,564	5,976
Other Revenues	17,929	23,741	16,909
Total Revenues *	\$ 138,953	142,582	129,834

*Excludes transfers



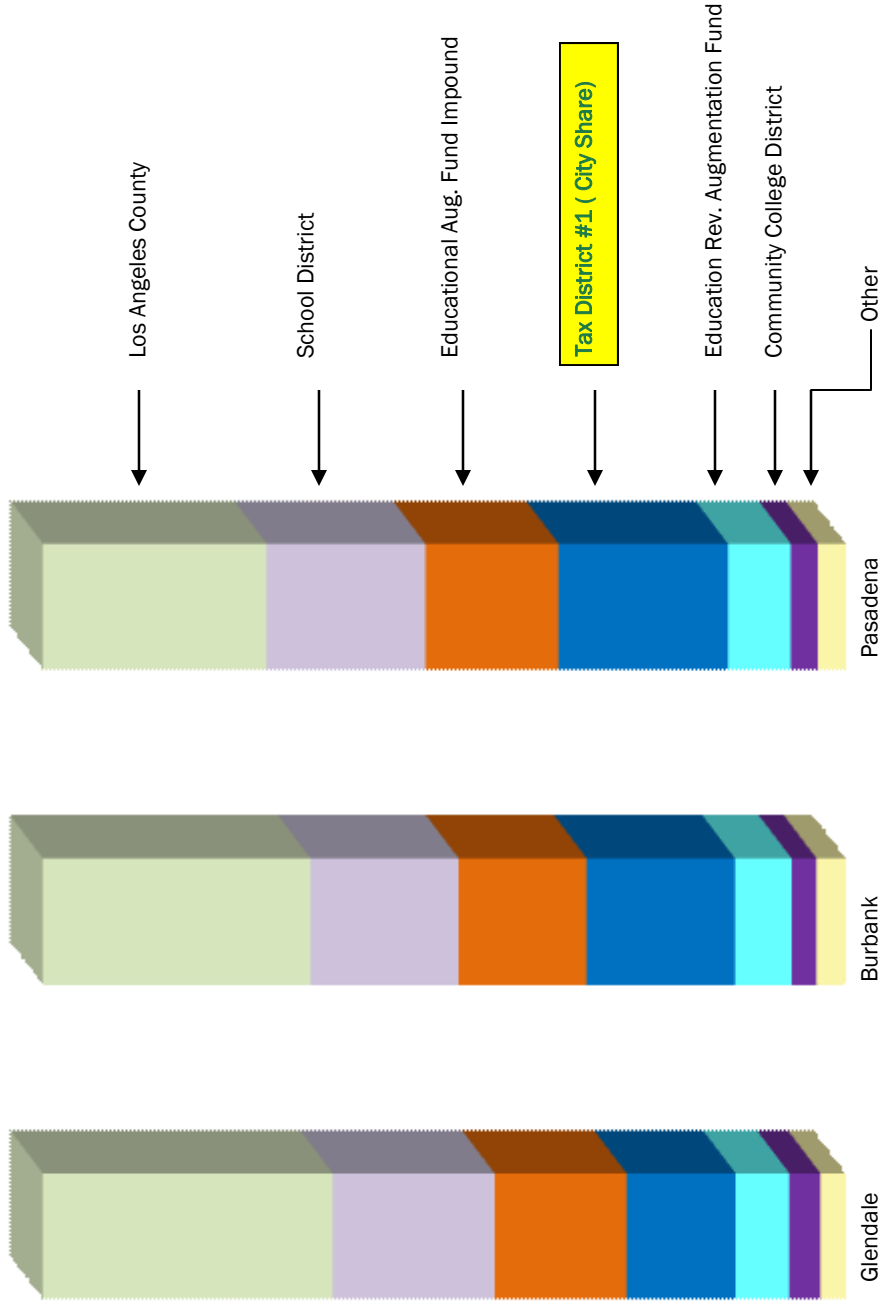
As mentioned previously, AB 1x 26 had a huge impact on this year's financial results. For FY2012, the table shows General Fund revenues decreasing \$3,629 compared to the prior year. The decrease mainly consists the loss of \$6,000 in amortization from the former Agency to reduce the principal of the City Advances. Otherwise, general fund revenues increased \$2,371 in FY2012 compared to prior year.

Here are some highlights for different categories of General Fund revenue:

- Sales tax for FY2012 increased by \$1,704, compared to the prior year. This increase is due to a rise in Glendale's retail sales, strong demand for autos, and increased consumer spending. Sales tax is expected to increase or trend upward for next year as well.
- Licenses & Permits include building permits, business license permits, variance permits, plan check fees, etc... Revenue from Licenses & Permits increased significantly over the last two years as shown in the table. It increased by \$3,164 compared to FY2010 and \$1,563 compared to prior year. The increase is primarily due to Disney and a few new building construction projects in the City.

GENERAL FUND REVENUES (CONTINUED)

Property Tax Dollar Breakdown for Glendale, Burbank and Pasadena



	Glendale	Burbank	Pasadena
Los Angeles County	0.3612	0.3337	0.2788
School District	0.2016	0.1843	0.1977
Educational Aug. Fund Impound	0.1645	0.1596	0.1659
Tax District #1 (City Share)	0.1357	0.1847	0.2109
Educational Rev. Augmentation Fund	0.0671	0.0704	0.0787
Community College District	0.0386	0.0312	0.0333
Other	0.0313	0.0361	0.0347

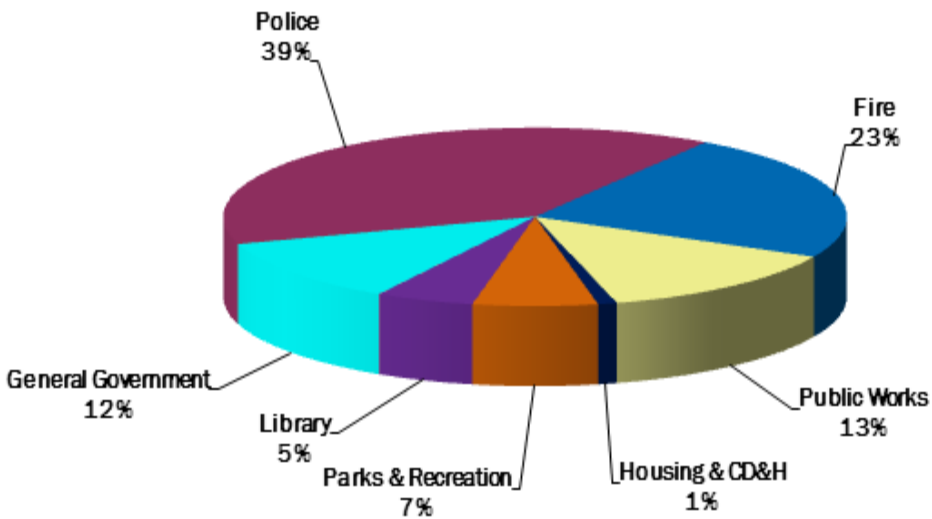
value, and limited increases in assessed value to the lesser of the annual rate of inflation or 2 percent, unless a property was sold or improvements were added. Upon the sale of a property, the assessed value is based on the sale price. Subsequent legislation allowed for tax levies above the 1 percent Proposition 13 tax rate but only if the levy was approved by a two-thirds vote. Proposition 13 froze the City's share of the property tax revenues. As can be seen in the chart, Glendale's share of property tax rate is 13.57 percent. This share is considerably less than the property tax shares received by the neighboring cities of Burbank and Pasadena. While the amount Glendale Water & Power transferred from the electric utility to the general fund was \$21.1 million in 2012, it represents 10.6%, while the City Charter allows up to 25% of Electric operating revenue to be transferred to general fund for each fiscal year.

Prior to Proposition 13, the City endeavored to levy as small a property tax on Glendale taxpayers as possible. The City's strategy was to draw funding from the utility company for general government. When Proposition 13 passed, it effectively eliminated the City's ability to determine the tax rate on property. Proposition 13 set real estate property assessed values for tax purposes at the full 1975-1976 market value, limited real estate taxes to 1 percent of that

WHERE THE MONEY GOES - GENERAL FUND (IN THOUSANDS)

Expenditures by Function	2012	2011	2010
General Government	\$ 18,984	19,856	19,539
Community Promotion	89	106	55
Police	63,420	62,015	53,842
Fire	37,622	37,630	37,098
Public Works	21,643	21,854	21,482
Housing & CD&H	1,598	3,028	2,828
Parks & Recreation	10,474	11,342	11,277
Library	8,251	7,803	7,773
Capital	36	64	234
Total Expenditures*	\$ 162,117	163,698	154,128

*Excludes transfers



Overall, General Fund Expenditures decreased by \$1,581 in FY 2012 compared to the prior year.

On-going systemic changes, rather than one-time fixes, were implemented to maintain a balanced General Fund budget. In a major departure from prior years, each General Fund's department budgets were broken down into functions and/or programs, and then rated as essential, priority, or discretionary. This was the basis by which staff presented proposed reductions to the City Council.

The vast majority of the reductions came from the elimination of discretionary programs, along with a few priority and essential programs. As a result, a total \$4,600 in programs and services were eliminated from the General Fund, including a total of 41.7 full-time equivalent positions. Other strategies employed for the FY 2011-12 General Fund budget included a hiring freeze, employee concessions, reduction in contractual services, a restructuring of the Paramedic program, elimination of hardware & software line item budgets, a reduction in maintenance & operation expense, and other cost saving strategies.

As we continue to cut cost, the City of Glendale is still facing many challenges including:

- Slow economic recovery and a high unemployment rate (especially in LA County) that continues to outpace the national average.
- Minimal growth in key General Fund revenue sources such as Utility Users Tax, Licenses and Permits, Interest Income, and various charges for City services.
- Cost increases to retirement, workers compensation, and other employee benefits.

GENERAL FUND AVAILABLE RESOURCES (IN THOUSANDS)

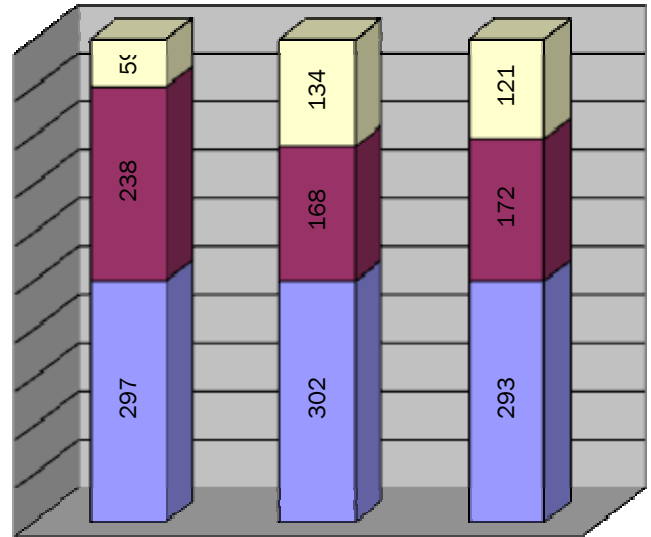
Beginning Fund Balance	\$ 134,055	120,471	125,653
Taxes	107,516	104,685	99,159
Other Revenue	31,437	37,897	30,675
Transfer From GWP	21,107	23,267	23,267
Other Transfers	3,196	15,600	13,750
Total Available Resources	297,311	301,920	292,514
Operating Expenditures	162,117	163,698	154,128
Operating Transfers-Out	3,870	2,237	17,915
Non-recurring Transfers-Out	-	1,930	-
Extraordinary Loss	71,758	-	-
Total Resources Expired	237,745	167,865	172,043

Ending Available Fund Balance \$ 59,566 134,055 120,471

The fund balance of the City's General Fund has a net decrease of \$74,489 during the current fiscal year. This decrease is primarily due to the extraordinary loss resulting from the dissolution of the Glendale Redevelopment Agency ("former Agency") effective February 1, 2012, pursuant to AB 1x 26. Due to the passage of the Bill, the former Agency's advances from the City are not considered enforceable obligation. In addition, the assets of the former Agency that were transferred to the City in fiscal year 2011 were transferred back by the City to the Glendale Successor Agency ("Successor Agency") in fiscal year 2012. The extraordinary loss that is recorded in the General Fund reflects the write down of the City's General Fund advances to the Agency since the inception of the Agency as well as transferring the former Agency's assets such as Loans Receivable and Property Held for Resale.

General Fund	2012	2011	2010
Unassigned Fund Balance	37,852	34,748	28,766
City Charter	21,156	21,105	20,619
Unassigned & Charter Reserve	59,008	55,853	59,385
Original Total Adopted Budget	165,349	170,276	164,828
Charter Reserve Ratio	36.0%	30.0%	30.0%

In Millions



■ Total Available Resources
 ■ Total Resources Expired
■ Ending Available Fund Balance

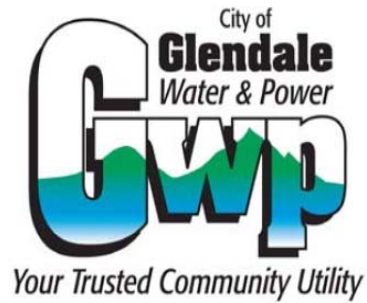
Charter Reserve Ratio

At the end of the current fiscal year, unassigned fund balance and the charter-required reserve for the General Fund were \$37,852 and \$21,156, respectively, while total fund balance was \$59,566. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance and restricted fund balance, which consists of the charter-required reserve totaling \$59,008, represent about 36% of total General Fund original adopted budget including transfers out of the subsequent year. The General Fund has adopted a target reserve level of 35%, with a floor of 30% of the original adopted general fund budget, including transfers out of the subsequent year.

ENTERPRISE FUNDS

Enterprise funds are used to account for a government's ongoing programs and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. They are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services which are supported primarily by user charges. The following comprise the City's major enterprise funds:

Sewer Fund	Used to account for operations and maintenance of the sewer system. The service is primarily contracted with the City of Los Angeles.
Electric Fund	Used to account for the operations of the City-owned electric utility services.
Water Fund	Used to account for the operations of the City-owned water utility services.
Recreation Fund	Used to account for recreation programs of the Parks, Recreation, and Community Services department on a proprietary user fee basis.
Hazardous Disposal Fund	Used to account for operations of the toxic waste disposal in the City.
Parking Fund	Used to account for operations of City-owned public parking lots and garages.
Refuse Disposal Fund	Used to account for operations of the City-owned refuse collection and disposal services.
Fire Communication Fund	Used to account for monies received and expended, as the lead city, for the tri-city (Burbank, Glendale, and Pasadena) fire communication operations.



VERDUGO FIRE COMMUNICATIONS CENTER



ENTERPRISE FUNDS FINANCIAL HIGHLIGHTS (IN THOUSANDS)

Statement of Activities and Changes In Net Assets	Business-type activities	
	2012	2011
Revenue:		
Program revenues:		
Charges for services	\$ 289,260	275,551
Operating grants & contribution	96	161
Capital grants & contribution	6,590	16,238
Investment income	1,927	2,089
Miscellaneous	7,221	8,527
Total revenues	305,094	302,566
Expenses:		
Recreation	2,754	2,622
Hazardous disposal	1,507	1,745
Fire communications	3,528	3,289
Parking	7,674	7,763
Sewer	15,148	15,756
Refuse disposal	18,794	18,893
Electric	200,120	188,569
Water	40,937	35,790
Total expenses	290,462	274,427
Excess before transfers	14,632	28,139
Transfers	(24,007)	(26,167)
Increase (decrease) in net assets	(9,375)	1,972
Net assets - Beginning of the year	700,838	698,866
Net assets - End of the year	\$ 691,463	700,838



Statement of Net Assets	Business-Type Activities	
	2012	2011
Current and other assets	\$ 185,161	212,729
Capital assets	713,761	697,447
Total assets	910,176	910,176
Long-term liabilities	184,773	181,517
Other liabilities	22,686	27,821
Total liabilities	207,459	209,338
Invested in capital assets, net of related debt	545,511	526,011
Restricted	5,669	15,474
Unrestricted	140,283	159,353
Total net assets	\$ 691,463	700,838

Business-type activities' net assets represent a net decrease of \$9,375. Key elements of this net decrease are as follows:

- Charges for services increased by \$13,709 (5.0%) during the year. This increase can be attributed to a net increase in Electric retail sales and sales to other utilities in spite of a decrease in sales in the wholesale sector. Water sales also showed an increase as a result of the rate increase charged to customers. Parking generated a net increase in parking ticket collections compared to a slight decrease in parking meters and garage revenues. Sewer also showed an increase in collection of fees for the operation of the Hyperion Sewer Treatment Plant.
- Operating and capital grants and contributions decreased by \$9,713 (59.4%) during the year. The decrease is mostly due to the 90% completion of Smart Grid Investment Grant Program (SGIG) by Glendale Water and Power to upgrade all electric and water meters in the City to smart meters.
- Electric expense increased by \$11,551 (6.1%) during the year. This increase can primarily be attributed to an increase in the cost of natural gas and wholesale activity. An increase in employee benefit overhead from prior year levels reflects a shift of labor resources from capital projects to electric transmission and distribution maintenance to improve system reliability. Miscellaneous electric expenses also increased due to the retirement of old electric meters.
- Water expense increased by \$5,147 (14.4%) during the year. This increase is primarily attributed to an increase in the rate for the water supplied by Metropolitan Water District (MWD). Due to the delay in Water Bond financing, the Water fund is faced with a negative cash balance of \$22.9 million. Therefore, capital project activities were reduced. This shifted capital labor and benefit costs to operating costs, which resulted in higher expense compared to the prior fiscal year.

CASH MANAGEMENT (IN THOUSANDS)

To obtain flexibility in cash management, the City employs a pooled cash system. Under the City's pooling concept, all available cash is invested daily in various securities, while still maintaining reasonable liquidity to meet maturing obligations and maximizing return through the use of competitive rate comparisons from various investment sources.

The City manages its pooled idle cash and investments under a formal investment policy that follow the guidelines of the State of California Government Code, which is then reviewed by the Investment Committee and adopted by the City Council. 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. Funds must request large outlays in advance in order for the City Treasurer to have the funding available.

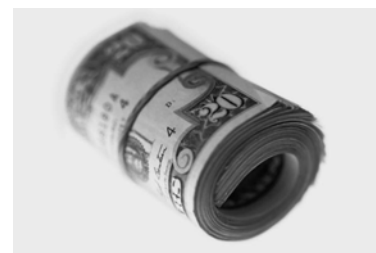
Interest income from the investment of pooled cash is allocated to all funds monthly, (except Capital Improvement Funds) based upon the prior month's ending cash balance in each fund as a percent of the month end total pooled cash balance. The City normally holds the investment to term; therefore, no realized gain/loss is recorded.

The average return on invested cash decreased by 34 basis from 1.43% in FY 2011 to 1.09% in FY 2012. Interest earnings follow interest rates, and during the year, interest rates in the marketplace traded in narrow ranges with each range trending lower as the year came to a close. The City Treasurer follows the general investment strategies set forth in a formal Statement of Investment Policy and presents monthly reports to the City Manager and the City Council.

The following table illustrates the composition of City's investment portfolio.

		Remaining Maturity (in Months)				
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Mos	
Commercial Paper	\$ 13,990	13,990	-	-	-	
U.S. Government Agency Callable Bonds	174,646	-	17,101	157,545	-	
Federal Agency Term Notes	25,609	-	11,167	14,442	-	
Corporate Notes	58,038	14,183	15,714	28,141	-	
Negotiable Certificate of Deposits	27,000	27,000	-	-	-	
State Investment Pool	52,904	52,904	-	-	-	
Money Market Fund	15,175	15,175	-	-	-	
Held by Fiscal Agents						
Federal Agency Term Notes	5,008	5,008	-	-	-	
Guaranteed Investment Contracts	2,399	-	-	-	2,399	
Money Market	66	66	-	-	-	
Treasury Notes	5,725	5,725	-	-	-	
	\$	380,560	134,051	43,982	200,128	2,399

City of Glendale
CITY TREASURER

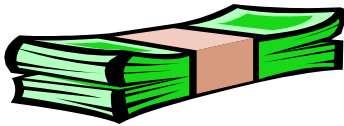


CITY CAPITAL ASSETS (IN THOUSANDS)

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$1,348,240 (net of accumulated depreciation and related debt). This investment in capital assets includes land, natural gas reserve, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 0.5%; this represents a 1.5% decrease for governmental activities and a 3.7% increase for business-type activities.

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

- In March 2011, the former Glendale Redevelopment Agency transferred real properties to the City for a total value of \$34,645. In June 2011, the Governor signed into law AB 1x 26, the Dissolution Act, that considered all transfers to be unauthorized if the transfers were done after December 31, 2010, and are therefore invalid. Further, in April 2012, the California State Controller's Office (SCO) issued correspondence directing the reversal of all the former Redevelopment Agency assets that were transferred to the City, and transferred those assets to the Successor Agency.
- At the close of the fiscal year, the Electric fund reflected a decrease of \$58,161 in construction in progress and increases of \$73,297 in machinery and equipment, \$1,792 in buildings & improvements, \$98 in land, and \$3,831 in natural gas reserve compared to prior year. The increases are primarily due to continuing repairs, overhaul, replacement, and upgrade of electrical systems, towers, turbines, and generating units, such as the Glorietta substation upgrade from 34kV to 69kV for increased power reliability and capacity, as well as the continuing reconstruction of substations to employ Smart Grid technology. The increases in natural gas reserve shows GWP's effort in meeting the statewide renewable portfolio of acquiring and using qualified renewable energy resources for its Glendale residents. The decrease in construction in progress is primarily due to completion of an aggressive capital improvement program started in 2007 and completion of various phases of \$100 million Smart Grid technology.



		Governmental activities		Business-type activities		Total	
		2012	2011	2012	2011	2012	2011
Land	\$	405,495	434,921	15,141	15,043	420,636	449,964
Natural Gas Reserve		-	-	21,824	17,993	21,824	17,993
Buildings and improvements		289,465	268,286	376,620	402,816	666,085	671,102
Machinery & equipment		101,256	92,487	573,359	523,040	674,615	615,527
Infrastructure		280,391	262,799	125,225	-	405,616	262,799
Construction in progress		31,853	68,475	41,529	152,925	73,382	221,400
Total capital assets		1,108,460	1,126,968	1,153,698	1,111,817	2,262,158	2,238,785
Less: Accumulated depreciation		(249,491)	(240,435)	(435,909)	(411,541)	(685,400)	(651,976)
Less: Gas depletion		-	-	(4,028)	(2,829)	(4,028)	(2,829)
Net of depreciation	\$	858,969	886,533	713,761	697,447	1,572,730	1,583,980

CITY DEBT (IN THOUSANDS)

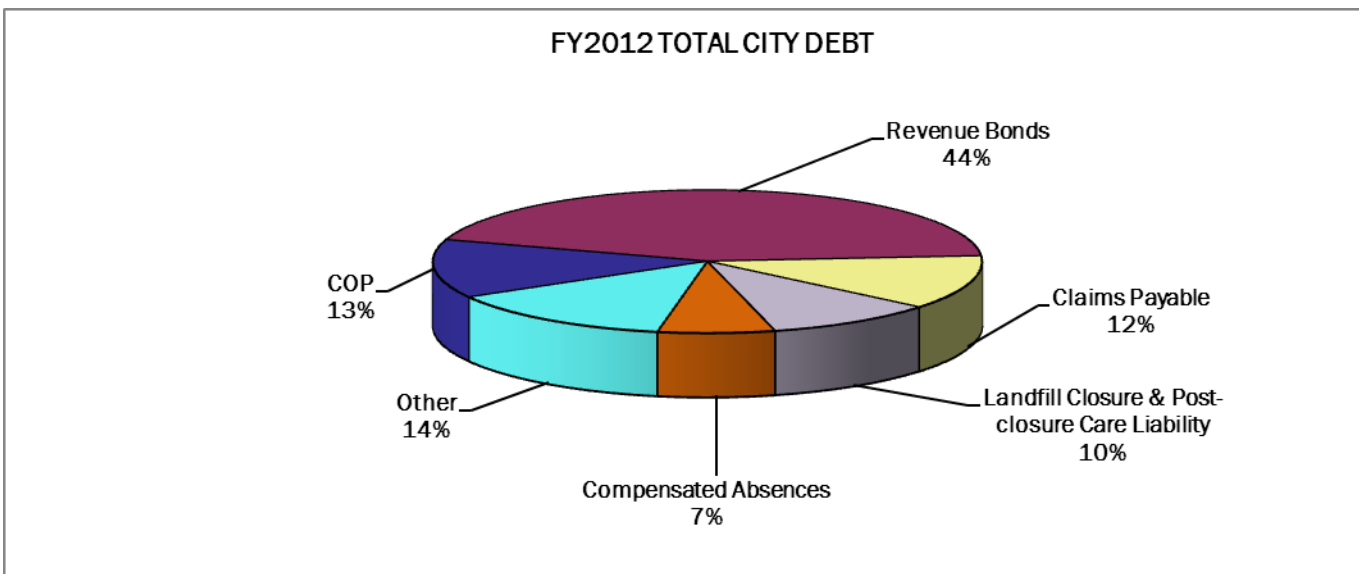
In the Government-wide Financial Statements and the proprietary fund types in the Fund Financial Statements, long-term debt and other obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums 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 reported as deferred changes and amortized over the term of the related debt. In the governmental funds statement of revenues, expenditures and changes in fund balances, issuance of debt is recorded as another financing source in the respective fund. As of June 30, 2012 City's Debt is comprised of the following:

FY 2012 DEBT COMPOSITION		Amount
Certificates of Participation (Police Facility)	\$	50,700
Revenue Bonds		167,280
Claims Payable		46,742
Landfill Closure & Post-closure Care Liability		38,131
Compensated Absences		26,165
Other		52,445
Total General Long Term Debt	\$	381,463

Debt Issue	Moody's	Standard & Poor's (S & P)	Fitch Ratings'
Issuer Credit Rating (Implied General Obligation)	Aa1	AAA	AA+
Police building project (COP)	Aa2(Con)/VMIG 1	AA+/A-1	AA/F1
Electric revenue bonds, 2003	Aa3	AA-	A+
Electric revenue bonds, 2006	Aa3	AA-	A+
Electric revenue bonds, 2008	Aa3	AA-	A+
Water revenues bonds, 2008	Aa3	AA-	AA-

In February 2010, the Standard & Poor's (S&P) Rating Services raised the City's General Obligation (GO) credit rating from 'AA+' to 'AAA.' The rating action reflects the S&P's view of the City's improved General Fund reserves and sound management practices.

As of June 30, 2011, the City has no General Obligation (GO) debt outstanding. At the same time, Standard & Poor's raised the City's long-term rating from 'AA' to 'AA+' on the City's outstanding Certificates of Participation (COPs).



FINANCIAL RATIOS (IN THOUSANDS)

Liquidity Ratios:

The current ratio and quick ratio indicate the City's ability to pay its bills. The current ratio represents the number of times the City's current assets could cover current liabilities. The quick ratio is the conservative version of the current ratio. It takes inventories out of the equation to include very liquid assets only. For the City of Glendale, the trend looks stable for both ratios. The fact that both ratios increased, compared to the prior year, shows an organization that is ready to meet its current obligations without any hardship in today's economic downturn.

Liquidity Ratios:	2012	2011	2010
Total Current Assets	407,705	555,460	555,803
Total Current Liabilities	62,884	82,727	85,552
Total Inventories	6,408	6,152	6,673
Current Ratio	6.48	6.71	6.50
Quick Ratio	6.38	6.64	6.42



Debt Ratios:

The debt ratio gives an indication of the City's ability to issue new debt. The lower the organization's reliance on debt for asset formation, the less risky the organization is, since excessive debt can lead to a heavy repayment burden. City of Glendale debt ratio is hovering around 20-26% for the last three years, which is much lower than the industry average of 35% or higher. Since this ratio represents percentage of funds needed to purchase assets that were obtained through borrowing, it is safe to say that the City of Glendale uses very little debt financing to acquire its assets. Debt to Equity Ratio measures the organization's borrowing versus its equity. A higher ratio means an organization obtains assets through debt financing.

Debt Ratios:	2012	2011	2010
Total Assets	2,059,200	2,226,232	2,179,448
Total Liabilities	420,737	570,565	525,425
Total Net Assets	1,638,463	1,655,667	1,654,023
Debt Ratio	20%	26%	24%
Debt To Equity Ratio	26%	34%	32%



SERVICE OPERATING INDICATORS

Function/Program	2012	2011	2010
Police			
Physical arrests	5,829	5,652	5,857
Parking violations	74,572	81,843	87,621
Traffic violations	18,566	25,667	23,990
Fire			
Emergency responses	16,591	15,447	15,424
Fires extinguished	372	349	333
Refuse collection			
Refuse collected (tons per day)	184	195	197
Recyclables collected (tons per day)	29	31	32
Inert waste recycling - Brand Park landfill (tons per year)	3,545 (1)	2,500 (1)	3,000
Other public works			
Street resurfacing (miles)	5.85 (2)	5.56 (2)	5.30
Street reconstructing (miles)	0.68	0.70	0.50
Potholes repaired (square feet per year)	21,962 (3)	21,012 (3)	16,449
Parks and recreation			
Athletic field permits issued	682 (5)	917	930
Community center admissions	3,194	2,360	1,114
Library			
Volumes in collections	643,598	688,818	701,928
Total volumes borrowed	1,179,964	1,290,945	1,312,743
Electric			
Average daily consumption (MWH)	2,998	2,878	3,020
Electricity generated (MWH)	846,637	928,682	960,061
Electricity purchased (MWH)	1,289,843	1,195,972 (4)	451,545
Electricity sold - Retail (MWH)	1,094,194	1,050,450	1,102,310
Electricity sold - Wholesale (MWH)	897,830	884,686 (4)	185,665
Peak demand (MW)	316	336	300
Water			
Average daily consumption (millions of gallons)	23	21	22
Water mains breaks	14	10	8
Water purchased (AF)	17,319	16,959	16,535
Water sold (AF)	26,809	24,796	25,489
Wastewater			
Average daily sewage treatment (millions of gallons)	15	20	20
Transit			
Total route miles	822,432 (6)	880,655	866,901
Passengers	2,543,532	2,724,121	2,574,396

Notes:

1. Some inert water started to divert to an outside recycling company rather than using Brand Landfill.
2. More street resurfacing was done from FY 2010 to FY2012 compared to prior years in an effort to take advantage of the low street resurfacing costs resulting from the economic downturn.
3. As a result of Public Works Department increasing community outreach to citizens to report potholes for immediate repair, more potholes were repaired than ever in the past.
4. The increase in the purchase and sales of Mega watt Hours (MWHs) correlates to the increase in wholesale revenue and sales to other utilities of about \$27.5 million.
5. Change the way permits are issued. One permit is issued per game instead of practices.

Source: CAFR statistical section, schedule 19





CITY OF GLENDALE LEADING INDICATORS

City of Glendale by the Numbers

Property Tax Rate	1.13214%
Unemployment Rate	9.80%
S&P Bond Rating	AA- & AAA
Moody's Bond Rating	Aa1 & Aaa2
Current Ratio	6.48 times
Debt Ratio	20%
Total City Assets	\$2,059,200,000
Total City Debt	\$ 420,737,000
Total City Net Assets	\$1,638,463,000
Population	192,654
Percent High School Graduate or Higher	83%
Per Capita Personal Income	\$41,791
Total Personal Income	\$8,051,203,314
City Website	http://www.ci.glendale.ca.us
City Address	613 E. Broadway, Glendale, CA 91206
City Phone	(818) 548-4000



CITY OF GLENDALE WINDOW TO THE FUTURE

The City of Glendale is eager to share the development of future projects which are anticipated to be completed in the next few years. Our goal is that we may continue to be a burgeoning City which attracts more businesses, visitors, and residents. Here are some of the notable future projects:

- Broadway Lofts—208 residential units, 30,000 SF ground entertainment uses
- Americana at Brand Expansion—addition of Nordstrom
- Mercedes Benz Dealership—New multi level service and parking structure and showroom renovation.
- Glendale Galleria Plaza remodel with addition of Bloomingdales



Americana at Brand Expansion - Addition of Nordstrom opening 2013



Glendale Galleria remodel addition of Bloomingdales- opening Late 2013



Broadway Lofts - Opening Late 2013



CalStar Mercedes Benz Dealer Expansion



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