

City of Glendale, California



CITY OF GLENDALE

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CITY OF GLENDALE, CALIFORNIA
Administrative Services Division
FINANCE

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www.ci.glendale.ca.us

January 26, 2004

The Honorable Mayor and City Council
City of Glendale
Glendale, California

Council Members:

Submitted herewith is the Comprehensive Annual Financial Report (CAFR) for the City of Glendale (City) for the year ended June 30, 2003. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. This document is reported in a manner designed to present fairly the financial position and results of operations of the various funds, account groups and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report is presented in three sections: introductory, financial, and statistical. The introductory section is self-explanatory and consists of this transmittal letter, a list of municipal officers, the City's organization chart and a copy of the Certificate of Achievement for Excellence in Financial Reporting. The financial section includes the government wide financial statements, the combining and individual fund financial statements & schedules, as well as the independent auditors' report. The statistical section includes selected financial and demographic information, which is generally presented on a multi-year basis.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget's Circular A-133, Audit of States, Local Governments, and Non-Profit organizations. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' reports on compliance and on internal control over financial reporting and compliance with requirements applicable to the major programs, and a schedule of findings and questioned costs are included in a separately issued single audit report.

The financial reporting entity includes all the funds of the primary government (i.e. the City of Glendale), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are in substance, part of the primary government. Accordingly, the Glendale Redevelopment Agency, the Glendale Housing Authority and the City of Glendale Financing Authority are reported in the appropriate funds of the City's financial report.

Governmental Structure, Local Economic Condition and Outlook

The City of Glendale is located northeast of Los Angeles in the foothills of the San Gabriel Mountains. The City was incorporated February 16, 1906 under the general laws of the state of California. The City Charter was adopted March 29, 1921. The City provides the full range of municipal services. This includes public safety (police, fire and paramedic), streets, sanitation, refuse collection, sewer, hazardous disposal, electric and water utilities, parks and recreation, public improvements, planning and zoning, housing and community development and general administrative and support services.

Noted for its high quality of life and fiscal stability, Glendale is the third largest city in Los Angeles County, encompassing 30.6 square miles and serving over 202,000 residents. The City has a City Manager form of government with five elected Councilmembers, in addition to an elected City Clerk and City Treasurer. The Councilmembers elect a mayor from one of their members and appoint various Boards and Commissions.

Over the last several years, the City has committed itself to a long-term financial strategy. Fundamental to this effort was the development of the City's Strategic Plan. This Plan has served to guide the City in allocation of economic resources. This year, the General Fund shows an increase of \$5.0 million to fund balance. Over the last few years the City has developed a 10-year financial model for the General Fund. This financial model was explained to the public in various community meetings and publications. We conducted a phone survey to gauge how the public perceives the services they receive. There were many issues covered: police, fire, gangs, street improvements, potholes, community development and housing, etc. After this input the City departments undertook an internal assessment as to the services each department should provide to the public. We reviewed these assessments with the community and the City Council in early to mid 2000.

There are several issues which are cause for serious concern. The economic downturn of recent years in the United States and California, in particular, poses some serious concerns with regard to revenue growth amid rising expenses. The stock market decline has indirectly affected the City, since the City participates in CalPERS for our retirement program. The rates that CalPERS charge have risen dramatically primarily due to the stock market losses. With a State budget shortfall estimate of over \$14 billion for fiscal year 2004/05, the threat of the State taking City revenue to balance its budget is, by far, our biggest financial issue. The harsh reality is that, the State of California has a past history of taking City revenue when the State's budget is out-of-balance.

FINANCIAL INFORMATION, MANAGEMENT, AND CONTROL

A detailed presentation of the financial position and the operating results of the City are provided in the CAFR. Presented below is a description of the control techniques applicable to financial resources, obligations, and information. The City's accounting controls comprise the plan, procedures, and records that are concerned with the safeguarding of assets and the reliability of financial records. The definition of accounting control denotes reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance for the proper recording of financial transactions.

In accordance with Article XI, Section 6 of the City Charter, a budget must be adopted before the beginning of the next fiscal year. The approved budget establishes budgetary accounting control for its operating funds. Budgetary control is maintained at each division's category level by the encumbrance of estimated purchase amounts prior to the release of purchase orders or contracts to vendors. Purchase orders or contracts, which result in an over-run of division accounts are not released until additional appropriations are made available through transfer from other accounts either by resolution of City Council or administrative transfer. This year, six departments exceeded their authorized budgets in one or more sections, although for their overall department budget was not overexpended: City Auditor, Finance, Communication Services, Membership & Dues, Fire Communications, Project Management, Corporation Yard, Street Administration, Warehouse, and Youth Services. Neighborhood Services was the only department that was overexpended overall. In addition, there were other departments who over expended in one or

more categories but were not over expended in total. Please refer to pages 36-39 for the detail of these budgets. Open encumbrances are reported as reservations of fund balances at fiscal year end.

CASH MANAGEMENT

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 following table presents a comparison of the results of the City's investment of pooled cash for fiscal years 2002 and 2003:

	Fiscal years ended June 30,	
	2003	2002
Average portfolio balance	\$ 508,436,941	\$ 446,656,668
Total portfolio's interest income	\$ 19,166,686	\$ 22,593,925
Average return on invested cash	3.77 %	5.06 %

The average return on invested cash has significantly decreased because of decreased interest earnings from our investments reflecting general economic conditions in the interest rate markets. The City Treasurer presents monthly reports to the City Manager and the City Council. The City's general investment strategies are set forth in a formal Statement of Investment Policy, which is approved by the City Council.

RISK MANAGEMENT

The City is self-insured for unemployment, uninsurable litigation, general liability, auto liability, workers' compensation, medical, vision and dental insurance. The City has purchased excess insurance for general liability and workers' compensation (see page 135 for the list of policies). As of June 30, 2003, \$2.1 million was designated to meet losses in excess of claims payable of \$30.2 million as they arise. The City also employs various risk control techniques, including safety training for all employees and the inclusion of appropriate legal provisions in third party contracts, in order to minimize losses.

FINANCIAL OVERVIEW

Governmental Operations

This year's revenues, excluding operating transfers in, totaled \$206.6 million, an increase of approximately \$1.4 million over last year's \$205.2 million. Property Taxes increased by \$6.7 million due primarily to rising property values in Glendale. Other taxes increased by \$4.7 million primarily due to increased Utility Users Tax, and increased accrual of Sales Tax to comply with GASB Statement 33. Fines & Forfeitures increased by \$0.7 million due to increased narcotics forfeitures. Licenses & Permits increased by \$0.9 million due to increased building permit revenue. Use of Money & Property decreased \$3.4 million due to decreased returns from our investments while the Federal Reserve dramatically reduced the Fed Funds rate. Revenue from other agencies reflects an increase of \$5.0 million. This increase is primarily from a \$4.8 million increase in various grants from HUD. Charges for Services increased by \$0.6 million, of which \$0.3 million is from new revenue from hiring out youth workers in Neighborhood Services. The \$5.3 million decrease in miscellaneous revenue is attributable to a one-time payment from the operators of the Glendale Galleria in the amount of \$3.8 million last year and a \$1.1 million decrease in Electric Public Benefit this year.

The governmental current expenditures increased \$18.0 million. The significant variances from the prior year include increased expenditures in electric public benefit funds of \$1.7 million electricity conservations projects; capital expenditures increased by a net \$3.9 million, including major capital expenditures for the Radio System Upgrade and the Oakmont Land Purchase of \$13.25 million. The increase in housing, health and community

development is due to increased expenditures in the Low and Moderate Housing Fund, HUD programs, Neighborhood Services, and the Glendale Redevelopment Agency. The increase in Public Safety is due to a few factors including, increased expenditures in our Police and Fire grant funds, and increased salaries and benefits costs, including increased PERS retirement costs.

Total governmental expenditures exceeded total governmental revenues before operating transfers in by \$30.0 million. During the decade of the 1990's the General Fund has become increasingly dependent on operating transfers in to maintain service levels without adding new taxes. This fiscal year operating transfers accounted for 20.4% of the General Fund revenues, an increase of 2.8% from the prior year.

General Fund Balance

The General Fund shows an increase in fund balance of \$5.0 million, from \$121.4 million to \$126.4 million including \$64.7 million due from GRA. The General Fund balance has shown an increase for the last ten years of approximately \$34.4 million. Of the total fund balance of \$126.4 million, \$48.1 million is unreserved.

Proprietary Operations

The proprietary operations consist of Enterprise and Internal Service Funds. The Enterprise group consists of the following activities: Recreation Fund, Hazardous Disposal Fund, Fire Paramedic Fund, Parking Fund, Sewer Fund, Refuse Disposal Fund, Electric Fund and Water Fund.

The Recreation Fund has shown an increase in the last year with a positive net income of \$13,239. This fund has been improving over the past few fiscal years. The Hazardous Disposal Fund posted a net loss of \$3,129; this is in contrast to last year's net income of \$66,240. This fund will require a fee review in the near future. The Fire Paramedic fund was established in the fall of 1998 by the City Council. Eighteen new fire fighters were hired to perform Advance Life Support to the citizens of Glendale. The General Fund loaned \$1.9 million to the Fire Paramedic Fund as seed money for this new enterprise to purchase equipment, train employees and establish a billing system. This year we recorded net loss of \$0.4 million after creating positive net assets for this fund for the first time last year. The fund is starting a new subscription program to hopefully turn the net income around after losses due to inability to recover costs from medicare reimbursements. The Parking Fund has a loss of over \$2.3 million. This fund cannot support the depreciation on four parking garages of \$1.9 million annually. The cash began to decline this year as well, currently amounting to \$3.5 million. The Sewer Fund continues to generate significant net income, \$19.7 million this year versus \$17.9 million last year to fund major capital replacement in the Hyperion system as well as our own sewer infrastructure. The projected payments to the City of Los Angeles for the Hyperion system improvements may total as much as \$50 million in the next two years. This fund holds \$54 million in cash. The Refuse Disposal Fund shows positive net income of \$0.5 million this year after a few years of net losses. The City Council approved increases in the refuse rates of 10% effective July 2001, another 10% increase effective on July 2002, and a 5% increase effective September 2003. This fund also holds \$1.4 million in cash. The Electric Fund earned \$42.2 million in net income this year. Much of the increase is due to decreased electric production costs. The Water Fund earned \$7.1 million this year.

Internal Service Funds

Internal Service Funds are the second group of funds under the Proprietary Fund Type. They are comprised of: the Self-Insurance Funds for Unemployment, Uninsurable Litigation, Liability, Auto, Workers' Compensation, Dental, Medical and Vision Insurance; and a non-insurance related Equipment Reserve Fund and Employee Benefits Fund. The Employee Benefits Fund accounts for employees' post employment sick leave benefits and medical insurance for the dependents of public safety employees killed in the line of duty. All of these funds have positive fund balances in excess of claims payables, except for the Uninsurable Litigation Fund, Liability Insurance Fund, Compensation Insurance Fund and the Employee Benefits Fund. Transfers within the Internal Services funds may be required to "balance" the fund equities. All funds have healthy cash balances.

INDEPENDENT AUDIT

The firm of McGladrey & Pullen LLP has audited the financial statements of the City and its affiliated agencies. Their unqualified opinion on the City's general purpose financial statements is included within this report.

AWARD

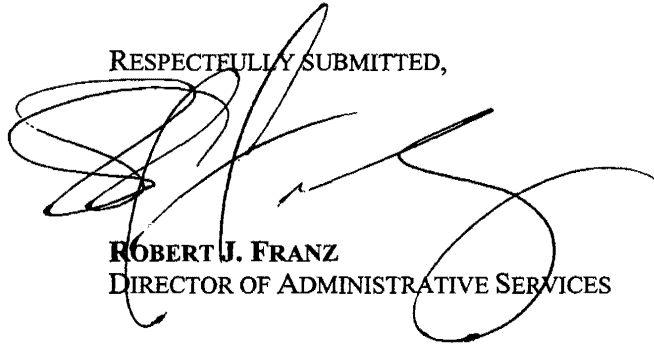
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the last eight fiscal years ended June 30, 1995 through June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. This award is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement for Excellence requirements and we will be submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Administrative Services Division. Each member of the division has my sincere appreciation for their contribution in the preparation of this report. A special commendation should be attributed to Ms. Lily Fang for the compilation of this CAFR.

RESPECTFULLY SUBMITTED,

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

ROBERT J. FRANZ
DIRECTOR OF ADMINISTRATIVE SERVICES

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CITY OF GLENDALE
Officials of the City of Glendale
June 30, 2003

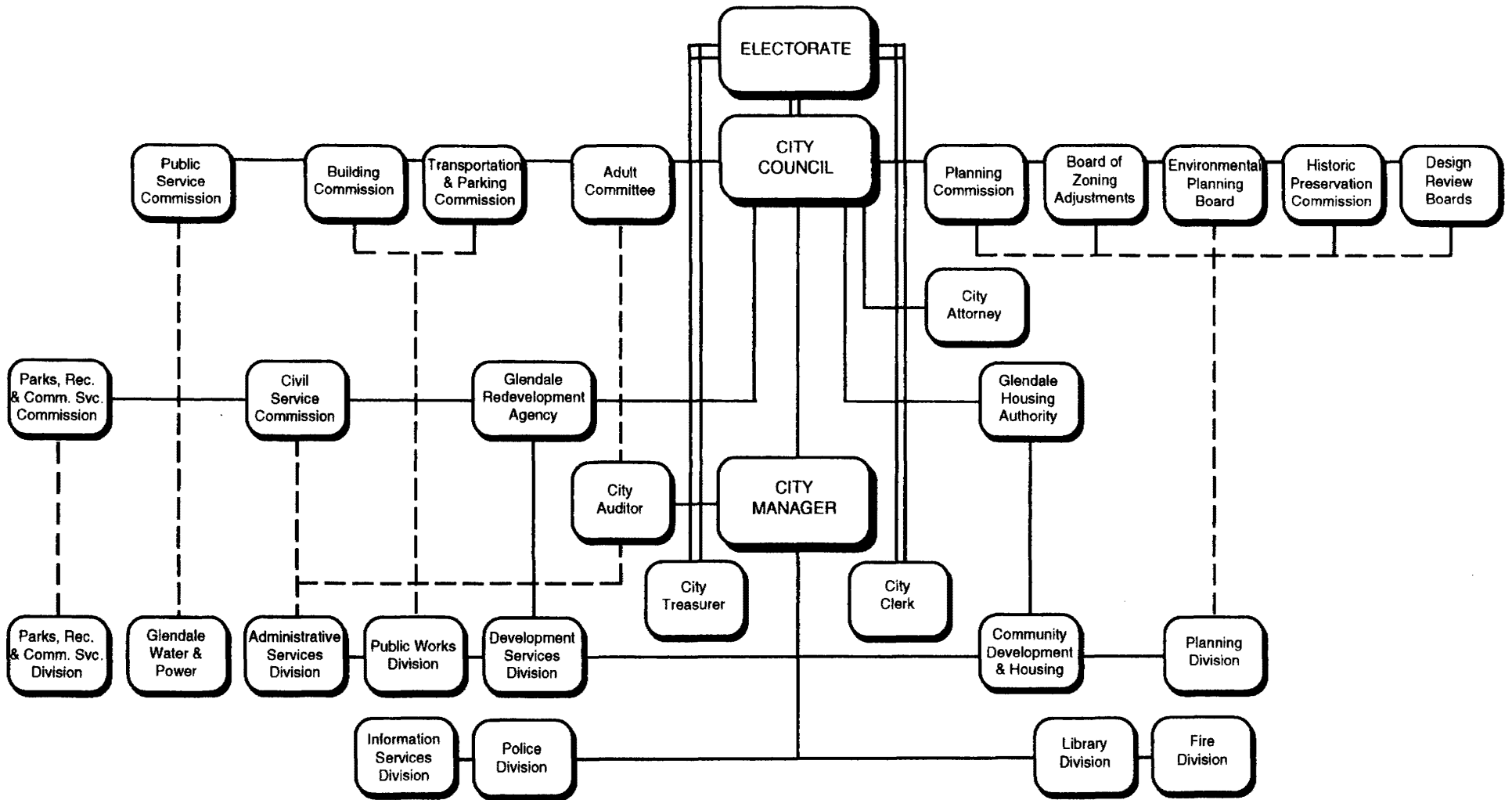
City Council

Frank Quintero, Mayor
Gus Gomez
Rafi Manoukian
Dave Weaver
Bob Yousefian

Administration and Division Heads

City Manager	James E. Starbird
Assistant City Manager	Robert K. McFall
Deputy City Manager	Yasmin Beers
Director of Glendale Water & Power	Ignacio Troncoso
City Attorney	Scott H. Howard
Police Chief	Randy Adams
Fire Chief	Christopher Gray
Director of Public Works	Steve Zurn
Director of Administrative Services	Robert J. Franz
Director of Development Services	Jeanne Armstrong
Director of Planning	Elaine Wilkerson
Director of Community Development and Housing	Madalyn A. Blake
Director of Information Services	Imelda G. Bickham
Director of Parks, Recreation and Community Services	George Chapjian
Director of Library Services	Laurel R. Patric
City Auditor	William Fox
City Treasurer	Ronald T. Borucki
City Clerk	Doris Twedt

ORGANIZATIONAL CHART OF CITY OF GLENDALE



- Administrative Control
- ===== Electoral Control
- - - - - Advisory Control

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Glendale,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Egan".

Executive Director

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McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glendale, California (the City), as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Glendale's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glendale, California, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note IV(G) to the financial statements, the fund balance and net assets in the June 30, 2002 financial statements have been restated to properly reflect that the City's liability for landfill closure and post closure care costs and to correct for errors in the calculations used to record accumulated depreciation on capital assets for the City's governmental activities as required by the City's adoption of GASB Statement No. 34.

In accordance with Government Auditing Standards, we have also issued our report, dated November 25, 2003, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Audit Standards and should be read in conjunction with this report in considering the results of our audit.

To the Honorable Mayor and
Members of the City Council
City of Glendale
November 25, 2003

The Management's Discussion and Analysis on pages 5 through 16 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Glendale's basic financial statements. The introductory section, combining nonmajor funds financial statements, budgetary comparison schedules, combining internal service fund financial statements, schedules of capital assets, schedules of capital assets used in the operation of governmental funds and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor funds financial statements, budgetary comparison schedules and combining internal service fund financial statements listed as supplementary information in the table of contents have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, and schedules of capital assets used in the operation of governmental funds and statistical information as listed in the table of contents, have not been subjected to that auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Pasadena, California
November 25, 2003

City of Glendale, California



Management's Discussion & Analysis

June 30, 2000

As management of the City of Glendale (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$1,488,535,680 (*net assets*). Of this amount, \$434,118,876 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$96,875,194. Most of this increase is attributable to an increase in capital assets.
- As of the close of the current fiscal year, the City governmental funds reported combined ending fund balances of \$332,708,444 an increase of \$43,686,756 in comparison with the prior year. Approximately one third of this total amount, \$110,931,288, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$48,132,941, or 45.6% percent of total general fund expenditures.
- The City's total debt increased by \$78,011,707 (43.7 percent) during the current fiscal year. The factors in this increase were the issue of \$31,640,000 revenue bonds in the electric utility of Glendale Water & Power, the issue of \$48,015,000 in GRA tax allocation bonds, the retirement of \$1,100,000 of the Police Facility COP, \$1,465,000 of parking lease revenue bond, and \$1,935,000 of 1993 tax allocation bonds, an increase in bond premium of \$2,412,485 and capital lease of \$2,000,000 with Motorola, and a \$3,930,706 decrease in the postclosure and postclosure care liability for the Scholl Canyon landfill, an addition of arbitrage liability of \$1,346,600 and compensated absences of \$1,028,328.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, housing, health, and community development, employment programs, public service, parks, recreation, and community services, library, and interest and fiscal charges on bonds. The business-type activities of the City include recreation, hazardous disposal, fire paramedic, parking, sewer, refuse disposal, electric, and water operations.

City of Glendale

Management's Discussion and Analysis, continued

June 30, 2003

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate redevelopment agency and a legally separate electric and water utility for which the City is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The redevelopment agency and the housing authority, although legally separate, function for all practical purposes as departments of the City, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 21-23 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains thirty-two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Glendale redevelopment agency fund, GRA town center fund, and capital projects fund, all of which are considered to be major funds. Data from the twenty-eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 27-39 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its recreation, hazardous disposal, fire paramedic, parking, sewer, refuse disposal, and electric and water utility operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles (general fund only), technology replacement, uninsurable litigation, employee benefits, and various other insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, electric, and water operations, all of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 40-42 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-67 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 71-116 of this report.

Government-wide Financial Analysis

The Government-wide financial analysis contained comparative information from the prior year.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1,488,535,680 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (72.8 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Glendale's Net Assets

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	405,324,484	434,728,116	330,985,410	280,872,021	736,309,894	715,600,137
Capital assets	672,359,731	641,650,518	415,738,897	402,317,835	1,088,098,628	1,043,968,353
Total assets	1,077,684,215	1,076,378,634	746,724,307	683,189,856	1,824,408,522	1,759,568,490
Long-term liabilities outstanding	217,431,646	231,436,285	68,433,548	37,154,655	285,865,194	268,590,940
Other liabilities	25,931,613	44,572,846	24,076,035	54,776,966	50,007,648	99,349,812
Total liabilities	243,363,259	276,009,131	92,509,583	91,931,621	335,872,842	367,940,752
Net assets:						
Invested in capital assets, net of related debt	607,259,731	577,299,509	347,098,897	387,742,819	954,358,628	965,042,328
Restricted	95,244,662	152,183,113	4,813,514	56,758,155	100,058,176	208,941,268
Unrestricted	131,816,563	70,919,629	302,302,313	146,757,261	434,118,876	217,676,890
Total net assets	834,320,956	800,402,251	654,214,724	591,258,235	1,488,535,680	1,391,660,486

6.72% of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$434,118,876) may be used to meet the government's ongoing obligations to citizens and creditors.

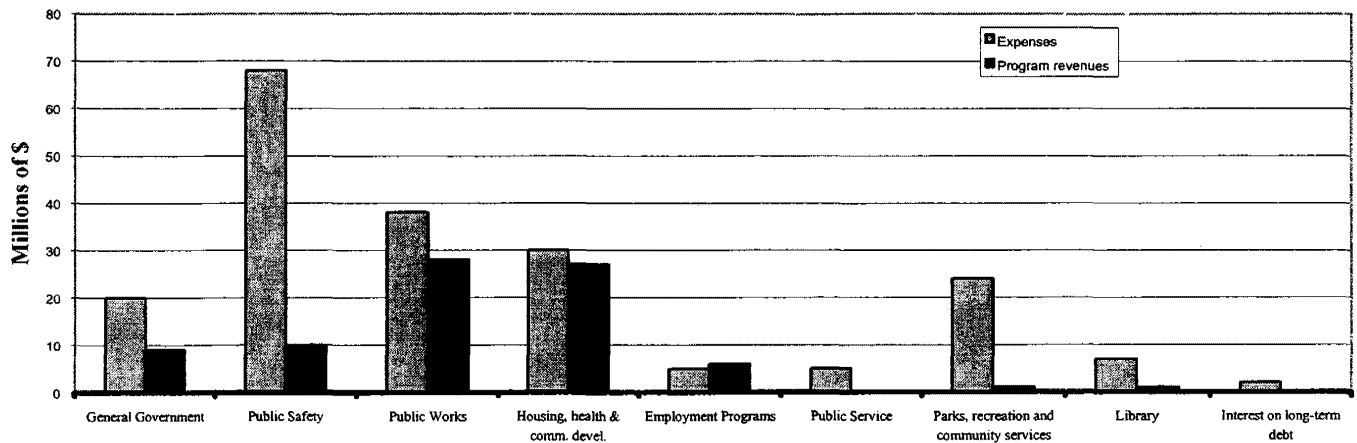
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, for government as a whole, as well as for all its separate governmental and business-type activities, except the Glendale redevelopment agency fund that had a negative balance. The same situation held true for the prior fiscal year.

There was a decrease of \$51,944,641 in restricted net assets reported in connection with the City's business activities. Most of the decrease resulted from the release of the Deregulation Reserve in the Electric utility.

Governmental activities. Governmental activities increased the City's net assets by \$33,918,705, thereby accounting for 35.0 percent of the total growth in the net assets of the City. Key elements of this increase are as follows:

- Operating grants and contributions increased by \$11,556,975 (35.2 percent) during the year.
- Property tax revenue increased by \$6,665,205 (20.5 percent) during the year.
- Transfer revenue increase by \$4,528,116 (30.9 percent) during the year.
- General Government expenses increased by \$3,158,548 (18.2 percent) during the year.
- Public Safety expenses declined by \$5,843,566 (7.9 percent) during the year.
- Public Works expenses increased by \$4,843,090 (14.7 percent) during the year.
- Parks, recreation, and community services expenses increased by \$14,912,862 (156.7 percent) during the year.

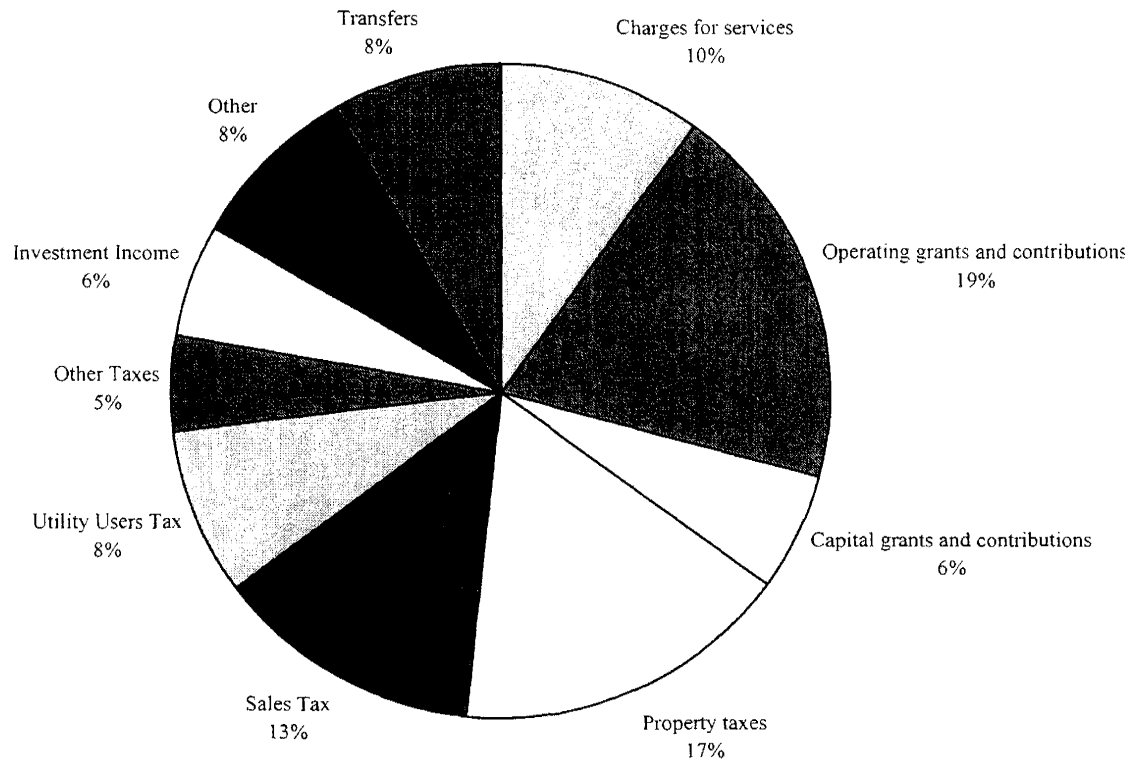
Expenses and Program Revenues – Governmental Activities



City of Glendale's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program revenues:						
Charges for services	23,402,371	21,161,662	257,625,014	259,048,826	281,027,385	280,210,488
Operating grants & contrib	44,369,195	32,812,220	1,542,480	1,112,852	45,911,675	33,925,072
Capital grants & contrib	13,766,472	23,652,782	1,471,846	5,974,204	15,238,318	29,626,986
General revenues:						
Taxes:						
Property taxes	39,180,640	32,515,435	-	-	39,180,640	32,515,435
Sales Tax	30,316,912	27,546,950	-	-	30,316,912	27,546,950
Utility Users Tax	19,488,127	18,699,935	-	-	19,488,127	18,699,935
Other Taxes	10,914,956	9,957,957	-	-	10,914,956	9,957,957
Investment Income	13,354,054	18,415,113	10,588,925	13,196,106	23,942,979	31,611,219
Other	19,485,092	23,091,895	10,464,558	6,886,469	29,949,650	29,978,364
Transfers	19,170,585	14,642,469	(19,170,585)	(14,642,469)	-	-
Contributions	-	(7,747,000)	-	7,747,000	-	-
Proceeds of Bond Sale	-	-	-	-	-	-
Total revenues	233,448,404	214,749,418	262,522,238	279,322,988	495,970,642	494,072,406
Expenses:						
General Government	20,470,968	17,312,420	-	-	20,470,968	17,312,420
Public Safety	67,710,304	73,553,870	-	-	67,710,304	73,553,870
Public Works	37,845,995	33,002,905	-	-	37,845,995	33,002,905
Housing, health, and community devel.	29,670,727	29,565,756	-	-	29,670,727	29,565,756
Employment Programs	5,472,648	5,479,175	-	-	5,472,648	5,479,175
Public Service	5,216,198	3,356,978	-	-	5,216,198	3,356,978
Parks, recreation and community services	24,428,978	9,516,116	-	-	24,428,978	9,516,116
Library	6,959,472	6,968,227	-	-	6,959,472	6,968,227
Interest & fiscal charges on bonds	1,754,409	4,753,104	-	-	1,754,409	4,753,104
Recreation	-	-	2,013,220	1,946,339	2,013,220	1,946,339
Hazardous disposal	-	-	1,705,597	1,429,576	1,705,597	1,429,576
Fire Paramedic	-	-	6,576,605	3,719,364	6,576,605	3,719,364
Parking	-	-	7,236,084	5,502,362	7,236,084	5,502,362
Sewer	-	-	3,588,226	6,479,740	3,588,226	6,479,740
Refuse Disposal	-	-	13,023,662	11,975,653	13,023,662	11,975,653
Electric	-	-	141,798,777	168,388,851	141,798,777	168,388,851
Water	-	-	23,623,578	23,815,732	23,623,578	23,815,732
Total expenses	199,529,699	183,508,551	199,565,749	223,257,617	399,095,448	406,766,168
Increase in net assets	33,918,705	31,240,867	62,956,489	56,065,371	96,875,194	87,306,238
Net assets - Beg. of the year	800,402,251	769,161,384	591,258,235	535,192,864	1,391,660,486	1,304,354,248
Net assets - End of the year	834,320,956	800,402,251	654,214,724	591,258,235	1,488,535,680	1,391,660,486

Revenues By Source – Governmental Activities



Business-type activities. Business-type activities increased the City of Glendale's net assets by \$62,956,487 accounting for 63.4 percent of the total growth in the government's net assets. Key elements of this increase are as follows.

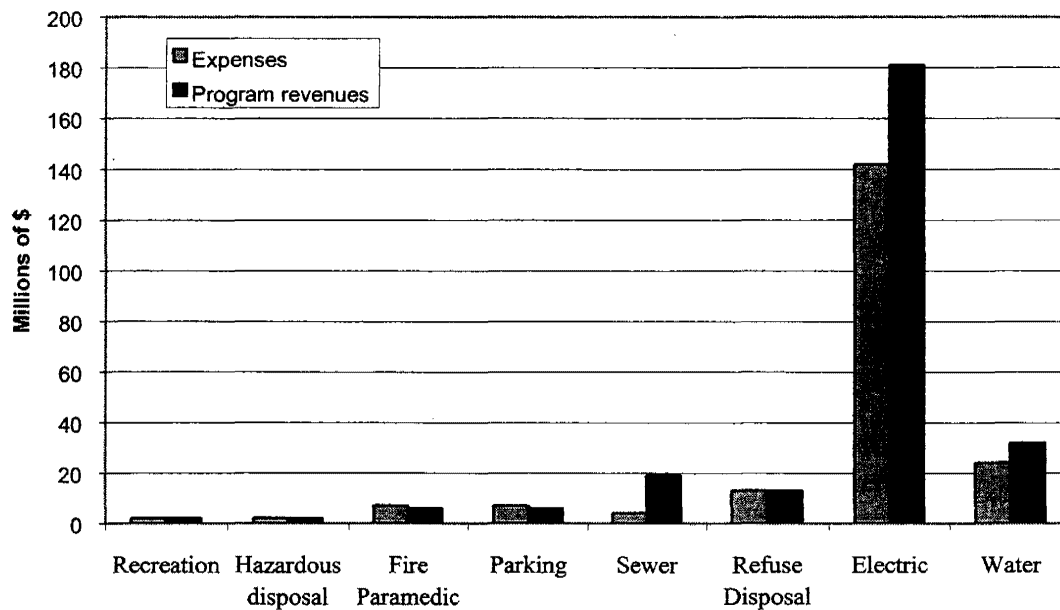
- Miscellaneous revenue sources increased by \$3,578,089 (52 percent) during the year.
- Expenses in Electric were reduced by \$26,590,074 (15.8 percent) during the year.

Financial Analysis of the Government's Funds

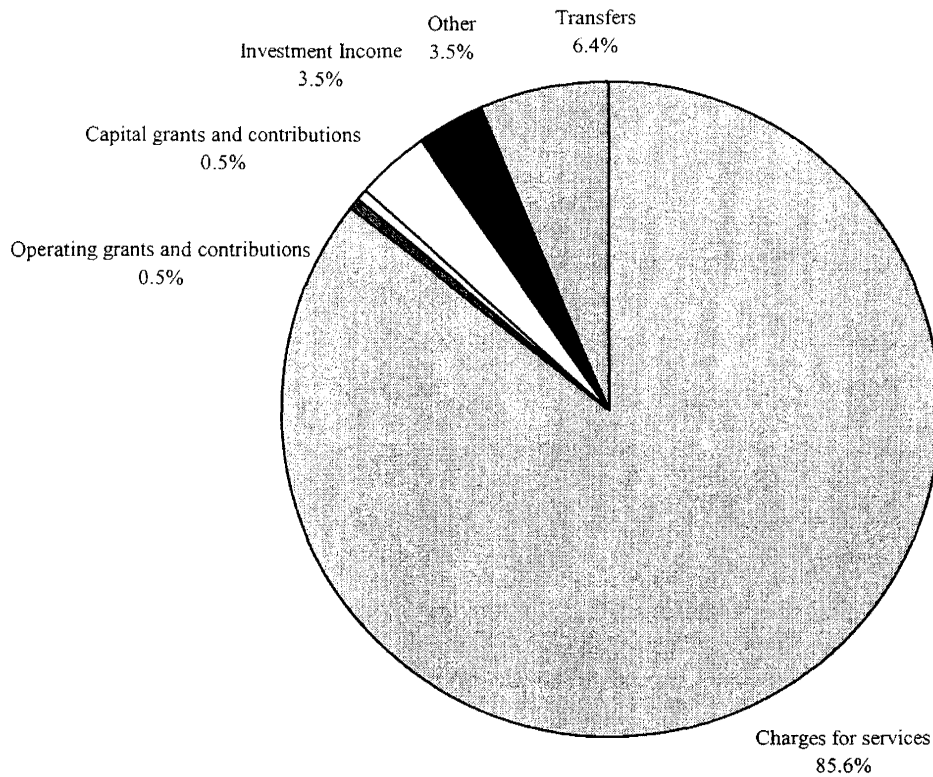
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spending* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Expenses and Program Revenues – Business-type Activities



Revenues By Source –Business-type Activities



As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$332,708,444, an increase of \$43,686,756 in comparison with the prior year. Approximately 33 percent of this total amount (\$110,931,288) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$16,348,966), 2) to meet the charter reserve requirement (\$13,072,160), 3) to hold property for future development (\$29,980,867), 4) to pay debt service (\$66,298,963), 5) for loans receivable (\$6,349,275), 6) to advance City funds to the Glendale Redevelopment Agency (\$64,703,299), 7) for capital projects (\$10,216,626), 8) for the Scholl canyon landfill closure and post closure care (\$14,800,000) or 9) for the return of deposits (\$7,000).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$48,132,941, while total fund balance reached \$126,416,031. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 45.6 percent of total general fund expenditures, while total fund balance represents 119.8 percent of that same amount.

The fund balance of the City's general fund increased by \$5,020,219 during the current fiscal year. Key factors in this growth are as follows:

- Property tax revenue increased by \$2,455,128 during the year.
- Other tax revenue increased by \$2,787,996 during the year.

City of Glendale

Management's Discussion and Analysis, continued

June 30, 2003

- Transfer from the Capital Projects Fund increased by \$1,000,000 this year.

The debt service funds has a total fund balance of \$66,298,963, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$6,350,216.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the year, unrestricted net assets of the Sewer Fund amounted to \$67,144,052, those for the Electric Fund amounted to \$217,914,184, those for the Water Fund totaled \$10,609,243, and other proprietary funds had unrestricted net assets of \$5,536,462. The total growth in net assets for the Sewer Fund was \$19,658,869, for the Electric Fund was \$42,248,934, for the Water Fund was \$7,113,013, and was a negative \$2,297,419 for the other proprietary funds. Other factors concerning the finance of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget can be briefly summarized as follows:

- \$1,297,830 in miscellaneous increases in general government activities
- \$288,524 in increases allocated to the public works department
- \$429,191 in increases allocated to the police department
- \$2,084,938 in increases allocated to the fire department
- \$523,475 in decreases allocated to the community development department
- \$658,037 in increases allocated to the parks department
- \$200,347 in increases allocated to the library department

Of this increase, \$310,000 was funded out of increased property tax, \$50,990 was funded out of county grants, \$89,631 was funded out of a State Arts in Education Grant, and \$1,000,000 was out of increases in intergovernmental revenue. The remaining \$2,955,464 was to be budgeted from available fund balance.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2003, amounts to \$1,088,098,628 (net accumulated depreciation). This investment in capital assets includes land, 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 4.2 percent (a 4.8 percent increase for governmental activities and a 3.3 percent increase for business-type activities).

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

- Continued construction on the new police building as of the close of the fiscal year has reached a value of \$48,984,017.
- Continued construction on the Edison Pacific Community Center as of the close of the fiscal year has reached a value of \$43,098,321.
- As of the close of the fiscal year, the Electric production plant reflected a \$21,814,675 increase in construction and the Electric transmission and distribution equipment reflected a \$9,310,830 increase.
- At the close of the fiscal year, the Sewer reflected a \$7,315,185 decrease in buildings and improvements as well as construction in progress. This is due primarily to an adjustment from City of Los Angeles's prior billing to the City on the Hyperion Sewage Treatment Plant.

City of Glendale's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
Land	321,884,244	319,398,788	11,656,111	10,412,696	333,540,355	329,811,484
Buildings and improvements	133,030,916	129,887,724	294,262,630	292,217,833	427,293,546	422,105,557
Machinery and equipment	74,558,213	64,894,641	326,407,989	308,333,758	400,966,202	373,228,399
Infrastructure	202,274,594	201,862,952	-	-	202,274,594	201,862,952
Construction in progress	100,155,415	68,830,148	53,591,450	43,121,323	153,746,865	111,951,471
Total capital assets	831,903,382	784,874,253	685,918,180	654,085,610	1,517,821,562	1,438,959,863
Less accumulated depreciation	(159,543,651)	(143,223,735)	(270,179,283)	(251,767,775)	(429,722,934)	(394,991,510)
Net of depreciation	672,359,731	641,650,518	415,738,897	402,317,835	1,088,098,628	1,043,968,353

Additional information on the City's capital assets can be found in note III C on pages 56-57 as well as pages 109, 115-116 of this report.

Long-term debt. At the end of the current fiscal year, the City has total debt outstanding of \$256,680,363. Of this amount, \$63,100,000 is certificates of participation to fund the new police facility and arbitrage rebate of \$1,346,600, \$109,283,945 is tax allocation bonds backed by the property tax increment collected from the Central redevelopment area, \$10,668,294 is owed for the postclosure and postclosure care of Scholl Canyon landfill, \$2,000,000 for capital lease and \$1,028,329 for compensated absences. The remainder of the City's debt, \$69,253,195 represents revenue bonds secured solely by Electric Utility revenue.

City of Glendale

Management's Discussion and Analysis, continued

June 30, 2003

City of Glendale's Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
Bonds payable:						
Police Facility Certificates of Participation	63,100,000	64,200,000	-	-	63,100,000	64,200,000
Parking lease revenue bonds, Series A	-	440,000	-	-	-	440,000
Refunding parking lease revenue bonds, Series 1976	-	1,025,000	-	-	-	1,025,000
1993 Tax allocation bonds	59,315,000	61,250,000	-	-	59,315,000	61,250,000
2002 Tax allocation bonds	48,015,000	-	-	-	48,015,000	-
Electric Revenue Bonds, 2000 Series	-	-	37,000,000	37,000,000	37,000,000	37,000,000
Electric Revenue Bonds, 2003 Series	-	-	31,640,000	-	31,640,000	-
Bond premium	1,953,945	-	613,195	154,655	2,567,140	154,655
Total Bonds Payable	172,383,945	126,915,000	69,253,195	37,154,655	241,637,140	164,069,655
Landfill postclosure and postclosure care liability	10,668,294	14,599,000	-	-	10,668,294	14,599,000
Capital lease	2,000,000	-	-	-	2,000,000	-
Arbitrage rebate	1,346,600	-	-	-	1,346,600	-
Compensated absences	1,028,328	-	-	-	1,028,328	-
Total general long term debt	187,427,167	141,514,000	69,253,195	37,154,655	256,680,362	178,668,655

The City's total debt increased by \$78,011,707 (43.7 percent) during the current fiscal year. The factors in this increase were the issue of \$31,640,000 revenue bonds in the electric utility of Glendale Water & Power, the issue of \$48,015,000 in GRA tax allocation bonds, the retirement of \$1,100,000 of the Police Facility COP, \$1,465,000 of parking lease revenue bond, and \$1,935,000 of 1993 tax allocation bonds, an increase in bond premium of \$2,412,485 and capital lease of \$2,000,000 with Motorola, and a \$3,930,706 decrease in the postclosure and postclosure care liability for the Scholl Canyon landfill, an addition of arbitrage liability of \$1,346,600 and compensated absences of \$1,028,328.

The 2003 Electric revenue bond issue received a "Aaa" rating from Moody's, "AAA" rating from Standard & Poor's (S&P), and a "AAA" rating from Fitch based on insurance purchased related to the issues. The Agency's 2002 tax allocation bond issue received a "Aaa" rating from Moody's and a S&P rating of "AAA." Also, the City of Glendale Financing Authority's certificates of participation received a "AA-" rating from Fitch and Standard & Poor's, and Moody's.

Additional information on the City's long-term debt can be found in note III D on pages 58-60 of this report.

City of Glendale

Management's Discussion and Analysis, continued
June 30, 2003

Economic Factors and Next Year's Budget and Rates

- Recent elimination of the Vehicle License Fee (VLF) "backfill" by the State of California has cost the City approximately \$2.1 million in VLF revenue.
- Property tax revenue continues to stay strong due to the growth in real estate market values and sales.

All of these factors were considered in preparing the City's budget for the 2004 fiscal year.

State Budget

Since 1992/93, the State legislature has passed legislation to reallocate funds from local government and redevelopment agencies to school districts by shifting a portion of each agency's property tax revenue, net of amounts due to other taxing agencies, to school districts for deposit in the Education Revenue Augmentation Fund (ERAF). With the current State budget crisis, additional property tax revenue may be shifted to school districts.

Property Tax Revenue

In November 2001, an Orange County Superior Court Judge ruled that the Orange County Assessor's Office violated Proposition 13 by increasing the taxable value of a Seal Beach residence by 4% in a single year (1998). County attorneys argued that the assessment was legal because it made up for years in which the property value did not increase. The county maintains it was merely "recapturing" the full tax value of the property, charging 2% for each of the years the property values did not rise. On December 12, 2002, the Superior Court certified class action status for this case and the Court and Tax Collector are currently addressing when and if notification to the taxpayers should be executed.

In 2002, two other courts (Los Angeles and San Diego) ruled differently on the same issue and both affirmed the current statewide practice of property assessment restoration (i.e. the local courts differ on this issue). The property tax laws are applied on a statewide basis and the contradicting ruling with two other local courts on the same legal issue require a uniformity review at the appellate level. With this notice, the Court of Appeal will establish a briefing and hearing schedule and that process may take several months to complete. Based on the Court of Appeal's briefing schedule, the respondent is required to submit a reply brief by November 7, 2003. The Court of Appeal has scheduled a hearing on December 16, 2003. If the Judge's decision is upheld on appeal, it could have financial ramifications throughout the State of California. The City's management is unable to reasonably estimate the financial effect to it, or the Redevelopment Agency, if a Orange County Superior Court's decision is upheld because it would be dependent upon how the court decides to apply its ruling.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Administrative Services, 141 North Glendale Avenue, Suite 346, Glendale, CA 91206.

City of Glendale, California



CGFR

Government-Wide Financial Statements

June 30, 2007

Exhibit A-1
CITY OF GLENDALE
Statement of Net Assets
June 30, 2003

Assets	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current assets:			
Cash and invested cash	\$ 307,739,161	114,395,139	422,134,300
Imprest cash	22,630	14,200	36,830
Cash with fiscal agent	22,491,449	4,813,514	27,304,963
Interest receivable	1,777,664	1,468,579	3,246,243
Investment -gas/electric commodity	—	3,330,679	3,330,679
Accounts receivable, net	6,139,515	13,851,633	19,991,148
Unbilled receivable	—	14,135,340	14,135,340
Due from other agencies	22,442,684	8,974,181	31,416,865
Internal balances	5,551,578	(5,551,578)	—
Deposits	7,000	—	7,000
Inventories	276,309	3,831,508	4,107,817
Prepaid items	239,150	2,522,215	2,761,365
Total current assets	<u>366,687,140</u>	<u>161,785,410</u>	<u>528,472,550</u>
Noncurrent assets:			
Designated cash and invested cash	—	169,200,000	169,200,000
Deferred charges	2,307,202	—	2,307,202
Loans receivable	6,349,275	—	6,349,275
Real property held for resale	29,980,867	—	29,980,867
	<u>38,637,344</u>	<u>169,200,000</u>	<u>207,837,344</u>
Capital assets(net of accumulated depreciation)			
Land	321,884,243	12,542,432	334,426,675
Buildings and improvements	91,477,555	294,262,630	385,740,185
Machinery and equipment	33,578,891	56,228,706	89,807,597
Infrastructure	125,263,627	—	125,263,627
Construction in progress	100,155,415	52,705,129	152,860,544
Total capital assets	<u>672,359,731</u>	<u>415,738,897</u>	<u>1,088,098,628</u>
Total noncurrent assets	<u>710,997,075</u>	<u>584,938,897</u>	<u>1,295,935,972</u>
Total assets	<u>\$ 1,077,684,215</u>	<u>746,724,307</u>	<u>1,824,408,522</u>

Exhibit A-1-2
CITY OF GLENDALE
Statement of Net Assets
June 30, 2003

	Governmental Activities	Business- Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 4,261,101	14,212,140	18,473,241
Contracts-retained amounts due	1,230,413	1,012,128	2,242,541
Accrued wages and withholdings	3,948,699	1,552,053	5,500,752
Due to other agencies	1,791,738	—	1,791,738
Accrued interest	496,572	—	496,572
Matured bond principal and interest	159,345	1,588,470	1,747,815
Long term debt, due in one year	5,367,322	819,647	6,186,969
Compensated absences	6,302,501	2,226,112	8,528,613
Deposits	2,373,922	2,665,485	5,039,407
Total current liabilities	<u>25,931,613</u>	<u>24,076,035</u>	<u>50,007,648</u>
Noncurrent liabilities:			
Claims payable	30,212,862	—	30,212,862
Post employment benefits	5,158,938	—	5,158,938
Long term debt	182,059,846	68,433,548	250,493,394
Total noncurrent liabilities	<u>217,431,646</u>	<u>68,433,548</u>	<u>285,865,194</u>
Total liabilities	<u>243,363,259</u>	<u>92,509,583</u>	<u>335,872,842</u>
Net Assets			
Invested in capital assets, net of related debt	607,259,731	347,098,897	954,358,628
Restricted for:			
Charter requirement	13,072,160	—	13,072,160
Low and moderate income housing	15,873,539	—	15,873,539
Debt service	66,298,963	4,813,514	71,112,477
Unrestricted	131,816,563	302,302,313	434,118,876
Total net assets	<u>\$ 834,320,956</u>	<u>654,214,724</u>	<u>1,488,535,680</u>

Exhibit A-2
CITY OF GLENDALE
Statement of Activities
Year ended June 30, 2003

	Expenses	Program Revenue			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:							
General government	\$ 20,470,968	8,270,990	485,645	—	(11,714,333)	—	(11,714,333)
Public safety	67,710,304	5,684,897	4,659,569	—	(57,365,838)	—	(57,365,838)
Public works	37,845,995	8,786,285	5,521,157	13,766,472	(9,772,081)	—	(9,772,081)
Housing, health and community development	29,670,727	130,263	27,180,994	—	(2,359,470)	—	(2,359,470)
Employment programs	5,472,648	346,113	5,411,132	—	284,597	—	284,597
Public service	5,216,198	—	—	—	(5,216,198)	—	(5,216,198)
Parks, recreation and community services	24,428,978	35,522	488,034	—	(23,905,422)	—	(23,905,422)
Library	6,959,472	148,301	622,664	—	(6,188,507)	—	(6,188,507)
Interest & fiscal charges on bonds	1,754,409	—	—	—	(1,754,409)	—	(1,754,409)
Total governmental activities	199,529,699	23,402,371	44,369,195	13,766,472	(117,991,661)	—	(117,991,661)
Business-type activities:							
Recreation	2,013,220	1,552,402	285,363	—	—	(175,455)	(175,455)
Hazardous disposal	1,705,597	1,508,424	88,390	—	—	(108,783)	(108,783)
Fire paramedic	6,576,605	6,067,908	—	—	—	(508,697)	(508,697)
Parking	7,236,084	6,058,328	—	—	—	(1,177,756)	(1,177,756)
Sewer	3,588,226	19,040,614	—	96,301	—	15,548,689	15,548,689
Refuse disposal	13,023,662	13,132,318	—	121,298	—	229,954	229,954
Electric	141,798,777	178,631,530	966,072	1,054,054	—	38,852,879	38,852,879
Water	23,623,578	31,633,490	202,655	200,193	—	8,412,760	8,412,760
Total business-type activities	199,565,749	257,625,014	1,542,480	1,471,846	—	61,073,591	61,073,591
Total primary government	\$ 399,095,448	281,027,385	45,911,675	15,238,318	(117,991,661)	61,073,591	(56,918,070)
General revenues:							
Taxes:							
Property taxes				\$ 39,180,640	—		39,180,640
Sales tax				30,316,912	—		30,316,912
Utility users tax				19,488,127	—		19,488,127
Other taxes				10,914,956	—		10,914,956
Investment income				13,354,054	10,588,925		23,942,979
Other				19,485,092	10,464,558		29,949,650
Transfers				19,170,585	(19,170,585)		—
Total general revenues, transfers and special item				151,910,366	1,882,898		153,793,264
Change in net assets				33,918,705	62,956,489		96,875,194
Net assets, July 1 as restated				800,402,251	591,258,235		1,391,660,486
Net assets, June 30				\$ 834,320,956	654,214,724		1,488,535,680

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

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City of Glendale, California



Fund
Financial Statements

June 30, 2005

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Exhibit B-1
CITY OF GLENDALE
 Balance Sheet
 Governmental Funds
 June 30, 2003

Assets	Major Funds					
	General Fund	Glendale	GRA	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Redevelopment Agency Fund	Town Center Fund			
Cash and invested cash	\$ 63,317,206	22,534,672	45,091,711	18,462,045	120,772,044	270,177,678
Imprest cash	22,430	200	—	—	—	22,630
Cash with fiscal agent	—	—	—	—	22,491,449	22,491,449
Interest receivable	464,926	134,988	260,534	—	701,072	1,561,520
Accounts receivable, net	786,403	—	—	4,144,143	1,194,741	6,125,287
Intergovernmental receivable	64,703,299	—	—	—	—	64,703,299
Due from other funds	5,192,699	—	—	—	—	5,192,699
Due from other agencies	6,801,945	1,934,442	—	6,829,833	6,848,963	22,415,183
Deposits	—	7,000	—	—	—	7,000
Inventories	276,309	—	—	—	—	276,309
Loans receivable	—	6,349,275	—	—	—	6,349,275
Real property held for resale	—	27,641,095	543,129	—	1,796,643	29,980,867
Total assets	141,565,217	58,601,672	45,895,374	29,436,021	153,804,912	429,303,196
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	310,610	404,167	—	996,268	2,207,631	3,918,676
Contracts-amounts due	1,230,413	—	—	—	—	1,230,413
Due to other funds	—	—	—	1,331,140	2,865,036	4,196,176
Due to other agencies	—	380,743	—	—	1,410,995	1,791,738
Matured bond principal and interest	—	—	—	—	159,345	159,345
Accrued wages and withholdings	3,238,583	60,006	—	60,098	479,144	3,837,831
Compensated absences	5,721,194	78,843	—	—	413,937	6,213,974
Deferred compensation and revenue	2,398,397	—	—	4,576,240	1,194,741	8,169,378
Deposits	2,249,989	38,012	—	—	85,921	2,373,922
City/Agency debt	—	64,703,299	—	—	—	64,703,299
Total liabilities	15,149,186	65,665,070	—	6,963,746	8,816,750	96,594,752
Fund balances:						
Reserved:						
Encumbrances	507,631	923,972	—	5,147,578	9,769,785	16,348,966
Charter	13,072,160	—	—	—	—	13,072,160
Real property held for resale	—	27,641,095	543,129	—	1,796,643	29,980,867
City/Agency advances	64,703,299	—	—	—	—	64,703,299
Principal and interest	—	—	—	—	66,298,963	66,298,963
Capital Projects	—	—	—	—	10,216,626	10,216,626
Loans receivable	—	6,349,275	—	—	—	6,349,275
Deposits	—	7,000	—	—	—	7,000
Landfill closure and post closure care	—	—	—	—	14,800,000	14,800,000
Unreserved, reported in:						
General funds	48,132,941	—	—	—	—	48,132,941
Special revenue funds	—	(41,984,740)	45,352,245	—	23,355,973	26,723,478
Capital projects funds	—	—	—	17,324,697	18,750,172	36,074,869
Total fund balances	126,416,031	(7,063,398)	45,895,374	22,472,275	144,988,162	332,708,444
Total liabilities and fund balances	\$ 141,565,217	58,601,672	45,895,374	29,436,021	153,804,912	429,303,196

CITY OF GLENDALE

Reconciliation of Balance Sheet of
Governmental Funds to the Statement of Net Assets
June 30, 2003

Fund balances of governmental funds		\$	332,708,444
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets are not included as financial resources in governmental fund activity			
Land	\$	321,884,243	
Buildings and improvements		91,477,555	
Equipment		33,578,891	
Infrastructure		125,263,627	
Construction in progress		<u>100,155,415</u>	672,359,731
Costs of issuance of bonds were fully expended in the governmental funds. This is the amount to establish the unamortized deferred charges.			
Police building bonds		621,000	
1993 Tax allocation bonds		619,381	
2002 Tax allocation bonds		<u>1,066,821</u>	2,307,202
Long-term debt not included in the governmental fund activity:			
Due within one year:			
Police building bonds		(1,100,000)	
1993 Tax allocation bonds		(2,035,000)	
2002 Tax allocation bonds		(1,862,809)	
Capital lease		<u>(369,513)</u>	(5,367,322)
Due more than one year:			
Police building bonds		(62,000,000)	
1993 Tax allocation bonds		(57,280,000)	
2002 Tax allocation bonds		(48,106,136)	
Post closure and post closure care		(10,668,294)	
Arbitrage rebate		(1,346,600)	
Compensated absences		(1,028,328)	
Capital lease		<u>(1,630,487)</u>	(182,059,845)
Accrued interest payable for the current portion of interest due are not included in the governmental fund activity:			
Police building certificate of participation		(51,888)	
1993 Tax allocation bonds		(274,910)	
2002 Tax allocation bonds		<u>(169,774)</u>	(496,572)
Deferred revenue in the governmental funds is revenue in the statement of activities.			
			8,169,377
Internal service funds are used to charge the cost of certain activities to individual funds, such as self insurance, and post employment benefits. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.			
			6,699,941
Net assets of governmental activities		\$	<u><u>834,320,956</u></u>

Exhibit C-1
CITY OF GLENDALE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For Fiscal Year Ended June 30, 2003

	Major Funds					Total Governmental Funds
	General Fund	Glendale Redevelopment Agency Fund	GRA Town Center Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Revenues:						
Property taxes	\$ 16,965,835	11,846,106	—	—	10,368,699	39,180,640
Other taxes	41,422,075	—	—	15,158,457	5,515,226	62,095,758
Licenses and permits	3,924,707	—	—	—	—	3,924,707
Revenue from other agencies	12,249,699	1,266,467	—	9,443,477	37,329,186	60,288,829
Fines and forfeitures	1,314,741	—	—	—	941,965	2,256,706
Charges for services	3,877,711	48,950	—	3,578,509	4,016,989	11,522,159
Use of money and property	3,961,386	1,709,929	1,001,362	7,532	9,683,250	16,363,459
Miscellaneous revenue	668,735	39,625	—	40,075	2,575,242	3,323,677
Interfund revenue	7,640,762	—	—	—	—	7,640,762
Total revenues	92,025,651	14,911,077	1,001,362	28,228,050	70,430,557	206,596,697
Expenditures:						
Current:						
General government	14,598,395	—	—	—	343,106	14,941,501
Community promotion	63,163	—	—	—	—	63,163
Public safety	58,730,587	—	—	—	3,997,215	62,727,802
Public works	15,103,637	—	—	—	7,189,766	22,293,403
Housing, health and community development	1,645,956	12,093,955	21,700	—	20,065,221	33,826,832
Employment programs	—	—	—	—	5,372,957	5,372,957
Public service	—	—	—	—	5,118,860	5,118,860
Parks, recreation and community services	8,485,301	—	—	—	518,462	9,003,763
Library	6,045,915	—	—	—	346,540	6,392,455
Capital	886,652	—	—	40,865,067	24,120,938	65,872,657
Debt Service:						
Principal retirement	—	—	—	—	3,400,000	3,400,000
Interest	—	—	—	—	6,313,921	6,313,921
Fiscal agent fees	—	—	1,256,605	—	18,362	1,274,967
Total expenditures	105,559,606	12,093,955	1,278,305	40,865,067	76,805,348	236,602,281
Excess of revenues over (under) expenditures	(13,533,955)	2,817,122	(276,943)	(12,637,017)	(6,374,791)	(30,005,584)
Other financing sources (uses):						
Bond proceeds	—	—	50,021,755	—	—	50,021,755
Capital lease	—	—	—	—	2,500,000	2,500,000
Transfers from:						
General fund	—	—	—	4,813,200	174,211	4,987,411
Glendale Redevelopment Agency Fund	—	—	—	38,350	—	38,350
GRA Town Center fund	—	—	—	—	3,849,438	3,849,438
Capital projects fund	4,745,000	—	—	—	1,888,803	6,633,803
Electric fund	13,914,375	—	—	374,000	—	14,288,375
Water fund	3,082,210	—	—	—	—	3,082,210
Non major proprietary fund	1,800,000	—	—	—	—	1,800,000
Non major governmental fund	—	—	—	9,968,807	166,394	10,135,201
Uninsurable litigation fund	—	—	—	2,000,000	—	2,000,000
Transfer to:						
General Fund	—	—	—	(4,745,000)	—	(4,745,000)
Non major governmental fund	(174,211)	—	(3,849,438)	(1,888,803)	(166,394)	(6,078,846)
Capital projects fund	(4,813,200)	(38,350)	—	—	(9,968,807)	(14,820,357)
Total other financing sources (uses)	18,554,174	(38,350)	46,172,317	10,560,554	(1,556,355)	73,692,340
Net change in fund balances	5,020,219	2,778,772	45,895,374	(2,076,463)	(7,931,146)	43,686,756
Fund balance (deficit), July 1 as restated	121,395,812	(13,522,956)	—	24,548,738	156,600,094	289,021,688
Equity transfer	—	3,680,786	—	—	(3,680,786)	—
Fund balance (deficit), June 30	\$ 126,416,031	(7,063,398)	45,895,374	22,472,275	144,988,162	332,708,444

Exhibit C-2

CITY OF GLENDALE

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For Fiscal Year Ended June 30, 2003

Net change in fund balances - total governmental funds	\$	43,686,756
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital assets as expenditures		47,029,129
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		(16,319,916)
In the statement of activities, the cost of issuance of bonds is reclassified as an asset from expenditures in governmental funds.		
2002 Tax allocation bonds		1,095,655
In the statement of activities, bond issuance costs are deferred and allocated to expense over the life of bonds:		
Police building bonds	(23,000)	
1993 Tax allocation bonds	(36,434)	
2002 Tax allocation bonds	(28,833)	(88,267)
In the statement of activities, the bond premium is allocated over the life of bonds as revenue		
2002 Tax allocation bonds		52,809
In the statement of activities, bond proceeds, bond premium, and capital lease additions which are other financing sources in governmental funds are classified as liabilities.		
2002 Tax allocation bonds proceeds	(48,015,000)	
2002 Tax allocation bond premium	(2,006,755)	
Capital lease	(2,500,000)	(52,521,755)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:		
Police building bonds	1,100,000	
Parking Lease Revenue Bonds	1,465,000	
1993 Tax Allocation bonds	1,935,000	
Capital lease	500,000	5,000,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Interest	(203,615)	
Compensated absences	(1,028,328)	
Arbitrage rebate	(1,346,600)	(2,578,543)
Landfill postclosure care liability reduced from prior year		3,930,706
Deferred revenue in the governmental funds is revenue in the statement of activities.		8,169,377
Change in net assets of Internal Service funds allocated to governmental activities		(3,537,246)
Change in net assets for governmental activities	\$	<u>33,918,705</u>

CITY OF GLENDALE

Statement of Revenues - Budget and Actual

General Fund

Year ended June 30, 2003

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Property taxes	\$ 14,800,000	15,110,000	16,965,835	1,855,835
Other taxes:				
Utility users' tax	18,600,000	18,600,000	19,488,128	888,128
Sales tax	13,850,000	13,850,000	15,158,456	1,308,456
State 1/2% sales tax	1,250,000	1,250,000	1,375,762	125,762
Franchise tax	2,005,000	2,005,000	2,596,234	591,234
Occupancy tax	2,150,000	2,150,000	1,999,051	(150,949)
Real property transfer tax	675,000	675,000	804,444	129,444
Total	38,530,000	38,530,000	41,422,075	2,892,075
Licenses and permits:				
Dog licenses	140,000	140,000	161,722	21,722
Building permits	2,345,000	2,345,000	2,561,183	216,183
Variance permits	270,000	270,000	585,463	315,463
Grading permits	35,000	35,000	33,065	(1,935)
Street permits	140,000	140,000	138,602	(1,398)
Business license permits	450,000	450,000	444,672	(5,328)
Total	3,380,000	3,380,000	3,924,707	544,707
Fines and forfeitures-Traffic safety fines	1,600,000	1,600,000	1,314,741	(285,259)
Use of money and property:				
Interest and investment revenue	4,250,000	4,250,000	2,689,896	(1,560,104)
Landfill gas royalties	690,000	690,000	1,171,482	481,482
Sponsorship	200,000	200,000	—	(200,000)
Rental income	117,000	117,000	100,008	(16,992)
Total	\$ 5,257,000	5,257,000	3,961,386	(1,295,614)

CITY OF GLENDALE

Statement of Revenues - Budget and Actual

General Fund

Year ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Revenue from other agencies:				
Motor vehicle in lieu	\$ 11,400,000	11,400,000	11,449,214	49,214
State AB 1662 booking fees	24,000	24,000	—	(24,000)
State Grants	—	—	65,693	65,693
State S.B. 90	25,000	25,000	—	(25,000)
State library grant	67,000	67,000	181,217	114,217
County grants	10,000	60,990	65,236	4,246
State homeowners' exemptions	215,000	215,000	212,678	(2,322)
State police grants	60,000	60,000	22,882	(37,118)
State Arts in Education Grant	—	89,631	112,022	22,391
Lunchtime Sports Program Grant	27,746	27,746	—	(27,746)
Mutual aide	—	—	140,757	140,757
Total	<u>11,828,746</u>	<u>11,969,367</u>	<u>12,249,699</u>	<u>280,332</u>
Charges for services:				
Zoning and subdivision fees	60,000	60,000	37,950	(22,050)
Map and publication fees	25,000	25,000	20,452	(4,548)
Filing and certification fees	15,000	15,000	5,037	(9,963)
Finger print fees	300,000	300,000	215,885	(84,115)
Special police division fees	750,000	750,000	961,917	211,917
Police presence post 9-11-2001	—	—	1,027,320	1,027,320
Fire inspection fees	300,000	300,000	258,378	(41,622)
Fire communication fees	165,000	165,000	178,584	13,584
Hydrant flow test fees	4,000	4,000	5,020	1,020
Hazardous vegetation fees	2,000	2,000	3,440	1,440
Express plan check	100,000	100,000	213,645	113,645
Code enforcement	45,000	45,000	81,313	36,313
Local assessment fees	100,000	100,000	100,434	434
Excavation fees	35,000	35,000	29,488	(5,512)
Resurfacing fees	4,000	4,000	—	(4,000)
Collectible jobs - vehicles	150,000	150,000	—	(150,000)
Collectible jobs - M & O	10,000	10,000	—	(10,000)
Collectible jobs - salary	20,000	20,000	—	(20,000)
Collectible jobs - vehicles	130,000	130,000	112,407	(17,593)
Collectible jobs - A & G	45,000	45,000	96,505	51,505
Res and reg processing fees	120,000	120,000	1,290	(118,710)
Aquatics	35,000	35,000	27,108	(7,892)
Library fines and fees	135,000	135,000	148,301	13,301
Youth Employment Fees	120,000	462,280	346,113	(116,167)
Tournaments	—	4,100	7,124	3,024
Rental Housing Inspection Fees	895,197	—	—	—
Total	<u>\$ 3,565,197</u>	<u>3,016,380</u>	<u>3,877,711</u>	<u>861,331</u>

CITY OF GLENDALEStatement of Revenues - Budget and Actual
General Fund

Year ended June 30, 2003

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Miscellaneous revenue:				
Sale of real and personal property	\$ 5,000	5,000	5,073	73
Donations and contributions	10,000	10,000	370,390	360,390
Unclaimed money and property	50,000	50,000	57,244	7,244
Miscellaneous	200,000	200,000	236,028	36,028
Total	<u>265,000</u>	<u>265,000</u>	<u>668,735</u>	<u>403,735</u>
Interfund revenue:				
Charges to enterprise funds for:				
City council	125,000	125,000	123,836	(1,164)
City manager	650,000	650,000	603,645	(46,355)
City auditor	143,000	143,000	158,649	15,649
City clerk	380,000	380,000	363,213	(16,787)
Finance	1,030,000	1,030,000	1,100,427	70,427
Information services	1,600,000	1,600,000	1,955,242	355,242
City treasurer	200,000	200,000	189,936	(10,064)
Purchasing	175,000	175,000	167,987	(7,013)
Legal	730,000	730,000	636,455	(93,545)
Personnel	390,000	390,000	422,466	32,466
Training	70,000	70,000	55,548	(14,452)
Parks, recreation and community service	53,000	53,000	56,423	3,423
General government building	46,000	46,000	45,840	(160)
Membership and dues	20,000	20,000	21,364	1,364
Public works-administration	315,000	315,000	342,518	27,518
Total	<u>5,927,000</u>	<u>5,927,000</u>	<u>6,243,549</u>	<u>316,549</u>
Intergovernmental Revenue	<u>—</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>—</u>
Salary overhead – budgeted jobs	<u>100,000</u>	<u>100,000</u>	<u>397,213</u>	<u>297,213</u>
Total	<u>6,027,000</u>	<u>7,027,000</u>	<u>7,640,762</u>	<u>613,762</u>
Total revenues	\$ <u>85,252,943</u>	<u>86,154,747</u>	<u>92,025,651</u>	<u>5,870,904</u>

CITY OF GLENDALE

Statement of expenditures - Budget and Actual

General Fund

Year ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General government:				
City council	\$ 297,833	301,665	263,200	38,465
City clerk	792,733	803,059	772,552	30,507
Elections	207,720	207,720	196,635	11,085
City treasurer	408,984	416,610	403,735	12,875
City manager	1,258,248	1,694,537	1,343,498	351,039
City auditor	307,291	317,647	334,350	(16,703)
Legal	1,354,643	1,397,270	1,353,274	43,996
Finance	1,982,909	2,332,774	2,338,598	(5,824)
Purchasing	400,820	408,263	357,884	50,379
Graphics	528,832	537,259	490,558	46,701
Information services	3,256,647	3,326,762	3,163,134	163,628
Communications services	421,767	431,171	471,813	(40,642)
Planning	1,930,782	2,053,409	1,759,621	293,788
Personnel	1,281,816	1,500,709	1,256,948	243,761
Training	426,709	426,709	164,647	262,062
Total	<u>14,857,734</u>	<u>16,155,564</u>	<u>14,670,447</u>	<u>1,485,117</u>
Community promotion:				
Membership and dues	62,010	62,010	63,163	(1,153)
Public safety:				
Police	33,467,206	33,778,940	32,721,677	1,057,263
Police helicopter	1,551,182	1,614,205	1,466,594	147,611
Civic center garage	445,401	449,770	379,587	70,183
Comm. family counseling	125,673	129,738	68,269	61,469
Animal control	695,000	741,000	740,619	381
Fire	20,196,657	22,080,528	21,473,319	607,209
Fire prevention	1,342,321	1,536,032	1,416,068	119,964
Fire communications	696,348	696,348	704,267	(7,919)
Emergency services	179,963	187,319	136,116	51,203
Total	<u>\$ 58,699,751</u>	<u>61,213,880</u>	<u>59,106,516</u>	<u>2,107,364</u>

CITY OF GLENDALE

Statement of expenditures - Budget and Actual

General Fund

Year ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Public works:				
Public works	\$ 566,238	782,179	742,756	39,423
Project Management	—	131	166,747	(166,616)
Engineering	2,370,394	2,332,442	2,289,793	42,649
Building inspection	1,146,683	1,158,214	1,057,228	100,986
Permit services	1,750,155	1,773,737	1,646,587	127,150
Corporation yard	104,535	104,535	107,074	(2,539)
Custodial services	1,090,722	960,098	610,492	349,606
Building services	1,719,513	1,826,317	1,588,360	237,957
Street administration	383,175	418,810	432,445	(13,635)
Street maintenance	1,197,096	1,206,315	1,054,854	151,461
Sidewalk maintenance	1,065,190	1,075,652	885,907	189,745
Street trees maintenance	1,105,967	1,115,847	1,048,640	67,207
Mechanical maintenance	1,374,609	1,390,074	1,354,635	35,439
Warehouse	115,253	148,500	148,521	(21)
Traffic engineering	973,417	954,472	862,710	91,762
Traffic signals	1,050,087	1,050,543	870,695	179,848
Traffic safety controls	372,768	376,460	359,056	17,404
Total	<u>16,385,802</u>	<u>16,674,326</u>	<u>15,226,500</u>	<u>1,447,826</u>
Housing, health and community development:				
Economic development	63,295	63,295	37,535	25,760
Neighborhood services	<u>2,129,729</u>	<u>1,576,947</u>	<u>1,610,933</u>	<u>(33,986)</u>
Total	<u>2,193,024</u>	<u>1,640,242</u>	<u>1,648,468</u>	<u>(8,226)</u>
Parks, recreation and community services:				
Parks administration	929,749	951,048	934,251	16,797
Parks	4,830,800	5,253,191	5,251,268	1,923
Facility & events services	291,544	371,440	355,732	15,708
Rec & Community Services	1,056,309	1,176,721	1,037,622	139,099
Senior programs	356,112	364,037	377,909	(13,872)
Youth services	699,587	783,829	489,721	294,108
Pacific Community Center	<u>596,336</u>	<u>518,208</u>	<u>230,263</u>	<u>287,945</u>
Total	<u>8,760,437</u>	<u>9,418,474</u>	<u>8,676,766</u>	<u>741,708</u>
Library	<u>6,261,946</u>	<u>6,462,293</u>	<u>6,167,746</u>	<u>294,547</u>
Total expenditures	<u>\$ 107,220,704</u>	<u>111,626,789</u>	<u>105,559,606</u>	<u>6,067,183</u>

CITY OF GLENDALE

Schedule of Expenditure Category-Budget and Actual

General Fund

Year ended June 30, 2003

	Salaries and Benefits				Maintenance and Operation				
	2003			Variance	2003			Variance	
	Budgeted Amounts			Favorable	Budgeted Amounts			Favorable	
	Original	Final	Expenditures	(Unfavorable)	Original	Final	Expenditures	(Unfavorable)	
General government:									
110	City council	\$ 191,107	194,939	152,209	42,730	96,726	98,226	110,852	(12,626)
120	City clerk	668,792	679,118	666,786	12,332	123,941	123,941	105,766	18,175
125	Elections	2,300	2,300	7,751	(5,451)	192,400	192,400	188,884	3,516
130	City treasurer	340,632	348,258	348,270	(12)	68,352	68,352	55,465	12,887
140	City manager	1,024,638	1,050,623	1,100,623	(50,000)	208,610	611,756	211,253	400,503
141	City auditor	289,050	299,406	315,772	(16,366)	18,241	18,241	18,578	(337)
150	Legal	1,237,451	1,279,431	1,249,020	30,411	117,192	117,839	104,254	13,585
161	Finance	1,618,391	1,658,256	1,655,607	2,649	364,518	674,518	682,991	(8,473)
162	Purchasing	377,972	385,415	346,051	39,364	22,848	22,848	11,833	11,015
163	Graphics	372,679	381,106	366,085	15,021	136,153	136,153	105,998	30,155
171	Information services	2,759,826	2,829,941	2,780,143	49,798	487,421	478,421	370,857	107,564
172	Communications services	345,485	354,889	407,547	(52,658)	50,271	50,271	64,266	(13,995)
180	Planning	1,814,652	1,799,723	1,589,639	210,084	111,130	248,686	168,051	80,635
201	Personnel	946,661	972,407	820,971	151,436	327,655	520,802	428,675	92,127
205	Training	—	—	—	—	426,709	426,709	164,198	262,511
	Total	11,989,636	12,235,812	11,806,474	429,338	2,752,167	3,789,163	2,791,921	997,242
Community promotion:									
114	Membership and dues	—	—	—	—	62,010	62,010	63,163	(1,153)
Public safety:									
301	Police	29,301,064	29,490,039	29,115,174	374,865	4,148,142	4,244,272	3,586,251	658,021
311	Police helicopter	726,942	730,672	682,768	47,904	745,540	739,833	655,631	84,202
315	Civic center garage	336,121	365,490	372,090	(6,600)	90,680	65,680	7,497	58,183
325	Comm. family counseling	120,757	124,822	66,680	58,142	4,916	4,916	1,589	3,327
331	Animal control	—	—	—	—	695,000	741,000	740,619	381
401	Fire	17,946,061	19,589,475	19,371,750	217,725	2,114,296	2,118,665	1,882,190	236,475
411	Fire prevention	1,189,085	1,386,796	1,317,043	69,753	143,236	135,036	90,922	44,114
415	Fire communications	—	—	—	—	696,348	696,348	704,267	(7,919)
425	Emergency services	113,546	120,902	87,057	33,845	66,417	61,617	49,059	12,558
	Total	\$ 49,733,576	51,808,196	51,012,562	795,634	8,704,575	8,807,367	7,718,025	1,089,342

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

Exhibit D-3, continued

CITY OF GLENDALE

Schedule of Expenditure Category-Budget and Actual

General Fund

Year ended June 30, 2003

	Capital Outlay				Total				
	2003			Variance	2003			Variance	
	Budgeted Amounts				Budgeted Amounts				
	Original	Final	Expenditures	Favorable	Original	Final	Expenditures	Favorable	
			(Unfavorable)				(Unfavorable)		
General government:									
110	City council	\$ 10,000	8,500	139	8,361	297,833	301,665	263,200	38,465
120	City clerk	—	—	—	—	792,733	803,059	772,552	30,507
125	Elections	13,020	13,020	—	13,020	207,720	207,720	196,635	11,085
130	City treasurer	—	—	—	—	408,984	416,610	403,735	12,875
140	City manager	25,000	32,158	31,622	536	1,258,248	1,694,537	1,343,498	351,039
141	City auditor	—	—	—	—	307,291	317,647	334,350	(16,703)
150	Legal	—	—	—	—	1,354,643	1,397,270	1,353,274	43,996
161	Finance	—	—	—	—	1,982,909	2,332,774	2,338,598	(5,824)
162	Purchasing	—	—	—	—	400,820	408,263	357,884	50,379
163	Graphics	20,000	20,000	18,475	1,525	528,832	537,259	490,558	46,701
171	Information services	9,400	18,400	12,134	6,266	3,256,647	3,326,762	3,163,134	163,628
172	Communications services	26,011	26,011	-	26,011	421,767	431,171	471,813	(40,642)
180	Planning	5,000	5,000	1,931	3,069	1,930,782	2,053,409	1,759,621	293,788
201	Personnel	7,500	7,500	7,302	198	1,281,816	1,500,709	1,256,948	243,761
205	Training	—	—	449	(449)	426,709	426,709	164,647	262,062
	Total	115,931	130,589	72,052	58,537	14,857,734	16,155,564	14,670,447	1,485,117
Community promotion:									
114	Membership and dues	—	—	—	—	62,010	62,010	63,163	(1,153)
Public safety:									
301	Police	18,000	44,629	20,252	24,377	33,467,206	33,778,940	32,721,677	1,057,263
311	Police helicopter	78,700	143,700	128,195	15,505	1,551,182	1,614,205	1,466,594	147,611
315	Civic center garage	18,600	18,600	—	18,600	445,401	449,770	379,587	70,183
325	Comm. family counseling	—	—	—	—	125,673	129,738	68,269	61,469
331	Animal control	—	—	—	—	695,000	741,000	740,619	381
401	Fire	136,300	372,388	219,379	153,009	20,196,657	22,080,528	21,473,319	607,209
411	Fire prevention	10,000	14,200	8,103	6,097	1,342,321	1,536,032	1,416,068	119,964
415	Fire communications	—	—	—	—	696,348	696,348	704,267	(7,919)
425	Emergency services	—	4,800	—	4,800	179,963	187,319	136,116	51,203
	Total	\$ 261,600	598,317	375,929	222,388	58,699,751	61,213,880	59,106,516	2,107,364

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

Exhibit D-3-2, continued

CITY OF GLENDALE

Statement of Expenditure Category-Budget and Actual

General Fund

Year ended June 30, 2003

	Salaries and Benefits				Maintenance and Operation				
	2003			Variance	2003			Variance	
	Budgeted Amounts			Favorable	Budgeted Amounts			Favorable	
	Original	Final	Expenditures	(Unfavorable)	Original	Final	Expenditures	(Unfavorable)	
Public works:									
501	Public works	\$ 518,494	610,093	569,712	40,381	47,744	54,211	55,439	(1,228)
505	Project Management	—	131	157,124	(156,993)	—	—	9,623	(9,623)
511	Engineering	2,219,581	2,179,689	2,160,170	19,519	150,813	152,753	129,623	23,130
521	Building Inspection	1,061,279	1,072,810	987,374	85,436	85,404	85,404	69,854	15,550
522	Permit services	1,316,267	1,339,849	1,552,887	(213,038)	433,888	433,888	93,700	340,188
531	Corporation yard	—	—	—	—	104,535	104,535	107,074	(2,539)
532	Custodial services	763,627	660,003	551,451	108,552	212,095	185,095	59,041	126,054
533	Building services	912,101	947,438	811,336	136,102	807,412	878,879	777,024	101,855
534	Street administration	312,130	321,899	337,100	(15,201)	71,045	96,911	95,345	1,566
535	Street maintenance	1,098,878	1,108,097	965,683	142,414	96,328	96,328	88,013	8,315
536	Sidewalk maintenance	731,426	741,888	637,956	103,932	332,164	332,164	246,712	85,452
537	Street trees maintenance	750,856	760,736	740,925	19,811	303,211	303,211	304,854	(1,643)
541	Mechanical maintenance	448,350	463,815	412,845	50,970	926,259	926,259	941,790	(15,531)
542	Warehouse	109,588	142,835	142,789	46	5,665	5,665	5,732	(67)
552	Traffic engineering	542,099	540,154	614,889	(74,735)	431,318	414,318	247,821	166,497
553	Traffic signals	83,004	83,460	76,879	76,879	967,083	967,083	793,816	173,267
554	Traffic safety controls	283,830	287,522	274,989	12,533	88,938	88,938	84,067	4,871
	Total	11,151,510	11,260,419	10,994,109	266,310	5,063,902	5,125,642	4,109,528	1,016,114
Housing, health and community development:									
702	Economic development	—	—	17,773	(17,773)	63,295	63,295	19,762	43,533
820	Neighborhood services	1,683,624	1,358,238	1,379,748	(21,510)	279,705	201,216	228,673	(27,457)
	Total	1,683,624	1,358,238	1,397,521	(39,283)	343,000	264,511	248,435	16,076
Parks, recreation and community services:									
601	Parks administration	729,655	750,954	759,569	(8,615)	200,094	200,094	174,682	25,412
602	Parks	3,357,273	3,424,023	3,598,116	(174,093)	1,433,027	1,637,544	1,550,086	87,458
620	Facility & events services	114,274	132,409	122,506	9,903	177,270	177,270	171,465	5,805
622	Rec & community services	941,279	963,148	871,117	92,031	106,030	191,573	145,323	46,250
623	Senior programs	265,794	262,935	273,901	(10,966)	90,318	98,965	102,652	(3,687)
624	Youth services	592,789	590,131	366,496	223,635	106,798	189,598	119,125	70,473
625	Pacific Community Ctr	443,771	340,643	135,117	205,526	152,565	177,565	95,146	82,419
	Total	6,444,835	6,464,243	6,126,822	337,421	2,266,102	2,672,609	2,358,479	314,130
681	Library	4,677,529	4,750,573	4,511,281	239,292	1,524,146	1,569,873	1,534,634	35,239
	Total expenditures	\$ 85,680,710	87,877,481	85,848,769	2,028,712	20,715,902	22,291,175	18,824,185	3,466,990

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

Exhibit D-3-3, continued

CITY OF GLENDALE

Schedule of Expenditure Category-Budget and Actual

General Fund

Year ended June 30, 2003

	Capital Outlay				Total			
	2003			Variance	2003			Variance
	Budgeted Amounts			Favorable	Budgeted Amounts			Favorable
	Original	Final	Expenditures	(Unfavorable)	Original	Final	Expenditures	(Unfavorable)
Public works:								
501 Public works	\$ —	117,875	117,605	270	566,238	782,179	742,756	39,423
505 Project Management	—	—	—	—	—	131	166,747	(166,616)
511 Engineering	—	—	—	—	2,370,394	2,332,442	2,289,793	42,649
521 Building Inspection	—	—	—	—	1,146,683	1,158,214	1,057,228	100,986
522 Permit services	—	—	—	—	1,750,155	1,773,737	1,646,587	127,150
531 Corporation yard	—	—	—	—	104,535	104,535	107,074	(2,539)
532 Custodial services	115,000	115,000	—	115,000	1,090,722	960,098	610,492	349,606
533 Building services	—	—	—	—	1,719,513	1,826,317	1,588,360	237,957
534 Street administration	—	—	—	—	383,175	418,810	432,445	(13,635)
535 Street maintenance	1,890	1,890	1,158	732	1,197,096	1,206,315	1,054,854	151,461
536 Sidewalk maintenance	1,600	1,600	1,239	361	1,065,190	1,075,652	885,907	189,745
537 Street trees maintenance	51,900	51,900	2,861	49,039	1,105,967	1,115,847	1,048,640	67,207
541 Mechanical maintenance	—	—	—	—	1,374,609	1,390,074	1,354,635	35,439
542 Warehouse	—	—	—	—	115,253	148,500	148,521	(21)
552 Traffic engineering	—	—	—	—	973,417	954,472	862,710	91,762
553 Traffic signals	—	—	—	—	1,050,087	1,050,543	870,695	179,848
554 Traffic safety controls	—	—	—	—	372,768	376,460	359,056	17,404
Total	170,390	288,265	122,863	165,402	16,385,802	16,674,326	15,226,500	1,447,826
Housing, health and community development:								
702 Economic development	—	—	—	—	63,295	63,295	37,535	25,760
820 Neighborhood services	166,400	46,800	2,512	44,288	2,129,729	1,606,254	1,610,933	(4,679)
Total	166,400	46,800	2,512	44,288	2,193,024	1,669,549	1,648,468	21,081
Parks, recreation and community services:								
601 Parks administration	—	—	—	—	929,749	951,048	934,251	16,797
602 Parks	40,500	191,624	103,066	88,558	4,830,800	5,253,191	5,251,268	1,923
620 Facility & events services	—	61,761	61,761	—	291,544	371,440	355,732	15,708
622 Rec & community services	9,000	22,000	21,182	818	1,056,309	1,176,721	1,037,622	139,099
623 Senior programs	—	2,137	1,356	781	356,112	364,037	377,909	(13,872)
624 Youth services	—	4,100	4,100	—	699,587	783,829	489,721	294,108
632 Recreation	—	—	—	—	596,336	518,208	230,263	287,945
Total	49,500	281,622	191,465	90,157	8,760,437	9,418,474	8,676,766	741,708
681 Library	60,271	141,847	121,831	20,016	6,261,946	6,462,293	6,167,746	294,547
Total expenditures	\$ 824,092	1,487,440	886,652	600,788	107,220,704	111,656,096	105,559,606	6,096,490

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

Assets	Business-type Activities-Enterprise Funds						Governmental
	Sewer Fund	Electric Fund	Water Fund	All Major Enterprise Funds	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
Current assets:							
Cash and invested cash	\$ 54,120,306	45,069,210	9,029,096	108,218,612	6,176,527	114,395,139	37,561,483
Cash with fiscal agents	—	4,813,514	—	4,813,514	—	4,813,514	—
Imprest cash	—	3,200	1,000	4,200	10,000	14,200	—
Investment-gas/electric commodity	—	3,330,679	—	3,330,679	—	3,330,679	—
Interest receivable	303,449	1,084,285	45,554	1,433,288	35,291	1,468,579	216,144
Due from other agencies	8,458,337	—	—	8,458,337	515,844	8,974,181	27,501
Due from other funds	—	1,331,140	—	1,331,140	—	1,331,140	—
Accounts receivable, net	3,088,935	6,942,857	1,573,229	11,605,021	2,246,612	13,851,633	14,228
Unbilled receivable	1,544,127	9,029,759	2,524,066	13,097,952	1,037,388	14,135,340	—
Inventories	—	3,512,309	319,199	3,831,508	—	3,831,508	—
Prepaid items	—	2,511,738	—	2,511,738	10,477	2,522,215	239,150
Total current assets	67,515,154	77,628,691	13,492,144	158,635,989	10,032,139	168,668,128	38,058,506
Non-current assets:							
Designated cash and invested cash	—	169,200,000	—	169,200,000	—	169,200,000	—
Capital assets:							
Land	578,447	4,849,380	622,568	6,050,395	6,492,037	12,542,432	—
Buildings and improvements	137,170,544	47,866,017	63,483,505	248,520,066	45,742,564	294,262,630	—
Machinery and equipment	1,624,281	271,191,295	37,708,988	310,524,564	15,883,425	326,407,989	420,301
Less allowance for accumulated depreciation	(18,849,017)	(186,340,695)	(41,123,987)	(246,313,699)	(23,865,584)	(270,179,283)	(269,292)
Construction in progress	—	46,991,609	5,713,520	52,705,129	—	52,705,129	—
Total capital assets	120,524,255	184,557,606	66,404,594	371,486,455	44,252,442	415,738,897	151,009
Total assets	188,039,409	431,386,297	79,896,738	699,322,444	54,284,581	753,607,025	38,209,515
Liabilities and Net Assets							
Current liabilities:							
Accounts payable	489	11,657,245	1,735,797	13,393,531	818,609	14,212,140	342,425
Due to other funds	—	—	—	—	2,327,663	2,327,663	—
Contracts – retained amount due	—	914,416	97,712	1,012,128	—	1,012,128	—
Accrued wages and withholdings	45,978	923,695	112,641	1,082,314	469,739	1,552,053	110,868
Compensated absences	40,015	1,314,322	330,380	1,684,717	541,395	2,226,112	88,527
Bonds interest	—	1,588,470	—	1,588,470	—	1,588,470	—
Bonds payable	—	819,647	—	819,647	—	819,647	—
Deposits	284,620	1,436,223	606,371	2,327,214	338,271	2,665,485	—
Total current liabilities	371,102	18,654,018	2,882,901	21,908,021	4,495,677	26,403,698	541,820
Noncurrent liabilities:							
Post employment benefits	—	—	—	—	—	—	5,158,938
Claims payable	—	—	—	—	—	—	30,212,862
Bonds payable, net of current portion	—	68,433,548	—	68,433,548	—	68,433,548	—
Total long term debt	—	68,433,548	—	68,433,548	—	68,433,548	35,371,800
Total liabilities	371,102	87,087,566	2,882,901	90,341,569	4,495,677	94,837,246	35,913,620
Net Assets:							
Invested in capital assets, net of related debt	120,524,255	115,917,606	66,404,594	302,846,455	44,252,442	347,098,897	151,009
Restricted							
Debt service reserve	—	4,813,514	—	4,813,514	—	4,813,514	—
Unrestricted							
Unrestricted	67,144,052	223,567,611	10,609,243	301,320,906	5,536,462	306,857,368	2,144,886
Total net assets	\$ 187,668,307	344,298,731	77,013,837	608,980,875	49,788,904	658,769,779	2,295,895
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities						(4,555,055)	
Net assets of business-type activities						654,214,724	

Exhibit E-2
CITY OF GLENDALE
Statement of Revenues, Expenses and
Changes in Net Assets
Proprietary Funds
Year ended June 30, 2003

	Business-type Activities-Enterprise Funds					Totals	Governmental Activities - Internal Service Funds
	Sewer Fund	Electric Fund	Water Fund	All Major	Nonmajor		
				Enterprise Funds	Enterprise Funds		
Operating revenues – charges for services:							
Recreation service	\$ —	—	—	—	1,552,402	1,552,402	—
Fire paramedic service	—	—	—	—	6,067,908	6,067,908	—
Parking service	—	—	—	—	6,058,328	6,058,328	—
Hazardous disposal service	—	—	—	—	1,508,424	1,508,424	—
Sewer service	19,040,614	—	—	19,040,614	—	19,040,614	—
Refuse disposal service	—	—	—	—	13,132,318	13,132,318	—
Electric service	—	178,631,530	—	178,631,530	—	178,631,530	—
Water service	—	—	31,633,490	31,633,490	—	31,633,490	—
Internal service charges	—	—	—	—	—	—	19,735,242
Total operating revenues	19,040,614	178,631,530	31,633,490	229,305,634	28,319,380	257,625,014	19,735,242
Operating expenses:							
Recreation service	—	—	—	—	1,966,597	1,966,597	—
Hazardous disposal service	—	—	—	—	1,580,544	1,580,544	—
Fire paramedic service	—	—	—	—	6,425,052	6,425,052	—
Parking service	—	—	—	—	5,132,218	5,132,218	—
Sewer service	1,930,566	—	—	1,930,566	—	1,930,566	—
Refuse disposal service	—	—	—	—	11,379,515	11,379,515	—
Electric and water services:							
Production	—	105,379,545	16,618,241	121,997,786	—	121,997,786	—
Transmission and distribution	—	14,861,790	1,976,542	16,838,332	—	16,838,332	—
Customer accounting and sales	—	4,978,649	1,831,086	6,809,735	—	6,809,735	—
Administrative and general	—	—	—	—	—	—	—
Claims and settlements	—	—	—	—	—	—	23,514,021
Vehicle related	—	—	—	—	—	—	1,487,365
Benefit related	—	—	—	—	—	—	1,339,127
Depreciation	1,595,727	11,452,529	2,738,028	15,786,284	3,513,844	19,300,128	32,748
Total operating expenses	3,526,293	136,672,513	23,163,897	163,362,703	29,997,770	193,360,473	26,373,261
Operating income (loss)	15,514,321	41,959,017	8,469,593	65,942,931	(1,678,390)	64,264,541	(6,638,019)
Non operating revenues (expenses):							
Interest revenue	1,777,975	8,294,442	319,585	10,392,002	196,923	10,588,925	1,239,774
Grant revenue	96,301	966,072	202,655	1,265,028	365,057	1,630,085	—
Other revenue	2,270,272	6,702,091	1,003,197	9,975,560	488,998	10,464,558	94,090
Interest expense	—	(2,438,367)	—	(2,438,367)	—	(2,438,367)	—
Contribution in aid	—	1,054,054	200,193	1,254,247	129,993	1,384,240	—
Total non operating revenues, net	4,144,548	14,578,292	1,725,630	20,448,470	1,180,971	21,629,441	1,333,864
Income before transfers	19,658,869	56,537,309	10,195,223	86,391,401	(497,419)	85,893,982	(5,304,155)
Transfer in(out) -internal service fund	—	—	—	—	—	—	(2,000,000)
Transfers out - general fund	—	(13,914,375)	(3,082,210)	(16,996,585)	(1,800,000)	(18,796,585)	—
Transfers out - capital projects fund	—	(374,000)	—	(374,000)	—	(374,000)	—
Total transfers	—	(14,288,375)	(3,082,210)	(17,370,585)	(1,800,000)	(19,170,585)	(2,000,000)
Change in net assets	19,658,869	42,248,934	7,113,013	69,020,816	(2,297,419)	66,723,397	(7,304,155)
Total net assets, July 1	168,009,438	302,049,797	69,900,824	539,960,059	52,086,323	—	9,600,050
Total net assets, June 30	\$ 187,668,307	344,298,731	77,013,837	608,980,875	49,788,904	—	2,295,895
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds are reported with business-type activities.						(3,766,908)	
Change in net assets of business-type activities						62,956,489	

Exhibit E-3
CITY OF GLENDALE
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2003

	<u>Sewer Fund</u>	<u>Electric Fund</u>	<u>Water Fund</u>	<u>All Major Enterprise Funds</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities - Internal Services Funds</u>
Cash flows from operating activities:							
Cash from customers	\$ 8,620,687	173,322,857	31,569,633	213,513,177	28,321,274	241,834,451	19,739,145
Cash paid to employees	(1,224,809)	(26,041,282)	(2,492,912)	(29,759,003)	(11,613,527)	(41,372,530)	(3,661,229)
Cash paid to suppliers	(10,145,709)	(115,869,419)	(18,886,982)	(144,902,110)	(14,017,098)	(158,919,208)	(18,445,327)
Net cash provided by operating activities	<u>(2,749,831)</u>	<u>31,412,156</u>	<u>10,189,739</u>	<u>38,852,064</u>	<u>2,690,649</u>	<u>41,542,713</u>	<u>(2,367,411)</u>
Cash flows from noncapital financing activities:							
Operating transfers out to general fund	—	(14,288,375)	(3,082,210)	(17,370,585)	(1,800,000)	(19,170,585)	(2,000,000)
Operating grant received	96,301	966,072	202,655	1,265,028	365,057	1,630,085	—
Miscellaneous revenue	<u>2,270,272</u>	<u>6,702,091</u>	<u>1,003,197</u>	<u>9,975,560</u>	<u>618,991</u>	<u>10,594,551</u>	<u>94,090</u>
Net cash flow provided by (used in) noncapital financing activities	<u>2,366,573</u>	<u>(6,620,212)</u>	<u>(1,876,358)</u>	<u>(6,129,997)</u>	<u>(815,952)</u>	<u>(6,945,949)</u>	<u>(1,905,910)</u>
Cash flows from capital and related financing activities:							
Interest on long term debt	—	(2,438,367)	—	(2,438,367)	—	(2,438,367)	—
Bond, premium and interest accrued	—	32,782,305	—	32,782,305	—	32,782,305	—
Contribution in aid	—	1,054,054	200,193	1,254,247	(121,299)	1,132,948	—
Acquisition of property, plant, and equipment	7,289,850	(33,956,395)	(4,181,398)	(30,847,943)	(1,751,949)	(32,599,892)	—
Investment - gas/electric commodity activities	<u>7,289,850</u>	<u>(3,601,285)</u>	<u>(3,981,205)</u>	<u>(292,640)</u>	<u>(1,873,248)</u>	<u>(2,165,888)</u>	<u>—</u>
Cash provided by investing activities - interest received	<u>1,961,833</u>	<u>9,187,414</u>	<u>315,955</u>	<u>11,465,202</u>	<u>223,551</u>	<u>11,688,753</u>	<u>1,506,891</u>
Net increase (decrease) in cash and cash equivalents	8,868,425	30,378,073	4,648,131	43,894,629	225,000	44,119,629	(2,766,430)
Cash and cash equivalents at beginning of year	<u>45,251,881</u>	<u>188,707,851</u>	<u>4,381,965</u>	<u>238,341,697</u>	<u>5,961,527</u>	<u>244,303,224</u>	<u>40,327,913</u>
Cash and cash equivalents at end of year	<u>54,120,306</u>	<u>219,085,924</u>	<u>9,030,096</u>	<u>282,236,326</u>	<u>6,186,527</u>	<u>288,422,853</u>	<u>37,561,483</u>
Reconciliation of operating income to net cash provided by operating activities:							
Operating income	15,514,321	41,959,017	8,469,593	65,942,931	(1,678,390)	64,264,541	(6,638,019)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	1,595,727	11,452,528	2,738,028	15,786,283	3,513,844	19,300,127	32,748
(Increase) decrease in Accts Receivable, net	(1,863,994)	436,641	591,500	(835,853)	467,217	(368,636)	3,903
(Increase) decrease in Unbilled Receivable	(97,596)	(4,414,173)	(655,357)	(5,167,126)	(205,321)	(5,372,447)	—
(Increase) decrease in Inventories	—	894,002	(44,839)	849,163	—	849,163	—
Increase (decrease) in Prepaid expenses	—	(933,660)	—	(933,660)	(3,686)	(937,346)	(135,000)
Increase (decrease) in Due to other agencies	—	—	—	—	—	—	(26,950)
Increase (decrease) in Due to other fund	—	—	—	—	294,846	294,846	—
(Increase) decrease in Due from other agency	(8,458,337)	(1,331,140)	—	(9,789,477)	(260,000)	(10,049,477)	—
Increase(decrease) in Contracts-retained amount due	—	138,142	56,654	194,796	—	194,796	—
Increase (decrease) in Customers' deposits	(105,880)	(951,756)	(85,129)	(1,142,765)	33,095	(1,109,670)	—
Increase (decrease) in Accrued Sal & Withholding	(3,822)	38,190	18,546	52,914	90,061	142,975	(863,339)
Increase(decrease) in Comp absence payable	(23,543)	(21,290)	(44,372)	(89,205)	(32,274)	(121,479)	5,069
Increase (decrease) in Claims payable	—	—	—	—	—	—	5,155,193
Increase (decrease) in Accounts payable	<u>(9,306,707)</u>	<u>(15,854,345)</u>	<u>(854,885)</u>	<u>(26,015,937)</u>	<u>471,257</u>	<u>(25,544,680)</u>	<u>98,984</u>
	<u>\$ (2,749,831)</u>	<u>31,412,156</u>	<u>10,189,739</u>	<u>38,852,064</u>	<u>2,690,649</u>	<u>41,542,713</u>	<u>(2,367,411)</u>
Noncash investing, capital, and financing activities:							
Contributions of capital assets from government	—	7,747,000	—	—	—	7,747,000	—
Increase in fair value of investments	283,890	1,221,310	49,910	283,890	283,890	2,122,890	283,890

City of Glendale, California



Notes to the Financial Statements

June 30, 2007

I. Summary of Significant Accounting Policies

A. Reporting Entity

These financial statements present the financial results of the City of Glendale, California (the City) and its component units as required by accounting principles generally accepted in the United States of America. Component units are legally separate entities for which the primary government is financially accountable. The City has three component units, the Glendale Redevelopment Agency (the Agency), the Glendale Housing Authority (the Authority) and the City of Glendale Financing Authority (the Financing Authority). The City Council serves as the Board of the Agency, the Authority as well as the Financing Authority. Therefore, all of these entities are reported as blended component units within the City's comprehensive annual financial report (CAFR). Both the City and its blended component units have a June 30 year-end.

Component Units

The Agency was established in 1972 and is a separate governmental entity as prescribed in the California Community Redevelopment law and set forth in the Health and Safety Code of the State of California. The California Community Redevelopment law provides that, on adoption of a redevelopment plan, future incremental tax revenues attributable to increases in the tax base within a project area shall be paid into a special fund of the redevelopment agency to pay principal and interest on loans, advances and other indebtedness of the Agency. Accordingly, for purposes of its CAFR, the City records the activities of the Agency within the Special Revenue, Capital Projects and Debt Service. Further information may be obtained from the Agency's Annual Financial Report available through the City.

The Authority was established by the Glendale City Council in 1975. The Authority is responsible for the administration of Department of Housing and Urban Development (HUD) funded housing assistance payments projects undertaken by the City. HUD provides an annual contribution of funds, in accordance with Section 8 of the United States Housing Act of 1937, in order to provide decent, safe and sanitary dwellings for low to moderate income families, and to increase the supply and quality of affordable housing. The Authority's financial data and transactions are included within the Special Revenue Fund; no separate financial report is issued for the Authority.

The Financing Authority was established on December 7, 1999 by a joint powers authority between the City of Glendale and the Glendale Redevelopment Agency. The stated purpose is to provide financial assistance to the City of Glendale in connection with the construction and improvement of a Police Services Building to be located generally at west side of Isabel Street between Wilson and Broadway in the City of Glendale. On July 11, 2000, the Financing Authority issued \$64.2 million in variable rate demand certificates of participation for the construction of the Police Services Building. The Financing Authority's financial data and transactions are included within the Debt Service Funds; no separate financial report is issued for the Financing Authority.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City is not involved in any other fiduciary activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Fund accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues, and expenditures or expenses, as appropriate. The City has the following funds:

1) Governmental Fund Types

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the City's major governmental funds:

General Fund- Used to account for all financial resources, except those required to be accounted for in another fund.

Glendale Redevelopment Agency Fund – Used to account for activities by the Agency in accordance with the Redevelopment Plan of the Agency made pursuant to redevelopment laws of the State of California.

Town Center Fund – Used to account for bond proceeds from the 2002 Tax Allocation Bonds

Capital Project Fund – Used to account for financial resources used for major capital projects of the general government operations and includes an annual provision for the ultimate post closure and clean up of the Scholl Canyon landfill site.

The other governmental funds of the City are considered nonmajor and are as follows:

Special Revenue Funds are used to account for revenues derived from specific sources, which are usually required by law or regulation to be accounted for in separate funds.

The following nonmajor funds are included in this fund type:

- Community Development Fund-To account for monies received and expended by the City as a participant in the Federal Community Development Block Grant Program.
- Housing Assistance Fund-To account for monies received and expended by the City under Section 8 of the Federal Housing and Urban Development Act for housing assistance to low and moderate income families.
- Home Grant Fund-To account for monies received and expended by the City under the HOME Investment Partnerships Program to strengthen public-private partnerships and to preserve and provide affordable housing.
- Supportive Housing Grant Fund- To account for monies received by the City under the Supportive Housing Program to address the homeless needs of the City.
- Emergency Shelter Grant Fund-To account for monies received by the City under the Emergency Shelter Grant Program to address the homeless needs of the City.

CITY OF GLENDALE

Notes to the Financial Statements, continued

- Workforce Investment Act Fund-To account for grant monies received and expended, in the federally funded job training program
- State Training Program Fund-To account for monies received and expended, as trustee, as participant in the federally funded Welfare to Work.
- H-1B Technology Skills Training Fund-To account for grant monies received and expended, in the federally funded technical training of entertainment industry workers.
- Code Enforcement Fund-To account for grant monies received and expended for code enforcement programs.
- Low and Moderate Income Housing Fund-To account for monies received and expended by the Agency for the 20% set aside funds pursuant to redevelopment laws of the State of California.
- Local Transit Assistance Fund-To account for monies received from a portion of the sales tax which is restricted to transportation-related activities.
- Air Quality Improvement Fund-To account for monies received from South Coast Air Quality Management District and expended on air pollution reduction.
- Narcotic Forfeiture Fund-To account for the proceeds of money or property seized as a result of illegal activity which is restricted to law enforcement uses.
- Special Grant Fund-To account for various small grants received and expended by the City, such as the Career Criminal Apprehension Program, Community Oriented Policing and the Child Passenger Safety Grant.
- Supplemental Law Enforcement Fund- To account for monies received from the State of California to provide funding for local agencies for the Citizen's Option for Public Safety Program (COPS).
- Nutritional Meals Grant Fund-To account for monies received from Federal assistance programs for senior citizen services.
- Cable Access Fund – To account for the 1.45% cable access fee to provide for resources to broadcast the City Council meetings and other various commissions, forums, etc.
- Library Grant Fund-To account for grant monies received and expended from State and local agencies.
- Electric Public Benefit Fund – To account for the 2.85% fees assessed on the electric customers to fund public benefit programs such as low income projects, research and development and demonstration program as mandated by State of California, AB 1890.
- Fire Grant Fund-To account for grant monies received and expended for fire prevention programs.
- Fire Communication Fund-To account for monies received and expended, as the lead city, for the tri-city (Burbank, Glendale and Pasadena) fire communication operations.

Debt Service Funds are used to account for the accumulation and disbursement of financial resources that will be used to make principal and interest payments on general long-term debt of the City of Glendale. The specific debt service funds used include:

- Police Facility COPS Fund – Used to account for monies for the payment of interest and principal of the 2000 Police Building Project Variable Rate Demand Certificates of Participation. Debt service is currently financed via the capitalized interest set aside for the project. After the completion of the Police building construction, debt service will be financed via lease payments.

CITY OF GLENDALE

Notes to the Financial Statements, continued

- Parking Lease Revenue Bonds Fund-To accumulate monies for the payment of interest and principal on the 1974 Parking Lease Revenue Bonds, Series A and the Refunding Parking Lease Revenue Bonds, Series 1976. Debt service is financed via lease payments.
- 1993 Tax Allocation Bonds Fund-To accumulate monies for the payment of interest and principal of the 1993 Tax Allocation bonds. Debt Service is financed via the incremental property tax from the Glendale Redevelopment Agency.
- 2002 Tax Allocation Bonds Fund-To accumulate monies for the payment of interest and principal of the 2002 Tax Allocation bonds. Debt Service is financed via the incremental property tax from the Glendale Redevelopment Agency.

Capital Projects Funds are used to account for financial resources used for the acquisition of major capital facilities other than those financed by Special Revenue and Proprietary Funds. These funds are:

- State Gas Tax Fund-To account for monies received and expended from state gas tax allocations for street improvement purposes.
- Scholl Canyon Life Extension Fund-To account for monies received for the disposal of solid waste at the Scholl Canyon Landfill.
- Police Facility Construction Fund- To account for monies from the 2000 Police Building Project Variable Rate Demand Certificates of Participation proceeds.

2. Proprietary fund types

Proprietary fund types are used to account for a government's ongoing organizations 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. In accordance with GASB Statement No. 20, *Accounting and financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the City has elected to apply all applicable FASB pronouncements, including those issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

Enterprise Funds 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:

The City reports the following major proprietary (enterprise) funds:

Sewer Fund – Used to account for operations and maintenance of the sewer system. This 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.

The other enterprise funds of the City are considered nonmajor and are as follows:

- Recreation Fund-To account for recreation programs of the Parks, Recreation and Community Services department on a proprietary user fee basis.
- Hazardous Disposal Fund-To account for operations of the toxic waste disposal in the City.
- Fire Paramedic Fund- To account for operations of the emergency transport and paramedic service in the City.
- Parking Fund-To account for operations of City-owned public parking lots and garages.

CITY OF GLENDALE

Notes to the Financial Statements, continued

- Refuse Disposal Fund- To account for operations of the City-owned refuse collection and disposal service.

Internal Service Funds are used to finance and account for services and commodities provided by designated departments or agencies to other departments and agencies of the City.

The following funds are included in this fund type:

- Equipment Reserve Fund-To account for equipment replacement resources which are derived from periodic charges to governmental operations to ensure timely replacement of equipment.
- Unemployment Insurance Fund-To finance and account for unemployment claims. Resources are derived from unemployment insurance charges to various City operations. Unemployment claims are reimbursed to the State Employment Department which disburses the unemployment claims.
- Uninsurable Litigation Fund-To account for financing and disbursement of City self-insurance fund for uninsurable litigation activities. Charges, in lieu of insurance premiums, are made periodically to City operations to provide the self-insurance resources.
- Liability Insurance Fund-To account for financing and disbursement of City self-insurance funds for general liability claims. Charges, in lieu of insurance premiums, are made periodically to City operations to provide the self-insurance resources.
- Auto Insurance Fund-To account for financing and disbursement of City self-insurance funds for auto liability claims. Charges, in lieu of insurance premiums, are made periodically to City operations to provide the self-insurance resources.
- Compensation Insurance Fund-To finance and account for the City's workers' compensation claims. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.
- Dental Insurance Fund-To finance and account for the City's dental insurance program for its employees. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.
- Medical Insurance Fund-To finance and account for the City's medical insurance program for its employees. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.
- Employee Benefits Fund-To account for the resources and the liability for employees' post employment benefit for medical insurance.
- Vision Insurance Fund-To finance and account for the City's vision insurance program for its employees. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.

D. Measurement Focus and Basis of Accounting

The City adopted GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, during the fiscal year ended June 30, 2002. The adoption of this Statement is meant to present the information in a format more closely resembling that of the private sector and to provide the user with more managerial analysis regarding the financial results and the City's financial outlook.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified. The current tax receivable represents the 2002-03 property tax levy that was based on the assessed value of secured and unsecured property as of the lien date of January 1, 2002. Property taxes are levied on July 1. Unsecured taxes are delinquent if not paid by August 31. Secured taxes are payable in two installments that are deemed delinquent after December 10 and April 10. The County Treasurer/Tax Collector bills and collects property taxes for the City and the County Auditor-Controller then allocates these taxes to the City. Property taxes are considered available if received within 60 days of year-end

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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.

E. Encumbrances

Appropriations in the governmental funds are charged for encumbrances when commitments are made. Fund balances are reserved for outstanding encumbrances, which serve as authorizations for expenditures in the subsequent year.

F. Assets, Liabilities and Equity

1. Cash and Invested Cash

Cash and invested cash consist of U.S. Government backed securities, commercial paper, and investment in the State of California Local Agency Investment Fund. Invested cash is stated at fair value. An increase (decrease) in the fair value of investments is recognized as an increase (decrease) to Interest Income Revenue.

CITY OF GLENDALE

Notes to the Financial Statements, continued

Interest income from the investment of pooled cash is allocated to all funds, except Capital Improvement Funds on a monthly basis based upon the month end cash balance of the fund as a percent of the month end total pooled cash balance. The interest earned in the Capital Improvements Funds is recorded in the General Fund according to Article XI, Sections 14 and 18 of the City Charter. The City normally holds the investment to term; therefore no realized gain/loss is recorded.

All cash and invested cash are held in the City's cash management pool. Therefore, for purposes of the combined statement of cash flows for the Proprietary Funds, the City considers all cash and invested cash, imprest cash and cash with fiscal agents to be cash and cash equivalents.

2. Derivative Products

The City has entered into the following agreements, which represent derivative products:

- a. The City has negotiated fixed-for-float swap transactions based on the commodity price of natural gas at the San Juan and Permian basins to mitigate the market risk of its long-term take-or-pay landfill gas purchase contract.
- b. The City has purchased and sold options {calls and puts} in natural gas futures contracts at appropriate strike prices in upcoming months. These transactions allow the City to stabilize the ultimate purchase price of natural gas for the City's power plant. They, and other transactions, also give the City the ability to manage its overall exposure to fluctuations in the purchase price of natural gas. The options are carried at the lower of cost or market in the accompanying financial statements. At June 30, 2003, carrying value and market value of the options are \$383,500 and \$772,000, respectively.

3. Receivables and Payables

Interest Receivable - The City accrues interest earned but not received.

Due from Other Agencies - The City enters into transactions with other governmental agencies. Due from other agencies includes accrued revenue earned but not received by the City as of June 30, such as expenditure driven types of grants where the City accrues grant revenues for expenditures incurred but not yet reimbursed by the grantors, and property taxes earned but not received from the County of Los Angeles.

Property Taxes - A State Constitutional Amendment (Proposition 13) provided that the tax rate is limited to 1% of full cash value levied only by the County, and shared with all other political jurisdictions, including the City. Each jurisdiction (including the City) may increase its tax rate levy for voter-approved debt. However, the City has not exercised this option. Assessed values are determined on an annual basis by the Los Angeles County Assessor as of March 1. Taxes are levied annually and become a lien on real property at July 1. Property taxes levied for the fiscal year ended June 30 are payable in equal installments due on November 1 and February 1 and are delinquent on December 10 and April 10, respectively.

Unbilled receivable - The City records utility services delivered to customers but not billed as of June 30, 2003.

Loans Receivable - The City records loans to redevelopment developers as loans receivable.

4. Inter-fund Transactions

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved. These transactions are recorded on a cash basis.

Due to/from Other Funds are used when a fund has a temporary cash overdraft. Noncurrent portions of long-term inter-fund loan receivables are reported as advances within the governmental funds, and are offset equally by a fund balance reserve account which indicated that they do not constitute expendable available financial resources, and therefore, are not available for appropriations.

5. Inventories and Prepaid Items

Inventories, consisting primarily of construction and maintenance materials as well as tools held by the Electric and Water Enterprise Funds are stated at cost, using the weighted average cost method or disposal value. Inventory shown in the General Fund consists of expendable supplies held for consumption. The consumption method of accounting is used where inventory acquisitions are recorded in inventory accounts initially and charged as expenditures when used. An inventory reserve is not established, as the City does not have a minimum amount of inventory requirement. Prepaid items are payments made for services to be received in the following accounting period such as insurance, energy purchases, etc.

6. Capital Assets

Capital assets including land, buildings, improvements, equipment and infrastructure assets (e.g. roads, sidewalks, traffic lights and signals, street lights and etc), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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.

Major outlays for capital assets and improvements are capitalized as work in progress as projects are constructed. Work in progress is then reclassified to specific asset type upon completion of the project. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest capitalized during the year ended June 30, 2003 amounted to \$282,971.

Buildings improvements, infrastructure and equipment assets are depreciated using the straight-line depreciation at the beginning of the following fiscal year over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	10-75
Machinery and equipment	6-10
Sewer improvements (infrastructure)	100
Infrastructure (non-sewer)	20-60

7. Compensated Absences

The City records and funds a liability for its employees' earned but unused accumulated vacation and overtime that has matured and is expected to be paid with currently available resources. The unused accumulated vacation and overtime are expensed in the fund, which incurs the liability. The amount that has not matured is reported as a long-term liability.

8. Post Employment Benefit

All City Employees that are eligible for retirement with accumulated sick leave are entitled to convert their sick leave hours valued at the rate stated in their respective MOU or Ordinance, into a Retiree Health Savings Plan (RHSP) instead of a monthly City paid amount towards medical insurance. The RHSP account is controlled by the retiree and money deposited into the account is non-taxable and money reimbursed, for eligible expenses as specified in IRS Publication 502, are non-taxable to the retiree. As of June 30, 2003, \$5,158,938 had been set-aside in the Internal Service Fund-Employee Benefits Fund related to such benefits.

For GCEA and Management employees that retired prior to July 2001, GPOA employees that retired prior to December 2001 and GFFA employees that retired prior to September 2002, the number of sick leave days, accumulated over the number of sick leave days specified in their respective MOU or Ordinance, are multiplied by the value of those days based on the benefit of their respective bargaining units. There are 127 retirees currently receiving this old City paid benefit.

9. *Deferred Revenue*

Deferred revenues in the governmental funds represent amounts due, which are measurable, but not available. Interest earned from City/Agency debt as well as Grants and shared revenues received that are not available or eligible to finance current expenditures are reported as deferred revenues.

10. *Real Property Held for Resale*

Land and buildings acquired for future sale to developers have been capitalized and are shown as real property held for resale in the accompanying combined financial statements. Real property held for resale is carried at lower of cost or appraised value.

10. *City/Agency Debt*

The City and the Agency entered into cooperation agreements through which the City agreed to advance funds to the Central and the San Fernando project areas to begin redevelopment before tax increment build up. The advances are interest bearing at the average annual "City investment portfolio rate but there is no repayment schedule. Repayment of the advances will be made as funds become available.

11. *Fund Equity*

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change

12. *Net Assets*

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, 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 assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are 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. Restricted resources are used first to fund appropriation.

The City first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

II. Stewardship, Compliance and Accountability

A. Budgets and Budgetary Accounting

The City Council is required to adopt an annual budget for the General, Debt Service and all Special Revenue fund types, except the Glendale Redevelopment Agency Fund. The City Council adopts a ten-year capital improvement program for the Agency and the Capital Projects Fund. The annual budgets are consistent with accounting principles generally accepted in the United States of America.

The City Council adopts budgets for the Enterprise and Internal Service Funds. However, all Proprietary fund types are accounted for on a cost of service method (net income). As a result, budget comparisons are impractical. Additionally, the City is not legally mandated to report the results of operations for these Enterprise Fund and Internal Service Fund types on a budget comparison basis; therefore, budgetary data related to these funds have not been presented.

The City utilizes an "encumbrance system". Under this procedure, encumbrance accounting is used to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Operational appropriations expire at year-end except for

CITY OF GLENDALE

Notes to the Financial Statements, continued

management approved items determined on a case by case basis. Therefore, outstanding encumbrances at year-end are recorded as restricted fund balances. Open capital project appropriations carry over to the next year.

The City, in establishing the budgetary data reflected in the basic financial statements and supplementary information utilizes the following procedures:

- During May, the City Manager submits the proposed budget to the City Council for the subsequent fiscal year. The operating budget includes both the sources and types of funds for the proposed expenditures.
- In June, public hearings are conducted to obtain citizen input, with the final budget being adopted no later than July 1.
- The level of appropriated budgetary control is in the following categories for items in excess of \$25,000: salary and fringe benefits; maintenance and operation; and capital outlay per departmental account.
- The budget is amended during the fiscal year to reflect all transfers and amendments.

The following operating units over expended their appropriations by \$25,000 or more as of June 30, 2003:

	Amount <u>Over Expended</u>
General Fund:	
Communication Services	\$ 40,642
Public Works Project Management	<u>166,616</u>
	<u>\$ 207,258</u>

III. Detailed Notes on All Funds and Account Groups**A. Cash and Invested Cash**

Cash resources of the individual funds are combined to form a pool of cash and investments. The City values all of its cash and invested cash at fair value on a portfolio basis. The City manages its pooled idle cash and investments under a formal investment policy that is reviewed by the Investment Committee and adopted annually by the City Council and that follow 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 cash outlays required in excess of normal operating needs. Funds must request large outlays in advance in order that the City Treasurer will have the funding available.

The carrying amount of the City's cash and invested cash at June 30, 2003, and reconciliation to amounts shown on the Combined Balance Sheet are as follows:

Cash and Investments:	
Historical cost of net investments	\$ 605,116,308
Net increase in fair value	<u>5,805,028</u>
Sub-total	610,921,336
Cash on hand	<u>7,717,927</u>
Total	<u>\$ 618,639,263</u>
Statement of net assets:	
Cash and invested cash	\$ 422,134,300
Designated cash and invested cash	169,200,000
Cash with fiscal agent	<u>27,304,963</u>
Total	<u>\$ 618,639,263</u>

At June 30, 2003, the carrying amount of the City's cash deposits totaled \$7,717,927 and the bank balance of the City's cash deposits maintained in financial institution is \$11,506,242. The cash deposits are held by the City's agent in the City's name. The first \$100,000 of cash deposits are insured by the Federal Depository Insurance Corporation and the remainder \$11,406,242

CITY OF GLENDALE

Notes to the Financial Statements, continued

are collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name. The primary difference between the carrying amount and the bank balance are deposits in transit and outstanding checks. In accordance with state statutes, the City maintains deposits at those depository institutions insured by the Federal Deposit Insurance Corporation. The California Government Code requires California banks and savings and loan associations to collateralize the deposits of governmental entities by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of those deposits. California law also allows financial institutions to secure the deposits of governmental entities by pledging first trust deed mortgage notes having a collateral value of 150% of a City's total deposits.

The City is authorized by its investment policy, in accordance with Section 53601 of the California Government Code, to invest in the following instruments:

- Securities issued or guaranteed by the Federal Government or its agencies
- Bankers' acceptances, issued by the 20 largest domestic or the 50 largest international banks
- Commercial paper, rated A-1/P-1, secured by an irrevocable line of credit or government securities

In accordance with GASB Statement 3, cash deposits and investments, the City's investments are categorized, according to the following criteria, to give an indication of the level of risk assumed by the City at year-end:

- Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.
- Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.
- Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the City's name.

The following is the summary of investments as of June 30, 2003:

	Category				Total
	1	2	3	Uncategorized	Fair Value
<u>City Held Investments</u>					
U.S. Government Securities \$	-	406,983,927	-	-	406,983,927
Corporate Notes	-	46,745,199	-	-	46,745,199
Commercial Paper	-	24,993,916	-	-	24,993,916
Total	-	478,723,042	-	-	478,723,042
<u>Trustee held investments</u>					
U.S. Government Securities	-	27,304,963	-	-	27,304,963
<u>Investment in pool</u>					
California State Local Agency Investment (LAIF)	-	-	-	104,893,331	104,893,331
Total investments \$	-	506,028,005	-	104,893,331	610,921,336

Investments: State statutes authorize the City to invest any available funds in securities issued or guaranteed by the United States Treasury or agencies of the United States, bank certificates of deposit, bankers acceptances, negotiable certificates of deposit, the State Treasurer's Investment Pool (LAIF), repurchase agreements, commercial paper and bonds, and registered warrants or treasury notes of the State of California and its local agencies. An advisory board has been established to monitor LAIF's compliance with regulations and investment alternatives established by the State.

The City participates in a voluntary external investment pool, LAIF, which is managed by the state Treasurer. LAIF has oversight provided by the Local Agency Investment Advisory Board. The Board consists of five members as designated by State statutes. The Chairman of the Board is the State Treasurer or his designated representative. The fair value of the City's shares in the pool approximates the fair value of the position in the pool.

CITY OF GLENDALE

Notes to the Financial Statements, continued

At June 30, 2003 the City's pooled investments in LAIF in the amount of \$104,594,814 are not subject to custodial credit risk categorization. The total estimated fair value invested by all public agencies in LAIF is \$55,709,492,881. That entire amount is invested in nonderivative financial products.

B. Cash with Fiscal Agents

The City 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 monies, in absence of specific statutory provisions governing the issuance of bonds or certificates, may be invested in accordance with the ordinance, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions or indentures are generally more restrictive than the City's general investment policy.

C. Capital Assets

Capital asset activity for the Year ended June 30, 2003 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 319,398,788	2,485,455	-	321,884,243
Construction in progress	68,830,148	31,325,267	-	100,155,415
Total assets not being depreciated	388,228,936	33,810,722	-	422,039,658
Other capital assets:				
Buildings and improvements	129,887,724	3,143,192	-	133,030,916
Machinery & equipment	64,894,641	10,765,804	1,102,231	74,558,214
Infrastructure	201,862,952	411,642	-	202,274,594
Total other capital assets at cost	396,645,317	14,320,638	1,102,231	409,863,724
Less accumulated depreciation:				
Buildings and improvements	37,768,261	3,785,100	-	41,553,361
Machinery & equipment	32,756,648	8,222,675	-	40,979,323
Infrastructure	72,698,826	4,312,141	-	77,010,967
Total accumulated depreciation	143,223,735	16,319,916	-	159,543,651
Total assets being depreciated	253,421,582	(1,999,278)	-	250,320,073
Governmental activities capital assets, net	641,650,518	31,811,444	1,102,231	672,359,731

CITY OF GLENDALE

Notes to the Financial Statements, continued

	Primary Government			
	Beginning			Ending
	Balance	Increases	Decreases	Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	9,526,375	2,129,736	-	11,656,111
Construction in progress	44,007,644	14,583,806	5,000,000	53,591,450
Total assets not being depreciated	53,534,019	16,713,542	5,000,000	65,247,561
Other capital assets:				
Buildings and improvements	292,217,833	22,781,022	20,736,225	294,262,630
Equipment	308,333,758	18,962,853	888,622	326,407,989
Total other capital assets at cost	600,551,591	41,743,875	21,624,847	620,670,619
Less accumulated depreciation:	251,767,775	19,300,130	888,622	270,179,283
Total assets being depreciated	348,783,816	22,443,745	20,736,225	350,491,336
Business-type activities capital assets, net	\$ 402,317,835	39,157,287	25,736,225	415,738,897

*\$420,301 of Machinery & equipment from Internal Service Funds is included in the Governmental Activities.

**\$269,292 of depreciation from Internal Service Funds is included in the Governmental Activities.

Depreciation expense was charged to functions of the City for the year ended 6/30/2003 as follows:

Governmental activities:	
General Government	\$ 3,764,036
Public Safety	2,837,359
Public Works	6,912,729
Parks	1,862,852
Library	455,283
Housing & Com Dev	487,657
Total governmental activities depreciation expense	<u>16,319,916</u>
Business-type activities:	
Sewer	1,595,727
Electric	11,452,530
Water	2,738,028
Recreation	12,216
Hazardous Disposal	95,463
Fire Paramedic	38,010
Parking	1,948,345
Refuse	1,419,811
Total business-type activities depreciation expense	\$ <u>19,300,130</u>

CITY OF GLENDALE

Notes to the Financial Statements, continued

D. Long-Term Debt

The City's long-term debt as of June 30, 2003 consists of the following:

	Amount outstanding at June 30, 2002	Additions	Retirements	Amount outstanding at June 30, 2003	Due within one year
Governmental Activities:					
Bonds payable:					
Police Facility Certificates of participation	\$ 64,200,000	-	1,100,000	63,100,000	1,100,000
1974 Parking lease revenue bonds, Series A	440,000	-	440,000	-	-
1976 Refunding parking lease revenue bonds	1,025,000	-	1,025,000	-	-
1993 Tax allocation bonds	61,250,000	-	1,935,000	59,315,000	2,035,000
2002 Tax allocation bonds	-	48,015,000	-	48,015,000	1,810,000
Bond premium	-	2,006,755	52,810	1,953,945	52,809
Total bonds payable	126,915,000	50,021,755	4,552,810	172,383,945	4,997,809
Postclosure and postclosure care liability	14,599,000	-	3,930,706	10,668,294	-
Capital lease	-	2,500,000	500,000	2,000,000	369,513
Arbitrary rebate liability	-	1,346,600	-	1,346,600	-
Compensated absences	-	1,028,328	-	1,028,328	-
Total governmental activity long term liabilities	141,514,000	54,896,683	8,983,516	187,427,167	5,367,322
Business type activities:					
Bonds payable:					
Electric Revenue Bonds, 2000 series	37,000,000	-	-	37,000,000	795,000
Electric Revenue Bonds, 2003 series	-	31,640,000	-	31,640,000	-
Bond premium	154,655	466,900	8,360	613,195	24,647
Total business activity long term liabilities	\$ 37,154,655	32,106,900	8,360	69,253,195	819,647

THE CITY OF GLENDALE FINANCING AUTHORITY

Variable Rate Demand Certificates of Participation (2000 Police Building Project)

The bonds issued on July 11, 2000 mature in increasing amounts ranging from \$1,100,000 to \$4,200,000 annually from 2003-2030. The Certificates are subject to purchase on the demand of the holder while they are outstanding at a variable rate. Payment of these demand certificates shall be made from the proceeds of the resale of such certificates by the City's remarketing agent. Should there be insufficient funds from this source; funds will be made available from a liquidity facility. The liquidity facility is valid through July 2003. The bond indebtedness is secured by a lease to the City and is payable from rentals received under terms of the lease agreement dated July 1, 2000.

The Financing Authority has leased certain real property (the "Police Building Site") from the City of Glendale pursuant to a Site Lease, dated as of July 1, 2000. The Financing Authority has leased the Police Building Site and the police building to be constructed there, back to the City of Glendale pursuant to a lease agreement, dated as of July 1, 2000. Annual lease payments from the City of Glendale are to be at a rate sufficient to meet debt service requirements of the outstanding bond indebtedness on the leased premises.

GLENDALE REDEVELOPMENT AGENCY BONDS

1974 Parking Lease Revenue Bonds, Series A and 1976 Refunding Parking Lease Revenue Bonds

These bonds issued in 1974 and 1976 were fully paid by June 2003. \$3,680,786 in the debt service fund, after paying off the bondholders, were transferred to Glendale Redevelopment Agency Fund according to the bond indentures.

1993 Tax Allocation Bonds

The Agency issued \$67,685,000 in tax allocation bonds with an average rate of 5.5% to advance refund a portion of the Agency's outstanding Central Glendale Redevelopment Project 1990 Tax Allocation Bonds (the "Prior Bonds") with an average interest rate of 6.9%, to provide additional funds for various improvements in the Central Project Area and to pay the cost of issuance of the 1993 Bonds. The 1993 Bonds mature in regularly increasing principal amounts ranging from \$1,935,000 to \$5,030,000 from 2003 to 2021. A collateralized investment agreement was entered between the trustee and Svenska Handelbanken. This agreement guarantees the Agency a return of 7.42% in the Reserve Account. The bond indebtedness of both the 1990 and 1993 Tax Allocation Bonds are secured by a pledge of 80% of all incremental property taxes allocated to and received by the Agency for the Central Project Area. The bonds are subject to redemption at the option of the Agency on any interest payment date at a price ranging from 102% to 100% of the principal value. Per the trust indenture, the trustee shall invest the bond proceeds in government securities.

2002 Tax allocation Bonds

The Agency issued \$48,015,000 in tax allocation bonds with an average rate of 4.5% to fund economic development activities of the Agency primarily relating to the Town Center development, to fund a reserve account for the Bonds, and to pay the expense of the Agency in connection with the issuance of the Bonds. The 2003 Bonds mature in regularly increasing principal amounts ranging from \$1,810,000 to \$3,655,000 from 2004 to 2022. The bond indebtedness are secured by a pledge of 80% of all incremental property taxes, on parity with Agency's outstanding 1993 Tax Allocation Bonds, allocated to and received by the Agency for the Central Project Area. The bonds maturing on or before December 1, 2012, are not subject to redemption prior to their respective maturities. The bonds maturing on or after December 1, 2013, are subject to redemption at the option of the Agency on any interest payment date at a price ranging from 101% to 100% of the principal value. The City Treasurer shall invest the bond proceeds in government securities.

CAPITAL IMPROVEMENT PROJECTS

Landfill Closure and Postclosure Care Costs

Pursuant to Assembly Bill 2448 and the regulations established by the California Integrated Waste Management Board (Board), landfill operators are required to submit an initial cost estimate of closure and postclosure maintenance and to establish a financial mechanism to demonstrate the availability of funding to conduct closure and postclosure maintenance activities. The City selected a trust fund as the financial mechanism and the Board approved this. The City Treasurer was designated as the trustee to ensure that the City set aside annual required deposits in the Scholl Canyon Life Extension Fund. The City records the annual provision for the required landfill deposits as expenditure in the Capital Project Fund-Capital Improvement Fund. The City owns two landfills, Brand and Scholl Canyon. The City applied for and received approval by the Board to declassify Brand Landfill effective fiscal year 1994-95. Consequently, the City no longer is required to fund the Brand Landfill closure and postclosure care costs.

The City subcontracts with Los Angeles County Sanitation District to operate Scholl Canyon and as part of this contract, the County is responsible for the closure cost of Scholl Canyon. The City is responsible for the postclosure maintenance cost of Scholl Canyon. According to Los Angeles County Sanitation District's records, the permitted capacity filled between August 18, 1989 and July 11, 2003 was 6.86 million tons. The total permitted capacity remains 14.75 million tons. Therefore, the City has 7.89 million tons unfilled capacity remaining. Using an inflation factor from the U.S. Department of Commerce, Bureau of Economic Analysis of 1.01, the revised postclosure cost was \$33,909,878. Due to the passage of AB1827, this liability has increased to 30 years from 15 years. The Board required funding level, using the data above, is \$10,668,294, which is recorded

CITY OF GLENDALE

Notes to the Financial Statements, continued

as a long-term liability on the Statement of Net Assets. The City has designated \$14,800,000 of this in the Scholl Canyon Life Extension Fund – Capital Improvement Fund. Based on an estimated average annual filled capacity of 460,000 tons the Scholl Canyon Landfill has a remaining life of approximately 17.1 years.

Capital Lease Obligations

Motorola will provide a state-of-the-art Analog Conventional simulcast communication system to satisfy Verdugo Fire's communication needs. The lease agreement by Motorola includes a six position Elite Console. The 5-channel Simulcast system is composed of six Transmitter/Receiver sites, one Receive only site, one Prime/Voting site, and a dispatch center. The simulcast cell will provide Portable on the street coverage for the Verdugo fire system's member cities: Burbank, Glendale, Pasadena, San Marino, Arcadia, Monrovia, Sierra Madre and San Gabriel. Also included in the lease agreement is a new six-position Elite console Dispatch center. The term for the lease agreement is from September 1, 2002 to September 1, 2007. As of December 2003, The City of Glendale has paid a total of \$ 948,812.60 to Motorola Corp. which includes a down payment of \$500,000 and the first payment of \$ 448,812.60. The annual payments will include an additional 3.965 % annual interest rate for the duration of the lease agreement. Please refer to the Amortization Schedule below for all the scheduled payments:

ENTERPRISE FUND

Electric Revenue Bonds, 2000 Series

The Electric utility of Glendale Water and Power issued \$37,000,000 revenue bonds with an average rate of 5.9% in February 2000 to finance the costs of acquisition and construction of certain capital improvements. The terms of the 2000 Electric Revenue Bonds' (2000 Bonds) indenture requires the trustee to establish and maintain a reserve account equal to the reserved requirement. The reserve requirement of this bond issue is satisfied by a bond insurance policy with MBIA Insurance Corporation. This policy insured the bondholders up to \$1.46 million, which is 50% of the maximum debt service. The bonds mature in regularly increasing amounts ranging from \$690,000 to \$2,755,000 annually from 2006 to 2030. The 2000 Bonds maturing on or prior to February 1, 2010 are not subject to call and redemption prior to maturity. The 2000 bonds maturing on and after February 1, 2011 are subject to call and redemption prior to maturity, at a redemption price ranging from 101% to 100%.

Electric Revenue Bonds, 2003 Series

The Electric utility of Glendale Water and Power issued \$31,640,000 in revenue bonds with an average rate of 4.6% in February 2003 to finance the costs of acquisition and construction of certain capital improvements. The terms of the 2003 Electric Revenue Bonds' (2003 Bonds) indenture requires the trustee to establish and maintain a reserve account equal to the reserved requirement. The reserve requirement of this bond issue is satisfied by a bond insurance policy with MBIA Insurance Corporation. This policy insured the bondholders up to \$1.46 million, which is 50% of the maximum debt service. The bonds mature in regularly increasing amounts ranging from \$795,000 to \$1,190,000 annually from 2004 to 2023. The 2003 Bonds maturing on or prior to February 1, 2013 are not subject to redemption prior to maturity. The 2003 bonds maturing on and after February 1, 2014 are subject to redemption prior to maturity, at the option of the City, as a whole or in part, on February 1, 2013, or on any date thereafter, at a redemption price equal to 100% of the principal amount of the 2003 Bonds to be redeemed, together with accrued interest to the redemption date.

CITY OF GLENDALE

Notes to the Financial Statements, continued

The annual debt service requirements to amortize long-term bonded debt at June 30, 2003 are as follows:

	General Obligation Bonds		Tax Allocation Bonds		Revenue Bonds		Capital Lease		Total		Total Debt Service
	Governmental		Governmental		Business -type		Governmental		Total		
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	
2004	2,423,040	1,100,000	5,257,160	3,845,000	3,801,203	795,000	79,300	369,513	11,560,703	6,109,513	17,670,216
2005	2,380,800	1,200,000	5,094,763	3,995,000	3,628,125	795,000	64,649	384,164	11,168,337	6,374,164	17,542,501
2006	2,334,720	1,200,000	4,922,982	4,170,000	3,580,425	1,485,000	49,417	399,396	10,887,544	7,254,396	18,141,940
2007	2,288,640	1,300,000	4,742,185	4,345,000	3,493,050	1,520,000	33,581	415,232	10,557,456	7,580,232	18,137,688
2008	2,238,720	1,400,000	4,552,058	4,525,000	3,403,662	1,560,000	17,116	431,695	10,211,556	7,916,695	18,128,251
2009-2013	10,348,800	8,000,000	19,417,987	25,865,000	15,867,338	8,585,000	-	-	45,634,125	42,450,000	88,084,125
2014-2018	8,628,480	10,400,000	12,282,552	32,755,000	13,581,245	10,360,000	-	-	34,492,277	53,515,000	88,007,277
2019-2023	6,428,160	13,200,000	2,777,139	27,830,000	10,565,085	13,490,000	-	-	19,770,384	54,520,000	74,290,384
2024-2028	3,613,440	17,100,000	-	-	6,437,215	17,760,000	-	-	10,050,655	34,860,000	44,910,655
2029-2032	476,160	8,200,000	-	-	1,375,050	12,290,000	-	-	1,851,210	20,490,000	22,341,210
	<u>41,160,960</u>	<u>63,100,000</u>	<u>59,046,826</u>	<u>107,330,000</u>	<u>65,732,398</u>	<u>68,640,000</u>	<u>244,063</u>	<u>2,000,000</u>	<u>166,184,247</u>	<u>241,070,000</u>	<u>407,254,247</u>

There are a number of limitations and restrictions contained in the bond indentures. The City is in compliance with all significant limitations and restrictions.

CONDUIT DEBT OBLIGATIONS

Certain bonds that the City issued are in the public interest and necessity of its citizens. These bonds are not a debt or liability of the City. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal or interest on the bonds. Such bonds are authorized under sections 3, 5 and 7 of Articles XI of the Constitution of the State of California and Section 1 of Article III of the Charter as well as the Refunding Act of 1984 for 1915 Improvement Act Bonds. The following is a list of such bonds:

Description of bonds	Interest Rates	Original issue	Outstanding at June 30, 2003
City of Glendale Insured Hospital Refunding Bonds, Series 1991A (Adventist Health System/West)	4.5% - 6.75%	\$50,000,000	\$32,280,000
City of Glendale Insured Hospital Revenue Bonds Verdugo Hills Hospital, 1994 Series	7.25% - 8%	27,140,000	19,205,000
City of Glendale Mountain Road Assessment District Limited Obligation Refunding Bonds, Series 2003	2% - 4.5%	8,850,000	8,850,000

E. Restricted Net Assets and Retained Earnings

The City has restricted its ordinarily available fund balances for such purposes as required future debt service and bond indenture requirements, loans receivables, deposits, real property held for resale, outstanding encumbrances, prepaid items and for certain commitments and contingencies. The City Charter requires \$13,072,160 in restricted net assets for contingencies, wherein 24% of the projected General Fund's current revenue estimate must be restricted to maintain liquidity.

The Electric Fund restricted \$10,466,941 for excess capital surcharge revenue to retrofit the City's Grayson Power Plant as mandated by the Air Quality Management District. At the end of fiscal year 2002, the Electric Fund accumulated \$44,540,424 of net revenues from electric wholesale power transactions to fund the stranded debt during the deregulation era. As a result of the 2000-01 California energy crisis, the landscape of the electric industry and market has changed. Deregulation is in effect

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Notes to the Financial Statements, continued

suspended. In response, the Electric Fund has taken a new strategic direction for the future to provide reliable electric service to Glendale customers at reasonably stable and competitive costs. As a result, the original Deregulation Reserve is released and in its place a Cash Reserve Policy is established. The cash Reserve Policy targets \$176,700,000 of designated cash in the following categories: \$36,700,000 for contingency, \$20,000,000 for rate stabilization, and \$120,000,000 for capitalization. As of June 30, 2003, \$169,200,000 is designated with the goal of meeting remaining \$7,500,000 with future available cash.

As of June 30, 2003, the following internal service funds have deficit net assets:

Uninsurable Litigation Fund	\$3,431,689
Liability Insurance Fund	3,486,841
Compensation Insurance Fund	3,229,905
Employee Benefit	463,008

The City is currently undergoing an actuarial study to extrapolate the City's liabilities and to come up with a funding strategy for fiscal year 2005.

IV. Other Information**A. Risk Management**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City retains risks for the following types of liabilities: workers' compensation insurance (up to \$1,000,000 per occurrence), unemployment insurance, post employment benefits, general auto, dental, medical and vision as well as public liability (up to \$2,000,000) through separate Internal Service Funds. The City purchased several commercial insurance policies from third-party insurance companies for errors and omissions of its officers and employees, destruction of assets and natural disasters as well as excess workers' compensation and general public liability claims. There were no significant settlements or reductions in insurance coverage from settlements for the past three years.

Operating funds are charged a premium and the Internal Service Funds recognize the corresponding revenue. Claims expenses are recorded in the Internal Service Funds. Premiums are evaluated periodically and increases are charged to the operating funds to reflect recent trends in actual claims experience and to provide sufficient reserve for catastrophic losses. The reserve designated for future catastrophic losses is currently in negative state however the City is undergoing an actuarial study to arrive at an appropriate funding level and the funding mechanism. Currently there is sufficient cash to meet all the claims payable at June 30, 2003.

Claims payable liability has been established in these funds based on estimates of incurred but not reported and litigated claims. Management believes that provisions for claims at June 30, 2003 are adequate to cover the cost of claims incurred to date. However, such liabilities are, by necessity, based upon estimates and there can be no assurance that the ultimate cost will not exceed such estimates. A reconciliation of the changes in the aggregate liabilities for claims for the current fiscal year and nine prior fiscal years are as follows:

Fiscal Year	Beginning Balance	Claims and Changes	Claim Payments	Ending Balance
1993-94	\$ 11,438,000	9,083,000	8,356,000	12,165,000
1994-95	12,165,000	10,039,000	9,724,000	12,480,000
1995-96	12,480,000	8,163,000	9,264,000	11,379,000
1996-97	11,379,000	14,856,000	10,861,000	15,374,000
1997-98	15,374,000	10,375,000	9,026,000	16,723,000
1998-99	16,723,000	10,555,000	9,541,000	17,737,000
1999-00	17,737,000	12,451,000	11,119,000	19,069,000
2000-01	19,069,000	18,781,000	13,794,000	24,056,000
2001-02	24,056,000	16,597,000	18,595,000	22,058,000
2002-03	22,058,000	23,514,000	15,359,000	30,213,000

B. Contingent Liabilities and Commitments

The City is a defendant in several general damage and personal injury lawsuits and claims. These claims arise primarily from injuries sustained by the claimants while on property owned or maintained by the City. While litigation is by nature uncertain, management believes that, based on consultation with the City Attorney, that these cases in the aggregate are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that sufficient reserves are available to the City to cover any potential losses should an unfavorable outcome materialize.

The City is involved in a dispute over a public works contract in which the contractor is claiming it is owed a substantial amount. We believe the contractor's claim is wholly without merit and the City will vigorously contest said claim.

The City is a subscribing agency in the City of Los Angeles' sewage treatment facilities. During the year ended June 30, 2002, the City of Los Angeles advised the City that its allocation of capital improvements to the facility over the next ten years be estimated at \$101,900,000. The City anticipates funding these improvements through cash accumulated in the Sewer Enterprise Fund. The City Engineer is preparing a proposal for a sewer master plan to review the City's existing contract with City of Los Angeles and to evaluate the City's wastewater direction in the future.

The City's electric operation is committed to purchase all available landfill gas generated by Scholl Canyon LFG Limited Partnership at a price based on various natural gas indices. The term of this commitment is for a period of twenty years from July 1994 to July 2014. The landfill gas purchase for fiscal year 2002-03 was approximately 999,692 MMBtu and the average purchase price was \$6.48 per MMBtu.

The City's electric operations executed two power sale and exchange agreements in 1988. These agreements provide long term obligations to provide and purchase energy and capacity to and from other utilities. The first agreement is with Bonneville Power Administration (BPA). The agreement extends for twenty years and operates in either a sale or exchange mode. Under the sale mode the City is entitled to 10 megawatts annually, plus an additional 10 megawatts during the summer peaking period. The City is required to purchase 73,000 megawatt hours of energy annually under this agreement. In the exchange mode, BPA (under periods of adverse hydro conditions) may elect to receive energy from the City during off-peak hours in lieu of City's monthly charges for this agreement. The second agreement is a twenty-five year power sale and exchange agreement with Portland General Electric Company (PGE). The sale portion calls for the City to receive 20 megawatts of capacity and associated energy over the Pacific Northwest Intertie at its discretion. In exchange, the City may call up to 30 megawatts during the summer months (June through September) and PGE may call for the same amount in winter months (November through February). Energy cannot exceed 1,800 megawatts per week.

C. Jointly Governed Organizations

Joint Power Agreement between the City and the Glendale Community College

The City and the Glendale Community College (College) have agreed to establish a multi-faceted parking program to facilitate on street parking for the City residents living near the College campus and to meet the parking needs of the College. In order to implement the parking program, the City and the College have entered into a Joint Power Agreement (JPA) and issued \$6,160,000 in bonds - Glendale Parking Facilities Joint Powers Authority Parking Revenue Bonds, 1993 Series A (Bonds). The Bonds do not constitute a debt or liability of the JPA nor is the JPA liable for the payment of the principal or interest on the Bonds. The College will provide fiscal management for this JPA. The amount of revenues available to pay debt service on the Bonds will be derived from two sources. The first source is the student-parking permit. The second source is the metered revenue from the City owned parking lots. In return for the loss of the metered revenue, the City shall receive reimbursement annually of \$100. In addition, the City shall receive annual reimbursement of at least \$25 for lot and meter maintenance. Furthermore, any remaining balance of the revenue, after debt service and JPA operational costs, shall be divided equally between the City and the College.

The City is obligated: (i) to establish and collect parking meter revenues at the City Parking Lots, (ii) to strictly enforce metered parking at the City Parking Lots through the use of citations and the collection of fines, (iii) to operate and maintain at its expense the City-owned parking facilities, (iv) to make funds available to JPA to allow for the repair and replacement of the City Parking Lots in the event of damage or destruction or, in the alternative, to redeem Bonds, and (v) to implement and

enforce the expanded residential permit parking area program in and around the College campus and in the event the Civic Auditorium parking facilities are constructed, to allow the College students with student parking program permits to use such facilities during the periods that the Civic Auditorium functions are not in progress.

“Take or Pay” Contracts

The City has entered into seven “Take or Pay” contracts, which requires 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 City’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 City residents. Through these contracts, the City purchased approximately 42% of its total energy requirements during fiscal year 2002-03. This energy will displace some of the energy that was to have been supplied by the local generating plant. The City 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 City 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 1,685 megawatt coal-fueled generating plant consisting of two generating units located near Delta, Utah. The City through contract is obligated for 29 megawatts or 1.662% of the obligation. In addition, the City entered into an “Excess Power Sales Agreement” with the ICPA, agent for the Utah Municipal Purchasers and the Cooperative Purchasers, which entitles the City to an additional share of 7 megawatts or 0.5292% beginning March 24, 2004. The total City’s obligation from Intermountain Power Project (IPP) is 36 megawatts.

The City 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, San Marcos and the Imperial Irrigation District, was formed for the purpose of financing future power resources. The City has entered into six projects with SCPPA. The first of the SCPPA projects is a 3,810 megawatt nuclear fuel generation plant in Arizona (Palo Verde). The Palo Verde 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 City receives 9.9 megawatts or 4.4000% of SCPPA’s entitlement.

As required by the Participation Agreement, the co-owners of the Palo Verde Nuclear Generating Station (PVNGS) have created external accounts for the decommissioning of PVNGS at the end of its life. The market value of the Authority’s accounts for decommissioning was approximately \$117,800,000 at June 30, 2003. Based on the most recent (2002) estimate of decommissioning costs, SCPPA estimates that its share of the amount required for decommissioning of PVNGS is approximately 88.46% funded. Under the forgoing assumptions, an additional \$13,496,000, of which Glendale’s share is \$593,800, would be required for SCPPA to fully fund its share of decommissioning costs. No assurance can be given, however, that such amount will be sufficient to fully fund SCPPA’s share of decommissioning costs. SCPPA anticipates receiving a new estimate of decommissioning costs every three years.

A second project financed through SCPPA is the Southern Transmission System that transmits power from the coal-fired IPP to Southern California. The 500 kV DC line is rated at 1,920 megawatts. The City’s share of the line is 2.274% or approximately 44 megawatts.

A third project financed through SCPPA is the acquisition of an ownership interest in Unit 3 of the San Juan Generating Station located approximately 15 miles northwest of Farmington, New Mexico. Members of SCPPA in this project consist of the Imperial Irrigation District and the California cities of Glendale, Azusa, Banning and Colton. SCPPA holds 41.8000% interest, the Public Service Company of New Mexico holds a 50% interest, and Tri-State G & T holds the remaining 8.2000% interest in the Unit. SCPPA members are entitled to receive approximately 204 megawatts of power from the 488 megawatt unit. The City is obligated for 20 megawatts or 9.8047% of SCPPA’s entitlement.

A fourth project financed through SCPPA consists of a 202-mile 500 kV AC transmission line from a termination in southern Nevada, to a termination in the vicinity of Adelanto, California and the development of the Marketplace Substation at the southern Nevada line termination approximately 17 miles southwest of Boulder City, Nevada. The initial transfer capability

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Notes to the Financial Statements, continued

of the Mead-Adelanto Project is estimated at 1,200 megawatts. SCPPA members in the project are entitled to 815 megawatts. The City is obligated for 90 megawatts or 11.0430% of the SCPPA entitlement.

A fifth project financed through SCPPA 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 City'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 City'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 coal energy is readily available.

A sixth project financed through SCCPPA is the Magnolia Power Project located on four (4) acres of Burbank Water & Power's generation station complex adjacent to Magnolia Boulevard in Burbank California. Members of SCPPA in this project are the cities of Anaheim, Burbank, Glendale, Pasadena, Cerritos and Colton. Glendale is obligated for 40 megawatts or 17.2536% of the project's output.

Currently, construction of the Magnolia Power Project is underway to provide a clean, reliable, and lower-cost electricity resource for the cities by mid-2005. The natural gas fired 310 megawatt power plant will help maintain lower electric rates for municipal utility customers. In April, 2003, SCPPA successfully financed \$299 million of Project A bonds with a maturity of 30 year bonds, at an average cost of 4.19% to fund power plant's construction, interest during construction, insurance costs, and contingency needs.

A summary of the City's "Take or Pay" contracts and related projects and its contingent liability at June 30, 2003 is as follows:

	Bonds and Notes Authorized	Bonds and Notes sold and Outstanding	Interest	Combined total debt service	City of Glendale percentage	City of Glendale Obligation
Intermountain Power Projects	\$ 4,442,017,000	\$3,894,325,000	\$2,461,167,000	\$6,355,492,000	2.19120%	\$138,823,000
Southern California Public Power Authority Projects:						
Palo Verde	1,071,347,000	761,455,000	393,313,000	1,154,768,000	4.4000%	50,810,000
IPP Southern Transmission	1,132,135,000	998,075,000	452,641,000	1,450,716,000	2.2740%	32,989,000
San Juan Power Project-Unit 3	237,375,000	203,810,000	92,743,000	296,553,000	9.8047%	29,076,000
Meade-Adelanto	280,655,000	229,175,000	138,884,000	368,059,000	11.0430%	40,645,000
Mead-Phoenix	90,635,000	71,915,000	43,596,000	115,511,000	14.5137%	16,765,000
Magnolia Power Project	314,508,000	299,975,000	347,199,000	647,174,000	17.2536%	111,661,000
	<u>\$ 7,568,672,000</u>	<u>6,458,730,000</u>	<u>3,929,543,000</u>	<u>10,388,273,000</u>		<u>420,769,000</u>

It is the opinion of management that the City will fully utilize the output for which it is obligated and that its obligation under the "Take or Pay" contracts should be recovered through utility fees.

D. Employee Retirement System and Plans

Plan Description

The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the state of California.

All full-time employees are required to participate in CalPERS, and related benefits vest after five years of service. Upon five years of service, employees who retire at age 50 or older are entitled to receive an annual retirement benefit. The benefit is

CITY OF GLENDALE

Notes to the Financial Statements, continued

payable monthly for life. The benefit is calculated as follows: years of credited service multiplied by their highest twelve consecutive months of salary multiplied by a percentage factor. This factor is age-based – public safety employees use the 3% at age 50 factor while all others use the 2% at age 55 factor. The system also provides death and disability benefits. CalPERS issues a publicly available financial report that includes financial statements and required supplemental information of participating public entities within the state of California. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Funding Policy

CalPERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. According to the plan, City employees are required to contribute 7% of annual salary for general members and 9% of annual salary for public safety members. The City is also required to contribute at an actuarially determined rate; the current public safety rate and the current general employee rates are 1.67% and 0% respectively of annual covered payroll, as the City's retirement is fully funded. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. The City anticipates the rates that CALPERS charges will dramatically increase in fiscal year 2004-05 from a combined rate of 1.67% to 24.99%.

Annual Pension Cost

Contributions to CalPERS totaling \$9,457,453 were made during the fiscal year ended June 30, 2003 in accordance with actuarially determined contribution requirements through an actuarial valuation performed at June 30, 2000. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.25% a year compounded annually (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 4.27% to 11.59%, (c) no additional projected salary increases attributable to seniority/merit and (d) no post retirement benefit increases. The actuarial value of the City's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. CalPERS uses the entry-age-normal-actuarial-cost method, which is a projected-benefit-cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. In addition, the employer's total normal cost is expressed as a level percentage of payroll. CalPERS also uses the level-percentage-of-payroll method to amortize any unfunded actuarial liabilities. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level % of pay over a closed 20 year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization.

Three year Trend Information

Fiscal year ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/01	\$7,832,356	100%	0
6/30/02	\$8,291,590	100%	0
6/30/03	\$9,457,653	100%	0

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Notes to the Financial Statements, continued

REQUIRED SUPPLEMENTARY INFORMATION - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets <a>	Actuarial Accrued Liability - Entry Age 	(Unfunded AAL) / Overfunded AAL <a-b>	Funded Ratio <a/b>	Covered Payroll <c>	(Unfunded AAL) / Overfunded AAL as a Percentage of Covered Payroll <(a-b)/c>
06/30/1999	714,481,049	560,822,323	153,658,726	127.40%	91,017,813	168.82%
06/30/2000	794,954,969	639,884,600	155,070,369	124.23%	95,697,086	162.04%
06/30/2001	815,521,178	687,539,962	127,981,216	118.61%	101,369,092	126.25%

E. Interfund Transactions

The composition of interfund balances consists of due to/from other funds, operating transfers and advances to/from other funds.

Due to/from other funds are temporary cash overdrafts within a fund. Due to/from other funds for fiscal year 2002-03 consisted of the following:

Due to general fund from:	
Nonmajor governmental funds	\$ 2,865,036
Nonmajor proprietary fund	<u>2,327,663</u>
	<u>\$ 5,192,699</u>
Due to electric fund from:	
Capital projects fund	<u>\$ 1,331,140</u>

The City reports operating transfers between many of its funds. Some of the transfers are considered immaterial and are aggregated into a single row titled *All Other Funds*. The sum of all transfers presented in the following table agrees with the sum of Interfund transfers presented in the governmental and proprietary fund financial statements. Transfers are used to (1) subsidize the activities of other funds (2) move revenues from the fund that budget requires to collect them to the fund that budget requires to expend them.

Transfers to general fund from:	
Electric fund	\$ 13,914,375
Water fund	3,082,210
Capital projects fund	4,745,000
Nonmajor proprietary fund	<u>1,800,000</u>
	<u>\$ 23,541,585</u>
Transfers to capital project fund from:	
General fund	\$ 4,813,200
Internal service fund	2,000,000
Nonmajor governmental fund	9,968,807
Electric fund	374,000
Glendale Redevelopment Agency fund	<u>38,350</u>
	<u>\$ 17,194,357</u>
Transfers to nonmajor governmental funds from:	
Capital projects fund	\$ 1,888,803
GRA Town Center Fund	3,849,438
General fund	174,211
Nonmajor governmental fund	<u>166,394</u>
	<u>\$ 6,078,846</u>

F. Subsequent Event

The Glendale Redevelopment Agency authorized refunding of the 1993 Tax Allocation Bonds on October 16, 2003 for \$58,880,000. The 2003 Tax Allocation Bonds are to be fully paid in 2021, with annual principal payments varying from \$2,000,000 to \$4,520,000.

In August 2003, the City 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. On September 1, 2003, the City began taking delivery of the energy under the contract, which totals 26,280 megawatt hours annually at \$53.50 per megawatt hour with no cost escalation through the contract term.

G. Restatements of Prior Year Fund Balances/Net AssetsScholl Canyon Life Extension Fund

Fund balance of the Scholl Canyon Life Extension Fund, a non-major capital projects fund, has been restated in order to properly reflect that the City's liability for landfill closure and post closure care costs were not yet due, and therefore, the liability should be reported as long term governmental debt instead of a fund liability. This restatement increases the fund balance by \$15,886,328 to \$18,890,377. The restatement has no impact on reported revenues and expenditures of the fund for the year ended June 30, 2002.

Accumulated Depreciation

Net assets as previously reported for governmental activities in the Statement of Net Assets at June 30, 2002, have been restated for errors found in the original calculations of accumulated depreciation made upon adoption of the new reporting model for various general capital assets. The errors result in part from problems with computer application software including the understanding of critical software functions. The reporting of accumulated depreciation for general capital assets (those financed with governmental fund resources) was required of the City for the first time with its adoption of GASB Statement No. 34 in the prior year. All of the errors relate to capital assets that existed at the time of adoption of GASB 34.

The amount previously reported as accumulated depreciation upon adoption of GASB Statement No. 34 was \$ 212,076,410. The amount that should have been reported has been recomputed to be \$143,223,735. This restatement results in an increase in net assets for governmental activities of \$69,386,226 which increases total net assets at June 30, 2002 to \$800,402,251. This restatement has no impact on amounts reported as expenses in the Statement of Activities or expenditures in the fund statements for the year ended June 30, 2002.

H. Pronouncement Issued but Not yet Adopted

In March 2003, the Governmental Accounting Standards Board (GASB) issued Statement of Governmental Accounting Standard No. 40, Deposit and Investment Risk Disclosures. This Statement amends GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements to address common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this Statement also should be disclosed. The City will be required to implement Statement No. 40 for its fiscal year ending June 30, 2005.

City of Glendale, California



Supplemental
Information

June 10, 2001

Exhibit F-1
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2003

Assets	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Cash and invested cash	\$ 42,534,146	49,851,845	28,386,053	120,772,044
Cash with fiscal agent	—	16,316,939	6,174,510	22,491,449
Interest receivable	248,158	289,524	163,390	701,072
Accounts receivable, net	1,194,741	—	—	1,194,741
Due from other agencies	5,772,834	—	1,076,129	6,848,963
Real property held for resale	1,796,643	—	—	1,796,643
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>51,546,522</u>	<u>66,458,308</u>	<u>35,800,082</u>	<u>153,804,912</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	1,813,914	—	393,717	2,207,631
Due to other funds	2,865,036	—	—	2,865,036
Due to other agencies	1,410,995	—	—	1,410,995
Matured bond principal and interest	—	159,345	—	159,345
Accrued wages and withholdings	425,408	—	53,736	479,144
Compensated absences	413,937	—	—	413,937
Deferred compensation and revenue	1,194,741	—	—	1,194,741
Deposits	85,921	—	—	85,921
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>8,209,952</u>	<u>159,345</u>	<u>447,453</u>	<u>8,816,750</u>
Fund balances:				
Reserved:				
Encumbrances	7,967,328	—	1,802,457	9,769,785
Real property held for resale	1,796,643	—	—	1,796,643
Principal and interest	—	66,298,963	—	66,298,963
Capital Projects	10,216,626	—	—	10,216,626
Landfill closure and post closure care	—	—	14,800,000	14,800,000
Unreserved	23,355,973	—	18,750,172	42,106,145
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>43,336,570</u>	<u>66,298,963</u>	<u>35,352,629</u>	<u>144,988,162</u>
Total liabilities and fund balances	<u>\$ 51,546,522</u>	<u>66,458,308</u>	<u>35,800,082</u>	<u>153,804,912</u>

CITY OF GLENDALE

Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For Fiscal Year Ended June 30, 2003

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ 4,442,961	5,925,738	—	10,368,699
Other taxes	3,114,165	—	2,401,061	5,515,226
Revenue from other agencies	33,006,191	—	4,322,995	37,329,186
Fines and forfeitures	941,965	—	—	941,965
Charges for services	4,016,989	—	—	4,016,989
Use of money and property	1,544,703	6,307,323	1,831,224	9,683,250
Miscellaneous revenue	2,491,813	—	83,429	2,575,242
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	49,558,787	12,233,061	8,638,709	70,430,557
Expenditures:				
General government	343,106	—	—	343,106
Community promotion	3,997,215	—	—	3,997,215
Public safety	7,189,766	—	—	7,189,766
Housing, health and community development	20,065,221	—	—	20,065,221
Employment programs	5,372,957	—	—	5,372,957
Public service	5,118,860	—	—	5,118,860
Parks, recreation and community services	518,462	—	—	518,462
Library	346,540	—	—	346,540
Capital	8,632,761	—	15,488,177	24,120,938
Principal retirement	—	3,400,000	—	3,400,000
Interest	—	6,313,921	—	6,313,921
Fiscal agent fees	—	18,362	—	18,362
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	51,584,888	9,732,283	15,488,177	76,805,348
Excess of revenues over (under) expenditures	(2,026,101)	2,500,778	(6,849,468)	(6,374,791)
Other financing sources (use):				
Capital lease	2,500,000	—	—	2,500,000
Operating transfers from:				
General fund	174,211	—	—	174,211
GRA Town Center fund	—	3,849,438	—	3,849,438
Nonmajor governmental funds	166,394	—	—	166,394
Capital projects fund	288,803	—	1,600,000	1,888,803
Operating transfer to:				
Nonmajor governmental funds	(166,394)	—	—	(166,394)
Capital projects fund	—	—	(9,968,807)	(9,968,807)
	<hr/>	<hr/>	<hr/>	<hr/>
Total financing sources (use)	2,963,014	3,849,438	(8,368,807)	(1,556,355)
Net change in fund balances	936,913	6,350,216	(15,218,275)	(7,931,146)
Fund balance, July 1	42,399,657	63,629,533	50,570,904	156,600,094
Equity Transfer	—	(3,680,786)	—	(3,680,786)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, June 30	\$ 43,336,570	66,298,963	35,352,629	144,988,162

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue resources or to finance specified activities as required by law or administrative regulation. These funds are:

- Community Development Fund-To account for monies received and expended by the City as a participant in the Federal Community Development Block Grant Program.
- Housing Assistance Fund-To account for monies received and expended by the City under Section 8 of the Federal Housing and Urban Development Act for housing assistance to low and moderate income families.
- Home Grant Fund-To account for monies received and expended by the City under the HOME Investment Partnerships Program to strengthen public-private partnerships and to preserve and provide affordable housing.
- Supportive Housing Grant Fund- To account for monies received by the City under the Supportive Housing Program to address the homeless needs of the City.
- Emergency Shelter Grant Fund-To account for monies received by the City under the Emergency Shelter Grant Program to address the homeless needs of the City.
- Workforce Investment Act Fund-To account for grant monies received and expended, in the federally funded job training program
- State Training Program Fund-To account for monies received and expended, as trustee, as participant in the federally funded Welfare to Work.
- H-1B Technology Skills Training Fund-To account for grant monies received and expended, in the federally funded technical training of entertainment industry workers.
- Code Enforcement Fund-To account for grant monies received and expended for code enforcement programs.
- Low and Moderate Income Housing Fund-To account for monies received and expended by the Agency for the 20% set aside funds pursuant to redevelopment laws of the State of California.
- Local Transit Assistance Fund-To account for monies received from a portion of the sales tax which is restricted to transportation-related activities.
- Air Quality Improvement Fund-To account for monies received from South Coast Air Quality Management District and expended on air pollution reduction.
- Narcotic Forfeiture Fund-To account for the proceeds of money or property seized as a result of illegal activity which is restricted to law enforcement uses.
- Special Grant Fund-To account for various small grants received and expended by the City, such as the Career Criminal Apprehension Program, Community Oriented Policing and the Child Passenger Safety Grant.
- Supplemental Law Enforcement Fund- To account for monies received from the State of California to provide funding for local agencies for the Citizen's Option for Public Safety Program (COPS).
- Nutritional Meals Grant Fund-To account for monies received from Federal assistance programs for senior citizen services.
- Cable Access Fund – To account for the 1.45% cable access fee to provide for resources to broadcast the City Council meetings and other various commissions, forums, etc.
- Library Grant Fund-To account for grant monies received and expended from State and local agencies.

- Electric Public Benefit Fund – To account for the 2.85% fees assessed on the electric customers to fund public benefit programs such as low income projects, research and development and demonstration program as mandated by State of California, AB 1890.
- Fire Grant Fund-To account for grant monies received and expended for fire prevention programs.
- Fire Communication Fund-To account for monies received and expended, as the lead city, for the tri-city (Burbank, Glendale and Pasadena) fire communication operations.

Exhibit G-1
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds - Special Revenue
 June 30, 2003

Assets	<u>Community Development Fund</u>	<u>Housing Assistance Fund</u>	<u>Home Grant Fund</u>	<u>Supportive Housing Grant Fund</u>	<u>Emergency Shelter Grant Fund</u>	<u>Workforce Investment Act Fund</u>
Cash and invested cash	\$ —	2,565,934	—	—	—	—
Interest receivable	—	1,987	—	—	—	—
Accounts receivable, net	1,015,673	—	—	—	—	—
Due from other agencies	1,000,600	26,461	580,503	935,281	127,707	370,571
Real property held for resale	—	—	—	—	—	—
Total assets	<u>2,016,273</u>	<u>2,594,382</u>	<u>580,503</u>	<u>935,281</u>	<u>127,707</u>	<u>370,571</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	11,608	8,139	135,369	91,545	9,476	13,400
Due to other funds	859,553	—	432,999	838,190	118,231	202,665
Due to other agencies	—	1,098,393	—	—	—	—
Accrued wages and withholdings	54,554	58,153	3,515	5,506	—	48,214
Compensated absences	74,885	50,730	8,620	40	—	23,121
Deferred compensation and revenue	1,015,673	—	—	—	—	—
Deposits	—	82,450	—	—	—	3,471
Total liabilities	<u>2,016,273</u>	<u>1,297,865</u>	<u>580,503</u>	<u>935,281</u>	<u>127,707</u>	<u>290,871</u>
Fund balances:						
Reserved:						
Encumbrances	—	—	—	—	—	—
Real property held for resale	—	—	—	—	—	—
Capital projects	—	—	—	—	—	—
Unreserved	—	1,296,517	—	—	—	79,700
Total fund balances	<u>—</u>	<u>1,296,517</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>79,700</u>
Total liabilities and fund balances	<u>\$ 2,016,273</u>	<u>2,594,382</u>	<u>580,503</u>	<u>935,281</u>	<u>127,707</u>	<u>370,571</u>

Exhibit G-1, continued

Exhibit G-1-2
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds - Special Revenue
 June 30, 2003

Assets	State Training Program Fund	H-IB Technology Skills Training Fund	Code Enforcement Fund	Low & Moderate Income Housing Fund	Local Transit Assistance Fund
Cash and invested cash	\$ ---	---	11,342	14,039,493	8,333,646
Interest receivable	---	---	---	82,983	54,325
Accounts receivable, net	---	---	---	---	179,068
Due from other agencies	278,571	104,218	---	177,648	783,851
Real property held for resale	---	---	---	1,796,643	---
Total assets	<u>278,571</u>	<u>104,218</u>	<u>11,342</u>	<u>16,096,767</u>	<u>9,350,890</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	---	69,215	---	131,700	527,051
Due to other funds	237,316	28,941	---	---	---
Due to other agencies	---	---	---	---	20,212
Accrued wages and withholdings	220	5,780	10,068	48,880	26,972
Compensated absences	22,263	282	1,274	42,649	23,141
Deferred compensation and revenue	---	---	---	---	179,068
Deposits	---	---	---	---	---
Total liabilities	<u>259,799</u>	<u>104,218</u>	<u>11,342</u>	<u>223,229</u>	<u>776,444</u>
Fund balances:					
Reserved:					
Encumbrances	---	---	---	3,085,991	751,309
Real property held for resale	---	---	---	1,796,643	---
Projects	---	---	---	5,864,019	4,352,607
Unreserved	<u>18,772</u>	<u>---</u>	<u>---</u>	<u>5,126,885</u>	<u>3,470,530</u>
Total fund balances	<u>18,772</u>	<u>---</u>	<u>---</u>	<u>15,873,538</u>	<u>8,574,446</u>
Total liabilities and fund balances	<u>\$ 278,571</u>	<u>104,218</u>	<u>11,342</u>	<u>16,096,767</u>	<u>9,350,890</u>

Exhibit G-1-2, continued

Exhibit G-1-3
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds - Special Revenue
 June 30, 2003

Assets	Air Quality Improvement Fund	Narcotic Forfeiture Fund	Special Grant Fund	Supplemental Law Enforcement Fund	Nutritional Meals Grant Fund
Cash and invested cash	\$ 423,805	1,307,251	528,650	139,491	18,946
Interest receivable	2,085	7,663	2,903	1,082	248
Accounts receivable, net	—	—	—	—	—
Due from other agencies	56,900	758,720	283,693	—	39,784
Real property held for resale	—	—	—	—	—
	<u>482,790</u>	<u>2,073,634</u>	<u>815,246</u>	<u>140,573</u>	<u>58,978</u>
Total assets					
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	14,540	108	600	180	20,379
Due to other funds	—	—	—	—	—
Due to other agencies	—	—	292,390	—	—
Accrued wages and withholdings	310	6,650	41,417	16,550	11,582
Compensated absences	870	10,186	23,416	33,943	16,305
Deferred compensation and revenue	—	—	—	—	—
Deposits	—	—	—	—	—
	<u>15,720</u>	<u>16,944</u>	<u>357,823</u>	<u>50,673</u>	<u>48,266</u>
Total liabilities					
Fund balances:					
Reserved:					
Encumbrances	17,231	18,568	18,792	—	—
Real property held for resale	—	—	—	—	—
Projects	—	—	—	—	—
Unreserved	<u>449,839</u>	<u>2,038,122</u>	<u>438,631</u>	<u>89,900</u>	<u>10,712</u>
Total fund balances	<u>467,070</u>	<u>2,056,690</u>	<u>457,423</u>	<u>89,900</u>	<u>10,712</u>
Total liabilities and fund balances	<u>\$ 482,790</u>	<u>2,073,634</u>	<u>815,246</u>	<u>140,573</u>	<u>58,978</u>

Exhibit G-1-3, continued

Exhibit G-1-4
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds - Special Revenue
 June 30, 2003

Assets	Cable Access Fund	Library Grant Fund	Electric Public Benefit Fund	Fire Grant Fund	Fire Communication Fund	Total Nonmajor Special Revenue Funds
Cash and invested cash	\$ 2,641,471	202,529	9,775,206	—	2,546,382	42,534,146
Interest receivable	15,529	1,235	62,071	—	16,047	248,158
Accounts receivable, net	—	—	—	—	—	1,194,741
Due from other agencies	—	23,847	—	224,479	—	5,772,834
Real property held for resale	—	—	—	—	—	1,796,643
	<u>2,657,000</u>	<u>227,611</u>	<u>9,837,277</u>	<u>224,479</u>	<u>2,562,429</u>	<u>51,546,522</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	—	3,156	777,352	73	23	1,813,914
Due to other funds	—	—	—	147,141	—	2,865,036
Due to other agencies	—	—	—	—	—	1,410,995
Accrued wages and withholdings	12,689	4,831	13,184	5,157	51,176	425,408
Compensated absences	17,105	—	—	443	64,664	413,937
Deferred compensation and revenue	—	—	—	—	—	1,194,741
Deposits	—	—	—	—	—	85,921
	<u>29,794</u>	<u>7,987</u>	<u>790,536</u>	<u>152,814</u>	<u>115,863</u>	<u>8,209,952</u>
Fund balances:						
Reserved:						
Encumbrances	1,070,294	—	2,902,798	—	102,345	7,967,328
Real property held for resale	—	—	—	—	—	1,796,643
Projects	—	—	—	—	—	10,216,626
Unreserved	<u>1,556,912</u>	<u>219,624</u>	<u>6,143,943</u>	<u>71,665</u>	<u>2,344,221</u>	<u>23,355,973</u>
Total fund balances	<u>2,627,206</u>	<u>219,624</u>	<u>9,046,741</u>	<u>71,665</u>	<u>2,446,566</u>	<u>43,336,570</u>
Total liabilities and fund balances	<u>\$ 2,657,000</u>	<u>227,611</u>	<u>9,837,277</u>	<u>224,479</u>	<u>2,562,429</u>	<u>51,546,522</u>

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds - Special Revenue
 For Fiscal Year Ended June 30, 2003

	Community Development Fund	Housing Assistance Fund	Home Grant Fund	Supportive Housing Grant Fund	Emergency Shelter Grant Fund	Workforce Investment Act Fund
Revenues:						
Property taxes	\$ —	—	—	—	—	—
Other taxes	—	—	—	—	—	—
Revenue from other agencies	4,193,725	10,673,492	3,392,950	1,208,079	150,937	3,367,018
Fines and forfeitures	—	—	—	—	—	—
Charges for services	—	—	—	—	—	—
Use of money and property	—	32,001	—	—	—	—
Miscellaneous revenue	60,379	305,641	19,398	—	—	20,062
Total revenues	4,254,104	11,011,134	3,412,348	1,208,079	150,937	3,387,080
Expenditures:						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	—	—
Public works	—	—	—	—	—	—
Housing, health and community development	1,787,971	11,228,208	2,256,099	1,208,079	150,937	—
Employment Programs	—	—	—	—	—	3,365,847
Public service	—	—	—	—	—	—
Parks, recreation and community services	—	—	—	—	—	—
Library	—	—	—	—	—	—
Capital	2,466,133	15,639	1,156,249	—	—	5,415
Total expenditures	4,254,104	11,243,847	3,412,348	1,208,079	150,937	3,371,262
Excess of revenues over (under) expenditures	—	(232,713)	—	—	—	15,818
Other financing sources (use):						
Bond issued	—	—	—	—	—	—
Bond premium	—	—	—	—	—	—
Bond issuance costs	—	—	—	—	—	—
Capital lease	—	—	—	—	—	—
Transfers from:						
General fund	—	—	—	—	—	—
Low & moderate housing fund	—	—	—	—	—	—
Capital projects fund	—	—	—	—	—	—
Transfer to:						
Code enforcement fund	—	—	—	—	—	—
Total financing sources (use)	—	—	—	—	—	—
Net change in fund balances	—	(232,713)	—	—	—	15,818
Fund balance, July 1	—	1,529,230	—	—	—	63,882
Fund balance, June 30	\$ —	1,296,517	—	—	—	79,700

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds - Special Revenue
 For Fiscal Year Ended June 30, 2003

	State Training Program Fund	H-1B Technology Skills Training Fund	Code Enforcement Fund	Low & Moderate Income Housing Fund	Local Transit Assistance Fund
Revenues:					
Property taxes	\$ —	—	—	4,442,961	—
Other taxes	—	—	—	—	—
Revenue from other agencies	538,788	1,485,264	123,272	—	5,288,423
Fines and forfeitures	—	—	—	—	—
Charges for services	—	—	—	—	1,598,744
Use of money and property	—	—	—	592,973	311,731
Miscellaneous revenue	—	—	—	1,090,792	495
Total revenues	<u>538,788</u>	<u>1,485,264</u>	<u>123,272</u>	<u>6,126,726</u>	<u>7,199,393</u>
Expenditures:					
General government	—	—	—	—	—
Public safety	—	—	—	—	—
Public works	—	—	—	—	6,942,803
Housing, health and community development	—	—	268,178	3,165,749	—
Employment Programs	521,846	1,485,264	—	—	—
Public service	—	—	—	—	—
Parks, recreation and community services	—	—	—	—	—
Library	—	—	—	—	—
Capital	—	—	21,488	267,293	747,067
Total expenditures	<u>521,846</u>	<u>1,485,264</u>	<u>289,666</u>	<u>3,433,042</u>	<u>7,689,870</u>
Excess of revenues over (under) expenditures	<u>16,942</u>	<u>—</u>	<u>(166,394)</u>	<u>2,693,684</u>	<u>(490,477)</u>
Other financing sources (use):					
Bond proceeds	—	—	—	—	—
Transfers from:					
General fund	—	—	—	—	—
Special revenue fund	—	—	166,394	—	—
Capital projects fund	—	—	—	—	—
Transfer to:					
Special revenue fund	—	—	—	(166,394)	—
Total financing sources (use)	<u>—</u>	<u>—</u>	<u>166,394</u>	<u>(166,394)</u>	<u>—</u>
Excess of revenues and other financing sources and other financing uses	<u>16,942</u>	<u>—</u>	<u>—</u>	<u>2,527,290</u>	<u>(490,477)</u>
Fund balance, July 1	1,830	—	—	13,346,248	9,064,923
Fund balance, June 30	\$ <u>18,772</u>	<u>—</u>	<u>—</u>	<u>15,873,538</u>	<u>8,574,446</u>

Exhibit G-2-2, continued

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - Special Revenue

For Fiscal Year Ended June 30, 2003

	Air Quality Improvement Fund	Narcotic Forfeiture Fund	Special Grant Fund	Supplemental Law Enforcement Fund	Nutritional Meals Grant Fund
Revenues:					
Property taxes	\$ —	—	—	—	—
Other taxes	—	—	—	—	—
Revenue from other agencies	232,734	—	745,687	397,659	310,675
Fines and forfeitures	—	941,965	—	—	—
Charges for services	47,586	—	149,656	—	—
Use of money and property	16,082	42,470	19,132	2,205	1,340
Miscellaneous revenue	—	—	681,659	—	80,248
Total revenues	296,402	984,435	1,596,134	399,864	392,263
Expenditures:					
General government	—	—	—	—	—
Public safety	—	312,376	1,186,590	515,793	—
Public works	246,963	—	—	—	—
Housing, health and community development	—	—	—	—	—
Employment Programs	—	—	—	—	—
Public service	—	—	—	—	—
Parks, recreation and community services	—	—	—	—	518,462
Library	—	—	—	—	—
Capital	24,839	108,148	395,249	—	—
Total expenditures	271,802	420,524	1,581,839	515,793	518,462
Excess of revenues over (under) expenditures	24,600	563,911	14,295	(115,929)	(126,199)
Other financing sources (use):					
Bond proceeds	—	—	—	—	—
Transfers from:					
General fund	—	—	—	—	136,911
Special revenue fund	—	—	—	—	—
Capital projects fund	—	—	—	—	—
Transfer to:					
Special revenue fund	—	—	—	—	—
Total financing sources (use)	—	—	—	—	136,911
Excess of revenues and other financing sources and other financing uses	24,600	563,911	14,295	(115,929)	10,712
Fund balance, July 1	442,470	1,492,779	443,128	205,829	—
Fund balance, June 30	\$ 467,070	2,056,690	457,423	89,900	10,712

Exhibit G-2-3, continued

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - Special Revenue

For Fiscal Year Ended June 30, 2003

	Cable Access Fund	Library Grant Fund	Electric Public Benefit Fund	Fire Grant Fund	Fire Communication Fund	Total Nonmajor Special Revenue Funds
Revenues:						
Property taxes	\$ —	—	—	—	—	4,442,961
Other taxes	—	—	3,114,165	—	—	3,114,165
Revenue from other agencies	—	422,349	—	475,139	—	33,006,191
Fines and forfeitures	—	—	—	—	—	941,965
Charges for services	435,162	—	—	—	1,785,841	4,016,989
Use of money and property	87,566	4,371	338,699	88	96,045	1,544,703
Miscellaneous revenue	828	19,098	—	18,815	194,398	2,491,813
Total revenues	523,556	445,818	3,452,864	494,042	2,076,284	49,558,787
Expenditures:						
General government	343,106	—	—	—	—	343,106
Public safety	—	—	—	457,543	1,524,913	3,997,215
Public works	—	—	—	—	—	7,189,766
Housing, health and community development	—	—	—	—	—	20,065,221
Employment Programs	—	—	—	—	—	5,372,957
Public service	—	—	5,118,860	—	—	5,118,860
Parks, recreation and community services	—	—	—	—	—	518,462
Library	—	346,540	—	—	—	346,540
Capital	111,455	11,155	7,879	11,025	3,283,727	8,632,761
Total expenditures	454,561	357,695	5,126,739	468,568	4,808,640	51,584,888
Excess of revenues over (under) expenditures	68,995	88,123	(1,673,875)	25,474	(2,732,356)	(2,026,101)
Other financing sources (use):						
Bond proceeds	—	—	—	—	—	—
					2,500,000	2,500,000
Transfers from:						
General fund	—	—	—	37,300	—	174,211
Special revenue fund	—	—	—	—	—	166,394
Capital projects fund	288,803	—	—	—	—	288,803
Transfer to:						
Special revenue fund	—	—	—	—	—	(166,394)
Total financing sources (use)	288,803	—	—	37,300	2,500,000	2,963,014
Excess of revenues and other financing sources and other financing uses	357,798	88,123	(1,673,875)	62,774	(232,356)	936,913
Fund balance, July 1	2,269,408	131,501	10,720,616	8,891	2,678,922	42,399,657
Fund balance, June 30	\$ 2,627,206	219,624	9,046,741	71,665	2,446,566	43,336,570

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget and Actual (Nonmajor Governmental Funds-Special Revenue)

Special Revenue Funds

Year ended June 30, 2003

	2003			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Community Development Fund:				
Revenue from other agencies	\$ 4,305,757	4,324,257	4,193,725	(130,532)
Miscellaneous revenue	20,000	20,000	60,379	40,379
Total	4,325,757	4,344,257	4,254,104	(90,153)
Housing Assistance Fund:				
Use of money and property	100,000	100,000	32,001	(67,999)
Revenue from other agencies	9,187,000	9,187,000	10,673,492	1,486,492
Miscellaneous revenue	51,000	51,000	305,641	254,641
Total	9,338,000	9,338,000	11,011,134	1,673,134
Home Grant Fund:				
Revenue from other agencies	1,925,000	1,925,000	3,392,950	1,467,950
Miscellaneous revenue	20,000	20,000	19,398	(602)
Total	1,945,000	1,945,000	3,412,348	1,467,348
Supportive Housing Grant Fund:				
Revenue from other agencies	1,328,447	1,328,447	1,208,079	(120,368)
Total	1,328,447	1,328,447	1,208,079	(120,368)
Emergency Shelter Grant Fund:				
Revenue from other agencies	140,000	140,000	150,937	10,937
Workforce Investment Act Fund:				
Revenue from other agencies	3,523,272	3,675,772	3,367,018	(308,754)
Miscellaneous revenue	—	—	20,062	20,062
Total	3,523,272	3,675,772	3,387,080	(288,692)
State Training Program Fund:				
Revenue from other agencies	—	—	538,788	538,788
H - 1B Technology Skills Training Fund:				
Revenue from other agencies	152,750	152,750	1,485,264	1,332,514
Total	152,750	152,750	1,485,264	1,332,514
Code Enforcement Fund:				
Revenue from other agencies	103,850	103,850	123,272	19,422
Transfer from other funds	176,836	176,836	166,394	(10,442)
Total	280,686	280,686	289,666	8,980
Low & Moderate Income Housing Fund:				
Property Taxes	4,409,000	4,409,000	4,442,961	33,961
Use of Money and Property	503,000	503,000	592,973	89,973
Miscellaneous revenue	474,000	474,000	1,090,792	616,792
Total	5,386,000	5,386,000	6,126,726	740,726
Local Transit Assistance Fund:				
Use of money and property	505,000	505,000	311,731	(193,269)
Revenue from other agencies	4,719,000	4,719,000	5,288,423	569,423
Charges for services	1,626,000	1,626,000	1,598,744	(27,256)
Miscellaneous revenue	—	—	495	495
Total	\$ 6,850,000	6,850,000	7,199,393	349,393

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget and Actual (Nonmajor Governmental Funds-Special Revenue)

Special Revenue Funds

Year ended June 30, 2003

	2003			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Air Quality Improvement Fund:				
Use of money and property	\$ 13,000	13,000	16,082	3,082
Revenue from other agencies	190,000	190,000	232,734	42,734
Charges for services	39,000	39,000	47,586	8,586
Total	242,000	242,000	296,402	54,402
Narcotic Forfeiture Fund:				
Fines and forfeitures	—	—	941,965	941,965
Use of money and property	—	—	42,470	42,470
Total	—	—	984,435	984,435
Special Grant Fund:				
Use of money and property	15,000	15,000	19,132	4,132
Revenue from other agencies	535,000	662,740	745,687	82,947
Charges for Services	135,000	135,000	149,656	14,656
Miscellaneous revenue	667,466	681,659	681,659	—
Total	1,352,466	1,494,399	1,596,134	101,735
Supplemental Law Enforcement Fund:				
Use of money and property	27,000	27,000	2,205	(24,795)
Revenue from other agencies	400,000	400,000	397,659	(2,341)
Total	427,000	427,000	399,864	(27,136)
Nutritional Meals Grant Fund:				
Use of money and property	2,000	2,000	1,340	(660)
Revenue from other agencies	350,914	350,914	310,675	(40,239)
Miscellaneous revenue	94,410	94,410	80,248	(14,162)
Transfer from other funds	136,911	136,911	136,911	—
Total	584,235	584,235	529,174	(55,061)
Cable Access Fund:				
Use of money and property	120,000	120,000	87,566	(32,434)
Charges for services	422,000	422,000	435,162	13,162
Miscellaneous revenue	—	—	828	828
Transfer from other funds	—	288,803	288,803	—
Total	542,000	830,803	812,359	(18,444)
Library Grant Fund:				
Use of money and property	11,000	11,000	4,371	(6,629)
Revenue from other agencies	500,000	660,109	422,349	(237,760)
Miscellaneous revenue	—	—	19,098	19,098
Total	511,000	671,109	445,818	(225,291)
Electric Public Benefit Fund:				
Other taxes	3,300,000	3,300,000	3,114,165	(185,835)
Use of money and property	300,000	300,000	338,699	38,699
Miscellaneous revenue	400,000	400,000	—	(400,000)
Total	4,000,000	4,000,000	3,452,864	(547,136)
Fire Grant Fund				
Use of money and property	—	—	88	88
Revenue from other agencies	790,000	926,444	475,139	(451,305)
Miscellaneous revenue	10,000	10,000	18,815	8,815
Transfer from other funds	—	37,300	37,300	—
Total	\$ 800,000	973,744	531,342	(442,402)

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget and Actual (Nonmajor Governmental Funds-Special Revenue)

Special Revenue Funds

Year ended June 30, 2003

	2003			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Fire Communication Fund				
Use of money and property	\$ 140,000	140,000	96,045	(43,955)
Charges for services	1,786,000	1,786,000	1,785,841	(159)
Miscellaneous revenue	194,000	194,000	194,398	398
Other financing sources	—	—	2,500,000	2,500,000
Total	<u>2,120,000</u>	<u>2,120,000</u>	<u>4,576,284</u>	<u>2,456,284</u>
Total revenues and other financing sources	\$ <u>43,848,613</u>	<u>44,784,202</u>	<u>52,688,195</u>	<u>7,903,993</u>

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget and Actual (Nonmajor Governmental Funds-Special Revenue)

Special Revenue Funds

Year ended June 30, 2003

	2003			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Community Development Fund:				
Housing, health and community development:				
Salaries and benefits	\$ 1,777,880	1,792,880	1,334,183	458,697
Maintenance and operations	2,200,565	2,060,565	453,788	1,606,777
Capital	5,039,726	5,183,226	2,466,133	2,717,093
Total	9,018,171	9,036,671	4,254,104	4,782,567
Housing Assistance Fund:				
Housing, health and community development:				
Salaries and benefits	1,042,321	1,065,517	1,355,900	(290,383)
Maintenance and operations	8,112,140	11,112,140	9,872,308	1,239,832
Capital	15,540	15,540	15,639	(99)
Total	9,170,001	12,193,197	11,243,847	949,350
Home Grant Fund:				
Housing, health and community development:				
Salaries and benefits	133,044	133,044	107,075	25,969
Maintenance and operations	8,313,474	8,313,474	3,303,339	5,010,135
Capital	2,350	2,350	1,934	416
Total	8,448,868	8,448,868	3,412,348	5,036,520
Supportive Housing Grant Fund:				
Housing, health and community development:				
Salaries and benefits	594,274	594,274	99,577	494,697
Maintenance and operations	3,405,760	3,405,760	1,108,502	2,297,258
Total	4,000,034	4,000,034	1,208,079	2,791,955
Emergency Shelter Grant Fund:				
Housing, health and community development:				
Maintenance and operations	159,736	159,736	150,937	8,799
Total	159,736	159,736	150,937	8,799
Workforce Investment Act Fund:				
Employment and job training services:				
Salaries and benefits	3,107,786	3,107,786	1,939,287	1,168,499
Maintenance and operations	2,295,418	2,295,418	1,426,560	868,858
Capital	301,813	301,813	5,415	296,398
Total	5,705,017	5,705,017	3,371,262	2,333,755
State Training Program Fund				
Employment and job training services:				
Maintenance and operations	906,640	906,640	521,846	384,794
Total	\$ 906,640	906,640	521,846	384,794

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget and Actual (Nonmajor Governmental Funds-Special Revenue)

Special Revenue Funds

Year ended June 30, 2003

	2003			Variance Favorable (Unfavorable)
	Original	Final	Actual	
H - 1B Technology Skills Training Fund:				
Employment and job training programs:				
Salaries and benefits	\$ 1,085,122	1,085,122	248,673	836,449
Maintenance and operations	4,707,326	4,707,326	1,236,591	3,470,735
Capital	202,742	202,742	—	202,742
Total	5,995,190	5,995,190	1,485,264	4,509,926
Code Enforcement Fund:				
Housing, health and community development:				
Salaries and benefits	228,148	208,148	248,947	(40,799)
Maintenance and operations	14,000	34,000	19,231	14,769
Capital	28,013	28,013	21,488	6,525
Total	270,161	270,161	289,666	(19,505)
Low & Moderate Housing Fund:				
Housing, health and community development:				
Salaries and benefits	1,622,494	1,626,405	1,236,956	389,449
Maintenance and operations	14,068,455	15,407,160	1,928,793	13,478,367
Capital	65,876	85,876	267,293	(181,417)
Transfer to other funds	176,836	176,836	166,394	10,442
Total	15,933,661	17,296,277	3,599,436	13,696,841
Local Transit Assistance Fund:				
Public works:				
Salaries and benefits	711,592	711,592	724,558	(12,966)
Maintenance and operations	6,438,794	6,478,794	6,218,245	260,549
Capital	5,422,858	5,422,858	747,067	4,675,791
Total	12,573,244	12,613,244	7,689,870	4,923,374
Air Quality Improvement Fund:				
Public works:				
Salaries and benefits	226,494	226,494	199,384	27,110
Maintenance and operations	106,417	106,417	47,579	58,838
Capital	35,000	35,000	24,839	10,161
Total	367,911	367,911	271,802	96,109
Narcotic Forfeiture Fund:				
Public safety:				
Salaries and benefits	192,667	192,667	194,420	(1,753)
Maintenance and operations	201,943	207,943	117,956	89,987
Capital	2,992	135,501	108,148	27,353
Total	397,602	536,111	420,524	115,587
Special Grant Fund:				
Public safety:				
Salaries and benefits	1,713,207	1,713,207	1,094,496	618,711
Maintenance and operations	549,811	549,811	92,094	457,717
Capital	1,044,548	1,186,481	395,249	791,232
Total	\$ 3,307,566	3,449,499	1,581,839	1,867,660

CITY OF GLENDALE

Schedule of Expenditures - Budget and Actual (Nonmajor Governmental Funds-Special Revenue)

Special Revenue Funds

Year ended June 30, 2003

	2003		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Supplemental Law Enforcement Fund:				
Public safety:				
Salaries and benefits	\$ 528,522	528,522	502,710	25,812
Maintenance and operations	7,474	7,474	13,083	(5,609)
Total	535,996	535,996	515,793	20,203
Nutritional Meals Grant Fund:				
Parks, recreation and community services:				
Salaries and benefits	304,885	304,885	285,380	19,505
Maintenance and operations	259,573	259,573	233,082	26,491
Total	564,458	564,458	518,462	45,996
Cable Access Fund:				
General government:				
Salaries and benefits	283,872	283,872	319,205	(35,333)
Maintenance and operations	44,714	44,714	23,901	20,813
Capital	686,200	1,500,391	111,455	1,388,936
Total	1,014,786	1,828,977	454,561	1,374,416
Library Grant Fund:				
Library:				
Salaries and benefits	433,309	518,208	138,445	379,763
Maintenance and operations	372,505	413,634	208,095	205,539
Capital	15,517	49,599	11,155	38,444
Total	821,331	981,441	357,695	623,746
Electric Public Benefit Fund:				
Public service:				
Salaries and benefits	200,200	200,200	256,843	(56,643)
Maintenance and operations	8,603,800	8,603,800	4,862,017	3,741,783
Capital	—	—	7,879	(7,879)
Total	8,804,000	8,804,000	5,126,739	3,677,261
Fire Grant Fund				
Public safety:				
Salaries and benefits	331,937	331,937	199,500	132,437
Maintenance and operations	1,106,641	1,280,385	258,043	1,022,342
Capital	68,842	68,842	11,025	57,817
Total	1,507,420	1,681,164	468,568	1,212,596
Fire Communications Fund				
Public safety:				
Salaries and benefits	1,307,649	1,307,649	1,336,022	(28,373)
Maintenance and operations	250,656	245,556	188,891	56,665
Capital	365,000	1,040,100	3,283,727	(2,243,627)
Total	1,923,305	2,593,305	4,808,640	(2,215,335)
Total expenditures and other financing uses \$	91,425,098	97,967,897	51,751,282	46,216,615

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation and disbursement of financial resources that will be used to make principal and interest payments on general long-term debt of the City of Glendale. The specific debt service funds used include:

- Police Facility COPs Fund –To accumulate monies for the payment of interest principal of the 2000 Police Building Project Variable Rate Demands Certificates of Participation. Debt Service is currently financed via the capitalized interest set aside for the project. After the completion of the Police building construction, debt service will be financed via lease payments
- Parking Lease Revenue Bonds Fund-To accumulate monies for the payment of interest and principal on the 1974 Parking Lease Revenue Bonds, Series A and the Refunding Parking Lease Revenue Bonds, Series 1976. Debt service is financed via lease payments.
- 1993 Tax Allocation Bonds Fund-To accumulate monies for the payment of interest and principal of the 1993 Tax Allocation bonds. Debt Service is financed via the incremental property tax from the Glendale Redevelopment Agency.
- 2002 Tax Allocation Bonds Fund-To accumulate monies for the payment of interest and principal of the 2002 Tax Allocation bonds. Debt Service is financed via the incremental property tax from the Glendale Redevelopment Agency.

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Exhibit H-1
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds - Debt Service
 June 30, 2003

Assets	Police Facility COPs Fund	Parking Lease Revenue Bonds Fund	1993 Tax Allocation Bonds Fund	2002 Tax Allocation Bonds Fund	Total Debt Service
Cash and invested cash	\$ 49,829,208	—	—	22,637	49,851,845
Cash with fiscal agent	5,069,713	136,708	7,016,588	4,093,930	16,316,939
Interest receivable	289,524	—	—	—	289,524
Total assets	<u>55,188,445</u>	<u>136,708</u>	<u>7,016,588</u>	<u>4,116,567</u>	<u>66,458,308</u>
Liabilities and Fund Balances					
Liabilities:					
Matured bond principal and interest	—	136,708	—	22,637	159,345
Total liabilities	<u>—</u>	<u>136,708</u>	<u>—</u>	<u>22,637</u>	<u>159,345</u>
Fund balances:					
Reserved:					
Principal and Interest	55,188,445	—	7,016,588	4,093,930	66,298,963
Total fund balances	<u>55,188,445</u>	<u>—</u>	<u>7,016,588</u>	<u>4,093,930</u>	<u>66,298,963</u>
Total liabilities and fund balances	<u>\$ 55,188,445</u>	<u>136,708</u>	<u>7,016,588</u>	<u>4,116,567</u>	<u>66,458,308</u>

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - Debt Service

For Fiscal Year Ended June 30, 2003

	Police Facility COPs Fund	Parking Lease Revenue Bonds Fund	1993 Tax Allocation Bonds Fund	2002 Tax Allocation Bonds Fund	Total Debt Service
Revenues:					
Property taxes	\$ —	—	4,979,934	945,804	5,925,738
Use of money and property	<u>3,284,228</u>	<u>1,549,095</u>	<u>1,156,668</u>	<u>317,332</u>	<u>6,307,323</u>
Total revenues	<u>3,284,228</u>	<u>1,549,095</u>	<u>6,136,602</u>	<u>1,263,136</u>	<u>12,233,061</u>
Expenditures:					
Debt Service:					
Principal retirement	—	1,465,000	1,935,000	—	3,400,000
Interest	1,863,892	84,095	3,347,290	1,018,644	6,313,921
Fiscal agent fees	18,362	—	—	—	18,362
Total expenditures	<u>1,882,254</u>	<u>1,549,095</u>	<u>5,282,290</u>	<u>1,018,644</u>	<u>9,732,283</u>
Excess of revenues over expenditures	<u>1,401,974</u>	<u>—</u>	<u>854,312</u>	<u>244,492</u>	<u>2,500,778</u>
Other financing sources (use):					
Transfers from:					
Glendale Redevelopment Agency fund	—	—	—	3,849,438	3,849,438
Total financing sources (use)	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,849,438</u>	<u>3,849,438</u>
Net change in fund balances	1,401,974	—	854,312	4,093,930	6,350,216
Fund balance, July 1	53,786,471	3,680,786	6,162,276	—	63,629,533
Equity transfer	—	(3,680,786)	—	—	(3,680,786)
Fund balance, June 30	<u>\$ 55,188,445</u>	<u>—</u>	<u>7,016,588</u>	<u>4,093,930</u>	<u>66,298,963</u>

CITY OF GLENDALE

Schedule of Revenues and Other Financing Source - Budget and Actual

Nonmajor Governmental Funds - Debt Service

Year ended June 30, 2003

	2003			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Police Facility COPs Funds				
Use of money and property				
Interest & inv. revenue	\$ 2,420,000	2,420,000	1,368,447	(1,051,553)
Rental income	—	—	1,915,780	1,915,780
Total	<u>2,420,000</u>	<u>2,420,000</u>	<u>3,284,227</u>	<u>864,227</u>
Parking Lease Revenue Bonds Funds				
Use of money and property				
Interest & inv. revenue	\$ 100,000	100,000	128,952	28,952
Rental income	—	—	1,420,143	1,420,143
Total	<u>100,000</u>	<u>100,000</u>	<u>1,549,095</u>	<u>1,449,095</u>
1993 Tax Allocation Bonds Fund				
Use of money and property				
Property tax current	5,182,290	5,182,290	4,979,934	(202,356)
Interest & inv. Revenue	100,000	—	1,156,668	1,156,668
Total	<u>5,282,290</u>	<u>5,182,290</u>	<u>6,136,602</u>	<u>954,312</u>
2002 Tax Allocation Bonds Fund				
Use of money and property				
Property tax current	—	—	945,804	945,804
Interest & inv. Revenue	—	—	317,332	317,332
Transfer form other funds	—	3,849,438	3,849,438	—
Total	<u>—</u>	<u>3,849,438</u>	<u>5,112,574</u>	<u>1,263,136</u>
Total revenues and other financing source \$	<u>7,802,290</u>	<u>11,551,728</u>	<u>16,082,498</u>	<u>4,530,770</u>

See accompanying notes to financial statements

CITY OF GLENDALE

Schedule of Expenditures - Budget and Actual

Nonmajor Governmental Funds - Debt Service

Year ended June 30, 2003

	2003			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Police Facility COP s Fund				
Debt Service	\$ 3,565,280	3,565,280	1,882,254	(1,683,026)
Total	3,565,280	3,565,280	1,882,254	(1,683,026)
Parking Lease Revenue Bonds Fund				
Debt Service	\$ 1,549,095	1,549,095	1,549,095	—
Total	1,549,095	1,549,095	1,549,095	—
1993 Tax Allocation Bonds Fund				
Debt Service	5,282,290	5,282,290	5,282,290	—
Total	5,282,290	5,282,290	5,282,290	—
2002 Tax Allocation Bonds Fund				
Debt Service	—	—	1,018,644	1,018,644
Total	—	—	1,018,644	1,018,644
Total expenditures	\$ 10,396,665	10,396,665	9,732,283	(664,382)

See accompanying notes to financial statements

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources used for the acquisition of major capital facilities other than those financed by Special Revenue and Proprietary Funds. These funds are:

- State Gas Tax Fund-To account for monies received and expended from state gas tax allocations for street improvement purposes.
- Scholl Canyon Life Extension Fund-To account for monies received for the disposal of solid waste at the Scholl Canyon Landfill.
- Police Facility Construction Fund- To account for monies from the 2000 Police Building Project Variable Rate Demand Certificates of Participation proceeds.

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Exhibit I-1
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds - Capital Projects
 June 30, 2003

Assets	State Gas Tax Fund	Scholl Canyon Life Extension Fund	Police Facility Construction Fund	Total
Cash and invested cash	\$ 9,723,840	18,212,169	450,044	28,386,053
Cash with fiscal agent	—	—	6,174,510	6,174,510
Interest receivable	57,118	101,208	5,064	163,390
Due from other agencies	499,129	577,000	—	1,076,129
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>10,280,087</u>	<u>18,890,377</u>	<u>6,629,618</u>	<u>35,800,082</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	124,683	—	269,034	393,717
Accrued wages and withholdings	53,736	—	—	53,736
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>178,419</u>	<u>—</u>	<u>269,034</u>	<u>447,453</u>
Fund balances:				
Reserved:				
Encumbrances	164,068	—	1,638,389	1,802,457
Landfill closure and post closure care	—	14,800,000	—	14,800,000
Unreserved	<u>9,937,600</u>	<u>4,090,377</u>	<u>4,722,195</u>	<u>18,750,172</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>10,101,668</u>	<u>18,890,377</u>	<u>6,360,584</u>	<u>35,352,629</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 10,280,087</u>	<u>18,890,377</u>	<u>6,629,618</u>	<u>35,800,082</u>

Exhibit I-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds - Capital Projects
 For Fiscal Year Ended June 30, 2003

	<u>State Gas Tax Fund</u>	<u>Scholl Canyon Life Extension Fund</u>	<u>Police Facility Construction Fund</u>	<u>Total</u>
Revenues:				
Other taxes	\$ —	2,401,061	—	2,401,061
Revenue from other agencies	4,322,995	—	—	4,322,995
Use of money and property	329,365	1,002,988	498,871	1,831,224
Miscellaneous revenue	—	—	83,429	83,429
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	4,652,360	3,404,049	582,300	8,638,709
Capital Expenditures:				
Public safety	—	—	9,931,581	9,931,581
Public works	5,556,596	—	—	5,556,596
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital expenditures	5,556,596	—	9,931,581	15,488,177
Excess of revenues over (under) expenditures	(904,236)	3,404,049	(9,349,281)	(6,849,468)
Transfer from:				
Capital projects fund	—	1,600,000	—	1,600,000
Transfer to:				
Capital projects fund	—	(2,000,000)	(7,968,807)	(9,968,807)
Total financing sources (use)	—	(400,000)	(7,968,807)	(8,368,807)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(904,236)	3,004,049	(17,318,088)	(15,218,275)
Fund balance, July 1 as restated	11,005,904	15,886,328	23,678,672	50,570,904
Fund Balance, June 30	\$ <u>10,101,668</u>	<u>18,890,377</u>	<u>6,360,584</u>	<u>35,352,629</u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that provide goods or services to the general public that are financed primarily by a user charge or where the periodic measurement of net income is deemed appropriate. Non major Enterprise Funds included are:

- Recreation Fund-To account for recreation programs of the Parks, Recreation and Community Services department on a proprietary user fee basis.
- Hazardous Disposal Fund-To account for operations of the toxic waste disposal in the City.
- Fire Paramedic Fund- To account for operations of the emergency transport and paramedic service in the City.
- Parking Fund-To account for operations of City-owned public parking lots and garages.
- Refuse Disposal Fund- To account for operations of the City-owned refuse collection and disposal service.

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CITY OF GLENDALE

Combining Statement of Net Assets

Proprietary Fund Type - Nonmajor Enterprise Funds

June 30, 2003

Assets	Recreation Fund	Hazardous Disposal Fund	Fire Paramedic Fund	Parking Fund	Refuse Disposal Fund	Total
Current assets:						
Cash and invested cash	\$ 255,847	952,954	—	3,529,711	1,438,015	6,176,527
Cash with fiscal agents	—	—	—	—	—	—
Imprest cash	10,000	—	—	—	—	10,000
Investment-gas/electric commodity	—	—	—	—	—	—
Interest receivable	1,059	5,440	—	28,657	135	35,291
Due from other agencies	260,000	—	—	249,319	6,525	515,844
Due from other funds	—	—	—	—	—	—
Accounts receivable, net	—	64,649	1,349,245	39,378	793,340	2,246,612
Unbilled receivable	—	92,160	—	—	945,228	1,037,388
Inventories	—	—	—	—	—	—
Prepaid items	—	—	—	10,477	—	10,477
Total current assets	526,906	1,115,203	1,349,245	3,857,542	3,183,243	10,032,139
Capital assets:						
Land	—	—	—	5,651,021	841,016	6,492,037
Buildings and improvements	—	535,118	—	40,852,300	4,355,146	45,742,564
Machinery and equipment	216,816	377,119	964,634	1,918,939	12,405,917	15,883,425
Less allowance for accumulated depreciation	(100,265)	(778,220)	(143,377)	(14,236,769)	(8,606,953)	(23,865,584)
Total capital assets	116,551	134,017	821,257	34,185,491	8,995,126	44,252,442
Total assets	643,457	1,249,220	2,170,502	38,043,033	12,178,369	54,284,581
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	47,972	15,359	20,154	136,236	598,888	818,609
Claims Payable	—	—	—	—	—	—
Due to other funds	—	—	2,327,663	—	—	2,327,663
Contracts – retained amount due	—	—	—	—	—	—
Accrued wages and withholdings	46,818	38,663	92,861	73,246	218,151	469,739
Compensated absences	35,502	103,468	83,723	96,344	222,358	541,395
Post employment benefits	—	—	—	—	—	—
Bonds interest and principal	—	—	—	—	—	—
Deposits	15,728	18,869	—	—	303,674	338,271
Total current liabilities	146,020	176,359	2,524,401	305,826	1,343,071	4,495,677
Net Assets						
Invested in capital assets	116,551	134,017	821,257	34,185,491	8,995,126	44,252,442
Unrestricted net assets (deficit)	380,886	938,844	(1,175,156)	3,551,716	1,840,172	5,536,462
Total net assets	\$ 497,437	1,072,861	(353,899)	37,737,207	10,835,298	49,788,904

CITY OF GLENDALE

Combining Statement of Revenues, Expenses
and Changes in Net Assets
Proprietary Fund Type - Nonmajor Enterprise Funds
Year ended June 30, 2003

	Recreation Fund	Hazardous Disposal Fund	Fire Paramedic Fund	Parking Fund	Refuse Disposal Fund	Total
Operating revenues – charges for services:						
Recreation service	\$ 1,552,402	—	—	—	—	1,552,402
Fire paramedic service	—	—	6,067,908	—	—	6,067,908
Parking service	—	—	—	6,058,328	—	6,058,328
Hazardous disposal service	—	1,508,424	—	—	—	1,508,424
Sewer service	—	—	—	—	—	—
Refuse disposal service	—	—	—	—	13,132,318	13,132,318
Total operating revenues	1,552,402	1,508,424	6,067,908	6,058,328	13,132,318	28,319,380
Operating expenses:						
Recreation service	1,966,597	—	—	—	—	1,966,597
Hazardous disposal service	—	1,580,544	—	—	—	1,580,544
Fire paramedic service	—	—	6,425,052	—	—	6,425,052
Parking service	—	—	—	5,132,218	—	5,132,218
Sewer service	—	—	—	—	—	—
Refuse disposal service	—	—	—	—	11,379,515	11,379,515
Electric and water services:						
Production	—	—	—	—	—	—
Transmission and distribution	—	—	—	—	—	—
Customer accounting and sales	—	—	—	—	—	—
Administrative and General	—	—	—	—	—	—
Claims and settlements	—	—	—	—	—	—
Vehicle related	—	—	—	—	—	—
Benefit related	—	—	—	—	—	—
Depreciation	12,216	95,463	38,009	1,948,345	1,419,811	3,513,844
Total operating expenses	1,978,813	1,676,007	6,463,061	7,080,563	12,799,326	29,997,770
Operating income (loss)	(426,411)	(167,583)	(395,153)	(1,022,235)	332,992	(1,678,390)
Non operating revenues (expenses):						
Interest revenue (expense)	16,861	34,618	—	135,287	10,157	196,923
Grant revenue	276,668	88,389	—	—	—	365,057
Other revenue	137,426	41,447	—	298,699	11,426	488,998
Interest expense	—	—	—	—	—	—
Contribution in aid	8,695	—	—	—	121,298	129,993
Total non operating revenues, net	439,650	164,454	—	433,986	142,881	1,180,971
Income before transfers	13,239	(3,129)	(395,153)	(588,249)	475,873	(497,419)
Transfers out - General Fund	—	—	—	(1,800,000)	—	(1,800,000)
Change in net assets	13,239	(3,129)	(395,153)	(2,388,249)	475,873	(2,297,419)
Total net assets (deficit), July 1	484,198	1,075,990	41,254	40,125,456	10,359,425	52,086,323
Total net assets (deficit), June 30	\$ 497,437	1,072,861	(353,899)	37,737,207	10,835,298	49,788,904

Exhibit J-3
CITY OF GLENDALE
 Combining Statement of Cash Flows
 Proprietary Fund Type - Nonmajor Enterprise Funds
 Year ended June 30, 2003

	Recreation Fund	Hazardous Disposal Fund	Fire Paramedic Fund	Parking Fund	Refuse Disposal Fund	Total
Cash flows from operating activities:						
Cash from customers	\$ 1,292,402	1,446,687	6,487,356	5,815,117	13,279,712	28,321,274
Cash paid to employees	(1,077,655)	(1,113,051)	(2,425,470)	(1,720,832)	(5,276,519)	(11,613,527)
Cash paid to suppliers	(848,353)	(452,433)	(3,697,594)	(3,320,787)	(5,697,931)	(14,017,098)
Net cash provided by (used in) operating activities	<u>(633,606)</u>	<u>(118,797)</u>	<u>364,292</u>	<u>773,498</u>	<u>2,305,262</u>	<u>2,690,649</u>
Cash flows from noncapital financing activities:						
Operating transfers out to general fund	—	—	—	(1,800,000)	—	(1,800,000)
Operating grant received	276,668	88,389	—	—	—	365,057
Other non operating revenue	146,121	41,447	—	298,699	132,724	618,991
Net cash provided by (used in) noncapital financing activities	<u>422,789</u>	<u>129,836</u>	<u>—</u>	<u>(1,501,301)</u>	<u>132,724</u>	<u>(815,952)</u>
Cash flows from capital and related financing activities:						
Contribution in Aid	—	—	—	—	(121,299)	(121,299)
Acquisition of property, plant, and equipment	—	(189)	(364,292)	(249,983)	(1,137,485)	(1,751,949)
Net cash (used in) capital and related financing activities	<u>—</u>	<u>(189)</u>	<u>(364,292)</u>	<u>(249,983)</u>	<u>(1,258,784)</u>	<u>(1,873,248)</u>
Cash provided by investing activities - interest received	15,802	36,350	—	161,376	10,023	223,551
Net increase (decrease) in cash and cash equivalents	(195,015)	47,200	—	(816,410)	1,189,225	225,000
Cash and cash equivalents at beginning of year	460,862	905,754	—	4,346,121	248,790	5,961,527
Cash and cash equivalents at end of year	<u>265,847</u>	<u>952,954</u>	<u>—</u>	<u>3,529,711</u>	<u>1,438,015</u>	<u>6,186,527</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	(426,411)	(167,583)	(395,153)	(1,022,235)	332,992	(1,678,390)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	12,216	95,463	38,009	1,948,345	1,419,811	3,513,844
(Increase) decrease in Accounts Receivable, net	—	(44,070)	419,449	(243,211)	335,049	467,217
(Increase) decrease in Unbilled Receivable	—	(17,667)	—	—	(187,654)	(205,321)
Increase (decrease) in Prepaid expenses	—	—	—	(3,686)	—	(3,686)
Decrease due to other fund	—	—	294,846	—	—	294,846
Increase Due from other agency	(260,000)	—	—	—	—	(260,000)
Increase in customers' deposits	4,952	(831)	—	—	28,974	33,095
Increase (decrease) in Accrued Sal & Withholding	21,534	2,032	7,627	12,186	46,682	90,061
Increase in comp absence payable	2,106	870	(20,478)	(20,169)	5,397	(32,274)
Increase (decrease) in Accounts payable	11,997	12,989	19,992	102,268	324,011	471,257
	<u>\$ (633,606)</u>	<u>(118,797)</u>	<u>364,292</u>	<u>773,498</u>	<u>2,305,262</u>	<u>2,690,649</u>

Exhibit J-4

CITY OF GLENDALE

Schedule of Investment in Capital Assets

Nonmajor Enterprise Funds

June 30, 2003

	<u>Land</u>	<u>Buildings and improvements</u>	<u>Machinery and equipment</u>	<u>Total</u>
Recreation Fund	\$ <u>—</u>	<u>—</u>	<u>216,816</u>	<u>216,816</u>
Hazardous Disposal Fund	<u>—</u>	<u>535,118</u>	<u>377,119</u>	<u>912,237</u>
Fire Paramedic Fund	<u>—</u>	<u>—</u>	<u>964,634</u>	<u>964,634</u>
Parking Fund	<u>5,651,021</u>	<u>40,852,300</u>	<u>1,918,939</u>	<u>48,422,260</u>
Refuse Disposal Fund	<u>841,016</u>	<u>4,355,146</u>	<u>12,405,917</u>	<u>17,602,079</u>
Total capital assets	\$ <u><u>6,492,037</u></u>	<u><u>45,742,564</u></u>	<u><u>15,883,425</u></u>	<u><u>68,118,026</u></u>

Exhibit J-5

CITY OF GLENDALE

Schedule of Changes in Capital Assets

Nonmajor Enterprise Funds

Year ended June 30, 2003

	<u>Balance at July 1</u>	<u>Additions/ Reclass</u>	<u>Retirements/ Reclass</u>	<u>Balance at June 30</u>
Recreation Fund	\$ 216,816	—	—	216,816
Hazardous Disposal Fund	928,434	189	16,386	912,237
Fire Paramedic Fund	600,341	364,293	—	964,634
Parking Fund	48,172,277	249,983	—	48,422,260
Refuse Disposal Fund	16,547,384	1,258,783	204,088	17,602,079
Total capital assets	\$ <u>66,465,252</u>	<u>1,873,248</u>	<u>220,474</u>	<u>68,118,026</u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for goods and services provided by one department of the City to other City departments or agencies. These funds include:

- Equipment Reserve Fund-To account for equipment replacement resources which are derived from periodic charges to governmental operations to ensure timely replacement of equipment.
- Unemployment Insurance Fund-To finance and account for unemployment claims. Resources are derived from unemployment insurance charges to various City operations. Unemployment claims are reimbursed to the State Employment Department which disburses the unemployment claims.
- Uninsurable Litigation Fund-To account for financing and disbursement of City self-insurance fund for uninsurable litigation activities. Charges, in lieu of insurance premiums, are made periodically to City operations to provide the self-insurance resources.
- Liability Insurance Fund-To account for financing and disbursement of City self-insurance funds for general liability claims. Charges, in lieu of insurance premiums, are made periodically to City operations to provide the self-insurance resources.
- Auto Insurance Fund-To account for financing and disbursement of City self-insurance funds for auto liability claims. Charges, in lieu of insurance premiums, are made periodically to City operations to provide the self-insurance resources.
- Compensation Insurance Fund-To finance and account for the City's workers' compensation claims. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.
- Dental Insurance Fund-To finance and account for the City's dental insurance program for its employees. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.
- Medical Insurance Fund-To finance and account for the City's medical insurance program for its employees. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.
- Employee Benefits Fund-To account for the resources and the liability for employees' post employment benefit for medical insurance.
- Vision Insurance Fund-To finance and account for the City's vision insurance program for its employees. Funding is derived from charges in lieu of actual premiums to various City operations to provide the self-insurance resources.

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CITY OF GLENDALE

Combining Balance Sheet

Internal Service Funds

June 30, 2003

Assets	Equipment Reserve Fund	Unemployment Insurance Fund	Uninsurable Litigation Fund	Liability Insurance Fund	Auto Insurance Fund	Compensation Insurance Fund
Current assets:						
Cash and invested cash	\$ 7,167,094	845,572	5,557,131	2,803,350	3,055,937	11,263,079
Interest receivable	41,351	4,857	31,938	18,233	17,719	66,768
Due from other agencies	26,950	—	—	—	—	551
Accounts receivable, net	—	—	—	—	—	14,228
Prepaid items	—	—	—	—	—	5,000
Total current assets	<u>7,235,395</u>	<u>850,429</u>	<u>5,589,069</u>	<u>2,821,583</u>	<u>3,073,656</u>	<u>11,349,626</u>
Capital assets:						
Machinery and equipment	—	—	—	—	—	420,301
Less allowance for accumulated depreciation	—	—	—	—	—	(269,292)
Net capital assets	—	—	—	—	—	151,009
Total assets	<u>7,235,395</u>	<u>850,429</u>	<u>5,589,069</u>	<u>2,821,583</u>	<u>3,073,656</u>	<u>11,500,635</u>
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable	—	—	270	—	—	123,811
Claims payable	—	—	9,020,488	6,298,641	125,086	14,417,117
Accrued wages and withholdings	—	—	—	8,597	—	102,271
Compensated absences	—	—	—	1,186	—	87,341
Post employment benefits	—	—	—	—	—	—
Total liabilities	—	—	<u>9,020,758</u>	<u>6,308,424</u>	<u>125,086</u>	<u>14,730,540</u>
Net assets						
Invested in capital assets	—	—	—	—	—	151,009
Unrestricted net assets (deficit)	<u>7,235,395</u>	<u>850,429</u>	<u>(3,431,689)</u>	<u>(3,486,841)</u>	<u>2,948,570</u>	<u>(3,380,914)</u>
Total net assets	<u>\$ 7,235,395</u>	<u>850,429</u>	<u>(3,431,689)</u>	<u>(3,486,841)</u>	<u>2,948,570</u>	<u>(3,229,905)</u>

Exhibit K, continued

CITY OF GLENDALE

Combining Balance Sheet

Internal Service Funds

June 30, 2003

Assets	Dental Insurance Fund	Medical Insurance Fund	Employee Benefits Fund	Vision Insurance Fund	Total
Current assets:					
Cash and invested cash	\$ 79,244	2,095,483	4,668,873	25,720	37,561,483
Interest receivable	617	7,458	27,057	146	216,144
Due from other agencies	—	—	—	—	27,501
Accounts receivable, net	—	—	—	—	14,228
Prepaid items	12,100	217,250	—	4,800	239,150
Total current assets	91,961	2,320,191	4,695,930	30,666	38,058,506
Capital assets:					
Machinery and equipment	—	—	—	—	420,301
Less allowance for accumulated depreciation	—	—	—	—	(269,292)
Net capital assets	—	—	—	—	151,009
Total assets	91,961	2,320,191	4,695,930	30,666	38,209,515
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable	—	218,344	—	—	342,425
Claims payable	24,000	323,530	—	4,000	30,212,862
Accrued wages and withholdings	—	—	—	—	110,868
Compensated absences	—	—	—	—	88,527
Post employment benefits	—	—	5,158,938	—	5,158,938
Total liabilities	24,000	541,874	5,158,938	4,000	35,913,620
Net assets					
Invested in capital assets	—	—	—	—	151,009
Unrestricted net assets (deficit)	67,961	1,778,317	(463,008)	26,666	2,144,886
Total net assets	\$ 67,961	1,778,317	(463,008)	26,666	2,295,895

CITY OF GLENDALE

Combining Statement of Revenues, Expenses
and Changes in Net Assets
Internal Service Funds
Year ended June 30, 2003

	<u>Equipment Reserve Fund</u>	<u>Unemployment Insurance Fund</u>	<u>Uninsurable Litigation Fund</u>	<u>Liability Insurance Fund</u>	<u>Auto Insurance Fund</u>	<u>Compensation Insurance Fund</u>
Operating revenues – charges for services						
Internal service charges	\$ 1,730,804	117,835	2,015,936	576,888	217,428	6,487,951
Operating expenses:						
Claims and settlements	—	146,408	6,862,505	1,430,849	24,510	8,833,059
Vehicle related	1,487,365	—	—	—	—	—
Benefit related	—	—	—	—	—	—
Depreciation	—	—	—	—	—	32,748
Total operating expenses	1,487,365	146,408	6,862,505	1,430,849	24,510	8,865,807
Operating income (loss)	243,439	(28,573)	(4,846,569)	(853,961)	192,918	(2,377,856)
Non operating revenues:						
Interest revenue	243,961	29,320	197,887	91,736	103,260	361,606
Other revenue	94,090	—	—	—	—	—
Total non operating revenues	338,051	29,320	197,887	91,736	103,260	361,606
Net income (loss) before transfers	581,490	747	(4,648,682)	(762,225)	296,178	(2,016,250)
Transfers out-Capital Improvement Fund	—	—	(2,000,000)	—	—	—
Change in net assets	581,490	747	(6,648,682)	(762,225)	296,178	(2,016,250)
Total net assets, July 1	6,653,905	849,682	3,216,993	(2,724,616)	2,652,392	(1,213,655)
Total net assets (deficit), June 30	\$ 7,235,395	850,429	(3,431,689)	(3,486,841)	2,948,570	(3,229,905)

Exhibit K-2, continued

CITY OF GLENDALE

Combining Statement of Revenues, Expenses
and Changes in Net Assets
Internal Service Funds
Year ended June 30, 2003

	Dental Insurance Fund	Medical Insurance Fund	Employee Benefit Fund	Vision Insurance Fund	Total
Operating revenues – charges for services					
Internal service charges	\$ 660,311	6,459,906	1,374,918	93,265	19,735,242
Operating expenses:					
Claims and settlements	739,458	5,384,453	—	92,779	23,514,021
Vehicle related	—	—	—	—	1,487,365
Benefit related	—	—	1,339,127	—	1,339,127
Depreciation	—	—	—	—	32,748
Total operating expenses	739,458	5,384,453	1,339,127	92,779	26,373,261
Operating income (loss)	(79,147)	1,075,453	35,791	486	(6,638,019)
Non operating revenues:					
Interest revenue	1,974	45,333	163,871	826	1,239,774
Other revenue	—	—	—	—	94,090
Total non operating revenues	1,974	45,333	163,871	826	1,333,864
Net income (loss) before transfers	(77,173)	1,120,786	199,662	1,312	(5,304,155)
Transfers out - Capital Improvement Fund	—	—	—	—	(2,000,000)
Change in net assets	(77,173)	1,120,786	199,662	1,312	(7,304,155)
Total net assets, July 1	145,134	657,531	(662,670)	25,354	9,600,050
Total net assets(deficit), June 30	\$ 67,961	1,778,317	(463,008)	26,666	2,295,895

CITY OF GLENDALE

Combining Statement of Cash Flows

Internal Service Funds

Year ended June 30, 2003

	<u>Equipment Reserve Fund</u>	<u>Unemployment Insurance Fund</u>	<u>Uninsurable Litigation Fund</u>	<u>Liability Insurance Fund</u>	<u>Auto Insurance Fund</u>	<u>Compensation Insurance Fund</u>
Cash flows from operating activities:						
Cash from customers	\$ 1,730,804	117,835	2,015,936	576,888	217,428	6,491,854
Cash paid to employees	—	—	—	(221,308)	—	(1,211,391)
Cash paid to suppliers	<u>(1,584,726)</u>	<u>(146,408)</u>	<u>(1,834,017)</u>	<u>(972,215)</u>	<u>(183,743)</u>	<u>(6,966,725)</u>
Cash provided from operating activities	146,078	(28,573)	181,919	(616,635)	33,685	(1,686,262)
Cash flows from noncapital financing activities:						
Other non operating revenue	94,090	—	—	—	—	—
Operating transfers to Capital Improvement	—	—	<u>(2,000,000)</u>	—	—	—
Cash (used) in noncapital financing activities	<u>94,090</u>	<u>—</u>	<u>(2,000,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Cash flows from capital and related financing activities:						
Acquisition of property, plant, and equipment	—	—	—	—	—	—
Cash provided by investing activities - interest received	<u>280,369</u>	<u>33,942</u>	<u>250,862</u>	<u>115,687</u>	<u>118,527</u>	<u>445,222</u>
Net increase (decrease) in cash and cash equivalents	520,537	5,369	(1,567,219)	(500,948)	152,212	(1,241,040)
Cash and cash equivalents at beginning of year	<u>6,646,557</u>	<u>840,203</u>	<u>7,124,350</u>	<u>3,304,298</u>	<u>2,903,725</u>	<u>12,504,119</u>
Cash and cash equivalents at end of year	<u><u>7,167,094</u></u>	<u><u>845,572</u></u>	<u><u>5,557,131</u></u>	<u><u>2,803,350</u></u>	<u><u>3,055,937</u></u>	<u><u>11,263,079</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	243,439	(28,573)	(4,846,569)	(853,961)	192,918	(2,377,856)
Depreciation	—	—	—	—	—	32,748
Decrease in accounts receivable	—	—	—	—	—	3,903
Increase (Decrease) in accrued salaries & withholding	—	—	—	769	—	25,295
Increase (Decrease) in post employment benefits	—	—	—	—	—	—
Increase in comp absence payable	—	—	—	770	—	4,299
(Increase)Decrease in prepaid items	—	—	—	—	—	—
Increase(Decrease) in claims payable	—	—	5,028,488	235,787	(159,233)	527,977
Increase in due from other agencies	(26,950)	—	—	—	—	—
Increase (Decrease) in accounts payable	<u>(70,411)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>97,372</u>
	<u>\$ 146,078</u>	<u>(28,573)</u>	<u>181,919</u>	<u>(616,635)</u>	<u>33,685</u>	<u>(1,686,262)</u>

Exhibit K-3, continued

CITY OF GLENDALE

Combining Statement of Cash Flows

Internal Service Funds

Year ended June 30, 2003

	Dental Insurance Fund	Medical Insurance Fund	Employee Benefit Fund	Vision Insurance Fund	Total
Cash flows from operating activities:					
Cash from customers	\$ 660,311	6,459,906	1,374,918	93,265	19,739,145
Cash paid to employees	—	—	(2,228,530)	—	(3,661,229)
Cash paid to suppliers	(739,458)	(5,925,256)	—	(92,779)	(18,445,327)
Cash provided from operating activities	(79,147)	534,650	(853,612)	486	(2,367,411)
Cash flows from noncapital financing activities:					
Other non operating revenue	—	—	—	—	94,090
Operating transfers out to Capital Improvement	—	—	—	—	(2,000,000)
Cash (used) in noncapital financing activities	—	—	—	—	(1,905,910)
Cash flows from capital and related financing activities:					
Acquisition of property, plant, and equipment	—	—	—	—	—
Cash provided by investing activities - interest received	3,862	54,839	202,614	967	1,506,891
Net increase (decrease) in cash and cash equivalents	(75,285)	589,489	(650,998)	1,453	(2,766,430)
Cash and cash equivalents at beginning of year	154,529	1,505,994	5,319,871	24,267	40,327,913
Cash and cash equivalents at end of year	79,244	2,095,483	4,668,873	25,720	37,561,483
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(79,147)	1,075,453	35,791	486	(6,638,019)
Depreciation	—	—	—	—	32,748
Decrease in accounts receivable	—	—	—	—	3,903
Increase (Decrease) in accrued salaries & withholding	—	—	—	—	26,064
Increase (Decrease) in post employment benefits	—	—	(889,403)	—	(889,403)
Increase in comp absence payable	—	—	—	—	5,069
(Increase)Decrease in prepaid items	—	(135,000)	—	—	(135,000)
Increase(Decrease) in claims payable	—	(477,826)	—	—	5,155,193
Increase in due from other agencies	—	—	—	—	(26,950)
Increase (Decrease) in accounts payable	—	72,023	—	—	98,984
	\$ (79,147)	534,650	(853,612)	486	(2,367,411)

Exhibit L-1
CITY OF GLENDALE
 Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 June 30, 2003

	Land	Construction in progress	Infrastructure	Buildings and improvements	Machinery and equipment	Total
General government:						
Council	\$ —	—	—	—	301,042	301,042
City manager	—	15,278	—	—	651,098	666,376
City clerk	—	50,375	—	—	109,178	159,553
Finance	—	3,268,126	—	—	441,900	3,710,026
Information services	—	207,158	—	325,000	18,572,802	19,104,960
Graphics	—	—	—	—	677,694	677,694
Purchasing	—	—	—	—	61,364	61,364
Communication services	—	—	—	—	2,314,490	2,314,490
Legal	—	—	—	10,000	262,045	272,045
Parking ticket processing	—	—	—	—	10,508	10,508
Planning	—	—	—	—	144,497	144,497
Personnel	—	—	—	—	302,486	302,486
City treasurer	—	—	—	—	68,152	68,152
Civic center buildings	5,359,255	—	—	41,405,489	322,851	47,087,595
Total general government	5,359,255	3,540,937	—	41,740,489	24,240,107	74,880,788
Public safety:						
Police	5,226,855	45,915,765	—	4,110,607	10,068,201	65,321,428
Police helicopter	—	—	—	675,915	2,725,876	3,401,791
Civic center garage	—	—	—	10,592	529,135	539,727
Fire	5,924,956	246,548	—	17,558,320	9,635,294	33,365,118
Fire communications	—	—	—	12,507	4,035,595	4,048,102
Emergency services	—	—	—	—	279,506	279,506
Total public safety	11,151,811	46,162,313	—	22,367,941	27,273,607	106,955,672
Public works:						
Administration	—	—	—	752,844	1,148,807	1,901,651
Engineering	—	—	—	—	545,157	545,157
Permits services	—	—	—	—	371,264	371,264
Streets	269,148,435	12,030,351	188,938,006	385,681	3,863,932	474,366,405
Mechanical maintenance	—	—	—	—	520,265	520,265
Traffic engineering	—	2,190,693	—	—	17,119	2,207,812
Traffic safety control	—	980,974	13,253,549	—	161,731	14,396,254
Corporate yard	306,974	161,024	—	1,680,554	148,049	2,296,601
Building	—	426,329	57,039	422,736	417,866	1,323,970
Transit administration	15,440,916	583,931	—	2,199,793	7,845,123	26,069,763
Air Quality Improvement	—	—	—	—	24,839	24,839
Total public works	284,896,325	16,373,302	202,248,594	5,441,608	15,064,152	524,023,981
Parks and community services:						
Parks and community services	16,531,414	6,570,897	—	42,914,488	2,465,712	68,482,511
Scholl canyon	—	—	—	1,768,933	—	1,768,933
Scholl golf and tennis	—	—	—	873,759	7,802	881,561
Total parks and community services	16,531,414	6,570,897	—	45,557,180	2,473,514	71,133,005
Library	447,945	568,220	—	8,983,016	2,752,209	12,751,390
Housing, health and community development:						
Housing administration	1,154,315	—	—	—	358,613	1,512,928
Community development	424,866	26,928,991	26,000	300,000	394,964	28,074,821
Neighborhood services	—	—	—	—	288,113	288,113
Job training partnership act	—	—	—	—	473,730	473,730
Nutritional meals	—	—	—	—	76,960	76,960
Electric benefit	—	—	—	—	14,090	14,090
Agency	1,918,312	10,755	—	8,640,682	727,854	11,297,603
Total housing, health and community development	3,497,493	26,939,746	26,000	8,940,682	2,334,324	41,738,245
Total capital assets	\$ 321,884,243	100,155,415	202,274,594	133,030,916	74,137,913	831,483,081

This schedule presents only the capital asset balances related to government funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Accumulated depreciation			(77,010,967)	(41,553,361)	(40,710,031)	(159,274,359)
Net assets	<u>321,884,243</u>	<u>100,155,415</u>	<u>125,263,627</u>	<u>91,477,555</u>	<u>33,427,882</u>	<u>672,208,722</u>

CITY OF GLENDALE

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes of Function and Activity

Year ended June 30, 2003

	<u>Balance at July 1</u>	<u>Additions/ Reclass</u>	<u>Retirements/ Reclass</u>	<u>Balance at June 30</u>
General government:				
Council	\$ 275,661	25,381	—	301,042
City manager	621,639	44,737	—	666,376
City clerk	109,178	50,375	—	159,553
Finance	3,600,284	109,742	—	3,710,026
Information services	14,060,369	5,044,591	—	19,104,960
Graphics	659,219	18,475	—	677,694
Purchasing	61,364	—	—	61,364
Communication services	2,269,929	44,561	—	2,314,490
Legal	272,045	—	—	272,045
Parking ticket processing	10,508	—	—	10,508
Planning	144,497	—	—	144,497
Personnel	295,741	6,745	—	302,486
City treasurer	68,152	—	—	68,152
Civic center buildings	47,087,595	—	—	47,087,595
Total general government	<u>69,536,181</u>	<u>5,344,607</u>	<u>—</u>	<u>74,880,788</u>
Public safety:				
Police	53,959,284	11,646,660	284,516	65,321,428
Police helicopter	3,284,101	117,690	—	3,401,791
Civic center garage	548,808	—	9,081	539,727
Fire	33,294,051	249,002	177,935	33,365,118
Fire communications	1,257,744	2,790,358	—	4,048,102
Emergency services	279,506	—	—	279,506
Total public safety	<u>92,623,494</u>	<u>14,803,710</u>	<u>471,532</u>	<u>106,955,672</u>
Public works:				
Administration	1,795,853	105,798	—	1,901,651
Engineering	482,960	72,954	10,757	545,157
Permit services	371,264	—	—	371,264
Streets	474,294,882	578,382	506,859	474,366,405
Mechanical maintenance	520,265	—	—	520,265
Traffic engineering	2,207,812	—	—	2,207,812
Traffic safety control	13,231,005	1,165,249	—	14,396,254
Corporate yard	2,296,601	—	—	2,296,601
Building	963,217	360,753	—	1,323,970
Transit administration	25,432,198	681,558	43,993	26,069,763
Air Quality Improvement	—	24,839	—	24,839
Total public works	<u>521,596,057</u>	<u>2,989,533</u>	<u>561,609</u>	<u>524,023,981</u>
Parks and community services:				
Parks and community services	64,623,837	3,900,651	41,977	68,482,511
Scholl canyon	1,768,933	—	—	1,768,933
Scholl golf and tennis	881,561	—	—	881,561
Total parks and community services	<u>67,274,331</u>	<u>3,900,651</u>	<u>41,977</u>	<u>71,133,005</u>
Library	<u>12,340,197</u>	<u>411,193</u>	<u>—</u>	<u>12,751,390</u>
Housing, health and community development:				
Housing administration	302,346	1,210,582	—	1,512,928
Community development	8,777,469	19,297,352	—	28,074,821
Neighborhood services	272,249	42,976	27,112	288,113
Job training partnership act	473,730	—	—	473,730
Nutritional meals	76,960	—	—	76,960
Electric benefit	14,090	—	—	14,090
Agency	11,166,848	130,755	—	11,297,603
Total housing, health and community development	<u>21,083,692</u>	<u>20,681,665</u>	<u>27,112</u>	<u>41,738,245</u>
Total capital assets	<u>\$ 784,453,952</u>	<u>48,131,359</u>	<u>1,102,230</u>	<u>831,483,081</u>

This schedule presents only the capital asset balances related to government funds.

Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Glendale, California



Statistical Section

(not covered by Independent Auditor's Report)

June 30, 2003

Table I
CITY OF GLENDALE
 Government-wide Expenses by Function
 (in thousands)

Governmental activities:										
<u>Fiscal year</u>	<u>General government</u>	<u>Public safety</u>	<u>Public works</u>	<u>Housing health and community development</u>	<u>Employment programs</u>	<u>Public service</u>	<u>Parks, recreation and community services</u>	<u>Library</u>	<u>Interest</u>	<u>Total</u>
2000-2001	\$ 17,702	81,033	31,459	37,498	3,664	2,179	8,030	6,201	3,717	191,483
2001-2002	17,312	73,554	33,003	29,566	5,479	3,357	9,516	6,968	4,753	183,508
2002-2003	<u>20,471</u>	<u>67,710</u>	<u>37,846</u>	<u>29,671</u>	<u>5,473</u>	<u>5,216</u>	<u>24,429</u>	<u>6,960</u>	<u>1,754</u>	<u>199,530</u>
Business type activities:										
	<u>Recreation</u>	<u>Hazardous disposal</u>	<u>Fire paramedic</u>	<u>Parking</u>	<u>Sewer</u>	<u>Refuse disposal</u>	<u>Electric</u>	<u>Water</u>		<u>Total</u>
2000-2001	\$ 1,971	1,571	4,822	4,519	8,735	11,577	227,643	24,404		285,242
2001-2002	1,946	1,430	3,719	5,502	6,480	11,976	168,389	23,816		223,258
2002-2003	<u>2,013</u>	<u>1,706</u>	<u>6,577</u>	<u>7,236</u>	<u>3,588</u>	<u>13,024</u>	<u>141,799</u>	<u>23,623</u>		<u>199,566</u>

Note: The new schedule recommended as part of the implementation of GASB 34.

Source: City of Glendale, Finance Division.

Not covered by independent auditors' report

Table 2

CITY OF GLENDALE

Government-wide Revenues

Last Ten Fiscal Years

(In thousands)

Fiscal year	Program Revenues			General Revenues				Total
	Charges for services	Operating grants and contributions	Capital grants and contributions	Taxes	Grants and contributions not restricted to specific programs	Unrestricted investment earnings	Other	
2000-2001	\$ 346,023	30,755	18,704	90,068	—	31,456	21,780	538,786
2001-2002	280,211	33,925	37,382	88,720	—	31,611	29,979	501,828
2002-2003	<u>281,027</u>	<u>45,912</u>	<u>15,238</u>	<u>99,901</u>	<u>—</u>	<u>25,290</u>	<u>30,978</u>	<u>498,346</u>

Note: The new schedule recommended as part of the implementation of GASB 34.

Source: City of Glendale, Finance Division.

Not covered by independent auditors' report

Table 3

CITY OF GLENDALE

General Governmental Expenditures and Transfers by Function
Last Ten Fiscal Years
(In thousands)

Table 1, cont.

<u>Fiscal year</u>	<u>General government</u>	<u>Community promotion</u>	<u>Public safety</u>	<u>Public works</u>	<u>Parks, recreation and community services</u>	<u>Library</u>	<u>Housing, health and community development</u>	<u>Electric public benefit</u>	<u>Bond principal and interest</u>	⁽²⁾ <u>Transfers to other funds</u>	<u>Total</u>
1993-1994 (1)	13,847	181	46,085	32,574	6,865	6,212	26,711	—	6,679	—	139,154
1994-1995 (1)	14,070	270	45,190	24,329	10,417	5,711	21,062	—	6,844	—	127,893
1995-1996 (1)	14,151	291	46,907	27,393	11,071	5,192	24,501	—	6,845	—	136,351
1996-1997 (1)	13,952	199	51,776	23,251	8,305	5,447	25,034	—	6,837	—	134,801
1997-1998 (1)	14,417	188	51,212	31,607	13,465	5,308	24,805	—	6,830	8,239	156,071
1998-1999 (1)	13,233	196	56,407	35,225	12,292	5,563	25,322	129	6,828	5,653	160,848
1999-2000 (1)	13,496	462	55,784	34,822	8,477	5,916	21,219	926	6,824	7,703	155,629
2000-2001 (1)	17,207	40	76,731	31,015	8,022	6,090	39,449	2,179	6,846	5,073	192,652
2001-2002 (1)	18,681	62	78,024	44,083	10,033	6,708	42,734	3,357	7,882	4,814	216,378
2002-2003 (1)	<u>21,793</u>	<u>63</u>	<u>78,000</u>	<u>33,020</u>	<u>26,286</u>	<u>6,806</u>	<u>54,518</u>	<u>5,127</u>	<u>10,989</u>	<u>25,644</u>	<u>262,246</u>

Note: (1) Expenditures are allocated by function.

(2) Net of inter-governmental fund transfers.

Source: City of Glendale, Finance Division.

Not covered by independent auditors' report

Table 4

Table 2, cont.

CITY OF GLENDALE

General Governmental Revenues and Transfers by Source

Last Ten Fiscal Years

(In thousands)

Fiscal year	Property taxes	Other taxes	Licenses and permits	Fines and forfeitures	Use of money and property	Revenue from other agencies	Charges for services	Miscellaneous revenue	Interfund revenue	Bond proceed	(4)	Total		
											Transfers from other funds			
1993-1994	25,216	36,752	2,068	2,648	9,046	35,310	7,380	4,703	(1)	3,917	---	12,290	139,331	
1994-1995	24,963	39,519	1,958	859	(2)	11,902	30,413	6,179	4,069	(3)	3,880	---	15,651	139,396
1995-1996	23,260	39,320	2,042	757	11,023	29,748	5,933	1,374	4,189	---	16,328	133,974		
1996-1997	22,611	40,875	2,557	807	10,658	30,565	6,526	2,596	4,420	---	18,098	139,713		
1997-1998	24,464	45,038	3,225	1,079	12,768	32,457	7,595	9,452	(5)	4,547	---	21,984	162,614	
1998-1999	27,419	49,923	3,635	2,244	12,754	34,517	7,772	1,163	5,152	---	20,987	165,566		
1999-2000	31,182	52,674	3,330	1,926	12,425	44,077	7,449	3,972	4,785	---	21,661	183,481		
2000-2001	(6)	32,568	58,950	3,035	1,907	22,336	53,812	9,078	61,256	5,260	5,000	21,356	274,558	
2001-2002	(6)	32,515	57,389	3,045	1,571	19,792	65,308	10,956	8,671	5,917	---	19,772	224,936	
2002-2003	(6)	<u>39,181</u>	<u>62,096</u>	<u>3,925</u>	<u>2,257</u>	<u>16,363</u>	<u>60,289</u>	<u>11,522</u>	<u>3,324</u>	<u>7,641</u>	<u>52,522</u>	<u>46,814</u>	<u>305,934</u>	

Note: (1) Includes net proceeds from the 1993 Tax Allocation Bonds

(2) Moved parking fine revenue to the Parking Fund.

(3) Includes one time revenue of Landfill Gas Royalty (\$1.1 million) and revenue resulted from elimination of Brand Landfill liability (\$1.3 million) to miscellaneous revenue

(4) Excludes inter-governmental transfers.

(5) Includes the Red Lion parking structure land note recorded in loans receivable.

(6) Includes revenue accruals per GASB 33 Statement

Source: City of Glendale, Finance Division.

Not covered by independent auditors' report

Table 5

CITY OF GLENDALE

Excess (Deficiency) of Governmental Revenues over Governmental Expenditures

Last Ten Fiscal Years

(In thousands)

<u>Fiscal year</u>	<u>Total</u>		<u>Total</u>	<u>Excess</u>	
	<u>revenues</u>	<u>expenditures</u>		<u>of revenues over (under)</u>	<u>expenditures</u>
	<u>and</u>	<u>and</u>		<u>City</u>	<u>Agency</u>
	<u>transfers</u>	<u>transfers</u>			
1993-1994	\$ 139,331	\$ 139,154	\$ 177	\$ 2,912	\$ (2,735)
1994-1995	139,393	127,893	11,500	6,956	4,544
1995-1996	133,974	136,351	(2,377)	(241)	(2,136)
1996-1997	139,713	134,801	4,912	8,987	(4,075)
1997-1998	162,614	156,071	6,543	1,442	5,101
1998-1999	165,566	160,848	4,718	2,579	2,139
1999-2000	183,481	155,629	27,852	22,033	5,819
2000-2001	274,558 (1)	192,652	81,906	74,866	7,040
2001-2002	224,936	216,378	8,558	2,092	6,466
2002-2003	<u>305,929</u> (2)	<u>262,246</u>	<u>43,683</u>	<u>(12,467)</u>	<u>56,150</u>

Note: (1) Includes \$64.2 million Police COP debt issuance

(2) Includes \$50.0 million GRA tax allocation bond

Source: City of Glendale, Finance Division

Not covered by independent auditors' report

Table 6
CITY OF GLENDALE
 Local Tax Revenue by Source
 Last Ten Fiscal Years
 (In thousands)

<u>Fiscal year</u>	<u>Property taxes</u>	<u>Utility users' tax</u>	<u>Sales tax</u>	<u>Franchise tax</u>	<u>Occupancy tax</u>	<u>Scholl assessment tax</u>	<u>Public benefit tax</u>	<u>Property tax penalty</u>	<u>Real property transfer tax</u>	<u>Total</u>
1993-1994	25,216	14,058	\$ 18,946	\$ 1,048	\$ 1,219	\$ 1,165	\$ —	\$ —	\$ 316	\$ 61,968
1994-1995	24,963	14,788	20,904	1,010	1,281	1,259	—	—	277	64,482
1995-1996	23,260	14,447	20,856	1,041	1,357	1,236	—	—	384	62,581
1996-1997	22,610	15,334	21,063	1,165	1,518	1,355	—	—	440	63,485
1997-1998	24,464	15,931	22,730	1,376	1,634	1,541	1,398	—	428	69,502
1998-1999	27,419	16,487	24,965	1,512	1,711	1,472	3,219	—	696	77,481
1999-2000	31,182	16,731	27,282	1,533	1,838	1,361	3,294	118	517	83,856
2000-2001	32,568	19,224	29,328	2,233	2,240	1,783	3,319	95	728	91,518
2001-2002	32,515	18,700	28,732	1,885	2,329	1,814	3,168	53	709	89,905
2002-2003	<u>39,181</u>	<u>19,488</u>	<u>31,693</u>	<u>2,596</u>	<u>1,999</u>	<u>2,401</u>	<u>3,114</u>	<u>—</u>	<u>804</u>	<u>101,276</u>

Note: Excludes Fiduciary and Propriety Fund Types.

Source: City of Glendale, Finance Division.

Not covered by independent auditors' report

Table 7

CITY OF GLENDALE

Property Tax, Levies and Collections

Last Ten Fiscal Years

(in thousands)

Fiscal year	Tax Levy			Tax Collection (2)		
	City (1)	Agency	Total	City	Agency	Total
1993-1994	\$ 12,608	\$ 13,316	\$ 25,924	\$ 12,243	\$ 12,973 (3)	25,216
1994-1995	12,528	13,598	26,126	12,134	12,829 (3)	24,963
1995-1996	12,228	13,533	25,761	11,549	11,711	23,260
1996-1997	12,377	12,429	24,806	11,721	10,889	22,610
1997-1998	13,106	13,149	26,255	12,659	11,805	24,464
1998-1999	12,748	15,517	28,265	12,266	15,153	27,419
1999-2000	13,210	17,005	30,215	12,857	18,424	31,281
2000-2001	13,982	18,972	32,954	15,235	18,156	33,391
2001-2002	15,106	20,012	35,118	14,510	18,005	32,515
2002-2003	<u>15,847</u>	<u>21,931</u>	<u>37,778</u>	<u>16,966</u>	<u>22,215 (4)</u>	<u>39,181</u>

Notes:

- (1) Due to the passage of the Jarvis Initiative (Proposition 13), the City of Glendale levies no tax but receives a portion of the County's 1% rate apportioned on a complex formula, according to state law.
- (2) Includes state subventions.
- (3) The 1992 State of California Budget Act requires all redevelopment agencies to shift property tax revenue to the county Educational Revenue Augmentation Fund (ERAF). As a result, the Agency's property tax increment was reduced by \$1,515,303 in 1992-1993; \$544,638.00 in 1993-1994; \$544,638.00 in 1994-1995.
- (4) Reflects accounting change of recording the property taxes at gross to properly expense County Administration Fees, ERAF and Pass Through agreements and

Table 8

CITY OF GLENDALE

Market Values of Taxable Property

Last Ten Fiscal Years

(In thousands)

<u>Fiscal year</u>	<u>City</u>		<u>Redevelopment Agency</u>		<u>Total</u>	<u>Percent of Increase</u>
	<u>Secured property</u>	<u>Unsecured property</u>	<u>Secured Property</u>	<u>Unsecured Property</u>		
1993-1994	\$ 9,285,106	\$ 375,490	\$ 1,181,316	\$ 99,033	\$ 10,940,945	1%
1994-1995	9,617,088	376,718	1,300,496	89,546	11,383,848	4%
1995-1996	9,377,271	377,890	1,180,345	103,491	11,038,997	(3%)
1996-1997	9,324,112	361,277	1,189,849	95,446	10,970,684	(1%)
1997-1998	9,350,364	363,767	1,169,324	82,212	10,965,667	0%
1998-1999	9,558,325	405,371	1,319,401	137,529	11,420,626	4%
1999-2000	10,095,444	415,480	1,480,680	168,129	12,159,733	6%
2000-2001	10,676,284	388,356	1,625,165	179,844	12,869,649	6%
2001-2002	11,432,777	414,779	1,735,541	202,791	13,785,888	7%
2002-2003	<u>11,994,451</u>	<u>408,489</u>	<u>1,771,846</u>	<u>224,317</u>	<u>14,399,103</u>	<u>4%</u>

Source: County of Los Angeles, Auditor-Controller.

Not covered by independent auditors' report

Table 9

CITY OF GLENDALE

Property Tax Rates - All Overlapping Governments
Last Ten Fiscal Years

<u>Fiscal year</u>	<u>County</u>		<u>School districts</u>		<u>Miscellaneous special districts</u>		<u>Total</u>
1993-1994	1.00	%	—	%	0.02		1.02 %
1994-1995	1.00		—		0.02		1.02
1995-1996	1.00		—		0.02		1.02
1996-1997	1.00		—		0.02		1.02
1997-1998	1.00		0.04		0.02		1.06
1998-1999	1.00		0.06		0.02		1.08
1999-2000	1.00		0.06		0.02		1.08
2000-2001	1.00		0.06		0.02		1.08
2001-2002	1.00		0.06		0.02		1.08
2002-2003	<u>1.00</u>		<u>0.06</u>		<u>0.02</u>		<u>1.08</u>

Note:

Due to the passage of the Jarvis Initiative (Proposition 13), the City of Glendale levies no tax but receives a portion of the County's 1% rate apportioned on a complex formula, according to state law. The Jarvis Initiative (Proposition 13) allows jurisdictions to impose tax rates over the \$1 base rate sufficient to amortize voter-approved bonded debt.

Source: Taxpayer's Guide.

Not covered by independent auditors' report

Table 10
CITY OF GLENDALE
 Ratio of Debt to Assessed Value and Debt per Capita
 Last Ten Fiscal Years

<u>Fiscal year</u>	<u>Population(1)*</u>	<u>Total assessed value*</u>	<u>Long term debt(1)*</u>	<u>Percent of debt to assessed value</u>	<u>Long term debt per capita</u>
1993-1994	190	10,940,945	83,975	0.77%	442
1994-1995	191	11,383,849	81,820	0.72%	428
1995-1996	193	11,038,997	79,535	0.72%	412
1996-1997	196	10,970,684	77,120	0.70%	393
1997-1998	198	10,965,667	74,565	0.68%	377
1998-1999	199	11,420,626	71,855	0.63%	361
1999-2000	199	12,159,733	68,980	0.57%	347
2000-2001	199	12,869,649	130,130	1.01%	654
2001-2002	200	13,785,888	126,915	0.92%	635
2002-2003	<u>203</u>	<u>14,399,104</u>	<u>170,430</u>	<u>1.18%</u>	<u>840</u>

Notes: (1) * Amounts expressed in thousands.

Source: County of Los Angeles, Auditor-Controller.

Not covered by independent auditors' report

Table 11
CITY OF GLENDALE
 Schedule of Direct and Overlapping Debt
 June 30, 2003
 (In thousands)

	<u>Gross debt</u>	<u>Percent applicable to Glendale</u>	<u>Amount applicable to Glendale</u>
City of Glendale Financing Authority	\$ —	100.000%	—
Glendale Redevelopment Agency	—	100.000%	—
Glendale Unified SD 1997 Series D	38,935,000	87.941%	34,239,828
Glendale Unified SD 1997 Series C	26,525,000	87.941%	23,326,350
Glendale Unified SD 1997 Series B	20,460,000	87.941%	17,992,729
Glendale Unified SD 1997 Series A	18,800,000	87.941%	16,532,908
Glendale Unified SD 1997 Series E	20,000,000	87.941%	17,588,200
Metropolitan Water Distric Area 1103	475,265,000	2.162%	10,275,229
Foothill Municipal Water District Improvement 1113	475,265,000	0.018%	85,548
Glendale Community College 2002 Ser A	44,499,930	87.941%	39,133,683
LA CO Detention Facilities 1987	30,225,000	2.113%	638,654
LA CO Flood Control Storm Drain Bonds #4	10,110,000	2.243%	226,767
LA CO Flood Control Ref Bonds 1993	845,000	2.243%	18,953
La Canada Unified School District 1995	11,549,976	1.154%	133,287
La Canada Unified School District 1999 Ser B DS	2,500,000	1.154%	28,850
La Canada Unified School District 1999 Ser A DS	3,405,000	1.154%	39,294
Pasadena Area College 2002 Ser A	33,000,000	0.109%	35,970
Total direct and overlapping debt	\$ <u>1,178,384,906</u>		\$ <u>160,260,280</u>

Note: Excludes fiduciary and proprietary fund types
 Sources: County of Los Angeles, Auditor-Controller.
 City of Glendale, Finance Division.
 HdL Coren & Cone

Not covered by independent auditors' report

Table 12
CITY OF GLENDALE
 Ratio of General Bonded Debt Expenditures to Total General Expenditures
 Last Ten Fiscal Years
 (In thousands)

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>(1) Total debt service</u>	<u>General expenditures and transfers</u>	<u>Ratio of debt service to general expenditures</u>
1993-1994	2,175	4,504	6,679	139,154	4.80%
1994-1995	2,155	4,689	6,844	127,893	5.35%
1995-1996	2,285	4,560	6,845	136,351	5.02%
1996-1997	2,415	4,422	6,837	134,801	5.07%
1997-1998	2,555	4,275	6,830	156,071	4.38%
1998-1999	2,710	4,118	6,828	160,848	4.25%
1999-2000	2,875	3,949	6,824	155,629	4.38%
2000-2001	3,050	3,780	6,830	192,652	3.55%
2001-2002	3,215	4,648	7,863	216,378	3.63%
2002-2003	<u>3,400</u>	<u>7,589</u>	<u>10,989</u>	<u>262,246</u>	<u>4.19%</u>

Note: (1) Excludes fiduciary and proprietary fund types.

Source: City of Glendale, Finance Division.

Not covered by independent auditors' report

Table 13

CITY OF GLENDALE

Schedule of Revenue Bond Coverage - All Enterprise Funds

Last Ten Fiscal Years

(In thousands)

Entity and fiscal year	Operating revenue	Operating expenses (1)	Net operating revenue (deficiency) available for debt service	Debt service requirement			Coverage (2)
				Principal	Interest	Total	
Recreation:							
1993-1994	\$ 928	862	66	—	—	—	—
1994-1995	1,003	923	80	—	—	—	—
1995-1996	1,050	979	71	—	—	—	—
1996-1997	1,123	1,114	9	—	—	—	—
1997-1998	1,011	1,341	(330)	—	—	—	—
1998-1999	1,423	1,588	(165)	—	—	—	—
1999-2000	1,405	1,881	(476)	—	—	—	—
2000-2001	1,640	1,958	(318)	—	—	—	—
2001-2002	1,629	1,828	(199)	—	—	—	—
2002-2003	1,552	1,967	(415)	—	—	—	—
Parking:							
1993-1994	\$ 1,263	588	675	—	—	—	—
1994-1995	3,493	1,379	2,114	—	—	—	—
1995-1996	4,112	1,616	2,496	—	—	—	—
1996-1997	3,995	1,606	2,389	—	—	—	—
1997-1998	4,526	1,719	2,807	—	—	—	—
1998-1999	4,326	1,767	2,559	—	—	—	—
1999-2000	5,499	2,882	2,617	—	—	—	—
2000-2001	6,024	3,359	2,665	—	—	—	—
2001-2002	5,465	3,682	1,783	—	—	—	—
2002-2003	6,058	5,132	926	—	—	—	—
Hazardous disposal:							
1993-1994	\$ 1,039	1,157	(118)	—	—	—	—
1994-1995	1,079	1,074	5	—	—	—	—
1995-1996	1,051	1,086	(35)	—	—	—	—
1996-1997	1,084	1,181	(97)	—	—	—	—
1997-1998	1,279	1,266	13	—	—	—	—
1998-1999	1,306	1,196	110	—	—	—	—
1999-2000	1,257	1,300	(43)	—	—	—	—
2000-2001	1,217	1,469	(252)	—	—	—	—
2001-2002	1,304	1,312	(8)	—	—	—	—
2002-2003	1,508	1,581	(73)	—	—	—	—

Table 11, Continued

Table 13-2

CITY OF GLENDALE

Schedule of Revenue Bond Coverage - All Enterprise Funds

Last Ten Fiscal Years, continued

(In thousands)

Entity and fiscal year	Operating revenue	Operating expenses (1)	Net operating revenue (deficiency) available for debt service	Debt service requirement			Coverage (2)
				Principal	Interest	Total	
Sewer:							
1993-1994	\$ 16,916	5,091	11,825	—	—	—	—
1994-1995	16,570	5,424	11,146	—	—	—	—
1995-1996	16,790	5,038	11,752	—	—	—	—
1996-1997	17,259	5,113	12,146	—	—	—	—
1997-1998	16,267	4,546	11,721	—	—	—	—
1998-1999	17,792	5,158	12,634	—	—	—	—
1999-2000	18,183	6,136	12,047	—	—	—	—
2000-2001	16,046	7,429	8,617	—	—	—	—
2001-2002	18,252	5,021	13,231	—	—	—	—
2002-2003	19,041	1,931	17,110	—	—	—	—
Refuse disposal:							
1993-1994	\$ 9,988	8,566	1,422	—	—	—	—
1994-1995	10,035	8,377	1,658	—	—	—	—
1995-1996	9,851	8,851	1,000	—	—	—	—
1996-1997	9,812	9,062	750	—	—	—	—
1997-1998	9,799	8,629	1,170	—	—	—	—
1998-1999	9,816	11,899	(2,083)	—	—	—	—
1999-2000	10,430	10,590	(160)	—	—	—	—
2000-2001	10,236	10,540	(304)	—	—	—	—
2001-2002	11,432	10,667	765	—	—	—	—
2002-2003	13,132	11,380	1,752	—	—	—	—
Fire paramedic: (3)							
1999-2000	\$ 1,524	\$ 2,022	\$ (498)	—	—	—	—
2000-2001	5,660	4,783	877	—	—	—	—
2001-2002	4,201	3,647	554	—	—	—	—
2002-2003	6,068	6,425	(357)	—	—	—	—

Table 11, Continued

Table 13-3

CITY OF GLENDALE

Schedule of Revenue Bond Coverage - All Enterprise Funds

Last Ten Fiscal Years, continued

(In thousands)

Entity and fiscal year	Operating revenue	Operating expenses (1)	Net operating revenue (deficiency) available for debt service	Debt service requirement			Coverage (2)
				Principal	Interest	Total	
Electric:							
1993-1994	\$ 95,682	74,847	20,835	2,685	1,285	3,970	5.25
1994-1995	96,192	73,871	22,321	2,920	1,044	3,964	5.63
1995-1996	98,020	75,613	22,407	3,180	823	4,003	5.60
1996-1997	122,098	87,398	34,700	3,430	560	3,990	8.70
1997-1998	125,399	101,068	24,331	3,710	279	3,989	6.10
1998-1999	135,166	110,198	24,968	1,800	85	1,885	13.25
1999-2000	128,998	102,301	26,697	—	1,267	1,267	21.07
2000-2001	274,551	233,814	40,737	—	2,171	2,171	18.76
2001-2002	188,297	155,935	32,362	—	2,163	2,163	14.96
2002-2003	<u>178,632</u>	<u>125,220</u>	<u>53,412</u>	<u>—</u>	<u>2,699</u>	<u>2,699</u>	<u>19.79</u>
Water:							
1993-1994	\$ 21,172	17,595	3,577	—	—	—	—
1994-1995	22,859	18,196	4,663	—	—	—	—
1995-1996	26,163	20,653	5,510	—	—	—	—
1996-1997	27,399	20,613	6,786	—	—	—	—
1997-1998	25,222	19,629	5,593	—	—	—	—
1998-1999	25,863	20,943	4,920	—	—	—	—
1999-2000	28,119	20,477	7,642	—	—	—	—
2000-2001	27,758	22,069	5,689	—	—	—	—
2001-2002	28,468	21,254	7,214	—	—	—	—
2002-2003	<u>31,633</u>	<u>20,426</u>	<u>11,207</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

(1) Exclusive of depreciation and nonoperating revenues and expense.

(2) Net operating revenue divided by total debt service.

(3) This fund did not exist as enterprise activity prior to fiscal year 1999-2000.

Source: City of Glendale, Finance Division.

Not covered by independent auditors' report

Table 14

CITY OF GLENDALE

Building Permits Value and Bank Deposits

Last Ten Fiscal Years

(In thousands)

<u>Fiscal year</u>	<u>Commercial</u>		<u>Residential</u>		<u>Total (1)</u>		<u>(2) Bank Deposits</u>
	<u>Number of permits</u>	<u>Value</u>	<u>Number of permits</u>	<u>Value</u>	<u>Number of permits</u>	<u>Value</u>	
1993-1994	884	39,268	1,852	36,725	2,736	75,993	3,788,170 (3)
1994-1995	927	51,730	1,873	30,018	2,800	81,748	4,592,952
1995-1996	970	76,119	1,622	27,192	2,592	103,311	3,457,000
1996-1997	774	100,265	1,518	27,192	2,292	127,457	3,339,000
1997-1998	1,130	121,662	1,305	53,532	2,435	175,194	4,048,154
1998-1999	1,194	125,830	1,185	28,589	2,379	154,419	3,467,728
1999-2000	1,090	70,671	1,211	23,667	2,301	94,338	2,833,795
2000-2001	951	63,048	1,748	57,886	2,699	120,934	2,997,680
2001-2002	1,271	54,350	1,025	64,713	2,296	114,453	3,488,211
2002-2003	<u>933</u>	<u>51,613</u>	<u>1,725</u>	<u>61,970</u>	<u>2,658</u>	<u>103,657</u>	<u>n.a.</u>

Source:

(1) City of Glendale, Public Works Division.

(2) Federal Deposit Insurance Corporation

(3) Sears Savings Bank moved, approximately 47% of deposits.

N/A = information not available at this time.

Not covered by independent auditors' report

Table 15
CITY OF GLENDALE
 Insurance in Force
 June 30, 2002

<u>Type of insurance</u>	<u>Policy number</u>	<u>Insurance carrier</u>	<u>Term of policy</u>	<u>Expiration date</u>	<u>Annual premium</u>	<u>Limits and deductible</u>
All Risk - Property	PEPPR0203	Westchester Insurance	1 Year	7/1/2004	\$ 412,287	\$483,282,342 / varies
Boiler and Machinery	BM1077609612	CNA Insurance Co.	1 Year	5/15/2004	68,109	350,000 / varies
General Liability	42034355	Ins. Co. of PA.	1 Year	5/26/2004	297,419	\$15,000,000 / 2,000,000
Physical Damage-helicopter	ACL770969	Camp-California	1 Year	6/30/2004	127,091	\$30,000,000 / varies
Surety Bond - blanket	3F6481114	Kemper Group	1 Year	3/1/2004	7,028	\$1,000,000 / 10,000
Surety Bond City Clerk	5714304	Safeco	1 Year	4/12/2004	850	\$500,000 / None
Surety Bond Treasurer	60001658	Safeco	2 Year	4/10/2005	4,383	\$1,000,000 / None
Art objects	MX198303466	Fireman's Fund	1 Year	9/25/2003	1,758	7,500
Medical	15A37A	Blue Cross - PPO	1 Year	8/1/2004	798,750	NA / NA
Medical	59P18A	Blue Cross - CA Care	1 Year	8/1/2004	2,271,600	NA / NA
Medical	3205080	CIGNA Health Plan	1 Year	8/1/2004	651,800	NA / NA
Medical	000-118461-0000	Kaiser Health Plan	1 Year	8/1/2004	1,388,900	NA / NA
Dental	1639-0000	Delta Dental - PPO	1 Year	8/1/2004	253,708	NA / NA
Dental	2928	Delta Dental - HMO	1 Year	8/1/2004	380,562	NA / NA
Life, accidental death and dismemberment, LTD	OGL 674115	Hartford Life Insurance	1 Year	8/1/2004	395,065	Equal to annual salary up to 100,000
Disability - GCEA	GLT 674116	Hartford Life Insurance	1 Year	8/1/2004	193,468	66.3% of salary to 100,000
Vision care	00-237068	Vision Service Plan	1 Year	8/1/2004	45,135	NA / NA
Excess workers compensation	3484-SO-CA	Midwest Employers	1 Year	7/1/2004	546,659	\$25,000,000 / 3,000,000

Source: City of Glendale, Finance Division

Not covered by independent auditor's report

Table 16

CITY OF GLENDALE

Demographic Statistics

Last Ten Fiscal Years

(In thousands)

<u>Fiscal year</u>	<u>Population (1)</u>	<u>School enrollment (2)</u>	<u>Unemployment rate (3)</u>
1992-1993	186	43	9.5%
1993-1994	190	43	9.1%
1994-1995	191	43	7.8%
1995-1996	193	43	7.6%
1996-1997	196	44	7.4%
1997-1998	198	43	7.6%
1998-1999	199	45	6.1%
1999-2000	199	45	5.3%
2000-2001	199	46	4.6%
2001-2002	200	47	6.1%
2002-2003	<u>203</u>	<u>46</u>	<u>5.8%</u>

Source:

(1) California State Department of Finance.

(2) Glendale Unified School District and Glendale Community College District school attendance report.

(3) Employment Development Department's Research Section.

Not covered by independent auditors' report

Table 17
CITY OF GLENDALE
 Miscellaneous Statistical Data
 June 30, 2003

Date of incorporation: February 16, 1906
 Date of charter adoption: March 29, 1921
 Form of government: Council/manager; five council members, elected at large
 Area: 30.59 square miles

Employees (authorized, full time):		Sewer:	
Government	1,210	Number of miles	<u>358</u>
Enterprise	562		
Miscellaneous	<u>40</u>	Water:	
Total	<u>1,812</u>	Number of water meters	33,341
		Thousands of hundred cubic feet sold	<u>13,101</u>
Fire protection:		Electric:	
Number of stations	9	Number of electric meters	82,959
Number of employees	<u>192</u>	Millions of kilowatt hours sold	<u>1,061</u>
Police protection		Library:	
Number of sworn officers	240	Number of libraries	7
Number of vehicular patrol units	53	Number of books checked out	<u>1,048,799</u>
Number of helicopters	2	Population:	
Number of motorcycles	<u>24</u>	1980 census	139,060
Parking:		1990 census	156,072
Number of meters	2,611	2000 census	<u>200,157</u>
Number of garages	6	Retail sales:	
Number of lots	<u>33</u>	1993 calendar year	1,820,209,000
Streets:		1994 calendar year	1,979,706,300
Miles of improved streets	350	1995 calendar year	2,003,371,800
Miles of unimproved streets	5	1996 calendar year	2,038,108,700
Miles of freeways	<u>9</u>	1997 calendar year	2,134,985,000
Recreation:		1998 calendar year	2,331,011,700
Number of open space acres	5,073	1999 calendar year	2,540,705,300
Number of parks and other facilities	33	2000 calendar year	2,744,827,700
Number of swimming pools	—	2001 calendar year	2,779,843,200
Golf course	1	2002 calendar year	<u>2,713,418,600</u>
Developed parkland (acres)	<u>295</u>	Per capita income:	
		2000 Census	<u>\$ 22,227</u>

Source: City of Glendale, Finance Division

Not covered by independent auditors' report

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