Popular Annual Financial Report

Fiscal Year Ended June 30, 2017

City of Glendale, California

City of Glendale, California
City Council

Vartan Gharpetian
MAYOR

Ara Najarian
COUNCILMEMBER

Zareh Sinanyan
COUNCILMEMBER

Paula Devine
COUNCILMEMBER

Vrej Agajanian
COUNCILMEMBER

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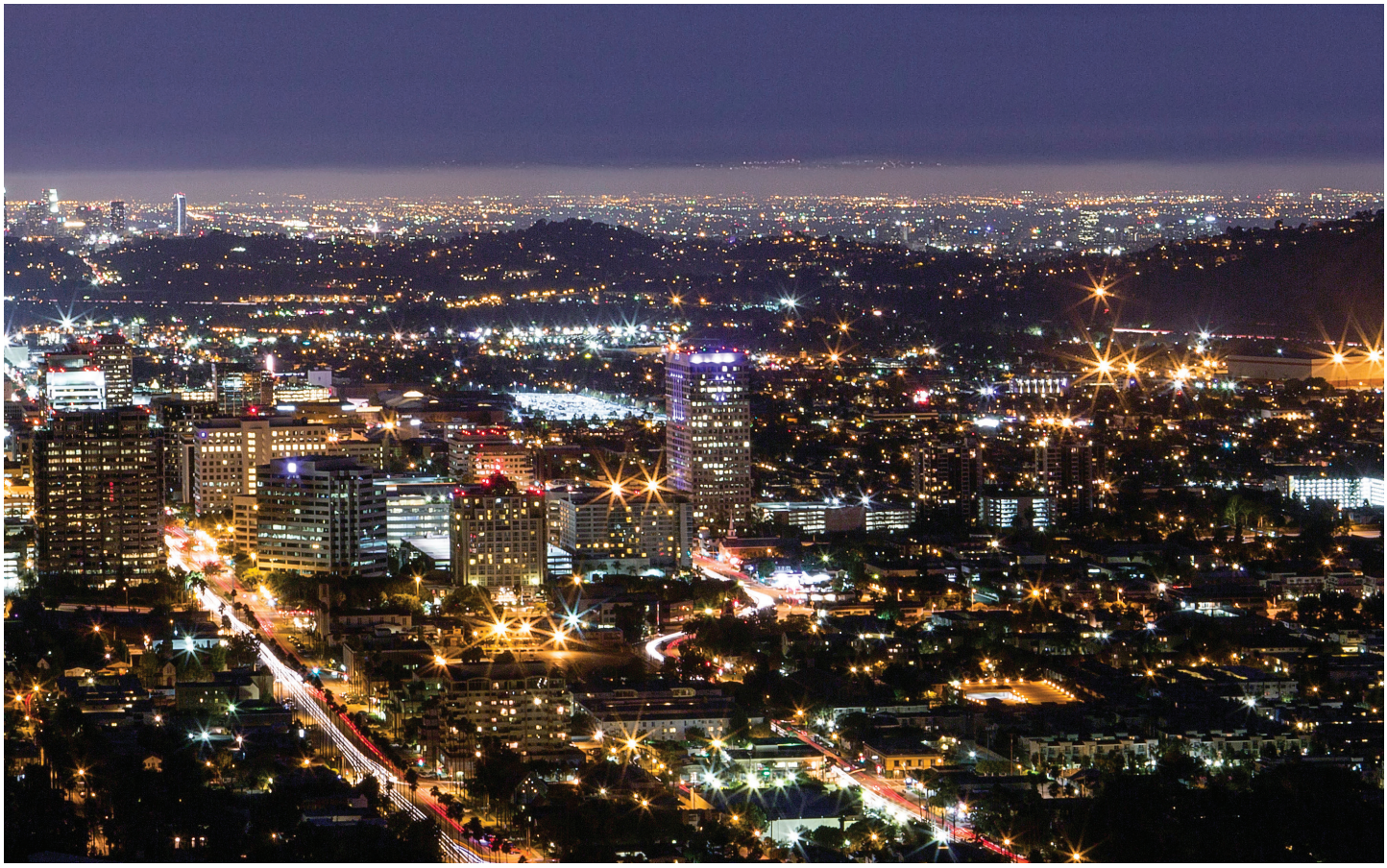
Introduction

As part of our continuous effort to keep you informed about how your tax dollars are being spent, we are pleased to present the 2017 Popular Annual Financial Report (PAFR). The PAFR is a summary of the financial activities of the City, and most of the information is drawn from the City's 2017 Comprehensive Annual Financial Report (CAFR). Both reports are available for public viewing at the Finance department and online at http://www.glendaleca.gov/government/departments/finance/accounting. It is important to note that the financial data in this report is unaudited and presented on a GAAP (Generally Accepted Accounting Principles) basis with selected funds.

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

We hope you enjoy reading this report and invite you to access our audited CAFR referenced above for more detailed information. Questions concerning either CAFR or PAFR can be addressed to Director of Finance, 141 North Glendale Avenue, Suite 346, Glendale, CA 91206.

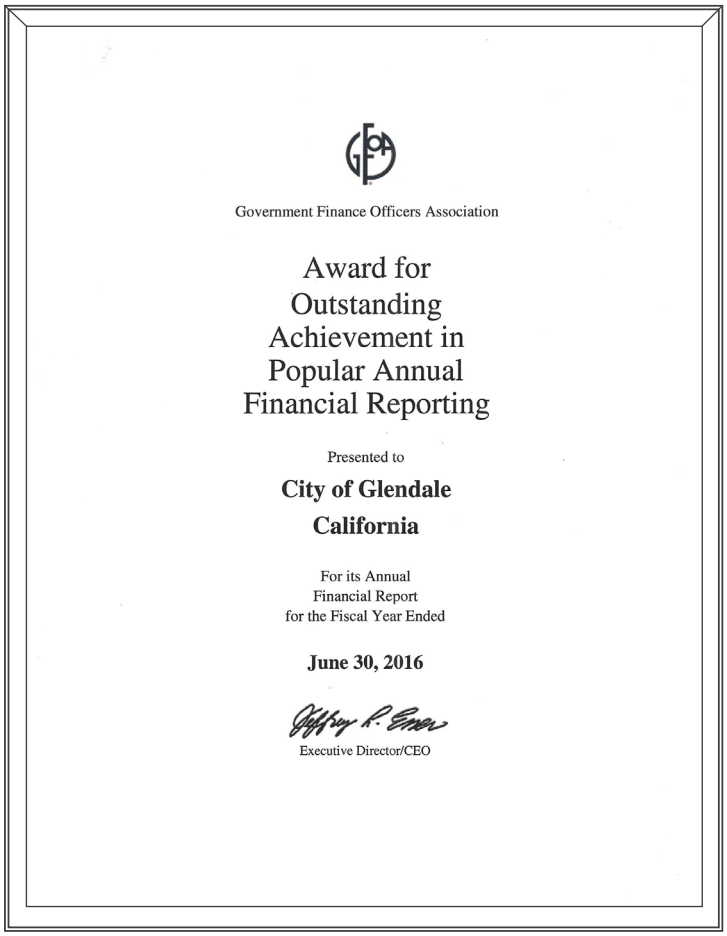


Outstanding Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Glendale for its Popular Annual Financial Report for the fiscal year ended June 30, 2016. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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

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



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

City of Glendale
California

For its Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

History

This area, originally consisting of 36,400 acres of woodland and grassland, was inhabited by the Native American Tongva people, and attracted the attention of Corporal Jose Maria Verdugo of the San Diego Company of the Spanish army. In 1784, Corporal Verdugo, a native of Baja California, received permission from his army commander to settle and graze this land. In 1798, he retired from the army to become a full-time rancher. His ranch, Rancho San Rafael, supported herds of cattle, horses, sheep, mules, watermelons, corn, beans, peppers, and fruit. Señor Verdugo's route to and from Los Angeles, via San Fernando Road at his property's southern edge, came to be known as Verdugo Road. The next half-century brought many changes, with California being ceded to the United States in 1848, being admitted as a state in 1850, and the railroads being built to link Glendale to Los Angeles and destinations beyond.

In the years that followed, the Great Partition paved the way for more American settlers, who cleared the cactus and sagebrush for the purpose of establishing fruit orchards. Following Thanksgiving dinner in 1883, settlers met at the schoolhouse (which also served as the community church) on lower Verdugo Road to discuss the possible names for the town. Ultimately, a young female painter from Chicago offered the two-word name "Glen Dale." By 1887, Glendale, having an established name and consisting of approximately 150 acres, was officially surveyed and recorded as a town and by the turn of the century, Glendale was rapidly becoming urbanized.

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

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

Source: Glendale Historical Society & City of Glendale
www.glendalehistorical.org | www.glendaleca.gov

Area

- Total 30.7 sq mi (79.4 km2)
- Land 30.66 sq mi (79.3 km2)
- Water 0.04 sq mi (0.1 km2)

Elevation 522 ft. (159 m)

Population (January 1, 2017)
Dept. of Finance

- Total 201,748
- Density 6,572/sq mi

Zip Codes 91201-91210, 91214, 91221,91222, 91224-91226

Area Code 818

Website www.glendaleca.gov

Organizational Structure

City of Glendale
Form of Government

Glendale is a full-service Charter City governed by a Council-Manager form of government. Five Councilmembers are elected at-large and serve 4-year staggered terms. Elections take place every other year during odd numbered years on the first Tuesday in April. The Mayor's position is filled by one of the Councilmembers, who vote each year to decide who will hold this honor. Other elected officials include the City Clerk and City Treasurer. The City Manager and City Attorney are appointed by the City Council. A variety of Boards, Commissions, and Committees assist the City Council in serving the Glendale community. These bodies identify specific needs and problems within their purview. Each body meets on a regular basis and each meeting is open to the public. The length of member terms and the interval of appointments vary.

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

The City provides the full range of municipal services. This includes public safety (police, fire and paramedic), streets, and sanitation, refuse collection, sewer, hazardous disposal, electric and water utilities, parking, parks and recreation, library, public improvements, planning and zoning, housing and community development and general administrative and support services.

Executive Management Team
As of June 30, 2017

Scott Ochoa
City Manager

Yasmin K. Beers
Assistant City Manager

John Takhtalian
Deputy City Manager

Onnig Bulanikian
Director of Community Services & Parks

Robert M. Castro
Police Chief

Cindy Cleary
Director of Library, Arts & Culture

Matthew Doyle
Director of Human Resources

Robert P. Elliot, CPA
Director of Finance

Gregory Fish
Fire Chief

Brian Ganley
Chief Information Officer

Michael J. Garcia
City Attorney

Roubik Golanian
Director of Public Works

Ardashes Kassakhian
City Clerk

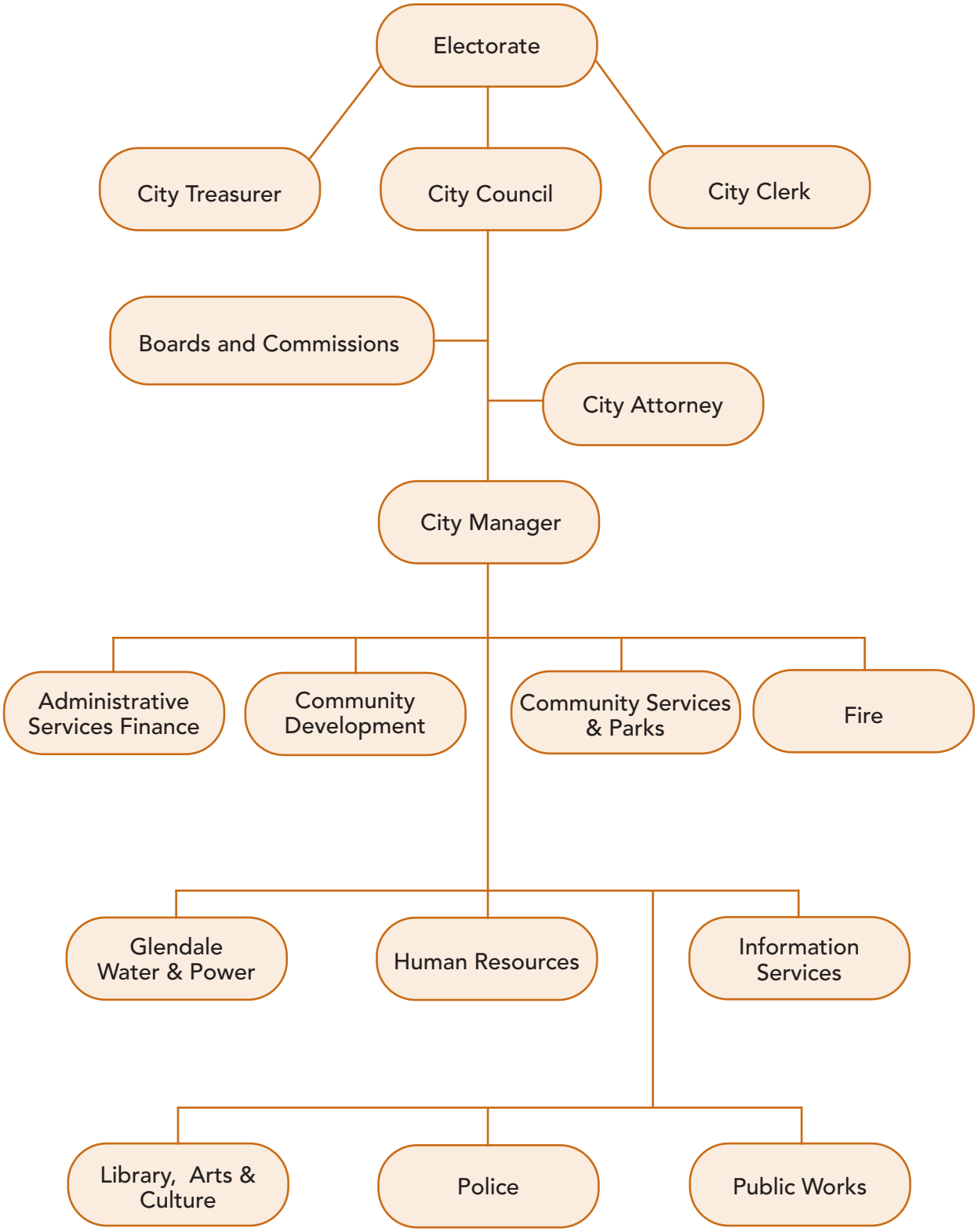
Philip Lanzafame
Director of Community Development

Thomas R. Lorenz
Director of Communications & Community Relations

Rafi Manoukian, CPA
City Treasurer

Stephen M. Zurn
General Manager of Glendale Water & Power

Organizational Chart



Economic Outlook

The Local Economy: Continued capital investment is seen throughout the City in the form of business expansion and attraction to Glendale's central location, public safety record and robust business environment. Of particular note is the entertainment industry which remains rooted in Southern California, with the Verdugo Region (Glendale/ Burbank) particularly known for production, animation, visual effects, and digital distribution. Glendale continues to benefit from growth in this sector through companies co-locating with powerhouses Disney and DreamWorks, and hundreds of ancillary production and equipment firms. The City has 3 major area hospitals, which heighten desire to co-locate business development near medical clusters. Also of note are Glendale's regional shopping centers, the Glendale Galleria and Americana at Brand. Several large development projects either recently completed or underway in Glendale will provide new residential units and commercial space. Such investments by the business community indicate a continued confidence in Glendale. Glendale's economy is one of the most diverse within the Los Angeles region largely due to a healthy mix of business and industry that operates within its borders.

Economic Development Highlights: The City focuses on collaborative strategies to create jobs, generate revenue, and improve the quality of life for residents, the business community, and visitors of Glendale. Economic Development accomplishments for FY 2016-17 were focused around three main goals:

1. **Asset Management:** Glendale actively employs ways to provide additional value of City assets through proactive, profitability-focused management practices. The priority was to achieve the highest and best use of City facilities through an effective asset management strategy.
2. **Business Attraction:** The City is committed to attracting business and investment to Glendale in an effort to create a diverse economy. This is done through Business Concierge services and fast-track permitting, broker relationships, site selection assistance, utility consultation, and connecting potential businesses with resources, marketing campaigns and support.
3. **Business Services:** Recognizing that a majority of job growth in any community is generated by the businesses already located there, Glendale focuses on services to businesses to propel economic growth. The City's priority was to strengthen neighborhood districts and the businesses within them.

Employment: According to the most recent Census estimates available, 38,852 people in Glendale were employed in management, business, arts, or science occupations (the single largest group) in 2015 with inflation-adjusted median annual earnings of $60,658. According to the ACS, by employment, the top growing industry in Glendale is the Educational, Healthcare and Social Assistance industry. As of June 2017, Glendale's unemployment rate is trending downwards pre-recession levels at 5.1%.

Top 10 Principal Employers	
Employer	*Number of Employees*
Glendale Unified School District	2,460
Glendale Adventist Medical Center	2,415
City of Glendale	1,931
Dream Works Animation Skg Inc.	1,626
Glendale Community College	1,595
Glenair Inc.	1,474
Glendale Memorial Medical Center	1,075
Nestle Company / Nestle USA	850
USC Verdugo Hills Hospital	787
Cigna Health	480

Housing: Based on the "2016 Annual Report" issued by the Los Angeles Office of the Assessor, Glendale experienced a net taxable property value increase of 5.5%. According to the City's property tax consultant, HdL, Glendale's housing market fell slightly in sales volume and showed an increase in an average home price in FY 2016-17. Also, the condominium sales also showed a decline in sales volume and an increase in average price.

Financial Highlights

(In Thousands)

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of FY 2016-17 by $1,562,436 (net position), which was comprised of net investment in capital assets of $1,331,785, restricted net position of $130,160 and unrestricted net position of $100,491. The unrestricted net position consisted of a negative $162,510 for governmental activities and $263,001 for business-type activities. The negative unrestricted net position for governmental activities was primarily due to the recognition of net pension liability.

- As of the close of FY 2016-17, the City's governmental funds reported combined ending fund balances of $287,931, an increase of $24,188 in comparison with the prior year. About 19.5% of this total amount, $56,119 was unassigned and available for spending at the government's discretion.

Statement of Net Position as of June 30,

		2017	2016	2015	2014	2013
Current and other assets	$	898,443	844,620	687,552	646,035	538,443
Capital assets		1,612,025	1,580,777	1,566,955	1,547,613	1,561,854
Deferred outflows of resources		112,500	39,819	31,287	1,291	1,443
Total assets and deferred outflows of resources		2,622,968	2,465,216	2,285,794	2,194,939	2,101,740
Current liabilities		120,472	98,177	72,688	77,197	78,189
Noncurrent liabilities		910,325	826,231	879,767	466,836	392,633
Deferred inflows of resources		29,735	44,164	89,228	-	-
Total liabilities and deferred inflows of resources		1,060,532	968,572	1,041,683	544,033	470,822
Net investment in capital assets		1,331,785	1,311,654	1,319,866	1,314,329	1,333,559
Restricted		130,160	115,950	80,082	78,992	75,716
Unrestricted		100,491	69,040	(155,837)	257,585	221,643
Total net position	$	1,562,436	1,496,644	1,244,111	1,650,906	1,630,918

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

Deferred outflows of resources are the consumption of net assets applicable to future reporting periods.

Liabilities are debt or obligations that the City must pay.

Deferred inflows of resources are the acquisition of net assets applicable to future reporting periods.

Net investment in capital assets represents the City's investment in capital assets, less any related outstanding debt used to acquire those assets.

Net position reflects the City's net worth
(Net position = Assets + Deferred outflows of resources – Liabilities – Deferred inflows of resources).

Financial Highlights (continued)

(In Thousands)

The statement of activities presents information showing how the government's net position changed during the recent fiscal year. All changes in net position 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).

Statement of Activities
As of June 30,

		2017	2016	2015	2014	2013
Revenues:						
Charges for services	$	372,704	369,367	367,146	334,731	318,077
Operating and capital grant and contributions		65,361	64,840	64,810	75,424	79,230
Taxes		145,916	147,400	132,284	125,561	121,294
Investment income and other		34,057	47,045	34,835	32,490	21,817
Reinstatement of loans		206	28,029	-	13,613	-
Special item		15,117	88,976	22,087	-	-
Extraordinary gain/(loss)		-	26,490	-	-	(6,423)
Total Revenues		633,361	772,147	621,162	581,819	533,995
Expenses:						
Governmental		297,853	267,956	290,033	296,740	274,358
Business-type		269,716	251,658	283,634	265,091	263,656
Total Expenses		567,569	519,614	573,667	561,831	538,014
Changes in net position		65,792	252,533	47,495	19,988	(4,019)
Net position, July 1		1,496,644	1,244,111	1,196,616[1]	1,630,918	1,634,937
Total net position, June 30	$	1,562,436	1,496,644	1,244,111	1,650,906	1,630,918

[1]FY2015 Beginning net position was restated because of the implementation of GASB 68.

Charges for services are revenues generated from licenses, permits, other fees, fines, forfeitures, and charges paid by the recipients of goods and services offered by the City programs.

Operating/Capital Grants and Contributions represent grants and contributions received from other governments, organizations and individuals that are restricted in some manner.

General Revenues are those revenues that are not classified as program revenues, such as property taxes and other taxes.

General Fund Available Resources

(In Thousands)

General Fund Reserve Ratio

General Fund		FY2017	FY2016
Nonspendable	$	267	196
Restricted: City Charter - Stabilization		27,296	24,870
Assigned Fund Balance		4,605	7,326
Unassigned Fund Balance		60,701	55,954
Total Fund Balance		92,869	88,346
Sum of Charter and Unassigned Fund Balance		87,997	80,824
Final Adopted Budget	$	210,367	191,825
Reserve Ratio		41.8%	42.1%

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund revenues exceeded its expenditures by $4,523. The fund balance increased to $92,869 from $88,346 in prior year.

The General Fund reserve levels have historically been maintained above 30.0% of General Fund appropriations, in accordance with the current reserve policy (a floor of 30.0% with a target of 35.0%) adopted by the City Council.

General Fund Revenues

(In Thousands)

Compared to prior fiscal year, the revenues of the City's General Fund have an increase of $3,157 during the current fiscal year. This increase is primarily due to the following reasons:

- Compared to prior fiscal year, property tax revenue increased by $3,508 (6.8%) mainly due to the increase in home values and the strong real estate market in the City.
- Compared to prior fiscal year, use of money and property increased by $6,780 mainly due to receiving higher GSA loan repayment than originally anticipated.

Revenue by Source		FY2017	FY2016
Property Taxes	$	55,217	51,709
Sales Tax		38,835	44,451
Utility Users Tax		28,605	28,662
Other Taxes		13,946	13,231
Revenue from Other Agencies		289	950
Licenses and Permits		10,265	9,741
Fines and Forfeitures		2,533	2,701
Charges for Services		3,951	3,806
Use of Money and Property		16,144	9,364
Interfund Revenue		13,996	14,950
Miscellaneous Revenue		1,335	2,199
Transfers In		21,062	21,257
Total Revenues	$	206,178	203,021

General Fund Revenues (continued)

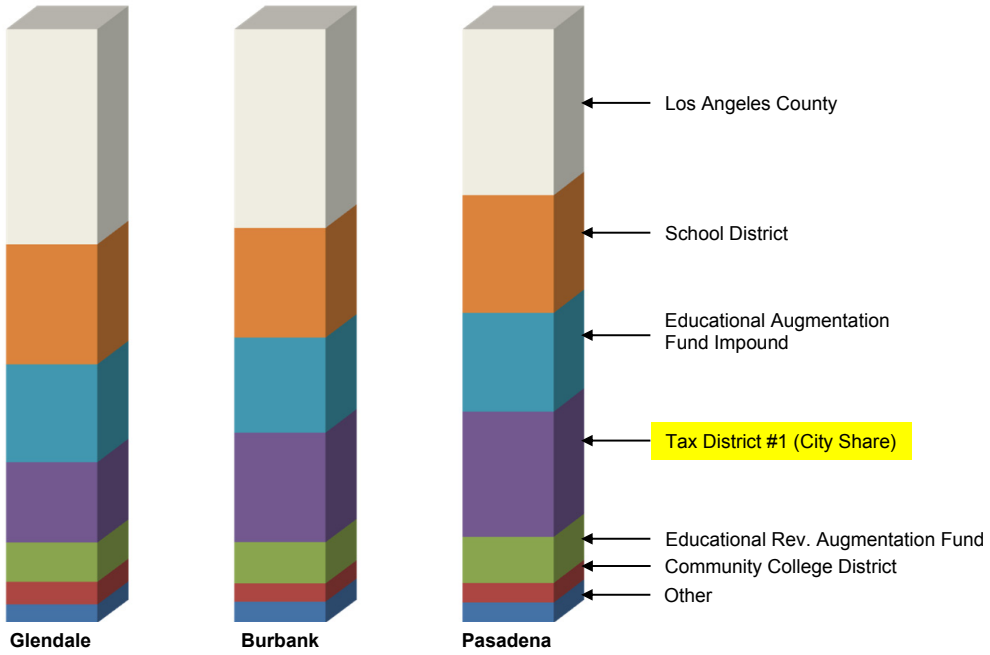
Property Tax Dollar Breakdown for Glendale, Burbank and Pasadena

Prior to Proposition 13, the City endeavored to levy as small a property tax on Glendale taxpayers as possible. The City's strategy was to draw funding from the utility company for general government. When Proposition 13 passed, it effectively eliminated the City's ability to determine the tax rate on property.

Proposition 13 set real estate property assessed values for tax purposes at the full 1975–1976 market value, limited real estate taxes to 1% of that value, and limited increases in assessed value to the lesser of the annual rate of inflation or 2%, unless a property was sold or improvements were added. Upon the sale of a property, the assessed value is based on the sale price. Subsequent legislation allowed for tax levies above the 1% Proposition 13 tax rate but only if the levy was approved by a two-thirds vote. Proposition 13 froze the City's share of the property tax revenues. As can be seen in the chart, Glendale's share of property tax rate is 13.57%. This share is considerably less than the property tax shares received by the neighboring cities of Burbank and Pasadena. The amount Glendale Water and Power transferred from the electric utility to the General Fund was $19.9 million in 2017. This represents 10% of Electric operating revenues, which was equal to 10.8% of the City's General Fund revenues for the year. The City Charter allows up to 25% to be transferred to General Fund for each fiscal year.

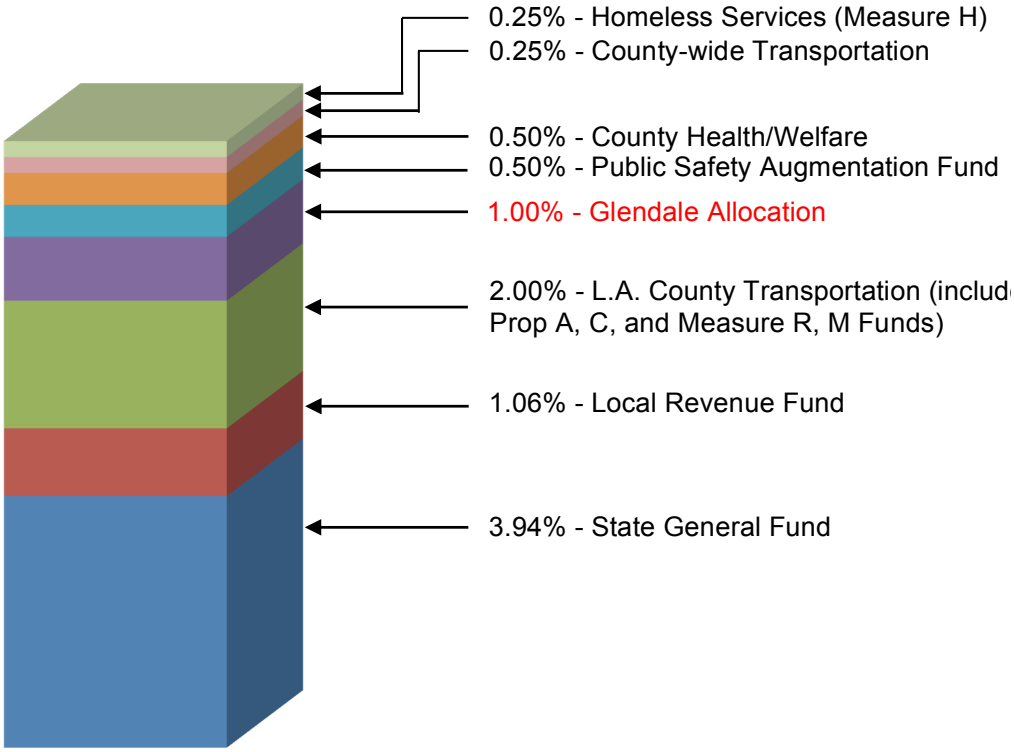
The City has complied with the provisions of Article XI, Section 22 of the Charter of the City of Glendale, California, as it relates to the required Charter transfer from the Electric Enterprise Fund to the City's General Fund.

1% Property Tax Breakdown	Glendale	Burbank	Pasadena
Los Angeles County	0.3612	0.3337	0.2788
School District	0.2016	0.1843	0.1977
Educational Augmentation Fund Impound	0.1645	0.1596	0.1659
Tax District #1 (City Share)	0.1357	0.1847	0.2109
Educational Revenue Augmentation Fund	0.0671	0.0704	0.0787
Community College District	0.0386	0.0312	0.0333
Other	0.0313	0.0361	0.0347
Total	1.0000	1.0000	1.0000



General Fund Revenues (continued)

Sales Tax Breakdown



Glendale Sales Tax is 9.5% Effective 10/01/2017

The California Board of Equalization administers local taxes under the Bradley-Burns Uniform Local Sales and Use Tax Law and district taxes under the Transactions and Use Tax Law, which are divisions of the Revenue and Taxation Code. Further information may be obtained at http://californiacityfinance.com and http://www.boe.ca.gov.

Utility Users Tax			
	Glendale[1]	**Burbank**	**Pasadena**
Telecommunication	6.50%	7.00%	8.28%
Prepaid Wireless[2]	6.50%	6.50%	7.50%
Video (Cable)	6.50%	-	9.40%
Electricity	7.00%	7.00%	7.67%
Water	7.00%	-	7.67%
Gas	7.00%	7.00%	7.90%

[1] In 2009 Glendale voters approved a rate reduction for Telecommunications and Video (reduced from 7% to 6.5%).

[2] Prepaid Wireless percentages are set per the Revenue and Taxation Code 42100 et seq. effective January 01, 2016. Further information may be obtained at http://uutinfo.org.

General Fund Expenditures

(In Thousands)

Expenditures by Function		FY2017	FY2016
General Government	$	28,830	25,303
Police		74,703	71,232
Fire		49,167	45,541
Public Works		13,309	18,335
Housing, Health and Community Development		4,402	3,885
Parks, Recreation and Community Services		12,459	10,402
Library		9,209	8,218
Capital		336	93
Transfers to Other Funds		9,240	3,641
Total expenditures	$	201,655	186,650

Overall, General Fund Expenditures increased by $15,005 in FY 2017 compared to the prior year. Here are some of the key elements for the increase:

- Police and fire expenses increased by $3,471 and $3,626, respectively, during the current fiscal year, which is mainly due to higher workers' compensation and retirement benefit expenditures, resulting from higher compensation insurance and PERS rates.
- General government expenses increased by $3,527 due to increase in pension liabilities.
- Public Works expenses decreased by $5,026, due to move of Custodial Services and Building Services sections from General Fund to Building Maintenance Fund.
- Transfers to Other Funds increased by $5,599 mainly due to aid capital improvement projects $4,555 and pay for City Agency Loan $3,885 contingent upon General Fund balance and Department of Finance decision, respectively.

As we continue to cut costs, Glendale is still facing many challenges including:

- The possible loss of the City Charter-approved General Fund Transfer (GFT) from Glendale Water & Power's (GWP) electrical operations.
- Shoring up the internal service funds.
- A stable funding source for General Fund Capital Improvement Projects.

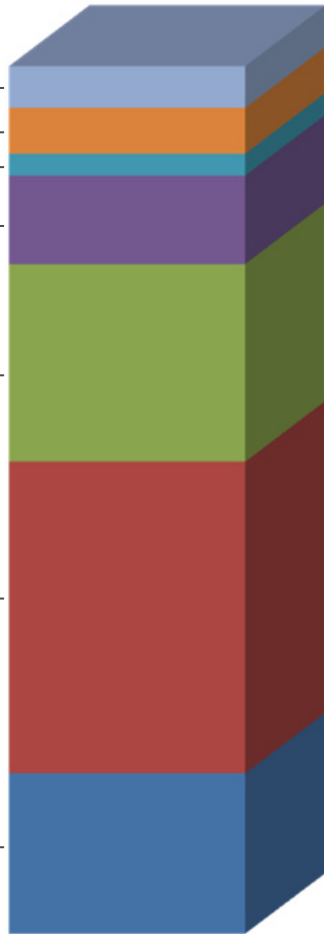
General Fund Resources vs. Appropriations

(In Thousands)

Final Budget

Resources $206,427

Appropriations $210,367



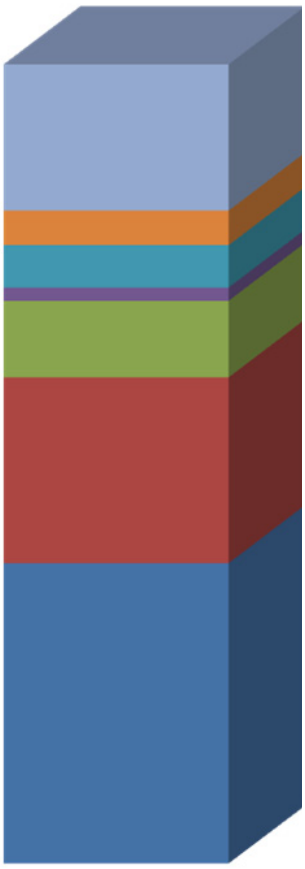
General Fund Revenues vs. Expenditures

(In Thousands)

Actuals

Revenues $206,178

Expenditures $201,655



Enterprise Funds

(In Thousands)

Enterprise funds are used to account for a government's ongoing programs and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows. They are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services which are supported primarily by user charges. The City uses enterprise funds to account for its refuse disposal, fire communications, sewer, and electric and water utility operations.

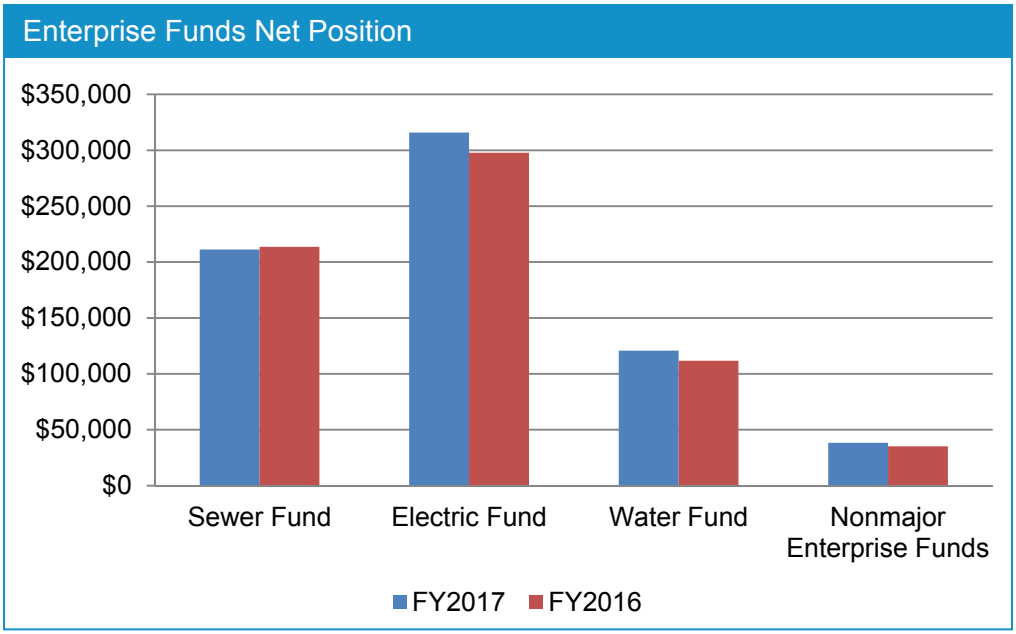
Enterprise Funds Activities Highlights

Statement of Revenues, Expenses and Changes in Net Position		FY2017	FY2016
Operating revenues	$	315,016	314,611
Operating expenses		260,928	248,625
Operating income (loss)		54,088	65,985
Nonoperating revenues (expenses)		(5,338)	(2,845)
Income before capital grants and contributions and transfers		48,750	63,141
Capital grants and contributions		61	305
Transfer in		2	1,733
Transfer out		(21,062)	(21,257)
Change in net position		27,751	43,922
Net position, July 1		658,432	614,510
Net position, July 30	$	686,183	658,432

Statement of Net Position		FY2017	FY2016
Current and other assets	$	386,794	365,371
Capital assets		655,479	654,773
Deferred outflows of resources		27,580	11,309
Total assets and deferred outflows of resources		1,069,853	1,031,453
Current liabilities		38,453	34,585
Noncurrent liabilities		338,722	329,923
Deferred inflows of resources		6,495	8,513
Total liabilities and deferred outflows of resources		383,670	373,021
Net investment in capital assets		409,287	422,656
Restricted		5,669	5,669
Unrestricted		271,227	230,107
Total net position	$	686,183	658,432

Enterprise Funds (continued)

(In Thousands)



At the end of the year, net position was composed of $211,161 for the Sewer Fund, $315,904 for the Electric Fund, $120,797 for the Water Fund, and $38,321 for the nonmajor enterprise funds. Enterprise Funds net position increased by $27,751. Key elements of this increase are as follows:

- The net position of the Sewer Fund decreased by $2,489 during the current fiscal year. The decrease was mainly attributable to lower single-family residential water usage during the winter months due to water conservation and an increase in operating expenses due to higher Glendale's share of operation and maintenance costs for the Los Angeles/Glendale Water Reclamation Plant (LAGWRP).

- The net position of the Electric Fund increased by $18,065 during the current fiscal year. The increase in net position was mainly due to stable electric retail sales as the Electric Fund continued phase 4 of the electric rate increase of 2% in FY 2016-17, an increase in sales to other utilities, and an increase in operating expenses due to higher production and transmission costs.

- The net position of the Water Fund increased by $8,989 during the current fiscal year. The increase in net position was due to stable water retail sales as the Water Fund continued phase 3 of the water rate increase of 4% in FY 2016-17. The operating expenses are on a par with the prior year level.

- The net position of nonmajor enterprise funds increased by $3,186 during the current fiscal year. The increase was primarily attributable to continued stable operations of Refuse Disposal Fund in providing residents refuse collection and disposal services, as well as Fire Communication Fund in providing residents of its member cities an emergency coordinated assistance services.

Cash Management

(In Thousands)

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

The City manages its pooled idle cash and investments under a formal investment policy that follows the guidelines of the State of California Government Code, which is then reviewed by the Investment Committee and adopted by the City Council. Individual investments cannot be identified with any single fund because the City may be required to liquidate its investments at any time to cover large outlays required in excess of normal operating needs. Funds must request large outlays in advance in order for the City Treasurer to have the funding available.

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

Interest rate risk is the risk that fluctuations in market rates may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The City manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations as of June 30, 2017 is provided by the following table that shows the distribution of the City's investment by maturity:

		Remaining Maturity (In Months)				
		Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Commercial Paper	$	44,849	44,849	-	-	-
Federal Agency Term Notes		105,647	22,983	9,969	72,695	-
Federal Agency Callable Bonds		48,576	5,855	5,003	37,718	-
Medium Term Notes		130,571	28,316	11,047	91,208	-
Obligations of Other States		63,266	10,560	15,563	37,143	-
State and Municipal Bonds		68,266	10,743	20,579	36,944	-
State Investment Pool		99,781	99,781	-	-	-
Los Angeles County Pool		65,660	65,660	-	-	-
U.S. Treasury Notes		56,948	-	4,956	51,992	-
Money Market Mutual Fund		8,832	8,832	-	-	-
Held by Fiscal Agents:						
Guaranteed Investment Contracts		2,398	-	-	-	2,398
Money Market Mutual Fund		9,046	9,046	-	-	-
	$	703,840	306,625	67,117	327,700	2,398

Capital Assets

(In Thousands)

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to $1,612,025 (net of $860,248 accumulated depreciation, $9,854 gas depletion and $46,371 amortization). This investment in capital assets includes land, natural gas reserve, buildings and improvements, machinery and equipment, infrastructure, intangible, and construction in progress.

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

- In FY 2016-17, the following capital assets were transferred to the City by Glendale Successor Agency: $1,442 for 218 S. Brand (Paseo property), $11,405 Central Library renovation, $1,915 Grandview/Sonora Streets Railroad Crossings improvements and $355 for Broadway and Doran Street Railroad improvements.

- The City transferred 5th and Sonora Land from Property Held for Resale to Capital Assets in the amount of $6,007. The property will be for development of 65 units of affordable rental housing.

- The City purchased 2 Pierce Fire Engines in the amount of $1,272. The City also capitalized improvements to the following capital assets: $7,081 for Central Library, $2,107 for Pacific Avenue/Burchett Street, $1,947 for Palmer Park.

- The following projects contributed to the increase in the capital and intangible assets in the Sewer Fund: $3,863 for Los Angeles-Glendale Water Reclamation Plant, $2,899 for Hyperion Wastewater System and $10,898 for Chevy Chase Sewer Diversion. The City is upgrading the Los Angeles–Glendale Water Reclamation Plant and Hyperion Wastewater Treatment Plant.

- Electric Fund increased its construction in progress by $6,060. The increase was due to capital improvement projects such as the repowering of the Grayson Power Plant, Grandview Substation renovation and upgrade and repairs of generation units, designated as Unit 8A and 8B/C.

- Water Fund decreased its construction in progress by $6,969 at the end of FY 2016-17. This decrease primarily reflected the completion of some major capital improvement projects, such as the Phase III demonstration study of treatment technologies for hexavalent chromium in groundwater supplies; and cleaning, lining and replacement of distribution mains and valves in vicinity of Canada Boulevard.

		Governmental Activities		Business-type Activities		Total	
		FY2017	FY2016	FY2017	FY2016	FY2017	FY2016
Land	$	421,748	414,298	9,557	9,490	431,305	423,788
Natural gas reserve		-	-	22,149	22,144	22,149	22,144
Buildings and improvements		400,720	364,101	271,976	265,429	672,696	629,530
Machinery and equipment		134,686	126,928	562,591	558,390	697,277	685,318
Infrastructure		324,734	317,093	152,130	146,476	476,864	463,569
Construction in progress		48,882	59,114	76,681	68,414	125,563	127,528
Intangible		-	-	102,644	99,746	102,644	99,746
Total capital assets		1,330,770	1,281,534	1,197,728	1,170,089	2,528,498	2,451,623
Less: Accumulated depreciation		(374,224)	(355,530)	(486,024)	(463,078)	(860,248)	(818,608)
Less: Gas depletion		-	-	(9,854)	(8,919)	(9,854)	(8,919)
Less: Amortization		-	-	(46,371)	(43,319)	(46,371)	(43,319)
Net of depreciation, depletion, and amortization	$	956,546	926,004	655,479	654,773	1,612,025	1,580,777

Long-Term Debt and Liabilities

(In Thousands)

At June 30, 2017, the City had total long-term debt and liabilities outstanding of $423,213, an increase of $3,874 or 0.9%. The factors of this increase were a combination of items such as an increase of claims payable of $9,452; an increase of post-employment benefits of $531; a decrease of compensated absences of $230; and an increase of landfill postclosure care of $2,375; as well as decreases in other long-term liabilities and outstanding bonds payable through regular annual debt retirements.

Long-Term Debt and Liabilites

		FY2017	FY2016
Certificates of Participation (COPs)	$	33,785	35,605
Claims Payable		51,394	41,942
Landfill Closure & Post-closure Care Liability		47,059	44,684
Compensated Absences		27,504	27,734
Other		10,038	9,953
Revenue Bonds		253,433	259,421
Total long-term debt and liabilities	$	423,213	419,339

The City continues to maintain strong credit ratings on all of its debt issues. The table below shows the latest ratings as determined by the three national rating agencies, Moody's, Standard & Poor's, and Fitch Ratings' as of June 30, 2017.

Debt Issue	Moody's	Standard & Poor's (S&P)	Fitch Ratings'
Issuer credit rating (Implied General Obligation)	Aa2	AA+	AA+
Certificates of Participation (COPs)	Aa3	-	AA
Electric revenue bonds, 2008 series	Aa3	AA-	A+
Electric revenue bonds, 2013 refunding series	Aa3	AA-	A+
Electric revenue bonds, 2013 series	Aa3	AA-	A+
Electric revenue bonds, 2016 refunding series	-	AA-	A+
Water revenue bonds, 2008 series	A1	A+	A+
Water revenue bonds, 2012 series	A1	A+	A+

Financial Ratios

(In Thousands)

Liquidity Ratios

The current ratio and quick ratio indicate the City's ability to pay its obligations. The current ratio represents the number of times the City's current assets could cover current liabilities. The quick ratio is the conservative version of the current ratio. It takes inventories out of the equation to include very liquid assets only. For the City of Glendale, the ratios illustrate the City's ability to pay its current liabilities 6.23 times in FY 2016-17, compared to 6.78 times in FY 2015-16.

Liquidity Ratios:		FY2017	FY2016
Total Current Assets (A)	$	750,457	665,251
Total Current Liabilities (B)	$	120,472	98,177
Total Inventories (C)	$	6,058	6,021
Current Ratio (A ÷ B)		6.23	6.78
Quick Ratio ((A – C) ÷ B)		6.18	6.71

Debt Ratios

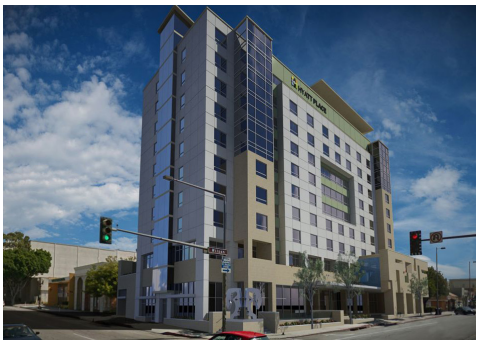
The debt ratio and debt-to-equity ratio measure the City's financial leverage. The debt ratio measures the City's obligations against its assets, while the debt-to-equity ratio measures the City's obligations against its net position. Between FY 2015-16 and FY 2016-17, the City of Glendale's debt ratio has increased from 38% to 41% and the debt-to-equity ratio has increased from 62% to 66%.

Debt Ratios:		FY2017	FY2016
Total Assets (A)	$	2,510,468	2,425,397
Total Liabilities (B)	$	1,030,797	924,408
Total Net Position (C)	$	1,562,436	1,496,644
Debt Ratio (B ÷ A)		41%	38%
Debt to Equity Ratio (B ÷ C)		66%	62%

Window To The Future

Active in Downtown Glendale

Glendale is a thriving cosmopolitan city with a diverse business base, range of urban living options, and amenity rich downtown. Glendale's vertical trajectory – both with ground-up development and increases in occupancy rates and sales tax numbers – continues to demonstrate the City's position as a top place to live, work, and play.



Hotel Development

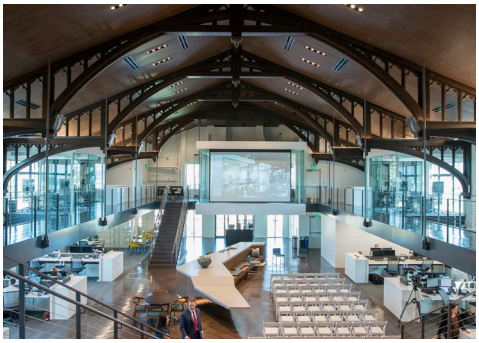
The City's robust businesses base attracts a steady stream of travelers each week. With close proximity to Burbank Airport, travel for both business and pleasure is easy and convenient. Recognizing that the Hilton and Embassy Suites have been operating at nearly capacity for years, a number of new hotels are hitting the Glendale market including Hampton Inn, Hyatt Place, Aloft Hotel (under construction), and others in the entitlement process.

Urban Living

Getting the most out of downtown Glendale has become easier than ever with 3,500 new luxury apartments walking distance from top shopping destinations of the Americana and Galleria, international dining options, cultural experiences like the Antaeus Theatre, and a large base of top employers so apartment dwellers can live and work in the same walkable community. The mixed-use buildings bring a fresh new dynamic to the City's urban core.

Tech Ecosystem

To strengthen the innovative tech ecosystem in and around Glendale, and to show case the city as a tech hub, the City hosted an interactive tech summit for the second year in a row. Glendale Tech Week was filled with engaging pop ups, speakers, and fun activations with over 1,000 guests in attendance. During the 2-day City sponsored summit, sessions and activities took place at 5 different venues, utilizing spaces throughout the downtown to create unique experiences for each session.



Class A Office Space

Glendale has long been home to major companies like DineEquity, Avery Dennison, CBRE L.A. North Industrial Team, Disney Consumer Products, DreamWorks Studios, KABC-7, Public Storage, LegalZoom, Univision Communications, Walt Disney Animation Studios and Whole Foods Market Western Regional offices. The City is proud to also be fostering the growth of Glendale-grown companies Age of Learning and ServiceTitan who are rapidly expanding and revolutionizing the office space and market in Glendale.

City By The Numbers

Property Tax Rate	1.0817%
Unemployment Rate	5.10%
Standard & Poor's Bond Rating	AA+, AA- & A+
Moody's Bond Rating	Aa2, Aa3 & A1
Fitch Bond Rating	AA+, AA & A+
Current Ratio	6.23 times
Debt Ratio	41%
Total Assets	$2.5 billion
Deferred Outflows of Resources	$113 million
Total Liabilities	$1.0 billion
Deferred Inflows of Resources	$30 million
Net Position	$1.6 billion
Population	201,748
School Enrollment	45,671
Percent High School Graduate or Higher	84.4%
Per Capita Personal Income	$29,163
Total Personal Income	$5,884
Median Age	41.2
Adopted Annual Budget FY 2016-17	$820 million
City Website	http://www.glendaleca.gov
City Address	613 E. Broadway, Glendale, CA 91206
City Phone	(818) 548-4844

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