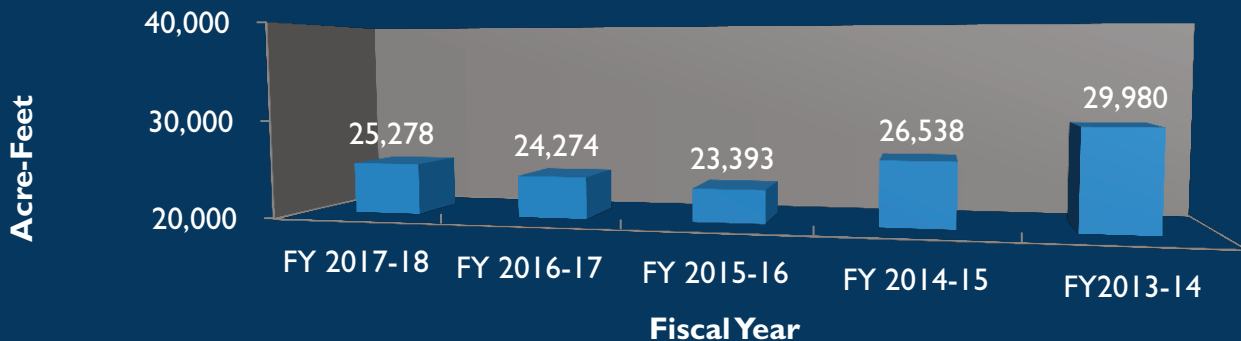


FY2017-18

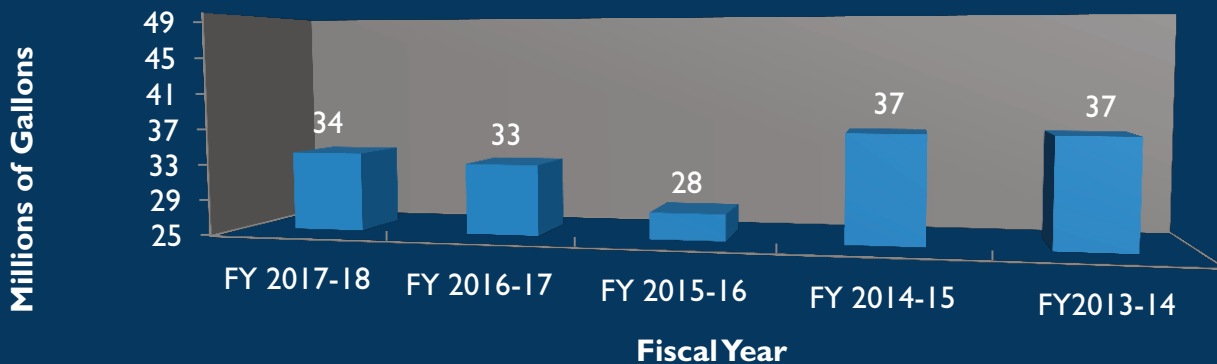
WATER UTILITY OPERATING STATISTICS

WATER SUPPLY (ACRE-FEET)	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15	FY2013-14
Metropolitan Water District	16,177	14,111	13,992	17,045	20,341
Percent of Total Water Supply	64.0%	58.1%	59.8%	64.2%	67.8%
Local Groundwater	7,667	8,450	7,844	7,760	7,598
Percent of Total Water Supply	30.3%	34.8%	33.5%	29.2%	25.3%
Recycled Water	1,434	1,713	1,557	1,733	2,041
Percent of Total Water Supply	<u>5.7%</u>	<u>7.1%</u>	<u>6.7%</u>	<u>6.5%</u>	<u>6.8%</u>
Total Water Supply	25,278	24,274	23,393	26,538	29,980
Capacity (Gallons per Minute)					
From Metropolitan Water District	10,029	8,748	8,675	10,567	12,611
From Water System Wells, Average	553	546	629	720	815
Treatment Plant Capacity	4,201	4,693	4,235	4,091	4,393
Peak Day Distribution (Millions of Gallons)	34	33	28	37	37

Total Water Supply (Acre-Feet)



Peak Day Distribution (Millions of Gallons)

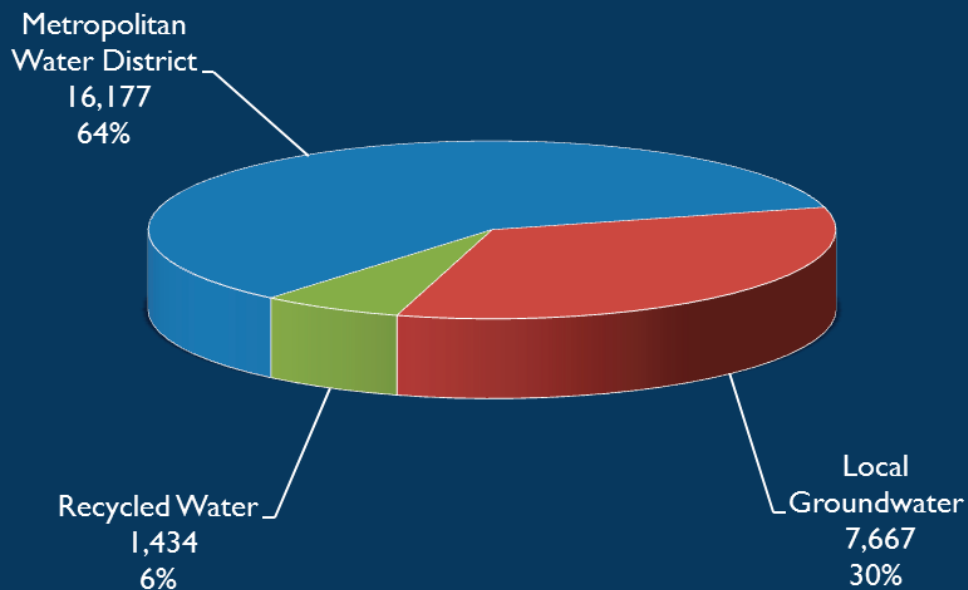


Not covered by independent auditor's report

FY2017-18

WATER UTILITY OPERATING STATISTICS

FY2017-18: Water Supply (Acre-Feet)

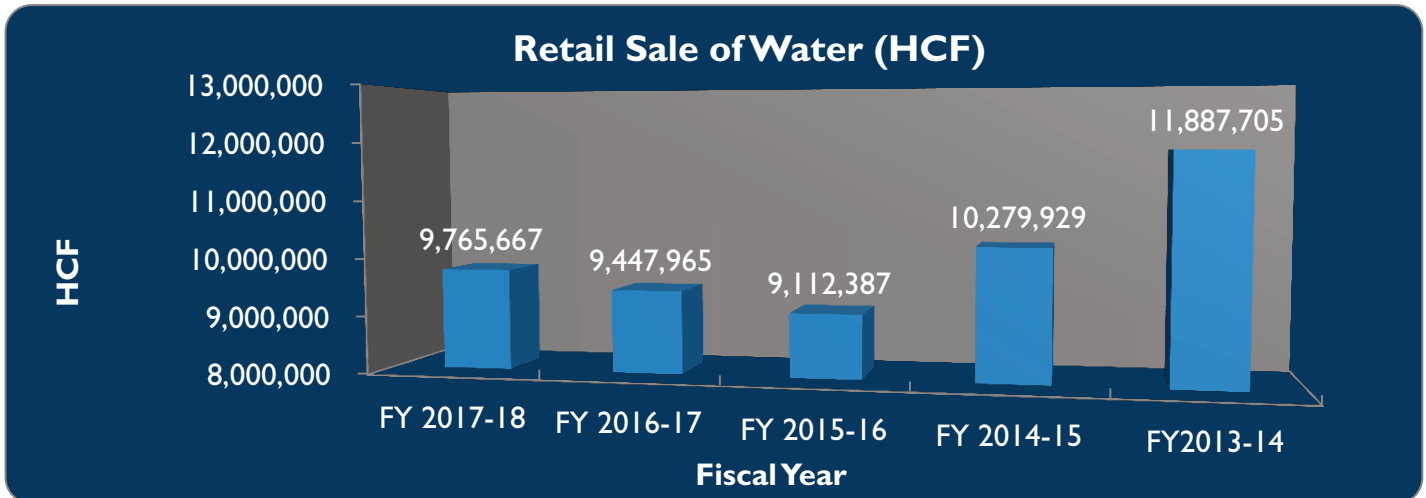


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FY2017-18

WATER UTILITY OPERATING STATISTICS

Water Use	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15	FY2013-14
Average Number of Meters					
Residential	29,676	29,619	29,633	29,569	29,539
Commercial	3,756	3,734	3,728	3,700	3,683
Industrial	153	152	146	149	154
Other	596	583	579	558	524
Total Meters - All Classes	34,181	34,088	34,086	33,976	33,900
Units of Water Sold (Hundred Cubic Feet)					
Retail Sale of Water					
Residential	7,646,452	7,361,451	7,124,594	8,352,836	9,440,269
Commercial	1,877,557	1,880,637	1,813,592	1,714,600	2,148,321
Industrial	241,658	205,877	174,201	212,493	299,115
Total Retail Sale of Water	9,765,667	9,447,965	9,112,387	10,279,929	11,887,705
Other	721,504	744,017	877,174	687,261	565,890
Total Units of Water Sold	10,487,171	10,191,982	9,989,561	10,967,190	12,453,595

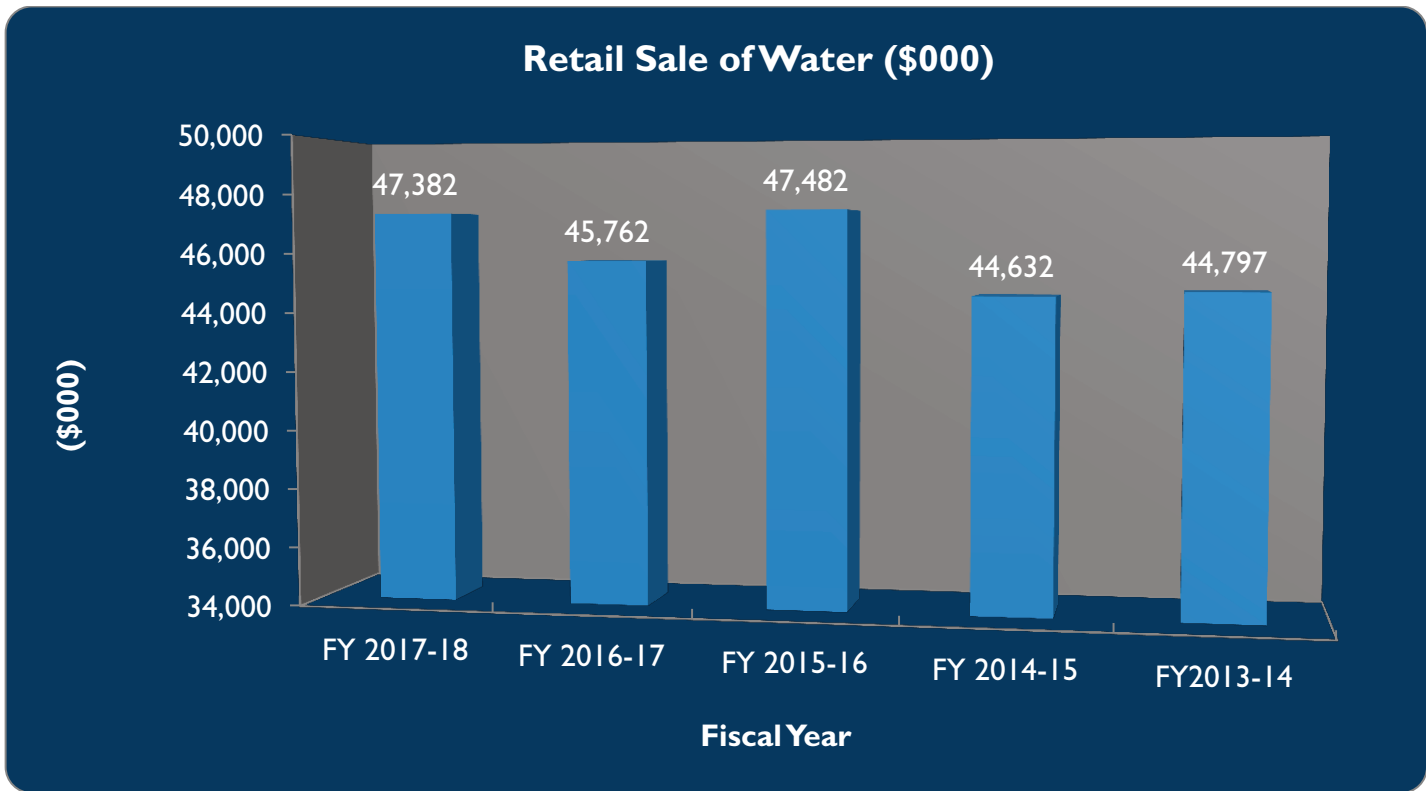


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FY2017-18

WATER UTILITY OPERATING STATISTICS

REVENUES (\$000)	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14
Retail Sale of Water					
Residential	\$ 36,830	\$ 35,475	\$ 36,976	\$ 35,473	\$ 34,269
Commercial	9,410	9,324	9,611	8,275	9,256
Industrial	1,142	963	895	884	1,272
Total Retail Sale of Water	\$ 47,382	45,762	47,482	44,632	44,797
Other	3,389	2,839	2,490	2,888	(1,728)
Total Revenue from the Sale of Water	\$ 50,771	\$ 48,601	\$ 49,972	\$ 47,520	\$ 43,069

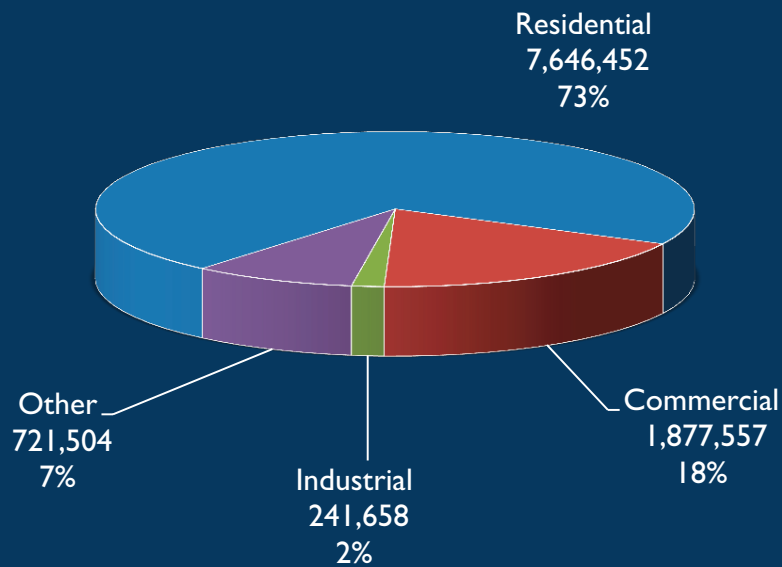


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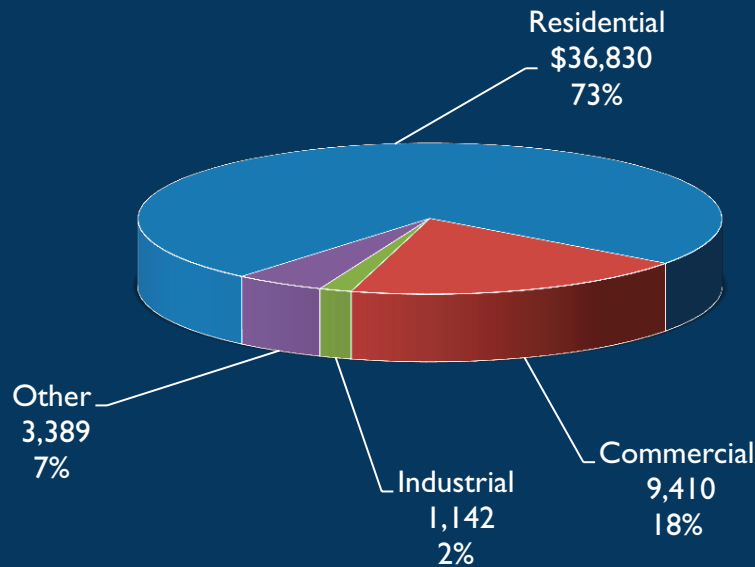
FY2017-18

WATER UTILITY OPERATING STATISTICS

**FY2017-18: Units of Water Sold
(Hundred Cubic Feet)**



**FY2017-18: Revenue from the Sale of Water
(\$000)**



Not covered by independent auditor's report

FY2017-18

WATER UTILITY OPERATING STATISTICS

Water Utility Facts	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14	Units
Glendale Population Served	205,536	201,748	201,668	199,182	195,799	
Average Daily Sales per Capita, (Gallons)	105	104	101	118	199	
Water Distribution System						
Pumping Plants	28	28	28	28	28	Station
Total Water Storage Capacity (28 Reservoirs and Tanks)	184	184	184	184	184	Million Gallons
Chlorination Facilities	3	4	13	13	13	
Mains	395	384	398	398	398	Miles
Gate Valves	9,474	9,415	9,290	9,197	9,676	
Meters	34,181	34,088	34,086	33,976	33,900	
Firelines	1,175	454	447	429	1,061	
Fire Hydrants	3,215	3,201	3,177	3,164	3,149	
Pressure Zones	12	12	12	12	7	Zones
Wells:						
San Fernando Basin	9	9	8	8	8	
Verdugo Basin	4	4	6	6	6	Plus Pickup Facility
Water Treatment Plants						
Verdugo Park Water Treatment Plant	N/A (Inactive)	N/A (Inactive)	2	2	2	MGD
Glendale Water Treatment Plant	9	9	8	8	8	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	24	23	23	23	23	Miles
Operating Margin	8.4%	17.1%	18.7%	10.5%	-4.5%	

Not covered by independent auditor's report

FY2017-18

WATER UTILITY OPERATING STATISTICS

Water Utility - Class (Overview)	Trends			Other			Subtotal	Other	Total
	Residential	Commercial	Industrial	Recycled	Fireline	Outside		Contracts	
Revenue from the sale of water (\$000)									
Year ended June 30 -									
2018	\$ 36,830	\$ 9,410	\$ 1,142	\$ 2,264	\$ 298	\$ 37	\$ 49,981	\$ 790	\$ 50,771
2017	35,475	9,324	963	2,112	277	34	48,185	416	48,601
Increase (decrease)	\$ 1,355	\$ 86	\$ 179	\$ 152	\$ 21	\$ 3	\$ 1,796	\$ 374	\$ 2,170
Percent increase (-)	3.8%	0.9%	18.6%	7.2%	7.6%	8.8%	3.7%	89.9%	4.5%
Units of water sold (hundred cubic feet)									
Year ended June 30 -									
2018	7,646,452	1,877,557	241,658	715,283	949	5,272	10,487,171	\$ -	10,487,171
2017	7,361,451	1,880,637	205,877	738,286	590	5,141	10,191,982	\$ -	10,191,982
Increase (decrease)	285,001	(3,080)	35,781	(23,003)	359	131	295,189	\$ -	295,189
Percent increase (-)	3.9%	-0.2%	17.4%	-3.1%	60.8%	2.5%	2.9%		2.9%
Average number of meters									
Year ended June 30 -									
2018	29,676	3,756	153	80	465	51	34,181	\$ -	34,181
2017	29,619	3,734	152	78	454	51	34,088	\$ -	34,088
Increase (decrease)	57	22	1	2	11	-	93	\$ -	93
Percent increase (-)	0.2%	0.6%	0.7%	2.6%	2.4%	0.0%	0.3%		0.3%

Water Utility - Class Unit Cost	Trends			Other			Subtotal	Other	Total
	Residential	Commercial	Industrial	Recycled	Fireline	Outside		Contracts	
Average billing price per hundred cubic feet									
Year ended June 30 -									
2018	\$ 4.82	\$ 5.01	\$ 4.73	\$ 3.17	\$ 314.01	\$ 7.02	\$ 4.77	\$ -	\$ 4.84
2017	4.82	4.96	4.68	2.86	469.49	6.61	4.73	\$ -	4.77
Increase (decrease)	\$ -	\$ 0.05	\$ 0.05	\$ 0.31	\$ (155)	\$ 0.41	\$ 0.04	\$ -	\$ 0.07
Percent increase (-) *	0.0%	1.0%	1.1%	10.8%	-33.1%	6.2%	0.8%		1.5%

Water Utility - Class Usage by Meter	Trends			Other			Subtotal	Other	Total
	Residential	Commercial	Industrial	Recycled	Fireline	Outside		Contracts	
Average annual use by meter, hundred cubic feet									
Year ended June 30 -									
2018	258	500	1,579	8,941	2	103	307	-	307
2017	249	504	1,354	9,465	1	101	299	-	299
Increase (decrease)	9	(4)	225	(524)	1	2	8	-	7
Percent increase (-)	3.6%	-0.8%	16.6%	-5.5%	100.0%	2.0%	2.7%		2.3%

* Percent changes in the Unit Cost are due to the inclusion of drought charges of \$0.75/HCF applied in 2015-2016 during the Mandatory Conservation Phase.

Not covered by independent auditor's report



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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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, 2018, 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 30, 2018. 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, 2018, 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.

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 Fund'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 Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California
November 30, 2018