

POPULAR ANNUAL FINANCIAL REPORT FISCAL YEAR ENDING JUNE 30, 2009

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INTRODUCTION

Glendale was incorporated on February 16, 1906, and located northeast of Los Angeles in the foothills of the San Gabriel Mountains. 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 207,000 residents.

Glendale has a Council-Manager form of government. Five council members are elected at large to serve four year terms. Elections take place on the first Tuesday in April during odd numbered years. Each year Council selects one member to serve as mayor. The Mayor presides at Council meetings and has ceremonial responsibilities, in addition to his or her other Council duties.

The City Manager is the chief executive officer of the City, directing and managing the daily activities of the



Americana at Brand—City of Glendale

City government. The City provides full range of municipal services, and the departments include: Administrative Services, City Attorney, City Clerk, City Treasurer, Community Development and Housing, Development Services, Fire, Glendale Water and Power, Human Resources, Information Services, Library,

Management Services and City Council, Parks and Recreation, Planning, Police and Public Works.

ABOUT THIS FINANCIAL REPORT

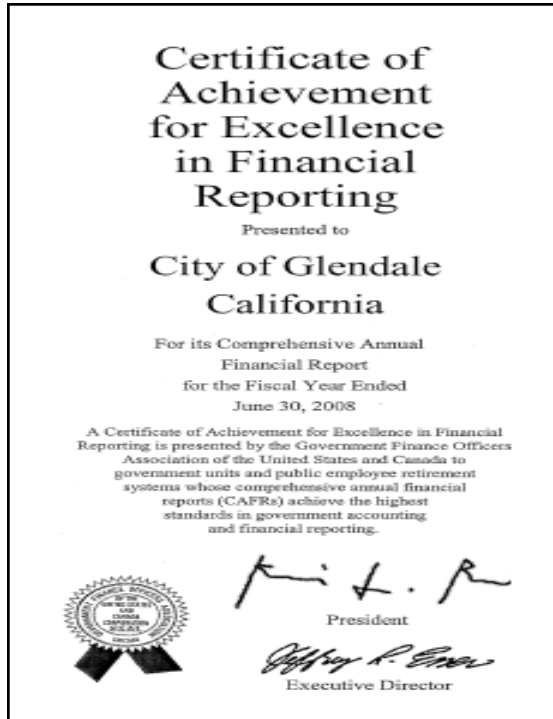
As part of our continuous effort to keep you informed how your tax dollars are being spent, we are pleased to present the 2009 Popular Annual Financial Report (PAFR). The PAFR is a summary of the financial activities of the City and was drawn from information found in the 2009 Comprehensive Annual Financial Report (CAFR).

The CAFR was prepared in conformance with generally accepted accounting principles (GAAP) and included financial statements audited by McGladrey & Pullen, LLP. Unlike the CAFR, the PAFR is unaudited and presented on a non-GAAP basis. The GAAP basis presentation in the CAFR included the City's component

units and the presentation of individual funds, as well as full disclosure of all material events, financial and non-financial, in notes to the financial statements. Copies of the CAFR are available for public viewing at Finance department and online at <http://www.ci.glendale.ca.us/admin-svcs/cafr.asp>.

AWARDS

The City has received Certificate of Achievement for Excellence in Finance Reporting from Government Finance Officers Association (GFOA) from 1996 to 2009. The award is valid for a period of one year only. We believe our CAFR will continue to conform to the GFOA award program requirements and we have submitted 2009 CAFR for review.



FINANCIAL HIGHLIGHTS

(IN THOUSANDS)

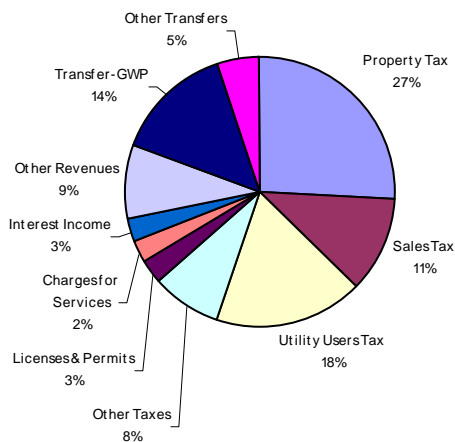
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$1,653,026 (*net assets*). Of this amount, \$352,204 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors. Of the \$352,204, \$113,761 is for governmental activities, and \$238,443 is for business-type activities.
- The City's total net assets increased by \$44,146. Most of this increase is attributable to increases in operating grants or contribution.
- As of the close of the current fiscal year, the City governmental funds reported combined ending fund balances of \$251,933, an increase of \$3,577 from prior year. About 35 percent of this total amount, \$87,698 is *available for spending* at the government's discretion (*unreserved fund balance*).
- The City's total debt increased by \$12,476 (3.00 percent) during the current fiscal year. The factors of this increase were primarily due to a new fire equipment lease and a \$14 million Housing Authority loan, and decreases such as bond retirements through regular annual payments.

GENERAL FUND REVENUES

(IN THOUSANDS)

Total general fund revenues decreased by \$1,092 from \$162,645 in 2008 to \$161,553 in 2009.

- Sales tax & Other taxes revenues decreased slightly due to economic slowdown in the country. This decrease in the tax base was mitigated by the addition of Americana At Brand.
- Licenses & Building Permits revenues decreased significantly due to slowdown in construction and real estate markets.
- Investment income decreased significantly due to considerable drop in interest rates.

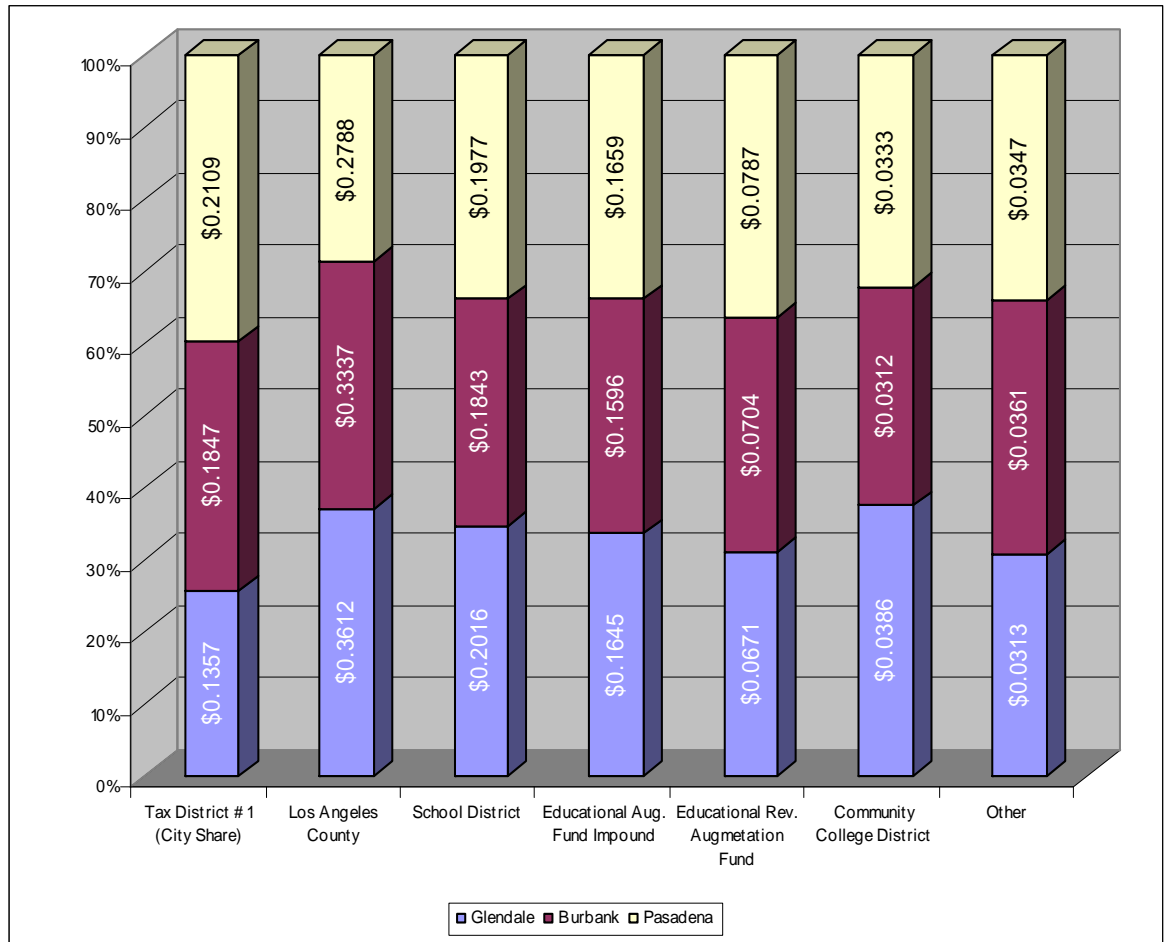


Revenue by Source	2009	2008	2007
Property Tax	\$ 41,778	40,355	37,977
Sales Tax	18,237	19,855	19,428
Utility Users Tax	28,798	27,781	26,202
Other Taxes	13,724	14,696	14,740
Licenses & Permits	4,837	6,312	8,589
Charges for Services	3,977	3,858	4,375
Interest Income	4,428	7,086	7,524
Other Revenues	14,572	14,587	14,527
Transfer-GWP	23,267	22,375	21,891
Other Transfers	7,935	5,740	5,720
Total Revenues	\$ 161,553	162,645	160,973

GENERAL FUND REVENUES

Prior to Proposition 13, the City strove to levy as small a property tax on Glendale taxpayers as possible. The City's philosophy was to draw funding from the utility company for general government. When Proposition 13 passed, it effectively eliminated the City's ability to determine the tax rate on property. Proposition 13 set real estate property assessed values for tax purposes at the full 1975-1976 market value, limited real estate taxes to 1 percent of that value, and limited increases in assessed value to the lesser of the annual rate of inflation or 2 percent unless a property was sold or improvements were added. Upon sale of a property, the assessed value is based on the sale price. Subsequent legislation allowed for tax levies above the 1 percent Proposition 13 tax rate but only if the levy was approved by a two-thirds vote. Proposition 13 froze the City's share of the property tax revenues. As can be seen in the chart, Glendale's share of property tax, the 1 percent Proposition 13 tax rate is 13.57 percent. This share is considerably less than the property tax shares received by Burbank and Pasadena. While the amount GWP transferred to general fund was \$23.3 million in 2009 that is only 45% of the maximum allowable transfer amount - \$52.2 million. City Charter allows up to 25% of GWP's operating revenue to be transferred to general fund for each fiscal year.

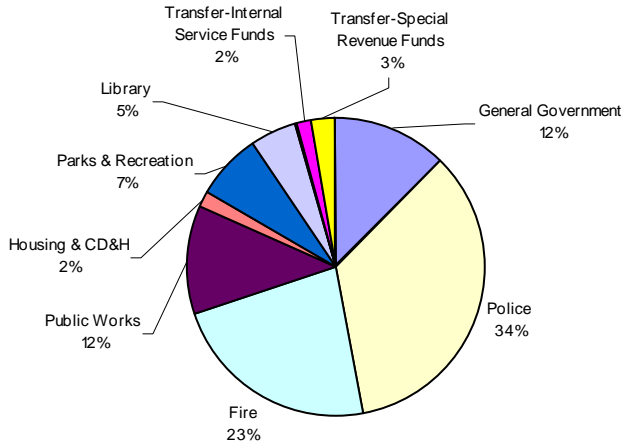
Property Tax Dollar Breakdown for Glendale, Burbank and Pasadena



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

GENERAL FUND FUNCTIONAL EXPENDITURES

(IN THOUSANDS)



Expenditures by Function	2009	2008	2007
General Government	\$19,537	20,043	19,110
Community Promotion	105	151	115
Police	54,452	52,517	47,503
Fire	35,438	37,659	35,104
Public Works	18,945	20,099	19,540
Housing & CD&H	2,580	2,353	2,224
Parks & Recreation	11,537	12,154	11,205
Library	8,006	8,325	7,691
Capital	341	374	621
Transfer-Internal Service Funds	2,386	3,103	3,103
Transfer-Special Revenue Funds	4,060	2,851	2,291
Other Non-recurring Transfers	-	9,231	936
Total Expenditures	\$157,387	168,860	149,443

The City's General Fund spending decreased in FY 2009 from 168,860 to 157,387. This substantial decrease can be attributed to City Management's prompt response to control costs to cope with developing recession in the country through various cost cutting methods such as: reopening and renegotiating employment union contracts, implementing hiring freeze, eliminating existing positions and eliminating various programs across every department.

GENERAL FUND RESERVE RATIO

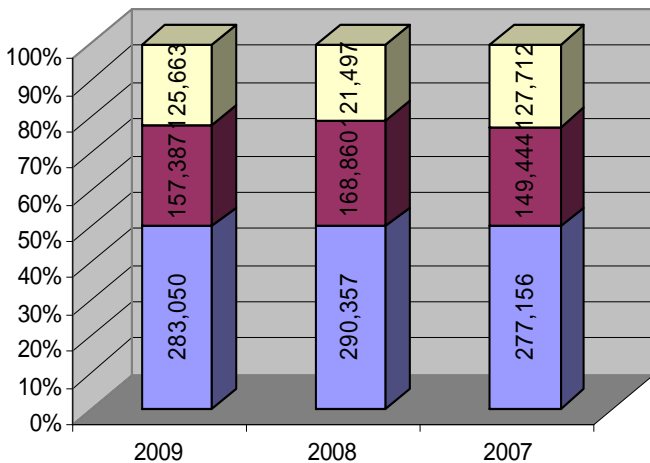
(IN THOUSANDS)



General Fund	2009	2008	2007
Unreserved Fund Balance	\$35,799	32,749	41,838
City Charter	19,320	19,320	17,805
Total Reserves	55,119	52,069	59,643
Operating Budget	\$161,553	160,491	151,018
General Fund Reserve Ratio	34.1%	32.4%	39.5%

GENERAL FUND AVAILABLE RESOURCES

(IN THOUSANDS)



General Fund Resources	2009	2008	2007
Beginning Fund Balance	\$ 121,497	127,712	116,183
Taxes	102,537	102,687	98,347
Other Revenue	27,814	31,843	35,015
Transfer From GWP	23,267	22,375	21,891
Other Transfers	7,935	5,740	5,720
Total Available Resources	283,050	290,357	277,156
Operating Expenditures	150,941	153,674	143,114
Operating Transfers-Out	6,446	5,955	5,394
Non-recurring Transfers-Out	-	9,231	936
Total Resources Expired	157,387	168,860	149,444
Ending Available Fund Balance	\$ 125,663	121,497	127,712

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

LONG TERM DEBT

(IN THOUSANDS)

At 2009 fiscal year-end, the City had \$430,330 in long-term debt outstanding, of which \$246,73 is a liability of governmental activities and \$183,596 is a liability of business-type activities. The net increase in long-term debt from fiscal year 2008 was \$12,476 (3.0 percent). It was primarily due to a new bank loan of \$14,000 obtained by the Glendale Housing Authority from Union Bank to support the development of a 72 unit affordable family rental housing project (Vassar City Lights Project) located at Vassar Street. This loan is secured by the 20% Set-Aside funds of property tax increment receive by the Housing Authority from the Glendale Redevelopment Project Areas for the next five fiscal years. In governmental activities, an estimated \$25,175 will mature in fiscal year 2010 and in business-type activities an estimated \$2,690 will mature in fiscal year 2010 as well.

The City's long-term debt is comprised of revenue bonds, tax allocation bonds, certificates of participation, loan and capital leases payable, landfill closure and post-closure care liability, compensated absences, arbitrage rebate liabilities, claims payable and post employment benefits payable.

The tax allocation bonds are secured by a pledge of 80% of all incremental property taxes allocated to and received by the Glendale Redevelopment Agency for the Central Project Area. The revenue bonds are payable from the revenue derived by the Glendale Water and Power.

BOND RATING

The City received its most recent bond rating in February 2008. The City's rating from Standard & Poor's was AAA; from Moody's Investor Service was Aaa and from Fitch was AAA.

Bonds which are rated AAA & Aaa are judged to be of the best quality. They carry the smallest degree of investment risk. Interest payments are protected by a large or an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. Bonds rated "AAA" are generally known as investment grade bonds of which the issuer of the Bonds is judged to have a very strong capacity to meet its financial commitments.

	(in thousands)		Percentage of Change
	2009	2008	
Certificates of Participation (Police Facility)	\$ 55,500	\$ 56,900	(2.4%)
Tax Allocation Bonds	84,044	88,875	(5.5%)
Revenue Bonds	175,313	177,151	(1.1%)
Claims Payable	36,124	31,306	15.4%
Landfill Closure & Post-closure Care Liability	24,542	23,262	5.5%
Compensated Absences	25,717	25,387	1.3%
Other	29,020	14,973	94.3%
Total General Long Term Debt	\$ 430,330	\$ 417,854	3.0%