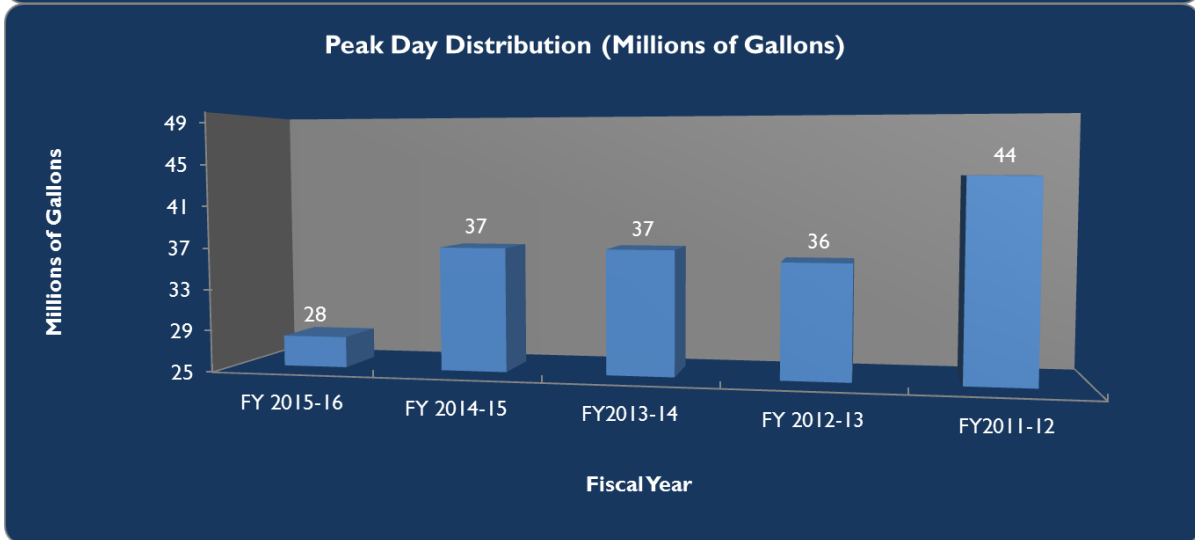
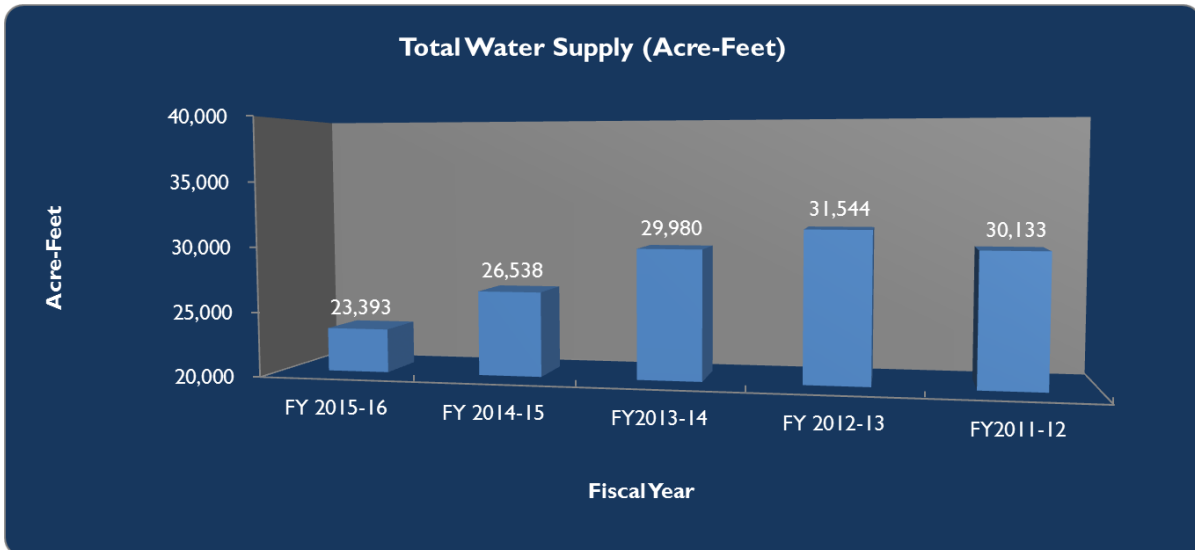
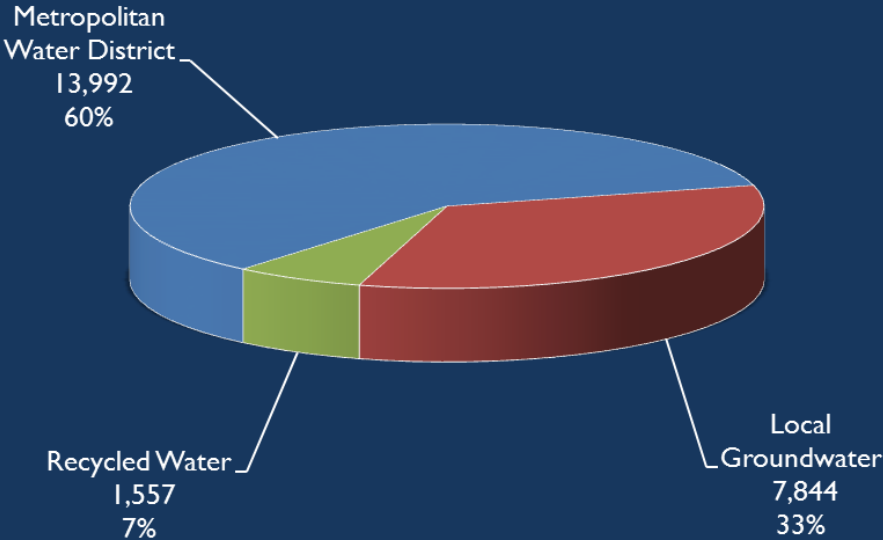


WATER SUPPLY (ACRE-FEET)	FY2015-16	FY2014-15	FY 2013-14	FY2012-13	FY 2011-12
Metropolitan Water District	13,992	17,045	20,341	18,761	17,319
Percent of Total Water Supply	59.8%	64.2%	67.8%	59.5%	57.5%
Local Groundwater	7,844	7,760	7,598	10,910	11,355
Percent of Total Water Supply	33.5%	29.2%	25.3%	34.6%	37.7%
Recycled Water	1,557	1,733	2,041	1,873	1,459
Percent of Total Water Supply	6.7%	6.5%	6.8%	5.9%	4.8%
Total Water Supply	23,393	26,538	29,980	31,544	30,133
Capacity (Gallons per Minute)					
From Metropolitan Water District	8,675	12,611	12,611	11,631	10,737
From Water System Wells, Average	629	815	815	1,043	1,252
Treatment Plant Capacity	4,235	4,393	4,393	4,419	4,753
Peak Day Distribution (Millions of Gallons)	28	37	37	36	44



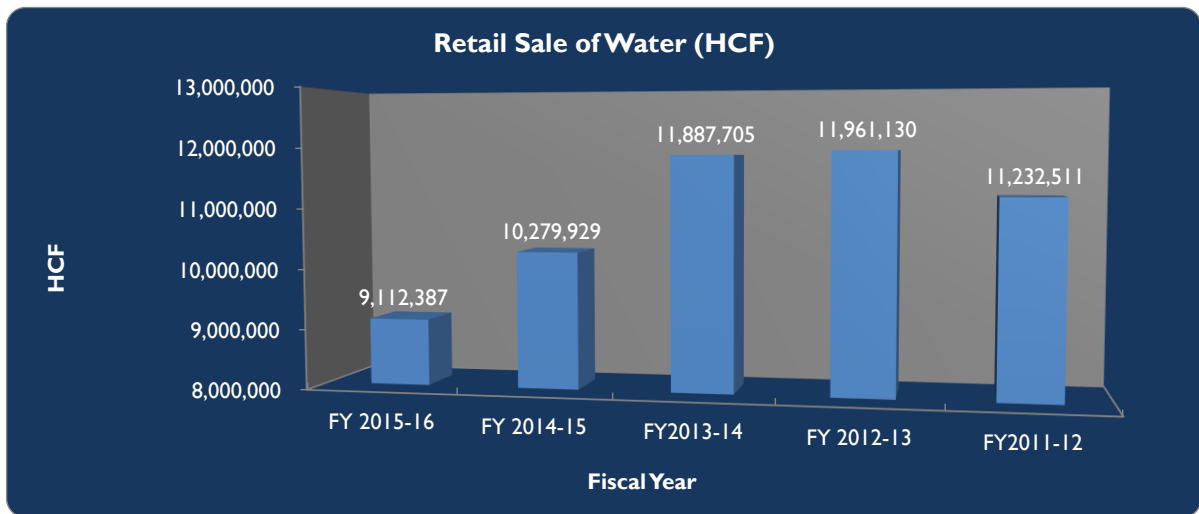
Not covered by independent auditor's report

FY2015-16: Water Supply (Acre-Feet)

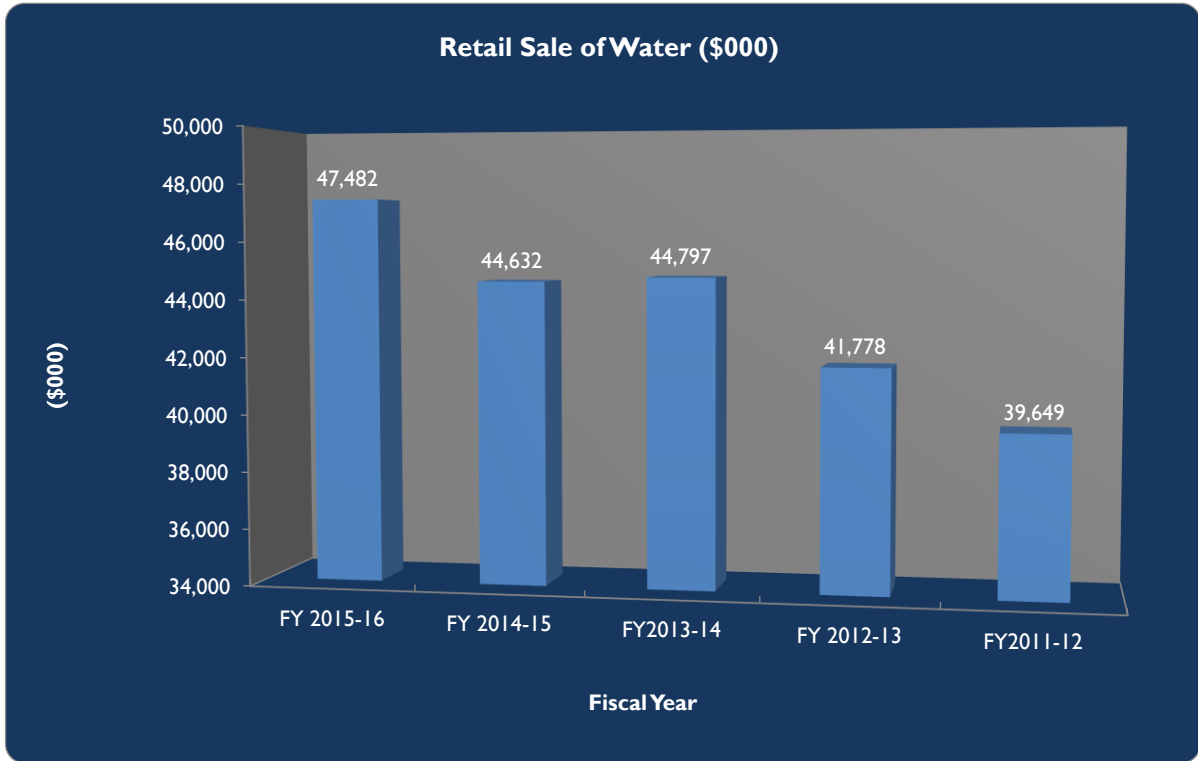


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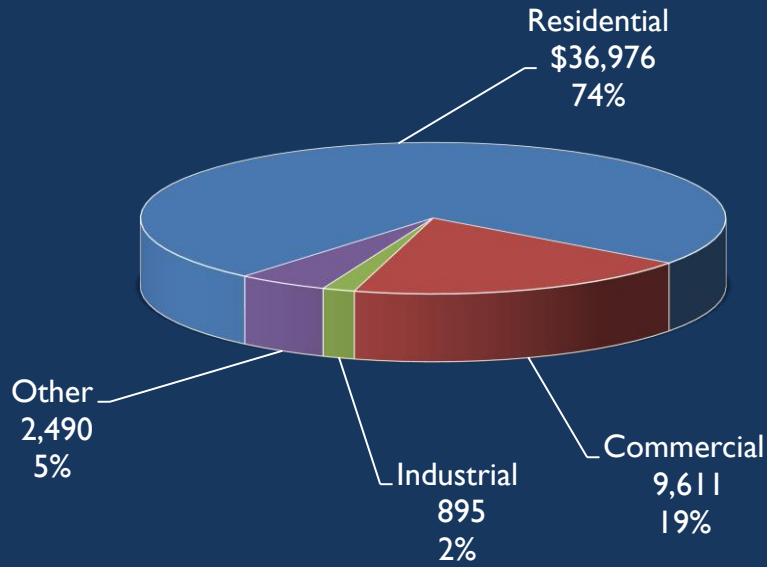
Water Use	FY 2015-16	FY 2014-15	FY2013-14	FY 2012-13	FY2011-12
Average Number of Meters					
Residential	29,633	29,569	29,539	29,529	29,504
Commercial	3,728	3,700	3,683	3,669	3,652
Industrial	146	149	154	159	159
Other	579	558	524	444	429
Total Meters - All Classes	34,086	33,976	33,900	33,801	33,744
Units of Water Sold (Hundred Cubic Feet)					
Retail Sale of Water					
Residential	7,124,594	8,352,836	9,440,269	9,601,126	9,120,049
Commercial	1,813,592	1,714,600	2,148,321	2,063,600	1,829,733
Industrial	174,201	212,493	299,115	296,404	282,729
Total Retail Sale of Water	9,112,387	10,279,929	11,887,705	11,961,130	11,232,511
Other	877,174	687,261	565,890	672,412	445,603
Total Units of Water Sold	9,989,561	10,967,190	12,453,595	12,633,542	11,678,114



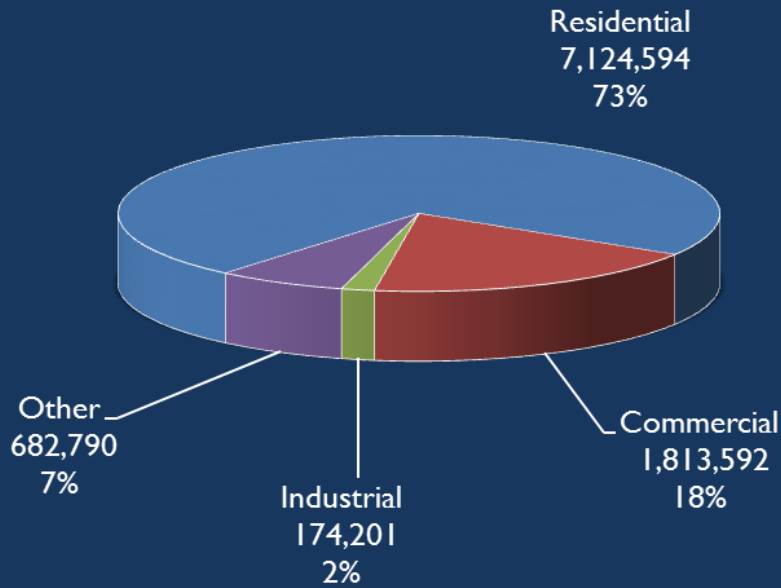
REVENUES (\$000)	FY 2015-16	FY 2014-15	FY2013-14	FY 2012-13	FY2011-12
Retail Sale of Water					
Residential	\$ 36,976	\$ 35,473	\$ 34,269	\$ 31,825	\$ 31,612
Commercial	9,611	8,275	9,256	8,738	6,961
Industrial	895	884	1,272	1,215	1,076
Total Retail Sale of Water	\$ 47,482	44,632	44,797	41,778	39,649
Other	2,490	2,888	(1,728)	2,827	1,710
Total Revenue from the Sale of Water	\$ 49,972	\$ 47,520	\$ 43,069	\$ 44,605	\$ 41,359



FY2015-16: Revenue from the Sale of Water (\$000)



FY2015-16: Units of Water Sold (Hundred Cubic Feet)



Not covered by independent auditor's report

Water Utility Facts	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13	FY 2011-12	Units
Glendale Population Served	201,668	199,182	195,799	193,652	192,654	
Average Daily Sales per Capita, (Gallons)	101	118	199	122	110	
Water Distribution System						
Pumping Plants	28	28	28	28	28	Station
Total Water Storage Capacity (30 Reservoirs and Tanks)	184	184	184	184	184	Million Gallons
Chlorination Facilities	13	13	13	13	13	
Mains	398	398	398	397	397	Miles
Gate Valves	9,290	9,197	9,676	9,646	9,130	
Meters	34,086	33,976	33,900	33,801	33,744	
Firelines	447	429	1,061	781	302	
Fire Hydrants	3,177	3,164	3,149	3,146	3,134	
Pressure Zones	12	12	7	7	7	Zones
Wells:						
San Fernando Basin	8	8	8	8	8	
Verdugo Basin	6	6	6	6	6	Plus Pickup Facility
Water Treatment Plants						
Verdugo Park Water Treatment Plant	2	2	2	2	2	MGD
Glendale Water Treatment Plant	8	8	8	7	7	MGD
Recycled Water Distribution System						
Pumping Plants	6	6	6	6	6	Stations
Total Water Storage Capacity (5 Reservoirs)	1.1	1.1	1.1	1.1	1.1	Million Gallons
Mains	23	23	23	22	21	Miles
Operating Margin	18.7%	10.5%	-4.5%	9.9%	4.9%	

Water Utility - Class Trends						Other				Other	
(Overview)	Residential	Commercial	Industrial	Recycled	Fireline	Outside	Subtotal	Contracts	Total		
Revenue from the sale of water (\$000)											
Year ended June 30 -											
2016	\$ 36,976	\$ 9,611	\$ 895	\$ 1,878	\$ 257	\$ 36	\$ 49,653	\$ 319	\$ 49,972		
2015	35,473	8,275	884	1,810	495	37	46,974	546	47,520		
Increase (decrease)	\$ 1,503	\$ 1,336	\$ 11	\$ 68	\$ (238)	\$ (1)	\$ 2,679	\$ (227)	\$ 2,452		
Percent increase (-)	4.2%	16.1%	1.2%	3.8%	-48.1%	-2.7%	5.7%	-41.6%	5.2%		
Units of water sold (hundred cubic feet)											
Year ended June 30 -											
2016	7,124,594	1,813,592	174,201	676,590	974	5,226	9,795,177	194,384	9,989,561		
2015	8,352,836	1,714,600	212,493	675,986	4,883	6,392	10,967,190	-	10,967,190		
Increase (decrease)	(1,228,242)	98,992	(38,292)	604	(3,909)	(1,166)	(1,172,013)	194,384	(977,629)		
Percent increase (-)	-14.7%	5.8%	-18.0%	0.1%	-80.1%	-18.2%	-10.7%		-8.9%		
Average number of meters											
Year ended June 30 -											
2016	29,633	3,728	146	81	447	51	34,086	-	34,086		
2015	29,569	3,700	149	78	429	51	33,976	-	33,976		
Increase (decrease)	64	28	(3)	3	18	-	110	-	110		
Percent increase (-)	0.2%	0.8%	-2.0%	3.8%	4.2%	0.0%	0.3%		0.3%		
Water Utility - Class Trends											
Unit Cost	Residential	Commercial	Industrial	Recycled	Fireline	Outside	Subtotal	Contracts	Total		
Average billing price per hundred cubic feet											
Year ended June 30 -											
2016	\$ 5.19	\$ 5.30	\$ 5.14	\$ 2.78	\$ 263.86	\$ 6.89	\$ 5.07	\$ -	\$ 5.00		
2015	4.25	4.83	4.16	2.68	101.37	5.79	4.28	-	4.33		
Increase (decrease)	\$ 0.94	\$ 0.47	\$ 0.98	\$ 0.10	\$ 162	\$ 1.10	\$ 0.79	\$ -	\$ 0.67		
Percent increase (-)	22.1%	9.7%	23.6%	3.7%	160.3%	19.0%	18.5%		15.5%		
Water Utility - Class Trends											
Usage by Meter	Residential	Commercial	Industrial	Recycled	Fireline	Outside	Subtotal	Contracts	Total		
Average annual use by meter, hundred cubic feet											
Year ended June 30 -											
2016	240	486	1,193	8,353	2	102	287	-	293		
2015	282	463	1,426	8,666	11	125	323	-	323		
Increase (decrease)	(42)	23	(233)	(313)	(9)	(23)	(36)	-	(31)		
Percent increase (-)	-14.9%	5.0%	-16.3%	-3.6%	-81.8%	-18.4%	-11.1%		-9.6%		



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position and related statement of revenues, expenses and changes in net position, and statement of cash flows of the Water Enterprise Fund (the Fund) of the City of Glendale, California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated November 28, 2016. Our report included an emphasis of matter paragraph regarding the fact that the financial statements present only the Fund of the City and do not purport to, and do not, present fairly the financial position of the City of Glendale, California, as of June 30, 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our report included an emphasis of matter regarding the Fund's adoption of Governmental Accounting Standards Board (GASB) Statements No. 72, *Fair Value Measurement and Application*, and No. 82, *Pension Issues – an Amendment of GASB Statement No. 67, No. 68, and No. 73*, effective July 1, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California
November 28, 2016