



City of Glendale, California
**Comprehensive Annual
Financial Report**



Fiscal Year Ended June 30, 2018

Each year, the Glendale Police and Fire Departments receive over 100,000 emergency calls. Quite often, these calls involve life or death situations where every second counts. Despite a vast and diverse population, the City of Glendale continues to maintain exceptional levels of safety. In fact, it is no surprise that Glendale Police and Fire strive to be among the fastest responders in emergency situations. And the numbers don't lie. The average fire emergency response time in Glendale last year was 4 minutes and 26 seconds. This year, the Glendale Fire Department is on the scene in an average of 4 minutes and 21 seconds. That's 2 percent faster. The average Glendale Police Department response time this year was 4 minutes and 3 seconds. That is 16 percent faster than last year's average of 4 minutes and 49 seconds. Presently, the sistering agencies continue to join forces and explore new safety and control techniques that can be applied to future emergencies and outbreaks. With an increasing demand for services, this partnership provides opportunities to truly innovate. In Glendale, collaboration is key.



City of Glendale, California
City Council



Zareh Sinanyan
MAYOR



Ara Najarian
COUNCILMEMBER



Paula Devine
COUNCILMEMBER



Vartan Gharpetian
COUNCILMEMBER



Vrej Agajanian
COUNCILMEMBER



City of Glendale, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

Prepared by the Finance Department - Accounting Section

Robert P. Elliot, CPA, Director of Finance
Michele Flynn, CPA, CIA, CGAP, Assistant Director of Finance

City of Glendale, California

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STATISTICAL SECTION

(Not Covered by Independent Auditors' Report)

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Introductory Section

The Introductory Section of the Comprehensive Annual Financial Report provides general information of the City of Glendale, California's structure and its personnel, as well as information useful in assessing the City's financial condition. This section includes the:

- Letter of Transmittal
- City's Organizational Chart and List of Principal Officials
- Government Finance Officer Association Certificate of Achievement for Excellence in Financial Reporting





CITY OF GLENDALE, CALIFORNIA

Finance

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November 30, 2018

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

Council Members:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Glendale (the City) for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances of the City. 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. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse, and compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Glendale's MD&A can be found immediately following the independent auditors' report.

The financial reporting entity includes all the funds of the primary government (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 Housing Authority and the City of Glendale Financing Authority are reported in the appropriate funds of the City's financial report.

Profile of the City of Glendale

The City of Glendale is located northeast of Los Angeles in the foothills of the San Gabriel Mountains. The City was incorporated on February 16, 1906 under the general laws of the state of California. The City Charter was adopted on March 29, 1921. 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.

Noted for its high quality of life and fiscal stability, Glendale is the fourth largest city in Los Angeles County, encompassing 30.6 square miles and serving over 205,000 residents. The City operates under a council-manager form of government, with a five-member council elected at large to four-year overlapping terms, in addition to an elected City Clerk and City Treasurer. The mayor is elected by the City Council for

a one-year term and is the presiding officer of the Council. The City Council is responsible for passing ordinances, adopting the budget, appointing various boards and commissions, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

Factors Affecting the Glendale Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Glendale operates.

The Local Economy – Continued capital investment is seen throughout the City in the form of business expansion as well as businesses 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 (pre & post), 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 implementation of the Glendale Tech Strategy continues to strengthen local tech firms such as Service Titan, Legal Zoom, and Beyond Limits. Also of note are Glendale’s regional shopping centers, the Glendale Galleria, Americana at Brand and Brand Boulevard of Cars. Several large development projects either recently completed or underway in Glendale will provide approximately 4,000 new residential units and 210,000 square feet of commercial space. Hotel development and tourism are also on the rise. The Hyatt Place, Hampton Inn, Aloft Hotel and Hotel Louise join top performing hotels like Embassy Suites and Hilton. Such investments by the business community indicate a continued confidence in Glendale. Hotels are supported by strong corporate presence and the three local hospitals. Overall, 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. Throughout the years, the City has encouraged economic development through proactive efforts to target and attract businesses; improve Class A office vacancies; provide support to existing businesses through concierge services; create a workforce development program that is operated by the Verdugo Jobs Center; promote City-wide branding and marketing efforts; and adopt strategic planning methods. Economic Development accomplishments for FY 2017-18 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. Accomplishments include:
 - Concluded negotiations for a new lease for the Verdugo Jobs Center offices.
 - Advanced the Arts & Entertainment District through enhanced activities, such as the Summer of Soccer World Cup viewing parties, beautification efforts on Artsakh Avenue, and Request for Proposals seeking urban design firms.
 - Continued proposed Armenian American Museum and Cultural Center negotiations and redesign of the Central Park Block.

- 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 resource marketing campaigns and support. The priorities were to establish an 18-Hour City and the furtherance of the Tech Strategic Plan. Accomplishments in business attraction include:
- Further developed broker relationships through events, such as the Brokers Reception held at Nestle.
 - Implemented Glendale Tech Strategy, and received City Council authorization to release a Request for Proposals for an accelerator program.
 - Successfully hosted the second Glendale Tech Week in October 2017, including generating \$25,000 in a prize package for a Pitchfest in an effort to support local entrepreneurs.
 - Created more jobs and generated sales tax through public investment of the following: Antaeus Theatre Company, Service Titan, Laemmle Theatre and Lofts, Hyatt Place, and the Breweryard.
 - Continued to build on the 18-hour city and quality of life by adding new businesses such as: John Sparr Tavern, Cauldron Ice Cream, 85°C Bakery Cafe, Gold's Gym, Electric Pussycat Lounge, Heritage Eatery, It's Boba Time, Menchies, Mix N'Match Burger, Museum of Selfies, Nespresso Boutique, Plate and Petal, Rolling Factory, See's Candies, Tesla, The Void, Warby Parker.
- 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. Harnessing the power of the thousands of businesses in the City and the nearly 100,000 employees, the City's priority was to strengthen neighborhood districts and the businesses within them. Accomplishments related to this effort include:
- Introduced GRIT, the Glendale Relationship Initiation Team, to gauge satisfaction in doing business with the City, County, and the State. More than 100 businesses were visited.
 - Assisted nearly 3,000 current and expanding businesses with resources to further drive business in the community.
 - Hosted first Executives in Innovation Roundtable on June 11, 2018, attracting top leadership from companies in Glendale.
 - Introduced the Meet Me In Montrose campaign as a way to drive more customers to this quaint shopping district in North Glendale.
 - Supported neighborhoods through collaborative projects, such as the installation of the Rancho and Foothill monument signs.

Employment – According to the data obtained from the California State Department of Finance Demographic Research Unit, the 2018 population for the City of Glendale is 205,536. The Glendale labor force includes 103,900 residents in 2018 (16 years of age or over), according to the Employment Development Department Labor Market Information Division (EDD-LMID). Census data also shows that there are 29,153 businesses located in Glendale (2017).

According to Census data, occupational employment data shows the following results based on 2012-2016 American Consumer Survey (ACS) Five-Year Estimates: 40,770 people in Glendale were employed in management, business, arts, or science occupations (the single largest group) with median annual earnings of \$66,294; 24,253 were employed in sales and office occupations (second largest) with median annual earnings of \$40,632; and 15,942 were employed in service occupations (the third largest group) with median annual earnings of \$29,542. Median household income for Glendale residents recorded at \$56,069, and the poverty rate was 14.7%, according to ACS. The information provided below includes additional employment statistics pertaining to the City of Glendale and the surrounding region.

- **Unemployment Levels** – In December 2007, at the start of the Great Recession, the Glendale unemployment rate was 4.8%; by the (reported) end of the Recession in June 2010, the rate had peaked to 10.1% and declined to 8.1% in June 2013, demonstrating the recovery period following the Recession. The Glendale unemployment rate again measured 4.8% in June 2018, equaling its pre-recession level.
- **Industry Employment Status** – According to Dunn & Bradstreet, by employment, the top six Glendale industries in 2017 were: Healthcare with 17,075 employed earning an average salary of \$46,016 and recording a Location Quotient (LQ) for the industry of 1.35. An industry recording an LQ of 1.00 or more, demonstrates a local concentration of the industry located in the City of Glendale that is equal to or higher than the national average. The Retail industry recorded 15,241 employed earning an average salary of \$36,935 and an LQ of 1.35, while Professional Services recorded 8,564 employed with an average salary of \$102,863 and an LQ of 1.07. The fourth industry is Public Administration and Education with 11,333 employed earning an average salary of \$67,828 and an LQ of 0.66; Information Based Industries with 5,563 employed earning an average salary of \$120,937 and an LQ of 1.67; and Eating and Drinking with 6,965 employed earning an average salary of \$22,461 and an LQ of 0.96.
- **Large Employers** – DreamWorks Animation, Walt Disney Imagineering, Glendale Adventist, and Glendale Memorial Medical Center remained among the City's largest employers in FY 2017-18.

Fastest Growing Occupations – Current EDD projections indicate that through 2024 the fastest growing occupations in Los Angeles County will include:

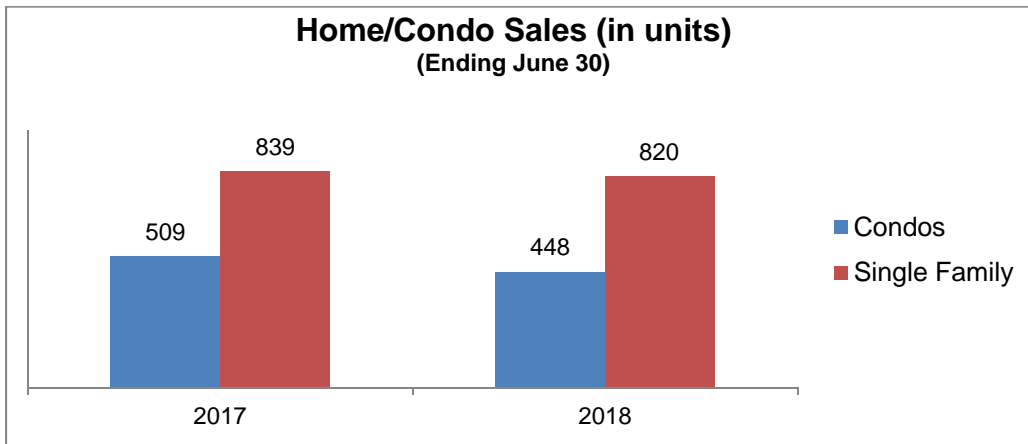
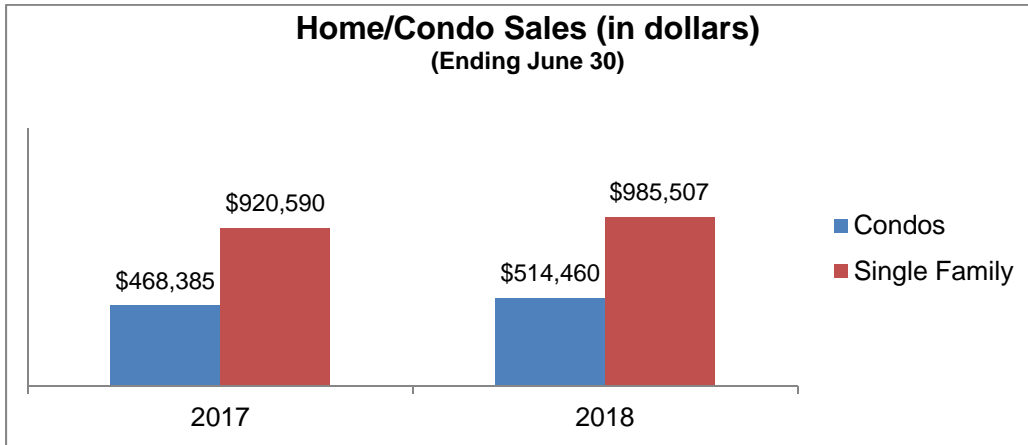
1. Personal Care Aides
2. Statisticians
3. Reinforcing Iron and Rebar Workers
4. Brickmasons and Blockmasons
5. Helpers-Brickmasons, Blockmasons, Stonemasons, and Tile and Marble Setters
6. Cooks, Restaurant
7. Nurse Practitioners
8. Floor Layers, Except Carpet, Wood, and Hard Tiles
9. Home Health Aides
10. Web Developers
11. Operations Research Analysts
12. Occupational Therapy Assistants
13. Law Teachers, Postsecondary
14. Massage Therapists
15. Roofers
16. Physical Therapist Aides
17. Biomedical Engineers
18. Helpers-Painters, Paperhangers, Plasterers, and Stucco Masons
19. Combined Food Preparation and Serving Workers, Including Fast Food
20. Marriage and Family Therapists

Trends – The EDD-LMID also reports that industry employment, which includes self-employment, private household workers, farm, and nonfarm employment in Los Angeles County, is expected to reach 5,063,300 by 2024, an increase of 12.7% over the 10-year projections period. 12 of 13 nonfarm industry sectors are projected to grow between 2014 and 2024.

Total non-farm employment is projected to grow by nearly 535,700 jobs by 2024, with 75% of all projected nonfarm job growth concentrated in three industry sectors: (1) Educational services (private), health care, and social assistance, (2) Leisure and hospitality, and (3) Professional and business services. Educational services (private), health care, and social assistance is projected to add the most jobs (208,800) and is expected to be the fastest growing at 29%. Leisure and hospitality is projected to add 110,300 jobs, led by a growth of 88,900 jobs in restaurants and other eating places. Professional and business services is projected to add 81,200 jobs with more than half the growth expected to occur in the professional, scientific, and technical services sector (41,700).

Occupational employment forecasts approximately 608,000 new jobs from industry growth and more than 1 million job openings from replacement needs for a combined total of approximately 1.6 million job openings. The top three occupations with the most job openings are personal care aides; combined food preparation and serving workers, including fast food; and retail salespersons. These occupations have median wages ranging from \$9.64 to \$11.19 per hour and require no formal educational credential. Higher-skilled occupations, requiring a bachelor's degree or higher, include registered nurses, management analysts, accountants and auditors. 20% of the overall fastest growing occupations are in construction and extraction. Occupations range from helpers such as painters, paperhangers, plasterers, and stucco masons that require no formal educational credential and earn a median annual wage of \$19,688 to law teachers, postsecondary that require a doctoral or professional degree and earn a median annual wage of \$134,887.

Housing – Based on the “2017 Annual Report” issued by the Los Angeles Office of the Assessor, Glendale experienced a net taxable property value increase of 6.1%, which was slightly more than the increase experienced countywide at 6.0%. According to the City’s property tax consultant, HdL, Glendale’s housing market fell in sales volume (number of units sold) and showed an increase in an average home price of \$985,507 in FY 2017-18, compared to \$920,590 in FY 2016-17. The condominium sales also showed a decline in sales volume and an increase in an average price of \$514,460 for FY 2017-18, compared to \$468,385 for FY 2016-17.



Local Government Finance

The southland’s slow economic recovery, legal challenges to the long-standing and charter-mandated General Fund Transfer from Glendale Water & Power, escalating pension rates, and the State’s imprudent efforts to address its budget deficit by claiming for itself billions of dollars in repayments owed to cities by their own Redevelopment Agencies, have all combined to make these past few years some of the most difficult for budgeting in recent history. However, the managers and staff from each department, as well as the City Council, have pressed on. In spite of the difficulty involved in preparing this budget, they have approached challenges in a professional and constructive manner. The City’s focus clearly remains on developing a structurally balanced financial plan that best serves the needs of the diverse community. Through the vision of the Glendale City Council, the City is able to balance new growth while preserving a rich and honored heritage.

This positive indicator reduced unemployment rates aligns with the City's forecasted revenue growth which averages to 9.1% across the key General Fund revenue sources of property and sales taxes. Long-term growth rates for General Fund revenues are projected to grow rather modestly, averaging about 2.8% annually over the next five years. Although Glendale continues to face challenges, such as increased pension costs, a deficit in the Workers' Compensation Fund, and aging infrastructure, the City of Glendale is confident that it will embrace these challenges and move its community forward with a focus on its purpose and goals.

One thing that will affect the Glendale's future finances in a very positive way is the passing of Measure S (The Glendale Quality of Life and Essential Services Protection Measure) on November 6, 2018. The measure is a local sales tax increase of 0.75%, effective April 1, 2019, and is expected to generate approximately \$30 million annually for the General Fund.

Long-term Financial Planning

Financial Challenges – Despite the fact that the economy is improving and the economic indicators are all trending positively, the City still faces notable challenges in the coming years. The General Fund remains highly dependent on sales taxes generated, in particular, from automobiles sales. Revenues from auto sales have steadily risen over the past few years following the Great Recession; however, an economic downturn could place that revenue stream in jeopardy. In order to diversify the City's potential revenue stream opportunities, staff and City Council are working diligently to attract new upscale hotels that would generate considerable occupancy tax revenue for the City.

The possible loss of the voter-approved General Fund Transfer (GFT) from Glendale Water & Power's (GWP) electrical operations still looms. Currently at about \$20 million per year, the transfer has been a feature of the City's General Fund revenue stream since the 1940s. When established, the water and power utility was meant for helping the City grow, as well as to bring revenue into the City's General Fund. This inflow of funding helped City Councils through the years keep Glendale a low-tax city (i.e. only 13.7 cents on the property tax dollar comes to the City of Glendale; there is no business license tax, etc.). And, although the City Charter allows for a maximum transfer of up to 25% of gross operating revenues from the electrical operations, the GFT has never risen to that level; indeed, the current transfer is at approximately 10% of retail operating revenues.

What does the potential loss of the GFT mean to our organization? For the time being, the City will continue to move forward with the status quo. After having experienced deep cuts across all departments in recent years, this organization is currently running as lean as it ever has. The loss of the transfer would, without doubt, mean cuts directly to the essential programs and services our community depends on day in and day out. Hence, there would be no alternative but to make cuts that would drastically impact the quality of life for our community. Specifically, the City Council would need to consider cuts to Libraries, Parks, Fire, and Police. The effects of these cuts would be experienced in the form of reduced hours at libraries and parks, the closing of libraries and parks, and the contracting out of Police and Fire services with the County of Los Angeles.

Moving forward, the City’s continuing challenge is to minimize the negative impact on the community and customers from past restructuring efforts and ensure the City adds ongoing value to the taxpayers. Glendale’s vision is accomplished through a combination of the Council’s priorities, the City’s strategic goals, and key performance indicators. With the FY 2018-19 budget process, Council has reaffirmed the following priorities:

- Fiscal Responsibility
- Exceptional Customer Service
- Economic Vibrancy
- Informed & Engaged Community
- Safe & Healthy Community
- Balanced, Quality Housing
- Community Services & Facilities
- Infrastructure & Mobility
- Arts & Culture
- Sustainability

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 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.

The following table presents a comparison of the City’s cash and investments for previous four fiscal years.

| | Fiscal year ended June 30, | | | |
|----------------------|----------------------------|-------------|-------------|-------------|
| | 2018 | 2017 | 2016 | 2015 |
| Cash and investments | \$ 815,777,000 | 765,797,000 | 682,529,000 | 567,084,000 |

Risk Management – The City is self-insured up to \$2 million for claims filed under the comprehensive general liability and Workers’ Compensation insurance programs. The City purchases excess liability insurance policies for general liability claims to cover losses up to \$25 million, and an amount up to statutory limits for the Workers’ Compensation program. The City also purchases Property/Casualty, Aviation, Employment Practices, Directors and Officers, Cyber Security, and other smaller insurance policies for specific activities. Insurance coverage and the associated premiums are reviewed annually to ensure the City is properly covered.

The City’s Risk Management program is comprised of Insurance Services and Employee Safety. The primary goal of Insurance Services is to effectively address potential risk factors that affect both the City and its employees. The Safety Section works with City Departments to evaluate and mitigate workplace hazards, assist in providing safety training, conduct accident investigations, and ensure compliance with Cal/OSHA regulations.

Risk Management staff, in conjunction with the Finance Department, annually reviews internal funding levels to address claims costs. Internal insurance costs are charged to each department and based on analysis of recent claims costs, as well as the outstanding reserves. Input from an actuarial study, performed annually, is considered in assessing the charges.

Independent Audit

The City's financial statements have been audited by the firm of Vavrinek, Trine, Day & Company, LLP, a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Glendale, California for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Glendale, California's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. Their unmodified opinion on the City's basic financial statements is included within this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and other financial reporting and compliance with legal requirements, and on compliance and internal control over compliance for each major federal program selected. These reports are available in the City's separately issued *Single Audit 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 past twenty three fiscal years ended June 30, 1995 through June 30, 2017. 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 Finance Department. Each member of the department has my sincere appreciation for their contribution in the preparation of this report.

In closing, without the leadership and support of the Glendale City Council, City Manager, and the Assistant City Manager, the preparation of this report, as well as the favorable financial results of the past year, would not have been possible.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Robert Elliot". The signature is fluid and cursive, with a large, stylized initial "R" and "E".

ROBERT P. ELLIOT, CPA
DIRECTOR OF FINANCE

City of Glendale, California

Officials of the City of Glendale

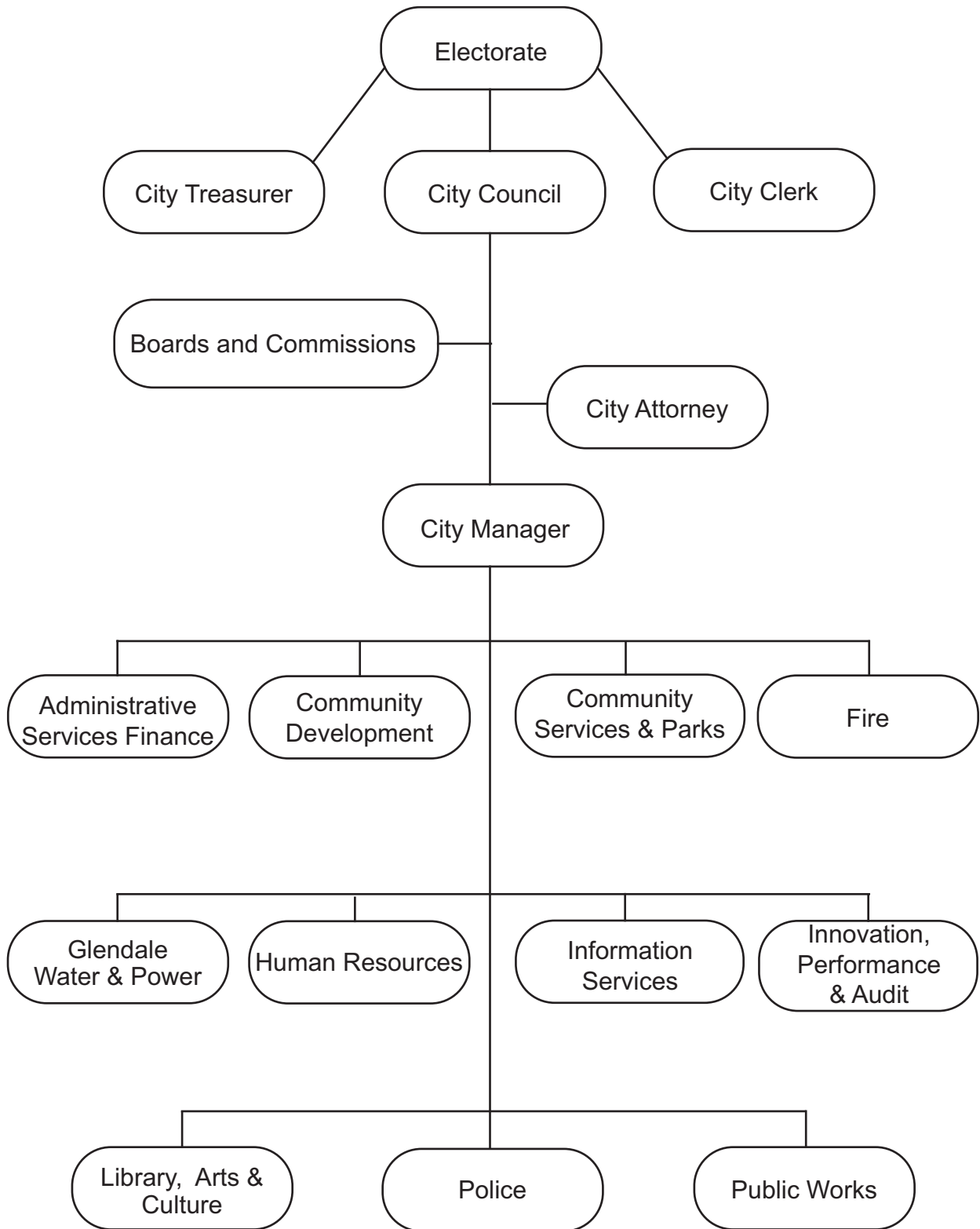
June 30, 2018

Administration and Executive Management Team

| | |
|--|-----------------------|
| City Manager | Yasmin K. Beers |
| Assistant City Manager | Roubik Golanian |
| Deputy City Manager | John Takhtalian |
| Director of Innovation, Performance, & Audit | Elena Bolbolian |
| Interim Chief Information Officer | Jason Bradford |
| Director of Community Services & Parks | Onnig Bulanikian |
| Director of Library, Arts & Culture | Cindy Cleary |
| Director of Human Resources | Matthew Doyle |
| Director of Finance | Robert P. Elliot, CPA |
| Fire Chief | Gregory Fish |
| City Attorney | Michael J. Garcia |
| Director of Public Works | Roubik Golanian |
| City Clerk | Ardashes Kassakhian |
| Director of Community Development | Philip Lanzafame |
| Director of Communications & Community Relations | Thomas R. Lorenz |
| City Treasurer | Rafi Manoukian, CPA |
| Police Chief | Carl Povilaitis |
| General Manager of Glendale Water & Power | Stephen Zurn |

City of Glendale, California

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Glendale for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the 23rd consecutive year that the City of Glendale has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



Government Finance Officers Association

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, 2017

Christopher P. Morrill

Executive Director/CEO

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Financial Section

The Financial Section of the Comprehensive Annual Financial Report contains the following:

- Independent Auditors' Report
- Required Supplementary Information-
Management's Discussion and Analysis (MD & A)
- City's basic financial statement, which includes the following:
 - The Government-wide Financial Statements
 - Fund Financial Statements
 - Notes to the Basic Financial Statements





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

VALUE THE *difference*

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Housing Assistance Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 18 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective July 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios, the schedule of pension contributions and the schedule of changes in total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California

November 30, 2018

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CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2018

(in thousands)

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, 2018. 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 – x of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of FY 2017-18 by \$1,595,079 (net position), which was comprised of net investment in capital assets of \$1,327,367, restricted net position of \$174,225 and unrestricted net position of \$93,487. The unrestricted net position consisted of a negative \$195,007 for governmental activities and \$288,494 for business-type activities. The negative unrestricted net position for governmental activities was primarily due to the recognition of net pension liability.
- The City's total net position increased by \$40,956. Most of this increase was attributable to an increase in sales taxes and charges for services.
- As of the close of FY 2017-18, the City's governmental funds reported combined ending fund balances of \$331,848, an increase of \$43,917 in comparison with the prior year. About 12.9% of this total amount, \$42,728 was unassigned and available for spending at the government's discretion.
- At the end of FY 2017-18, City Charter Section 15 general reserve of \$28,115, and unassigned fund balance of \$47,418 for the General Fund totaled \$75,533, representing about 35.1% of the original FY 2017-18 budget of \$215,043. Due to the Council's decision to participate in the pension rate stabilization program starting FY 2017-18, the minimum General Fund reserve level changes from 30.0% to 25.0% of the annual operating budget, and the targeted General Fund reserve level remains at 35.0% of the annual operating budget.

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 basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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 position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 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

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2018

(in thousands)

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 of 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, police, fire, public works, transportation, housing, health, and community development, employment programs, public service, parks, recreation, and community services, library, and interest and fiscal charges. The business-type activities of the City include fire communications, sewer, refuse disposal, electric, and water.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate housing authority and financing authority for which the City is financially accountable. The housing authority and the financing 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 23-25 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 three categories: governmental funds, proprietary funds, and fiduciary 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 46 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 General Fund, Housing Assistance Fund and Capital Improvement Fund, all of which are considered to be major funds. Data from the other 43 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2018

(in thousands)

The City adopts an annual budget for its General Fund, special revenue and debt service fund types. Budgetary comparison information has been provided for the above fund types to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 26-39 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 refuse disposal, fire communications, sewer, 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, information services and infrastructure, joint helicopter operation, building maintenance, uninsurable litigation, employee benefits, and various other insurances.

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 non-major enterprise and 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 40-44 of this report.

Fiduciary funds. A fiduciary fund is used to account for resources held for the benefit of parties outside the City. The City maintains one fiduciary fund – Glendale Successor Agency Trust Fund, a Private-Purpose Trust Fund.

Since the resources of fiduciary fund are not available to support the City's own programs, it is not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on pages 45-46 of this report.

Notes to the basic 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 47-106 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and enterprise funds and internal service funds are presented immediately following the required supplementary information, which can be found on pages 107-111 of this report. Combining and individual fund statements can be found on pages 113-176 of this report.

CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2018

(in thousands)

Government-wide Financial Analysis

The government-wide financial analysis contains comparative information from the prior year.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,595,079 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (83.3%) reflected its net investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment) less any related debt used to acquire those assets that was still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported as 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 Position
As of June 30,**

| | Governmental activities | | Business-type activities | | Total | |
|---|------------------------------------|-----------|-------------------------------------|-----------|--------------|-----------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Current and other assets | \$ 532,548 | 513,766 | 413,756 | 384,677 | 946,304 | 898,443 |
| Capital assets | 958,831 | 956,546 | 641,740 | 655,479 | 1,600,571 | 1,612,025 |
| Total assets | 1,491,379 | 1,470,312 | 1,055,496 | 1,040,156 | 2,546,875 | 2,510,468 |
| Deferred outflows of resources | 114,414 | 84,920 | 32,598 | 27,580 | 147,012 | 112,500 |
| Total assets and deferred outflows of resources | 1,605,793 | 1,555,232 | 1,088,094 | 1,067,736 | 2,693,887 | 2,622,968 |
| Current liabilities | 55,156 | 81,211 | 40,060 | 39,261 | 95,216 | 120,472 |
| Noncurrent liabilities | 628,775 | 566,302 | 348,370 | 344,023 | 977,145 | 910,325 |
| Total liabilities | 683,931 | 647,513 | 388,430 | 383,284 | 1,072,361 | 1,030,797 |
| Deferred inflows of resources | 21,956 | 23,240 | 4,491 | 6,495 | 26,447 | 29,735 |
| Total liabilities and deferred inflows of resources | 705,887 | 670,753 | 392,921 | 389,779 | 1,098,808 | 1,060,532 |
| Net investment in capital assets | 926,357 | 922,498 | 401,010 | 409,287 | 1,327,367 | 1,331,785 |
| Restricted | 168,556 | 124,491 | 5,669 | 5,669 | 174,225 | 130,160 |
| Unrestricted | (195,007) | (162,510) | 288,494 | 263,001 | 93,487 | 100,491 |
| Total net position | \$ 899,906 | 884,479 | 695,173 | 677,957 | 1,595,079 | 1,562,436 |

As noted earlier, 10.9% of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$93,487 may be used to meet the government's ongoing obligations to citizens and creditors. Of this total, \$288,494 is in business-type activities such as electric, water, and sewer utilities.

CITY OF GLENDALE

Management’s Discussion and Analysis

June 30, 2018

(in thousands)

Governmental activities. Governmental activities increased the City’s net position by \$23,740. Key elements of this increase are as follows:

- Sales tax revenue increased by \$21,062 (51.3%) during the current fiscal year. The increase is mainly due to the outcome of a sales tax audit conducted by the California Department of Tax and Fee Administration (CDTFA) and closing of a liability account and transferring of the remaining revenues to the General Fund.

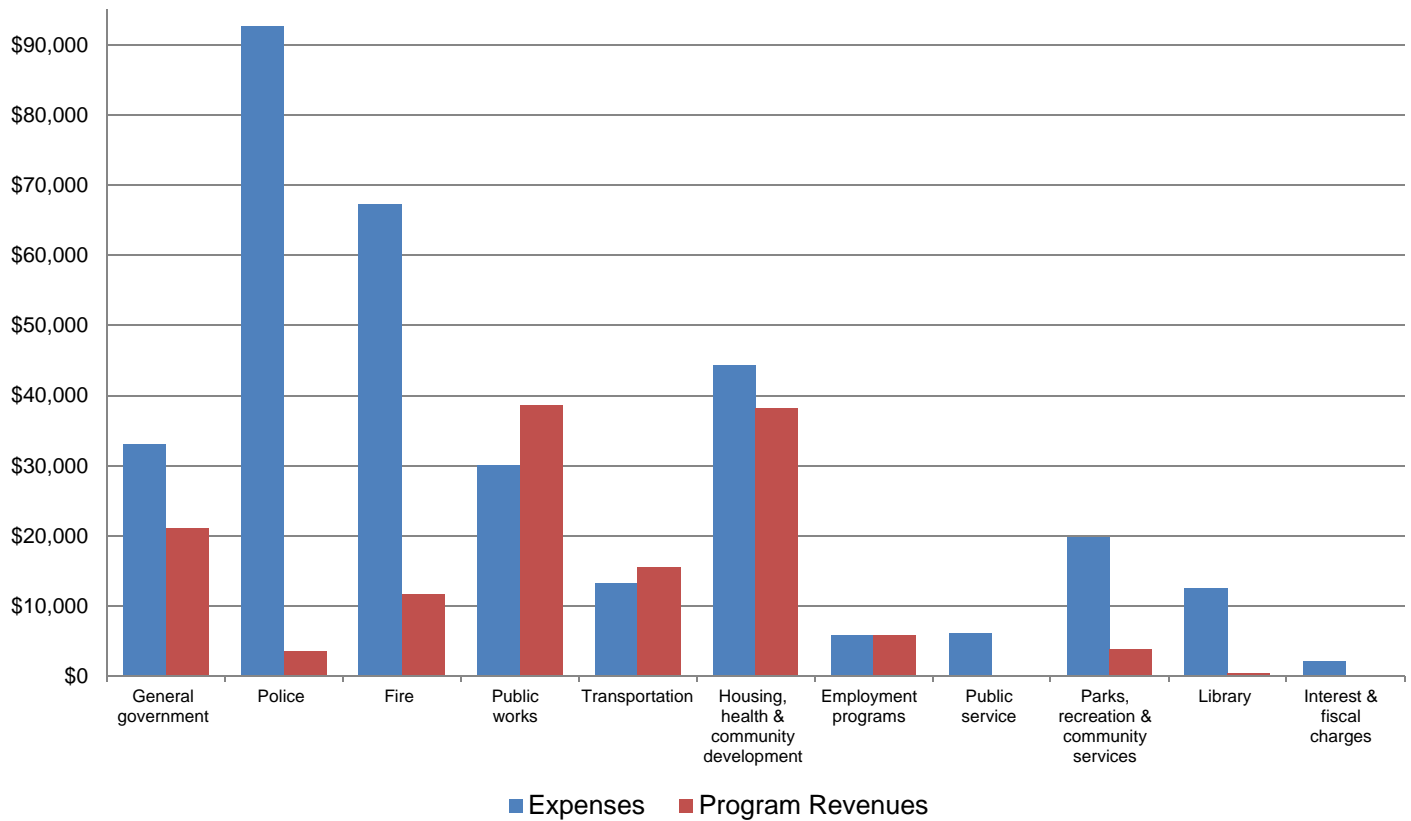
California Department of Tax and Fee Administration (CDTFA – formerly known as Board of Equalization or BOE) transitioned to a new Centralized Revenue Opportunity System (CROS) on May 7, 2018, and due to the enhanced allocation schedule under the new system, tax distributions to local governments will be accelerated going forward. Under traditional method the advances approximated quarterly tax due in four payments consisting of 1st Advance 27%, 2nd Advance 27%, 3rd Advance 36%, and final True-up 10%. Under the new method the future advances will approximate quarterly tax due in three payments consisting of 1st Advance 27%, 2nd Advance 27%, and the final True-up 46%. This change includes the 2nd Quarter 2018 revenues for FY 2017-18.

Below is the anticipated new allocation schedule:

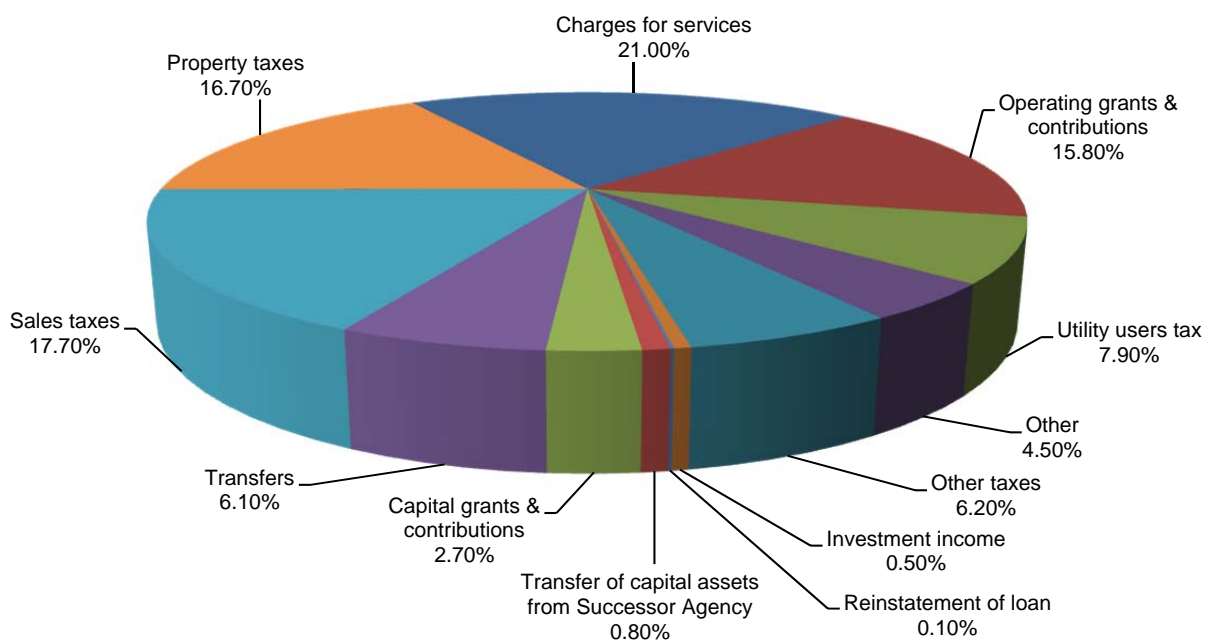
| Sales Period | 1 st Quarter | | | 2 nd Quarter | | | 3 rd Quarter | | | 4 th Quarter | | |
|-----------------------------|-------------------------|------|------|-------------------------|------|------|-------------------------|------|------|-------------------------|-------|-------|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| Advance/Clean – Up Payments | 27% | 46% | 27% | 27% | 46% | 27% | 27% | 46% | 27% | 27% | 46% | 27% |
| Clean-Up Dates (Approx.) | | 2/22 | | | 5/23 | | | 8/24 | | | 11/28 | |
| Remittance Dates (Approx.) | 1/24 | 2/24 | 3/24 | 4/24 | 5/24 | 6/24 | 7/24 | 8/24 | 9/24 | 10/24 | 11/28 | 12/27 |

- Charges for services increased by \$8,047 (12.3%) compared to prior fiscal year. The increase is mainly driven by \$3,768 of cost allocation, \$1,066 of landfill tipping fee, \$504 of emergency medical response, \$209 fire fees and \$375 of special fire fees.
- Compared to prior fiscal year, property tax revenue increased by \$3,228 (5.8%). The increase is attributable to the growth in home values and the strong real estate market in the City.
- Other taxes increased by \$786 (3.7%) compared to prior fiscal year. The increase is mainly driven by landfill host assessments and transient occupancy tax. The landfill host assessment revenues increased because of the increased tonnage at the landfill. The transient occupancy tax increased because of the improved economy.
- Capital grants and contributions increased by \$671 (7.6%) during the current fiscal year. The City received \$1,411 new revenue in FY 2017-18 due to the passage of Senate Bill 1 (SB1) in April 2017. The increase from new revenue is offset by a decrease in the City’s reimbursement from grants. The major contributor to the decrease in City’s reimbursement from grant is Measure R Regional Grant. The City received \$2,294 less in FY 2017-18 compare to FY 2016-17.
- Governmental activities expense increased by \$28,933 (9.7%) during the current fiscal year. The increase is mostly driven by \$25,592 of pension expenses. The decrease in discount rate from 7.65% in FY 2016-17 to 7.15% in FY 2017-18 is the main contributor to the increase of the pension expenses.

Expenses and Program Revenues – Governmental Activities



Revenues, Transfers, Special items, and Other increases by Source – Governmental Activities



CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2018

(in thousands)

**City of Glendale's Change in Net Position
For the Fiscal Year Ended June 30,**

| | Governmental activities | | Business-type activities | | Total | |
|--|-------------------------|----------------|--------------------------|----------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 73,492 | 65,445 | 309,820 | 307,259 | 383,312 | 372,704 |
| Operating grants and contributions | 55,448 | 56,317 | 72 | 207 | 55,520 | 56,524 |
| Capital grants and contributions | 9,447 | 8,776 | 12 | 61 | 9,459 | 8,837 |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | 58,445 | 55,217 | - | - | 58,445 | 55,217 |
| Sales taxes | 62,158 | 41,096 | - | - | 62,158 | 41,096 |
| Utility users tax | 27,805 | 28,605 | - | - | 27,805 | 28,605 |
| Other taxes | 21,784 | 20,998 | - | - | 21,784 | 20,998 |
| Investment income | 1,815 | 1,262 | 1,315 | 1,859 | 3,130 | 3,121 |
| Other | 15,748 | 22,377 | 9,693 | 8,559 | 25,441 | 30,936 |
| Reinstatement of loans | 328 | 206 | - | - | 328 | 206 |
| Total revenues | <u>326,470</u> | <u>300,299</u> | <u>320,912</u> | <u>317,945</u> | <u>647,382</u> | <u>618,244</u> |
| Expenses: | | | | | | |
| General government | 33,037 | 29,958 | - | - | 33,037 | 29,958 |
| Police | 92,679 | 80,687 | - | - | 92,679 | 80,687 |
| Fire | 67,285 | 59,228 | - | - | 67,285 | 59,228 |
| Public works | 30,072 | 28,021 | - | - | 30,072 | 28,021 |
| Transportation | 13,196 | 14,215 | - | - | 13,196 | 14,215 |
| Housing, health and community development | 44,349 | 41,831 | - | - | 44,349 | 41,831 |
| Employment program | 5,848 | 6,099 | - | - | 5,848 | 6,099 |
| Public service | 5,999 | 6,751 | - | - | 5,999 | 6,751 |
| Parks, recreation and community services | 19,697 | 18,710 | - | - | 19,697 | 18,710 |
| Library | 12,485 | 9,590 | - | - | 12,485 | 9,590 |
| Interest and fiscal charges | 2,139 | 2,763 | - | - | 2,139 | 2,763 |
| Fire communications | - | - | 4,126 | 3,399 | 4,126 | 3,399 |
| Sewer | - | - | 20,383 | 16,697 | 20,383 | 16,697 |
| Refuse disposal | - | - | 20,844 | 19,448 | 20,844 | 19,448 |
| Electric | - | - | 188,573 | 186,772 | 188,573 | 186,772 |
| Water | - | - | 48,458 | 43,400 | 48,458 | 43,400 |
| Total expenses | <u>326,786</u> | <u>297,853</u> | <u>282,384</u> | <u>269,716</u> | <u>609,170</u> | <u>567,569</u> |
| Excess before transfers and special item | (316) | 2,446 | 38,528 | 48,229 | 38,212 | 50,675 |
| Transfers | 21,312 | 21,060 | (21,312) | (21,060) | - | - |
| Special item: Transfer of capital assets from Successor Agency | <u>2,744</u> | <u>15,117</u> | <u>-</u> | <u>-</u> | <u>2,744</u> | <u>15,117</u> |
| Change in net position | <u>23,740</u> | <u>38,623</u> | <u>17,216</u> | <u>27,169</u> | <u>40,956</u> | <u>65,792</u> |
| Net position – Beginning of the year, as restated (Note 19) | <u>876,166</u> | <u>845,856</u> | <u>677,957</u> | <u>650,788</u> | <u>1,554,123</u> | <u>1,496,644</u> |
| Net position – End of the year | <u>\$ 899,906</u> | <u>884,479</u> | <u>695,173</u> | <u>677,957</u> | <u>1,595,079</u> | <u>1,562,436</u> |

CITY OF GLENDALE

Management's Discussion and Analysis

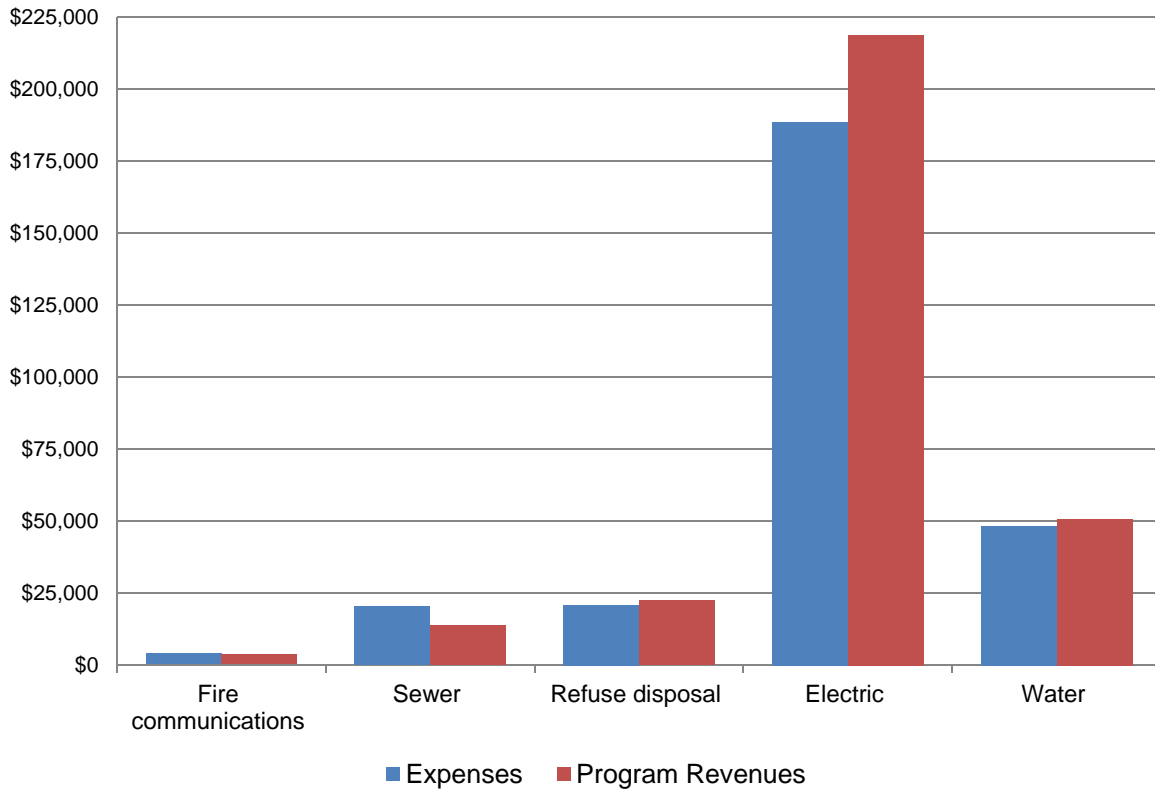
June 30, 2018

(in thousands)

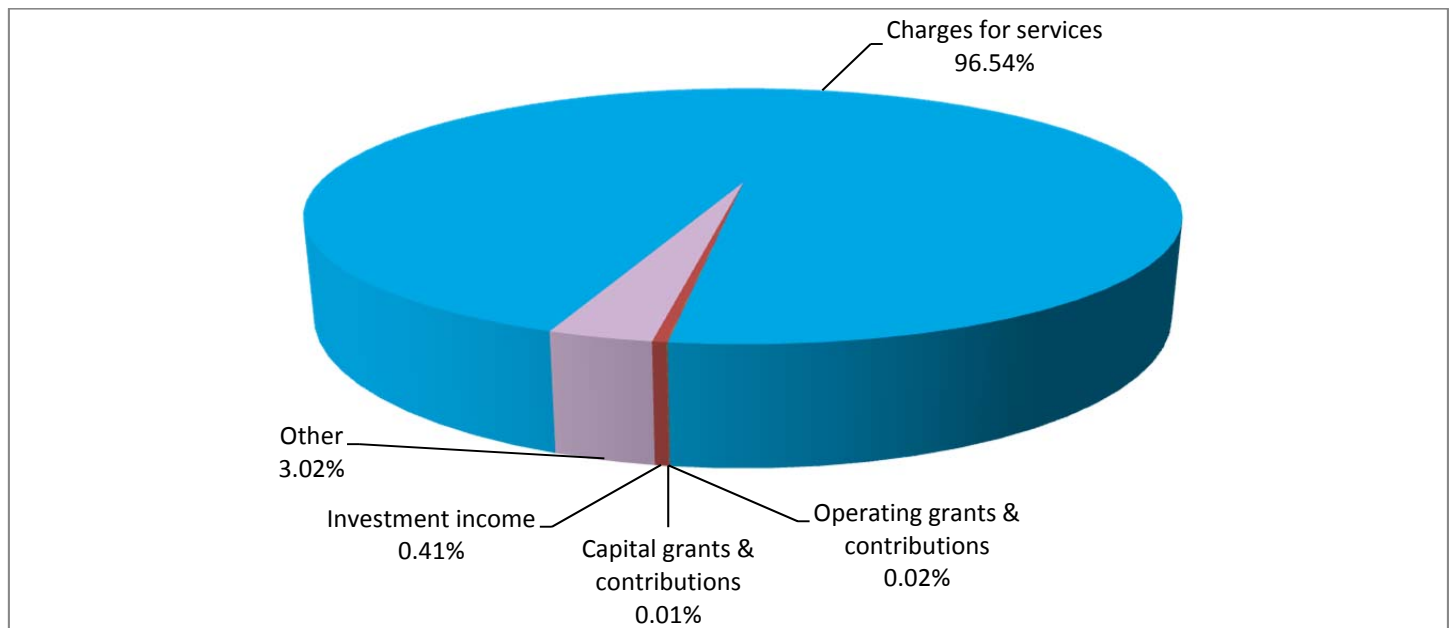
Business-type activities. Business-type activities net position increased by \$17,216. Key elements of this increase are as follows:

- Charges for services increased by \$2,561 (0.8%) during the current fiscal year. The slight increase was primarily due to Water Fund's higher retail revenues reflecting its last phase of 4% rate increase with higher water consumption and putting the Water utility on its continued path to financial recovery. Electric Fund, Sewer Fund, Refuse Fund and Fire Communication Fund's charges for services remain stable compared to prior fiscal year.
- Operating and capital grants and contributions decreased by \$184 (68.7%) during the current fiscal year. The decrease was primarily due to receiving less grant reimbursements compared to prior fiscal year as a result of full completion of the Enhanced Reduction/Coagulation/Filtration (RCF) Testing project funded by MWD in removing chromium 6 from drinking water, less grant reimbursements from CalRecycle to install recycling containers and less grant reimbursements from State of California for the Verdugo Communications Center residual funds.
- Investment income decreased by \$544 (29.3%) during the current fiscal year as a result of a decline in the fair market value of investments.
- Other revenues increased by \$1,134 (13.2%) during the current fiscal year. The increase was primarily due to higher miscellaneous revenue in Electric Fund as a result of increased collections on delinquent customer accounts and increased customer-paid revenues for mixed-use residential developments in the City.
- Sewer Fund expense increased by \$3,686 (22.1%) during the current fiscal year. The increase was mainly due to higher cost allocation charges and increased pension expenses as a result of a decrease in discount rate.
- Electric Fund expenses increased by \$1,801 (1.0%) during the current fiscal year. The slight increase was mainly due to higher transmission & distribution and customer services expenses due to increased operation & maintenance activities, which offset the decrease in production expenses as a result of lower purchased power activity.
- Water Fund expenses increased by \$5,058 (11.7%) during the current fiscal year. The increase was mainly due to higher transmission & distribution and customer services expenses due to increased operation and maintenance activities. The production expenses in general remained on par compared to prior year level.
- Other expenses increased by \$2,123 (9.3%) during the current fiscal year. The increase was mainly due to higher cost allocation charges and increased pension expenses as a result of a decrease in discount rate in Refuse Fund and Fire Communication Fund.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2018

(in thousands)

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$331,848, an increase of \$43,917 in comparison with the prior year. About 12.9% of this total amount, \$42,728, constituted unassigned fund balance, which was available for spending at the government's discretion. The remainder of fund balance in the amount of \$289,120 was not available for new spending because it was either nonspendable, restricted, committed or assigned. Nonspendable fund balance was \$2,850. Restricted fund balance was \$193,182, which was constrained by external creditors, grantors, laws or regulations of other governments and enabling legislation. Committed fund balance was \$89,461, and the assigned fund balance was \$3,627.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance and the City Charter Section 15 general reserve of the General Fund were \$47,418 and \$28,115, respectively, while total fund balance was \$107,070. As a measure of the General Fund's liquidity, it may be useful to compare the total of City Charter Section 15 general reserve and unassigned fund balance to total fund expenditures. City Charter Section 15 general reserve and unassigned fund balance, totaling \$75,533, represented about 34.5% of FY 2017-18 General Fund expenditures plus transfers, \$218,792.

The fund balance of the City's General Fund had a net increase of \$14,201 during the current fiscal year. This net increase is primarily due to the following reasons:

- Compared to prior fiscal year, property tax revenue increased by \$3,228, which was mainly due to the growth in home values and the strong real estate market in the City.
- Compared to prior fiscal year, sales tax revenue increased by \$18,868, which was mainly due to the outcome of a sales tax audit conducted by the California Department of Tax and Fee Administration (CDTFA) and the closing of a liability account and transferring the remaining revenues to the General Fund. This is further explained on Note 13 – Contingent Liabilities and Commitments: Certain Tax Revenues.
- Compared to prior fiscal year, other taxes revenue increased by \$714, which was mainly due to higher landfill host assessments and transient occupancy tax. The landfill host assessment revenues increased because of the increased tonnage at the landfill. The transient occupancy tax increased because of the improved economy.
- Compared to prior fiscal year, licenses and permits increased by \$649, which was mainly due to the revenue from planning and building permits. Because of strong housing market and increased demands for developments in the City, more planning and building permits were issued during the fiscal year.

CITY OF GLENDALE

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(in thousands)

- Compared to prior fiscal year, charge for services increased by \$6,624, which was mainly due to the increase in emergency medical response revenue. Because of the closing of the Emergency Medical Services Fund into the General Fund effective June 30, 2017, the emergency medical response revenue is reported in the General Fund in FY 2017-18.

The Housing Assistance Fund (Section 8 grant) had a fund balance of \$5,554, an increase of \$465, compared to the prior fiscal year. The main reason was that the City spent less administrative expenditures than the earned administrative revenue due to efficient and effective administrative operations.

The Capital Improvement Fund had a fund balance of \$23,917. In comparison with the prior fiscal year, the fund balance increased by \$10,512. Compared to prior fiscal year, more revenues were received for two main reasons: (1) \$1,066 more landfill royalty tipping fee because of increased tonnage at the landfill, and (2) a one-time transfer of \$9,000 from the General Fund to finance capital improvement within the City.

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, net position was composed of \$204,673 for the Sewer Fund, \$331,787 for the Electric Fund, \$125,275 for the Water Fund, and \$39,088 for the nonmajor enterprise funds.

The net position of the Sewer Fund decreased by \$6,488 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 increase in operating expenses due to new city cost allocation practice and increase in pension expenses mainly due to the decrease in discount rate from 7.65% in FY 2016-17 to 7.15% in FY 2017-18.

The net position of the Electric Fund increased by \$15,883 during the current fiscal year. The increase in net position was mainly due to stable electric retail sales as the Electric Fund continued year 5 of the electric rate increase of 2% in FY 2017-18 and a slight increase in operating expenses due to higher transmission & distribution and customer accounting & sales costs.

The net position of the Water Fund increased by \$4,478 during the current fiscal year. The increase in net position was due to higher water retail sales as the Water Fund continued year 4 of the water rate increase of 4% despite the absence of the drought rate revenue in FY 2017-18. The operating expenses increased compared to the prior year level due to increased transmission & distribution and customer services activities.

The net position of nonmajor enterprise funds increased by \$767 during the current fiscal year. Although there is a positive net position change in the current fiscal year, the net position compared to previous fiscal year decreased mainly due to increase in pension expenses as a result of decrease in discount rate from FY 2016-17 to FY2017-18. The overall increase in net position 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.

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General Fund Budgetary Highlights

In comparison to the FY 2017-18 final General Fund revenue budget, the actual revenues received had a net increase of \$8,805. Some of the revenue categories such as property taxes, licenses and permits, and charges for services came in higher when compared with budget to actual revenues due to strong housing market and increased demand for development in the City. Additionally, there was a significant increase in sales tax category, which was mainly due to the outcome of the sales tax audit conducted by the California Department of Tax and Fee Administration (CDTFA) and closing of the liability account and transferring the remaining revenues to the General Fund. This is further explained on Note 13 - Contingent Liabilities and Commitments: Certain Tax Revenues. In contrast to these increases some of the revenue categories such as utility users tax, other taxes, and interfund revenues came short when compared with budget to actual revenues. It's worth noting that the decrease in telecommunication tax under the utility users tax category is mainly due to wireless customers shifting from conventional contracts to prepaid wireless services.

In FY 2017-18, the final expense budget increased by \$17,256 in comparison to the original expense budget. The increase is driven by the following items: \$3,855 for budget carryovers, \$1,151 for salaried and hourly cost of living adjustments, \$477 for firefighter recruit academy, \$389 for Police and Fire's portion of the costs resulting from La Tuna Canyon Fire, \$143 for downtown holiday trolley service, \$330 for a ballot measure amending the City Charter relating to the date of the general municipal election, \$270 for Police department to replace nine dispatch consoles, \$489 to replace various Fire equipments and \$9,000 transfer of General Fund to the Capital Improvement Fund to fund for the following projects: 1) Fremont Park Renovation and Design; 2) Central Park Block Project; 3) Maryland Street and Alley Improvements; 4) Purchase of Maryland Rental Units.

Compared to the FY 2017-18 final General Fund expense budget, the actual expenditures were underspent by \$13,507. The variance is mainly due to salaries & benefits savings in the amount of \$6,477 as a result of vacancies, expenditures for contractual services throughout various departments in the amount of \$3,177, and capital outlay items in the amount of \$1,272, which were not completed by the end of the fiscal year. Although much of the vacant positions have been eliminated in the General Fund, vacancies still exist across almost every department as a result of employee turnovers. Some of the major outstanding items or projects that contributed to the variance were the Laemmle project in the amount of \$1,100 and the Central Block project in the amount of \$238 under Economic Development, and the Central Library's radio frequency identification equipment in the amount of \$97. The General Fund transfer was overspent by \$101 due to the 1.75% transfer of sales tax revenue to the Capital Improvement Fund coming in higher than anticipated.

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, 2018, amounts to \$1,600,571 (net of \$878,464 accumulated depreciation, \$11,025 accumulated gas depletion and \$49,526 accumulated amortization). This investment in capital assets includes land, natural gas reserve, buildings and improvements, machinery and equipment, infrastructure, intangible assets, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was 0.7%; this represents a 0.2% increase for governmental activities and a 2.1% decrease for business-type activities.

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

- In FY 2017-18, the City purchased 4 Dial a Ride vans and 2 Dial a Ride buses in the amount of \$516, 2 Pierce Fire Engines in the amount of \$1,379 and 2 Fire ambulances in the amount of \$401.
- The following projects contributed to the increase in the capital and intangible assets in the Sewer Fund: \$2,901 for Los Angeles-Glendale Water Reclamation Plant, \$3,016 for Hyperion Wastewater System and \$5,136 for Chevy Chase Sewer Diversion. The City is upgrading the Los Angeles – Glendale Water Reclamation Plant and Hyperion Wastewater Treatment Plant and Conveyance System Facilities to meet federal and state mandates. The Chevy Chase Sewer Diversion project is for constructing approximately 4,300 linear feet of gravity sewer pipeline.
- Electric Fund increased in capital assets is mostly driven by capital improvement projects such as \$3,653 repowering of new gas units in Grayson Power Plant and \$422 to replace the catalyst in Unit 9.
- The following capital improvement projects contributing to the capital assets increased in Water Fund: \$935 for extension of the recycled water mains to Hoover High School, Eleanor Toll Middle School and Mark Keppel Elementary School. \$902 for improvement of site and slope at various water facilities in order to insure the safety of GWP staff when accessing the facilities and to protect the facilities and adjacent properties for road and slope failures.
- The timely reviewing and closing of capital improvement projects resulted in a higher depreciation expense.

City of Glendale's Capital Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|------------------|--------------------------|------------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$ 421,820 | 421,748 | 9,557 | 9,557 | 431,377 | 431,305 |
| Natural gas reserve | - | - | 22,150 | 22,149 | 22,150 | 22,149 |
| Buildings and improvements | 413,513 | 400,720 | 276,064 | 271,976 | 689,577 | 672,696 |
| Machinery and equipment | 127,426 | 134,686 | 583,019 | 562,591 | 710,445 | 697,277 |
| Infrastructure | 325,498 | 324,734 | 156,433 | 152,130 | 481,931 | 476,864 |
| Construction in progress | 36,617 | 48,882 | 60,827 | 76,681 | 97,444 | 125,563 |
| Intangible assets | 1,001 | - | 105,661 | 102,644 | 106,662 | 102,644 |
| Total capital assets | <u>1,325,875</u> | <u>1,330,770</u> | <u>1,213,711</u> | <u>1,197,728</u> | <u>2,539,586</u> | <u>2,528,498</u> |
| Less: Accumulated depreciation | (367,014) | (374,224) | (511,450) | (486,024) | (878,464) | (860,248) |
| Less: Accumulated gas depletion | - | - | (11,025) | (9,854) | (11,025) | (9,854) |
| Less: Accumulated amortization | (30) | - | (49,496) | (46,371) | (49,526) | (46,371) |
| Net of depreciation, depletion, and amortization | <u>\$ 958,831</u> | <u>956,546</u> | <u>641,740</u> | <u>655,479</u> | <u>1,600,571</u> | <u>1,612,025</u> |

Additional information on the City's capital assets can be found in Note 6 on pages 68-69.

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Long-term debt and liabilities. The City's total debt and liabilities decreased by \$4,951 (1.2%) in FY 2017-18. The decrease was mainly due to a combination of items such as an increase of claims payable of \$1,874; an increase of compensated absences of \$1,530; and an increase of landfill postclosure care of \$1,553; as well as decreases in other debt through regular annual debt retirements.

City of Glendale's Debt and Liabilities

| | Governmental Activities | | Business-type Activities | | Total | |
|--|------------------------------------|---------|-------------------------------------|---------|--------------|---------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Claims payable | \$ 53,268 | 51,394 | - | - | 53,268 | 51,394 |
| Compensated absences | 22,584 | 21,395 | 6,450 | 6,109 | 29,034 | 27,504 |
| Landfill postclosure care | 48,612 | 47,059 | - | - | 48,612 | 47,059 |
| Certificates of Participation (COPs) | 31,880 | 33,785 | - | - | 31,880 | 33,785 |
| Other long-term liabilities: | | | | | | |
| Capital Lease-Fire equipment lease | | | | | | |
| 2009 – Wells Fargo | - | 262 | - | - | - | 262 |
| 2011 HUD Section 108 loan | 908 | 1,111 | - | - | 908 | 1,111 |
| Loans payable | 594 | - | - | - | 594 | - |
| Total other long-term liabilities | 1,502 | 1,373 | - | - | 1,502 | 1,373 |
| Bonds payable: | | | | | | |
| Electric Revenue Bonds, 2008 series | - | - | - | 1,880 | - | 1,880 |
| Electric Revenue Bonds, 2013 refunding series | - | - | 21,403 | 22,539 | 21,403 | 22,539 |
| Electric Revenue Bonds, 2013 series | - | - | 60,020 | 61,307 | 60,020 | 61,307 |
| Electric Revenue Bonds, 2016 refunding series | - | - | 85,127 | 87,085 | 85,127 | 87,085 |
| Water Revenue Bonds, 2008 series | - | - | 43,655 | 45,089 | 43,655 | 45,089 |
| Water Revenue Bonds, 2012 series | - | - | 35,096 | 35,533 | 35,096 | 35,533 |
| Total bonds payable | - | - | 245,301 | 253,433 | 245,301 | 253,433 |
| Total long-term debt and liabilities | \$ 157,846 | 155,006 | 251,751 | 259,542 | 409,597 | 414,548 |

Credit ratings

Municipal bond ratings provide investors with a simple way to compare the relative investment quality of different bonds. Bond ratings express the opinions of the rating agencies as to the issuer's ability and willingness to pay debt service when it is due. In general, the credit rating analysis includes the evaluation of the relative strengths and weaknesses of the following four factors as they affect an issuer's ability to pay debt and service: fiscal, economic, debt and administrative/management factors. The City continues to receive high general credit ratings from all three national rating agencies, despite the difficult financial and economic conditions the national and local economy has been faced with and continues to have a strong capacity to meet its financial commitments on obligations.

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The City's bond ratings as of June 30, 2018 are as follows:

| 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, 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+ |

Electric revenue bonds, 2008 series were fully redeemed on February 1, 2018.

Legal Debt Margins

Under the City Charter, the total bonded debt of the city shall at no time exceed 15% of the net assessed value of all real and personal property within the City limits ("debt limit"). General obligation debt is debt secured by the City's property tax revenues. As of June 30, 2018, the City's net assessed value of taxable property was \$24.2 billion and has no general obligation debt.

Debt Administration

Finance works to ensure that the City meets its debt administration obligations to:

- Pay debt service timely;
- Monitor trustee-held accounts and guaranteed investment contracts;
- Comply with bond covenants and Internal Revenue Service (IRS) rules and regulations;
- Provide continuing disclosure and other reports to the municipal bond market;
- Manage liquidity and credit enhancement contracts.

Continuing Disclosure

On November 10, 1994, the Securities and Exchange Commission ("SEC") adopted amendments to existing federal regulations ("Rule 15c-12" or the "Rule") under which municipalities issuing securities on or after July 3, 1995 are required to:

- Prepare official statements meeting current requirements of the Rule;
- Annually file certain financial information and operating data with national and state repositories;
- Prepare announcements of the significant events enumerated in the Rule.

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As of June 30, 2018, the City had 5 series of bonds subject to Continuing Disclosure requirements. The City prepares the Continuing Disclosure (financial and operating information) for its 5 series bonds and engaged a dissemination agent, the Trustee to disseminate such disclosures. These disclosures are disseminated through the use of Electronic Municipal Market Access ("EMMA"), the Municipal Securities Rulemaking Board's ("MSRB") disclosure website. Timely and accurate communication with the municipal marketplace is vital in retaining the City's creditworthiness and market access. Continuing Disclosure and compliance reporting constitute a significant part of Debt Management's compliance activity for the life of each series of bonds.

Additional information on the City's long-term debt can be found in Note 8 on pages 70-75 of this report.

Economic Factors and Next Year's Budget and Rates

Over the upcoming years, the U.S. economy is expected to remain on a fairly steady growth, and with continued job advancement and low unemployment rates, consumer spending is expected to stay on an upward trail for FY 2018-19. With the recent tax overhaul, and assuming that consumers indeed see increased annual after-tax earnings, personal consumption expenditures are expected to grow by 1.8% during 2018, a slight drop from the 2.7% growth of 2017. Combined with concerns surrounding political uncertainty, and at the same time, optimism for a healthy and growing economy, economists project a 2.3% growth in GDP for 2018, slightly down from a 2.4% increase in 2017.

California remains the largest economy when compared to any other state in the U.S. (14.1% of total U.S. GDP) and it is forecasted to grow an additional 2.7% during 2018, which is faster than the nation's projected growth of 2.3%. However, even with the stable growth in GDP, California's economy has slowed down from the years of 2014 and 2015 when the growth rate was close to 4.0%. Over the duration of 2017, almost all major industry sectors in California have increased in number of jobs. At the forefront of private sector job growth are the healthcare, hospitality, and construction industries. For the manufacturing and natural resources industries, although the sectors continue to shed jobs annually, they are expected to stabilize and add jobs in the upcoming years. In consideration to these assumptions, California's unemployment rate is expected to continue its gradual decline from 4.8% in 2017 to 4.4% in 2018. With continued improvements in the labor market, personal income should increase by 2.9% with persistent growth forecasted for 2018.

More locally, Los Angeles County is expected to experience further improvements to its unemployment rate, dropping from 4.6% in 2017 to 4.3% in 2018. It is forecasted that all industry sectors will be adding jobs over the upcoming two years with the strongest in the private sector being the healthcare, hospitality, Administrative, Construction, and Retail Trade. With this, total personal income across the county is expected to increase by 2.9% in 2018, slightly down from 3.8% in 2017. As for the housing market, the median home price in Los Angeles County has experienced an increase of 8.0% in 2017 and is forecasted to see an additional increase of 5.6% in 2018.

The City's FY 2018-19 Budget incorporates the policy direction of the City Council for services and programs to address the needs of the community, which is structurally balanced with projected resources available to support all projected expenditures. The total budget for FY 2018-19 is \$887,300 and includes all City funds, departments and programs.

The General Fund's budget is \$227,800 from which the City pays for services commonly associated with local government: police and fire services, libraries, parks, public works, and administration. FY 2018-19 General Fund budget reflects an anticipated surplus of \$1,600. This is a vast improvement relative to FY 2017-18 when the City adopted with a budget gap of \$629.

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(in thousands)

The FY 2018-19 General Fund adopted budget reflects an increase of \$12,700, when compared to FY 2017-18 adopted budget. The increase in the Salaries & Benefits category included \$2,150 for program and service level adjustments in personnel costs that were added across multiple General Fund departments, and \$1,800 for Worker's Compensation which is mainly due to an increase in the safety internal service fund rates. The increase in Salaries & Benefits is also the result of a budgeted \$6,300 increase in PERS costs (net of employee cost sharing). CalPERS' sustained significant investment losses during the Great Recession, the impacts of which continue to reverberate through just about every government agency in the state. Hence, Glendale is not alone in seeing higher employer costs from CalPERS due to the City's obligation to pick up the partial tab for those investment losses and CalPERS' low returns in subsequent years. Due to the recent adoption of more conservative actuarial and investment policies by the CalPERS Board (e.g. lowering their anticipated rate of return and extending the life expectancy of annuitants), the City has been advised by our outside actuary to continue to expect increases to our annual costs going forward. These risk mitigation policies will eventually rebuild the CalPERS fund and lower the burden on local governments that have committed to provide reasonable retirements for their employees.

With rising PERS costs, the City Council took a proactive step to address the matter by voting to establish a Pension Rate Stabilization Trust (i.e. a Section 115 Trust) at the time of the FY 2017-18 budget adoption, and approved for a deposit of funding in July 2017. Glendale joined a group of more than 80 public agencies across the state to have adopted this rate-stabilization strategy. Since the establishment of the trust, City Council has authorized the deposit of \$26,500 of one-time surplus revenues. This decision demonstrates the City Council's intent to keep rising PERS costs at a containable level—ideally below 20% of the Adopted General Fund Budget. City staff is actively assessing other strategies to address the trend in rising PERS costs and will work to implement more solutions in the coming years.

For FY 2018-19, the Adopted Budget for the Special Revenue Funds reflects an increase of \$12,600 when compared to the FY 2017-18 Adopted Budget. The most notable of these increases include \$5,500 in the Housing Assistance Fund due to an increase in anticipated revenue to be received, and a \$2,800 increase to support transit projects funded by the Measure R Sub-regional Return Fund.

As for the City's Capital Improvement Program Funds, there is an increase of \$12,400 compared to FY 2017-18 primarily due to the increase in the General Fund's support of the City's Capital Improvement Program in the amount of \$10,200. The majority of this funding is from one-time sales tax money that was received through an audit performed by the State of California. Some of the major and exciting projects that are in store for the City of Glendale includes the design and enhancement of the Artsakh Paseo and Alley, the renovation of Fremont Park, and the master design of the Central Park block.

For the Internal Service Funds, there is a net increase of \$6,500 compared to FY 2017-18. The major increases are attributable to a \$2,000 increase in the Fleet/Equipment Management Fund due to requests for more capital outlay, vehicle maintenance and equipment, and a \$4,900 increase in the ISD Infrastructure Fund due to an increase in project appropriation. Aging technology infrastructure supported by the ISD Funds and the need to fund future replacement of vehicles in the Fleet/Equipment Replacement Fund continue to pose financial challenges that need to be addressed in the coming years.

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 Finance, 141 North Glendale Avenue, Suite 346, Glendale, CA 91206.

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Exhibit A-1

CITY OF GLENDALE

Statement of Net Position

June 30, 2018 (in thousands)

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|------------------|
| Assets and deferred outflows of resources | | | |
| Current assets: | | | |
| Pooled cash and investments | \$ 402,337 | 202,716 | 605,053 |
| Cash and investments with fiscal agent | 52 | 8,648 | 8,700 |
| Investment-gas/electric commodity | - | 1,500 | 1,500 |
| Interest receivable | 1,933 | 1,441 | 3,374 |
| Accounts receivable, net | 33,210 | 39,167 | 72,377 |
| Internal balances | (800) | 800 | - |
| Inventories | 396 | 6,955 | 7,351 |
| Prepaid items | 4,489 | 11,460 | 15,949 |
| Total current assets | <u>441,617</u> | <u>272,687</u> | <u>714,304</u> |
| Noncurrent assets: | | | |
| Capital assets, net of depreciation: | | | |
| Land | 421,820 | 9,557 | 431,377 |
| Natural gas reserve | - | 11,125 | 11,125 |
| Buildings and improvements | 243,760 | 171,012 | 414,772 |
| Machinery and equipment | 39,979 | 232,300 | 272,279 |
| Infrastructure | 215,684 | 100,754 | 316,438 |
| Construction in progress | 36,617 | 60,827 | 97,444 |
| Intangible | 971 | 56,165 | 57,136 |
| Total capital assets | <u>958,831</u> | <u>641,740</u> | <u>1,600,571</u> |
| Designated cash and investments | - | 135,400 | 135,400 |
| Restricted cash and investments | 59,455 | 5,669 | 65,124 |
| Loans receivable | 30,495 | - | 30,495 |
| Property held for resale | 981 | - | 981 |
| Total noncurrent assets | <u>1,049,762</u> | <u>782,809</u> | <u>1,832,571</u> |
| Total assets | <u>1,491,379</u> | <u>1,055,496</u> | <u>2,546,875</u> |
| Deferred outflows of resources: | | | |
| Deferred outflows related to pensions | 113,907 | 28,027 | 141,934 |
| Loss on refunding | - | 4,571 | 4,571 |
| Deferred outflows related to OPEB | 507 | - | 507 |
| Total deferred outflows of resources | <u>114,414</u> | <u>32,598</u> | <u>147,012</u> |
| Total assets and deferred outflows of resources | <u>\$ 1,605,793</u> | <u>1,088,094</u> | <u>2,693,887</u> |

(Continued)

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Statement of Net Position

June 30, 2018 (in thousands)

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|------------------|
| Liabilities, deferred inflows of resources and net position | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 18,401 | 18,476 | 36,877 |
| Accrued wages and withholding | 9,675 | 3,424 | 13,099 |
| Interest payable | 101 | 4,364 | 4,465 |
| Claims payable | 14,369 | - | 14,369 |
| Compensated absences | 2,433 | 704 | 3,137 |
| Certificates of participation | 1,985 | - | 1,985 |
| Bonds payable | - | 8,068 | 8,068 |
| Unearned revenues | 580 | - | 580 |
| Deposits | 6,806 | 5,024 | 11,830 |
| Other liabilities | 806 | - | 806 |
| Total current liabilities | <u>55,156</u> | <u>40,060</u> | <u>95,216</u> |
| Noncurrent liabilities: | | | |
| Claims payable | 38,899 | - | 38,899 |
| OPEB liability | 15,738 | - | 15,738 |
| Compensated absences | 20,151 | 5,746 | 25,897 |
| Landfill postclosure | 48,612 | - | 48,612 |
| Net pension liability | 474,784 | 105,391 | 580,175 |
| Certificates of participation | 29,895 | - | 29,895 |
| Bonds payable | - | 237,233 | 237,233 |
| Other liabilities | 696 | - | 696 |
| Total noncurrent liabilities | <u>628,775</u> | <u>348,370</u> | <u>977,145</u> |
| Total liabilities | <u>683,931</u> | <u>388,430</u> | <u>1,072,361</u> |
| Deferred inflows of resources: | | | |
| Deferred inflows related to pensions | 20,363 | 4,491 | 24,854 |
| Deferred inflows related to OPEB | 1,593 | - | 1,593 |
| Total deferred inflows of resources | <u>21,956</u> | <u>4,491</u> | <u>26,447</u> |
| Total liabilities and deferred inflows of resources | <u>705,887</u> | <u>392,921</u> | <u>1,098,808</u> |
| Net position: | | | |
| Net investment in capital assets | 926,357 | 401,010 | 1,327,367 |
| Restricted | | | |
| City Charter - Sec. 15 general reserve | 28,115 | - | 28,115 |
| Pension stabilization | 27,605 | - | 27,605 |
| Federal and state grants | 6,854 | - | 6,854 |
| Public safety | 2,594 | - | 2,594 |
| Youth employment | 44 | - | 44 |
| Transportation | 30,324 | - | 30,324 |
| Landscaping district | 207 | - | 207 |
| Low and moderate housing | 20,459 | - | 20,459 |
| Air quality improvement | 518 | - | 518 |
| SCAQMD emission controls | - | 5,669 | 5,669 |
| Cable access | 3,401 | - | 3,401 |
| Electric public benefit AB1890 | 5,146 | - | 5,146 |
| State gas tax mandates | 4,405 | - | 4,405 |
| Capital projects | 38,884 | - | 38,884 |
| Unrestricted | <u>(195,007)</u> | <u>288,494</u> | <u>93,487</u> |
| Total net position | <u>\$ 899,906</u> | <u>695,173</u> | <u>1,595,079</u> |

CITY OF GLENDALE

Statement of Activities

Fiscal Year Ended June 30, 2018 (in thousands)

| | Expenses | Program Revenues | | Net (Expenses) Revenues and Changes in Net Position | | | |
|---|-------------------|-------------------------|--|--|----------------------------|------------------------------|------------------|
| | | Charges for services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business- type Activities | Total |
| Governmental Activities: | | | | | | | |
| General government | \$ 33,037 | 20,810 | 36 | 180 | (12,011) | - | (12,011) |
| Police | 92,679 | 1,487 | 1,755 | 328 | (89,109) | - | (89,109) |
| Fire | 67,285 | 9,672 | 1,982 | 35 | (55,596) | - | (55,596) |
| Public works | 30,072 | 29,117 | 1,072 | 8,453 | 8,570 | - | 8,570 |
| Transportation | 13,196 | 7,115 | 8,313 | - | 2,232 | - | 2,232 |
| Housing, health and community development | 44,349 | 177 | 37,893 | 46 | (6,233) | - | (6,233) |
| Employment programs | 5,848 | 1,691 | 3,894 | 225 | (38) | - | (38) |
| Public service | 5,999 | - | - | - | (5,999) | - | (5,999) |
| Parks, recreation and community services | 19,697 | 3,285 | 335 | 113 | (15,964) | - | (15,964) |
| Library | 12,485 | 138 | 168 | 67 | (12,112) | - | (12,112) |
| Interest and fiscal charges | 2,139 | - | - | - | (2,139) | - | (2,139) |
| Total governmental activities | 326,786 | 73,492 | 55,448 | 9,447 | (188,399) | - | (188,399) |
| Business-type activities: | | | | | | | |
| Fire communications | 4,126 | 3,984 | 3 | - | - | (139) | (139) |
| Sewer | 20,383 | 13,806 | - | - | - | (6,577) | (6,577) |
| Refuse disposal | 20,844 | 22,417 | 69 | - | - | 1,642 | 1,642 |
| Electric | 188,573 | 218,842 | - | - | - | 30,269 | 30,269 |
| Water | 48,458 | 50,771 | - | 12 | - | 2,325 | 2,325 |
| Total business-type activities | 282,384 | 309,820 | 72 | 12 | - | 27,520 | 27,520 |
| Total primary government | \$ 609,170 | 383,312 | 55,520 | 9,459 | (188,399) | 27,520 | (160,879) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | \$ 58,445 | - | | 58,445 |
| Sales taxes | | | | 62,158 | - | | 62,158 |
| Utility users tax | | | | 27,805 | - | | 27,805 |
| Other taxes | | | | 21,784 | - | | 21,784 |
| Investment income | | | | 1,815 | 1,315 | | 3,130 |
| Other | | | | 15,748 | 9,693 | | 25,441 |
| Reinstatement of loans | | | | 328 | - | | 328 |
| Transfers | | | | 21,312 | (21,312) | | - |
| Special item: | | | | | | | |
| Transfer of capital assets from Successor Agency | | | | 2,744 | - | | 2,744 |
| Total general revenues, transfers and special item | | | | 212,139 | (10,304) | | 201,835 |
| Change in net position | | | | 23,740 | 17,216 | | 40,956 |
| Net position, July 1, as restated | | | | 876,166 | 677,957 | | 1,554,123 |
| Net position, June 30 | | | | \$ 899,906 | 695,173 | | 1,595,079 |

Exhibit B-1
CITY OF GLENDALE
 Balance Sheet
 Governmental Funds
 June 30, 2018 (in thousands)

| | Major Funds | | | Nonmajor Governmental Funds | Total Governmental Funds |
|---|------------------|-------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | General Fund | Housing Assistance Fund | Capital Improvement Fund | | |
| Assets | | | | | |
| Pooled cash and investments | \$ 78,002 | 3,194 | 22,704 | 169,859 | 273,759 |
| Cash and investments with fiscal agent | - | - | - | 52 | 52 |
| Restricted cash and investments | 27,605 | - | - | 31,850 | 59,455 |
| Interest receivable | 454 | 12 | - | 680 | 1,146 |
| Accounts receivable, net | 14,833 | 193 | 1,834 | 13,077 | 29,937 |
| Due from other funds | 5,493 | - | - | - | 5,493 |
| Inventories | 189 | - | - | - | 189 |
| Prepaid items | 116 | 2,498 | - | 47 | 2,661 |
| Loans receivable | 23,271 | - | - | - | 23,271 |
| Property held for resale | - | - | - | 981 | 981 |
| Total assets | 149,963 | 5,897 | 24,538 | 216,546 | 396,944 |
| Liabilities, deferred inflows of resources and fund balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 5,597 | 91 | 595 | 7,533 | 13,816 |
| Due to other funds | - | - | - | 5,278 | 5,278 |
| Loans payable | - | - | - | 594 | 594 |
| Interest payable | - | - | - | 92 | 92 |
| Wages and benefits payable | 7,441 | 127 | 26 | 1,068 | 8,662 |
| Unearned revenues | - | - | - | 580 | 580 |
| Deposits | 6,584 | - | - | 222 | 6,806 |
| Total liabilities | 19,622 | 218 | 621 | 15,367 | 35,828 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenues | 23,271 | 125 | - | 5,872 | 29,268 |
| Total liabilities and deferred inflows of resources | \$ 42,893 | 343 | 621 | 21,239 | 65,096 |

(Continued)

Exhibit B-1
CITY OF GLENDALE
 Balance Sheet
 Governmental Funds
 June 30, 2018 (in thousands)

| | Major Funds | | | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------|-------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | General Fund | Housing Assistance Fund | Capital Improvement Fund | | |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Inventory | \$ 189 | - | - | - | 189 |
| Prepaid | 116 | 2,498 | - | 47 | 2,661 |
| Restricted for: | | | | | |
| Property held for resale | - | - | - | 981 | 981 |
| City Charter - Sec. 15 general reserve | 28,115 | - | - | - | 28,115 |
| Pension stabilization | 27,605 | - | - | - | 27,605 |
| Federal and state grants | - | 3,056 | - | 3,798 | 6,854 |
| Public safety | - | - | - | 2,594 | 2,594 |
| Youth employment | - | - | - | 44 | 44 |
| Transportation | - | - | - | 30,324 | 30,324 |
| Landscaping district | - | - | - | 207 | 207 |
| Low and moderate housing | - | - | - | 12,254 | 12,254 |
| Air quality improvement | - | - | - | 518 | 518 |
| Cable access | - | - | - | 3,401 | 3,401 |
| Electric public benefit AB1890 | - | - | - | 5,146 | 5,146 |
| State gas tax mandates | - | - | - | 4,405 | 4,405 |
| Landfill postclosure | - | - | - | 31,850 | 31,850 |
| Capital projects | - | - | - | 38,884 | 38,884 |
| Committed to: | | | | | |
| Debt service | - | - | - | 16,429 | 16,429 |
| Urban art | - | - | - | 6,974 | 6,974 |
| Public safety | - | - | - | 333 | 333 |
| Impact fee funded projects | - | - | - | 24,565 | 24,565 |
| Capital projects | - | - | 23,917 | - | 23,917 |
| Filming | - | - | - | 945 | 945 |
| Recreation | - | - | - | 3,775 | 3,775 |
| Hazardous Materials | - | - | - | 2,885 | 2,885 |
| Parking | - | - | - | 9,638 | 9,638 |
| Assigned to: | | | | | |
| Economic development | 3,530 | - | - | - | 3,530 |
| Capital projects | 97 | - | - | - | 97 |
| Unassigned: | 47,418 | - | - | (4,690) | 42,728 |
| Total fund balances | 107,070 | 5,554 | 23,917 | 195,307 | 331,848 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 149,963 | 5,897 | 24,538 | 216,546 | 396,944 |

CITY OF GLENDALE

Reconciliation of Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2018 (in thousands)

| | | | |
|--|----|---------------|-----------------------|
| Fund balances of governmental funds | | \$ | 331,848 |
| Amounts reported for governmental activities in the statement of net position are different because: | | | |
| Capital assets are not included as financial resources in the governmental funds: | | | |
| Land | \$ | 421,820 | |
| Buildings and improvements | | 243,588 | |
| Equipment | | 17,077 | |
| Infrastructure | | 215,684 | |
| Intangible | | 584 | |
| Construction in progress | | <u>29,110</u> | 927,863 |
| Long-term debt not included in the governmental funds: | | | |
| Due within one year: | | | |
| Certificates of participation | | (1,985) | |
| 2011 HUD Section 108 loan | | <u>(212)</u> | (2,197) |
| Due more than one year: | | | |
| Certificates of participation | | (29,895) | |
| Landfill postclosure | | (48,612) | |
| 2011 HUD Section 108 loan | | <u>(696)</u> | (79,203) |
| Accrued interest payable for the current portion of interest due is not included in the governmental funds: | | | |
| 2011 HUD Section 108 loan | | | (8) |
| Unavailable revenue in the governmental funds is revenue in the statement of activities | | | 29,268 |
| Loans receivable housing long term - non-forgiven portion | | | 7,224 |
| Deferred outflows of resources related to pensions | | | 113,907 |
| Deferred inflows of resources related to pensions | | | (20,363) |
| Net pension liability | | | (474,784) |
| Deferred outflows of resources related to OPEB | | | 507 |
| Deferred inflows of resources related to OPEB | | | (1,593) |
| OPEB liability | | | (15,738) |
| 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 position: | | | |
| Other improvements, net | | 172 | |
| Equipment, net | | 22,901 | |
| Intangibles, net | | 388 | |
| Construction in progress | | 7,508 | |
| Other assets and liabilities, net | | <u>52,206</u> | <u>83,175</u> |
| Net position of governmental activities | | \$ | <u><u>899,906</u></u> |

Exhibit C-1

CITY OF GLENDALE

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Fiscal Year Ended June 30, 2018 (in thousands)

| | Major Funds | | | | Total Governmental Funds |
|--|-------------------|-------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | General Fund | Housing Assistance Fund | Capital Improvement Fund | Nonmajor Governmental Funds | |
| Revenues: | | | | | |
| Property taxes | \$ 58,445 | - | - | - | 58,445 |
| Sales tax | 57,703 | - | - | 4,455 | 62,158 |
| Utility users tax | 27,805 | - | - | - | 27,805 |
| Other taxes | 14,660 | - | - | 7,124 | 21,784 |
| Revenue from other agencies | 694 | 31,954 | - | 37,656 | 70,304 |
| Licenses and permits | 10,914 | - | - | 2,826 | 13,740 |
| Fines and forfeitures | 2,548 | - | - | 2,752 | 5,300 |
| Charges for services | 10,575 | - | 6,543 | 22,844 | 39,962 |
| Use of money and property | 9,126 | 51 | - | 989 | 10,166 |
| Interfund revenue | 17,410 | - | - | - | 17,410 |
| Miscellaneous revenue | 1,801 | 29 | - | 2,494 | 4,324 |
| Total revenues | 211,681 | 32,034 | 6,543 | 81,140 | 331,398 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 28,282 | - | - | 584 | 28,866 |
| Police | 80,531 | - | - | 2,042 | 82,573 |
| Fire | 56,976 | - | 60 | 3,140 | 60,176 |
| Public works | 13,849 | - | 986 | 8,709 | 23,544 |
| Transportation | - | - | - | 14,271 | 14,271 |
| Housing, health and community development | 3,910 | 31,569 | - | 5,500 | 40,979 |
| Employment programs | - | - | - | 5,680 | 5,680 |
| Public service | - | - | - | 5,951 | 5,951 |
| Parks, recreation and community services | 12,348 | - | 156 | 4,139 | 16,643 |
| Library | 10,161 | - | 58 | 1,010 | 11,229 |
| Capital outlay | 669 | - | 2,975 | 12,546 | 16,190 |
| Debt service: | | | | | |
| Interest | - | - | - | 583 | 583 |
| Principal | - | - | - | 2,108 | 2,108 |
| Total expenditures | 206,726 | 31,569 | 4,235 | 66,263 | 308,793 |
| Excess of revenues over expenditures | 4,955 | 465 | 2,308 | 14,877 | 22,605 |
| Other financing sources (uses): | | | | | |
| Transfers in | 21,312 | - | 10,204 | 3,862 | 35,378 |
| Transfers out | (12,066) | - | (2,000) | - | (14,066) |
| Total other financing sources (uses) | 9,246 | - | 8,204 | 3,862 | 21,312 |
| Net change in fund balances | 14,201 | 465 | 10,512 | 18,739 | 43,917 |
| Fund balances, July 1 | 92,869 | 5,089 | 13,405 | 176,568 | 287,931 |
| Fund balances, June 30 | \$ 107,070 | 5,554 | 23,917 | 195,307 | 331,848 |

Exhibit C-2

CITY OF GLENDALE

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Fiscal Year Ended June 30, 2018 (in thousands)

| | | |
|--|----|----------------------|
| Net change in fund balances - total governmental funds | \$ | 43,917 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures | | 18,464 |
| In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation and amortization expenses | | (20,751) |
| Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position: | | |
| Certificates of participation | \$ | 1,905 |
| 2011 HUD Section 108 | | 203 |
| | | <u>2,108</u> |
| Landfill postclosure care liability increased from prior year | | (1,553) |
| Unavailable revenue in the governmental funds are recognized as revenues in the statement of activities | | (370) |
| Governmental funds report OPEB benefits paid to retirees as expenditures. However, in the statement of activities, OPEB expense is measured as the change in total OPEB liability and the amortization of deferred outflows and inflows related to OPEB. This amount represents the net change in OPEB related amounts | | 154 |
| Governmental funds report pension contributions as expenditures. However, in the statement of activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represents the net change in pension related amounts | | (20,623) |
| Accrued interest 2011 Section 108 loan | | (1) |
| Reinstatement of loans from former Redevelopment Agency to the City | | 328 |
| Payment of loans from former Redevelopment Agency to the City | | (4,885) |
| Transfer of capital assets from Successor Agency | | 2,744 |
| Change in net position of internal service funds allocated to governmental activities: | | |
| Capital assets | | 2,827 |
| Depreciation | | (1,890) |
| Amortization | | (9) |
| Interest - Fire Equipment Lease 2009 | | (4) |
| Other revenue/(expenses) | | 3,284 |
| | | <u>4,208</u> |
| Change in net position for governmental activities | \$ | <u><u>23,740</u></u> |

Exhibit D-1

CITY OF GLENDALE

Statement of Revenues and Other Financing Sources - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2018 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget Over/(Under) |
|--|-----------------|--------------|---------|---|
| Property taxes | \$ 56,229 | 57,429 | 58,445 | 1,016 |
| Sales taxes: | | | | |
| Sales tax | 39,111 | 40,111 | 46,801 | 6,690 |
| Sales tax audit findings | - | 9,000 | 9,000 | - |
| State 1/2% sales tax | 1,905 | 1,905 | 1,902 | (3) |
| Total | 41,016 | 51,016 | 57,703 | 6,687 |
| Utility users tax | 30,054 | 29,354 | 27,805 | (1,549) |
| Other Taxes: | | | | |
| Franchise tax | 2,800 | 2,800 | 2,406 | (394) |
| Occupancy tax | 8,059 | 8,059 | 6,999 | (1,060) |
| Property transfer tax | 1,000 | 1,100 | 1,251 | 151 |
| Landfill host assessment | 3,000 | 3,500 | 4,004 | 504 |
| Total | 14,859 | 15,459 | 14,660 | (799) |
| Licenses and permits: | | | | |
| Dog licenses | 150 | 150 | 170 | 20 |
| Building permits | 5,700 | 5,700 | 6,330 | 630 |
| Green building initiative SB 1473 | - | - | 1 | 1 |
| American Disability Act SB 1186 | - | - | 11 | 11 |
| Plan check fees | 400 | 400 | 443 | 43 |
| Planning permits | 1,470 | 1,600 | 1,923 | 323 |
| Grading permits | 102 | 102 | 125 | 23 |
| Street permits | 1,000 | 1,000 | 1,109 | 109 |
| Business license permits | 575 | 575 | 628 | 53 |
| Business registration license | 200 | 200 | 174 | (26) |
| Total | 9,597 | 9,727 | 10,914 | 1,187 |
| Fines and forfeitures-traffic safety fines | 2,622 | 2,522 | 2,548 | 26 |
| Use of money and property: | | | | |
| Interest and investment revenue | 1,020 | 1,020 | 2,474 | 1,454 |
| Interest and investment GASB 31 | - | - | (1,242) | (1,242) |
| Landfill gas royalties | 2,475 | 2,475 | 2,473 | (2) |
| Rental income | 550 | 550 | 536 | (14) |
| Loan repayment | 4,885 | 4,885 | 4,885 | - |
| Total | 8,930 | 8,930 | 9,126 | 196 |
| Revenue from other agencies: | | | | |
| State grants | 12 | 12 | - | (12) |
| State SB 90 | 100 | 100 | 130 | 30 |
| Motor vehicle in lieu fee | - | - | 106 | 106 |
| Special fire revenue | - | - | 376 | 376 |
| Local grants | - | 50 | 82 | 32 |
| Total | \$ 112 | 162 | 694 | 532 |

(Continued)

Exhibit D-1

CITY OF GLENDALE

Statement of Revenues and Other Financing Sources - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2018 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget Over/(Under) |
|---|-------------------|----------------|----------------|---|
| Miscellaneous revenue: | | | | |
| Donations and contributions | \$ - | - | 15 | 15 |
| Sponsorships | 45 | 45 | 60 | 15 |
| Advertising revenue | 130 | 130 | 120 | (10) |
| Miscellaneous revenue | 1,281 | 1,281 | 1,606 | 325 |
| Total | 1,456 | 1,456 | 1,801 | 345 |
| Charges for services: | | | | |
| Zoning subdivision fees | 200 | 200 | 197 | (3) |
| City clerk fees | - | - | 1 | 1 |
| Map and publication fees | 90 | 90 | 68 | (22) |
| Filing-certification fee | 20 | 20 | 34 | 14 |
| Special police fees | 800 | 800 | 981 | 181 |
| Vehicle tow admin cost recovery (VTACR) | 450 | 450 | 444 | (6) |
| Fire fees | 1,274 | 1,274 | 1,428 | 154 |
| Emergency medical response | 5,150 | 5,150 | 5,877 | 727 |
| Paramedic membership fee | 90 | 90 | 100 | 10 |
| Code enforcement fees | 40 | 40 | 80 | 40 |
| Administrative citations | 40 | 40 | 84 | 44 |
| Outreach revenue | 30 | 30 | 13 | (17) |
| Express plan check fees | 425 | 425 | 769 | 344 |
| Final map checking fees | - | - | 3 | 3 |
| Excavation fees | 224 | 224 | 229 | 5 |
| Construction inspection fees | 154 | 154 | 125 | (29) |
| Collectible jobs | 35 | 35 | 27 | (8) |
| Library fines and fees | 90 | 90 | 48 | (42) |
| Program/registration revenue | 11 | 11 | 10 | (1) |
| Credit/Debit card service fee | 100 | 100 | 74 | (26) |
| Merchant fee charges | (100) | (100) | (58) | 42 |
| Graphics fees | 100 | 100 | 40 | (60) |
| Total | 9,223 | 9,223 | 10,575 | 1,352 |
| Interfund revenue: | | | | |
| Charges to enterprise funds for: | | | | |
| Benefits cost recovery | 500 | - | - | - |
| Cost allocation revenue | 17,600 | 17,600 | 17,410 | (190) |
| Total | 18,100 | 17,600 | 17,410 | (190) |
| Other financing sources: | | | | |
| Transfers in | 21,310 | 21,310 | 21,312 | 2 |
| Total revenues and transfers | \$ 213,508 | 224,188 | 232,993 | 8,805 |

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018 (in thousands)

| | Salaries and Benefits | | | Variance With Final Budget (Over)/Under |
|--|-----------------------|----------------|----------------|---|
| | Original Budget | Final Budget | Actual | |
| General government: | | | | |
| City clerk | \$ 700 | 713 | 620 | 93 |
| Elections | 43 | 44 | 3 | 41 |
| City treasurer | 640 | 651 | 642 | 9 |
| City manager | 3,157 | 3,200 | 3,004 | 196 |
| Innovation, performance and audit | 1,119 | 1,131 | 879 | 252 |
| Legal | 3,400 | 3,452 | 3,247 | 205 |
| Finance | 4,004 | 4,085 | 3,785 | 300 |
| Planning | 8,316 | 8,476 | 8,358 | 118 |
| Personnel | 2,352 | 2,342 | 2,046 | 296 |
| Non-departmental | - | - | - | - |
| Total | <u>23,731</u> | <u>24,094</u> | <u>22,584</u> | <u>1,510</u> |
| Police | <u>67,251</u> | <u>67,496</u> | <u>66,043</u> | <u>1,453</u> |
| Fire | <u>48,423</u> | <u>49,334</u> | <u>47,850</u> | <u>1,484</u> |
| Public works | <u>6,257</u> | <u>6,415</u> | <u>5,532</u> | <u>883</u> |
| Housing, health and community development: | | | | |
| Economic development | 1,641 | 1,669 | 1,336 | 333 |
| Community development administration | 1,594 | 1,623 | 1,295 | 328 |
| Total | <u>3,235</u> | <u>3,292</u> | <u>2,631</u> | <u>661</u> |
| Parks, recreation and community services | <u>7,130</u> | <u>7,291</u> | <u>6,981</u> | <u>310</u> |
| Library | <u>6,602</u> | <u>6,724</u> | <u>6,548</u> | <u>176</u> |
| Total expenditures and transfers | <u>\$ 162,629</u> | <u>164,646</u> | <u>158,169</u> | <u>6,477</u> |

(Continued)

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018 (in thousands)

| | Maintenance and Operation | | | |
|--|---------------------------|---------------|---------------|---|
| | Original Budget | Final Budget | Actual | Variance With Final Budget (Over)/Under |
| General government: | | | | |
| City clerk | \$ 279 | 292 | 160 | 132 |
| Elections | 404 | 734 | 230 | 504 |
| City treasurer | 112 | 187 | 133 | 54 |
| City manager | 1,219 | 1,357 | 1,061 | 296 |
| Innovation, performance and audit | 134 | 134 | 70 | 64 |
| Legal | 294 | 294 | 229 | 65 |
| Finance | 996 | 1,146 | 915 | 231 |
| Planning | 3,034 | 3,673 | 2,393 | 1,280 |
| Personnel | 645 | 695 | 507 | 188 |
| Non-departmental | - | - | - | - |
| Total | <u>7,117</u> | <u>8,512</u> | <u>5,698</u> | <u>2,814</u> |
| Police | <u>13,370</u> | <u>13,437</u> | <u>14,488</u> | <u>(1,051)</u> |
| Fire | <u>9,797</u> | <u>10,153</u> | <u>9,126</u> | <u>1,027</u> |
| Public works | <u>8,643</u> | <u>8,915</u> | <u>8,317</u> | <u>598</u> |
| Housing, health and community development: | | | | |
| Economic development | 1,387 | 2,877 | 992 | 1,885 |
| Community development administration | 201 | 266 | 287 | (21) |
| Total | <u>1,588</u> | <u>3,143</u> | <u>1,279</u> | <u>1,864</u> |
| Parks, recreation and community services | <u>5,259</u> | <u>5,605</u> | <u>5,367</u> | <u>238</u> |
| Library | <u>3,934</u> | <u>3,982</u> | <u>3,613</u> | <u>369</u> |
| Total expenditures and transfers | <u>\$ 49,708</u> | <u>53,747</u> | <u>47,888</u> | <u>5,859</u> |

(Continued)

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018 (in thousands)

| | Capital Outlay | | | Variance With Final Budget (Over)/Under |
|--|-----------------|--------------|--------|---|
| | Original Budget | Final Budget | Actual | |
| General government: | | | | |
| City clerk | \$ - | - | - | - |
| Elections | - | - | - | - |
| City treasurer | - | - | - | - |
| City manager | - | 20 | 20 | - |
| Innovation, performance and audit | - | - | - | - |
| Legal | - | - | - | - |
| Finance | - | - | - | - |
| Planning | - | - | - | - |
| Personnel | - | - | - | - |
| Non-departmental | - | - | - | - |
| Total | - | 20 | 20 | - |
| Police | - | 343 | 24 | 319 |
| Fire | 126 | 572 | 50 | 522 |
| Public works | - | - | - | - |
| Housing, health and community development: | | | | |
| Economic development | - | 397 | 25 | 372 |
| Community development administration | - | - | - | - |
| Total | - | 397 | 25 | 372 |
| Parks, recreation and community services | - | 49 | 48 | 1 |
| Library | - | 560 | 502 | 58 |
| Total expenditures and transfers | \$ 126 | 1,941 | 669 | 1,272 |

(Continued)

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018 (in thousands)

| | Transfers | | | Variance With Final Budget (Over)/Under |
|--|-----------------|--------------|--------|---|
| | Original Budget | Final Budget | Actual | |
| General government: | | | | |
| City clerk | \$ - | - | - | - |
| Elections | - | - | - | - |
| City treasurer | - | - | - | - |
| City manager | - | - | - | - |
| Innovation, performance and audit | - | - | - | - |
| Legal | - | - | - | - |
| Finance | - | - | - | - |
| Planning | - | - | - | - |
| Personnel | - | - | - | - |
| Non-departmental | 2,580 | 11,965 | 12,066 | (101) |
| Total | 2,580 | 11,965 | 12,066 | (101) |
| Police | - | - | - | - |
| Fire | - | - | - | - |
| Public works | - | - | - | - |
| Housing, health and community development: | | | | |
| Economic development | - | - | - | - |
| Community development administration | - | - | - | - |
| Total | - | - | - | - |
| Parks, recreation and community services | - | - | - | - |
| Library | - | - | - | - |
| Total expenditures and transfers | \$ 2,580 | 11,965 | 12,066 | (101) |

(Continued)

Exhibit D-2
CITY OF GLENDALE
Statement of Expenditures and Other
Financing Uses - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018 (in thousands)

| | Total | | | Variance With Final Budget (Over)/Under |
|--|-------------------|----------------|----------------|---|
| | Original Budget | Final Budget | Actual | |
| General government: | | | | |
| City clerk | \$ 979 | 1,005 | 780 | 225 |
| Elections | 447 | 778 | 233 | 545 |
| City treasurer | 752 | 838 | 775 | 63 |
| City manager | 4,376 | 4,577 | 4,085 | 492 |
| Innovation, performance and audit | 1,253 | 1,265 | 949 | 316 |
| Legal | 3,694 | 3,746 | 3,476 | 270 |
| Finance | 5,000 | 5,231 | 4,700 | 531 |
| Planning | 11,350 | 12,149 | 10,751 | 1,398 |
| Personnel | 2,997 | 3,037 | 2,553 | 484 |
| Non-departmental | 2,580 | 11,965 | 12,066 | (101) |
| Total | <u>33,428</u> | <u>44,591</u> | <u>40,368</u> | <u>4,223</u> |
| Police | <u>80,621</u> | <u>81,276</u> | <u>80,555</u> | <u>721</u> |
| Fire | <u>58,346</u> | <u>60,059</u> | <u>57,026</u> | <u>3,033</u> |
| Public works | <u>14,900</u> | <u>15,330</u> | <u>13,849</u> | <u>1,481</u> |
| Housing, health and community development: | | | | |
| Economic development | 3,028 | 4,943 | 2,353 | 2,590 |
| Community development administration | 1,795 | 1,889 | 1,582 | 307 |
| Total | <u>4,823</u> | <u>6,832</u> | <u>3,935</u> | <u>2,897</u> |
| Parks, recreation and community services | <u>12,389</u> | <u>12,945</u> | <u>12,396</u> | <u>549</u> |
| Library | <u>10,536</u> | <u>11,266</u> | <u>10,663</u> | <u>603</u> |
| Total expenditures and transfers | <u>\$ 215,043</u> | <u>232,299</u> | <u>218,792</u> | <u>13,507</u> |

Exhibit D-3

CITY OF GLENDALE

Statement of Revenues - Budget and Actual

Housing Assistance Fund

Fiscal Year Ended June 30, 2018 (in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget Over/(Under)</u> |
|-----------------------------|------------------------|---------------------|---------------|--|
| Revenues: | | | | |
| Use of money and property | \$ 10 | 10 | 51 | 41 |
| Revenue from other agencies | 31,868 | 31,855 | 31,954 | 99 |
| Miscellaneous revenue | - | 13 | 29 | 16 |
| Total revenues | <u>\$ 31,878</u> | <u>31,878</u> | <u>32,034</u> | <u>156</u> |

Exhibit D-4

CITY OF GLENDALE

Statement of Expenditures - Budget and Actual

Housing Assistance Fund

Year Ended June 30, 2018 (in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget (Over)/Under</u> |
|---|------------------------|---------------------|---------------|--|
| Current: | | | | |
| Housing, health and community development: | | | | |
| Salaries and benefits | \$ 2,658 | 2,704 | 2,194 | 510 |
| Maintenance and operations | 29,824 | 29,894 | 29,375 | 519 |
| Capital | 30 | 30 | - | 30 |
| Total expenditures | \$ 32,512 | 32,628 | 31,569 | 1,059 |

Exhibit E-1
CITY OF GLENDALE
Statement of Net Position
Proprietary Funds
June 30, 2018 (in thousands)

| | Business-type Activities - Enterprise Funds | | | | | |
|--|---|------------------|----------------|---------------------------------|------------------|------------------------------|
| | Sewer Fund | Electric Fund | Water Fund | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Assets and deferred outflows of resources | | | | | | |
| Current assets: | | | | | | |
| Pooled cash and investments | \$ 30,145 | 110,464 | 19,631 | 42,476 | 202,716 | 128,578 |
| Cash with fiscal agent | - | 2,080 | 4,170 | - | 6,250 | - |
| Investment with fiscal agent | - | 2,398 | - | - | 2,398 | - |
| Interest receivable | 120 | 1,032 | 117 | 172 | 1,441 | 786 |
| Investment-gas/electric commodity | - | 1,500 | - | - | 1,500 | - |
| Accounts receivable, net | 1,988 | 27,155 | 7,484 | 2,540 | 39,167 | 3,273 |
| Inventories | - | 6,955 | - | - | 6,955 | 208 |
| Prepaid items | - | 11,460 | - | - | 11,460 | 1,829 |
| Total current assets | 32,253 | 163,044 | 31,402 | 45,188 | 271,887 | 134,674 |
| Noncurrent assets: | | | | | | |
| Capital assets: | | | | | | |
| Land | 578 | 6,306 | 1,034 | 1,639 | 9,557 | - |
| Natural gas reserve | - | 22,150 | - | - | 22,150 | - |
| Buildings and improvements | 140,919 | 66,187 | 61,700 | 7,258 | 276,064 | 214 |
| Machinery and equipment | 2,099 | 512,054 | 45,673 | 23,193 | 583,019 | 53,302 |
| Infrastructure | - | - | 156,433 | - | 156,433 | - |
| Intangible | 105,661 | - | - | - | 105,661 | 417 |
| Accumulated depreciation | (40,770) | (355,618) | (92,187) | (22,875) | (511,450) | (30,443) |
| Accumulated natural gas depletion | - | (11,025) | - | - | (11,025) | - |
| Accumulated amortization | (49,496) | - | - | - | (49,496) | (29) |
| Construction in progress | 24,493 | 25,978 | 9,577 | 779 | 60,827 | 7,508 |
| Total capital assets | 183,484 | 266,032 | 182,230 | 9,994 | 641,740 | 30,969 |
| Designated cash and investments | - | 124,100 | 11,300 | - | 135,400 | - |
| Restricted cash and investments | - | 5,669 | - | - | 5,669 | - |
| Total non-current assets | 183,484 | 395,801 | 193,530 | 9,994 | 782,809 | 30,969 |
| Total assets | 215,737 | 558,845 | 224,932 | 55,182 | 1,054,696 | 165,643 |
| Deferred outflows of resources: | | | | | | |
| Deferred outflows related to pensions | 1,608 | 16,281 | 5,328 | 4,810 | 28,027 | - |
| Loss on refunding | - | 4,571 | - | - | 4,571 | - |
| Total assets and deferred outflows of resources | \$ 217,345 | 579,697 | 230,260 | 59,992 | 1,087,294 | 165,643 |

(Continued)

Exhibit E-1
CITY OF GLENDALE
Statement of Net Position
Proprietary Funds
June 30, 2018 (in thousands)

| | Business-type Activities - Enterprise Funds | | | | | |
|--|---|----------------|----------------|---------------------------|----------------|------------------------|
| | Sewer Fund | Electric Fund | Water Fund | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Liabilities, deferred inflows of resources and net position | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 6,117 | 7,794 | 3,693 | 872 | 18,476 | 4,589 |
| Wages and benefits payable | 168 | 2,008 | 594 | 654 | 3,424 | 1,012 |
| Due to other funds | - | - | - | - | - | 215 |
| Interest payable | - | 3,004 | 1,360 | - | 4,364 | - |
| Claims payable | - | - | - | - | - | 14,369 |
| Compensated absences | - | - | - | - | - | 3,137 |
| Bonds payable | - | 6,126 | 1,942 | - | 8,068 | - |
| Deposits | 339 | 3,121 | 1,137 | 427 | 5,024 | - |
| Total current liabilities | 6,624 | 22,053 | 8,726 | 1,953 | 39,356 | 23,322 |
| Noncurrent liabilities: | | | | | | |
| Claims payable | - | - | - | - | - | 38,899 |
| Compensated absences | - | - | - | - | - | 25,897 |
| Bonds payable | - | 160,424 | 76,809 | - | 237,233 | - |
| Net pension liability | 5,805 | 62,837 | 18,600 | 18,149 | 105,391 | - |
| Total noncurrent liabilities | 5,805 | 223,261 | 95,409 | 18,149 | 342,624 | 64,796 |
| Total liabilities | 12,429 | 245,314 | 104,135 | 20,102 | 381,980 | 88,118 |
| Deferred inflows of resources: | | | | | | |
| Deferred inflows related to pensions | 243 | 2,596 | 850 | 802 | 4,491 | - |
| Total liabilities and deferred inflows of resources | 12,672 | 247,910 | 104,985 | 20,904 | 386,471 | 88,118 |
| Net position: | | | | | | |
| Net Investment in capital assets | 183,484 | 104,053 | 103,479 | 9,994 | 401,010 | 30,969 |
| Restricted | | | | | | |
| SCAQMD emission controls | - | 5,669 | - | - | 5,669 | - |
| Unrestricted | 21,189 | 222,065 | 21,796 | 29,094 | 294,144 | 46,556 |
| Total net position | \$ 204,673 | 331,787 | 125,275 | 39,088 | 700,823 | 77,525 |

Some amounts reported for business-type activities in the statement of net position are different because the net adjustment pertains to items on the statement of net position of certain internal service funds reported with business-type activities.

| | |
|---|-------------------|
| | (5,650) |
| Total net position of business-type activities | \$ 695,173 |

CITY OF GLENDALE

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Fiscal Year Ended June 30, 2018 (in thousands)

| | Business-type Activities - Enterprise Funds | | | | | |
|--|---|---------------|------------|---------------------------|----------|------------------------|
| | Sewer Fund | Electric Fund | Water Fund | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Operating revenues: | | | | | | |
| Charges for services | \$ 13,806 | 218,842 | 50,771 | 26,401 | 309,820 | 96,278 |
| Miscellaneous revenue | 159 | 6,566 | 2,428 | 478 | 9,631 | 1,829 |
| Total operating revenue | 13,965 | 225,408 | 53,199 | 26,879 | 319,451 | 98,107 |
| Operating expenses: | | | | | | |
| Maintenance and operation | 14,425 | 157,718 | 39,820 | 23,609 | 235,572 | 36,776 |
| Claims and settlement | - | - | - | - | - | 50,884 |
| Equipment Purchased | - | - | - | - | - | 1,564 |
| Depreciation | 3,025 | 24,947 | 5,856 | 1,601 | 35,429 | 3,726 |
| Gas depletion | - | 1,171 | - | - | 1,171 | - |
| Amortization | 3,125 | - | - | - | 3,125 | 18 |
| Total operating expenses | 20,575 | 183,836 | 45,676 | 25,210 | 275,297 | 92,968 |
| Operating income (loss) | (6,610) | 41,572 | 7,523 | 1,669 | 44,154 | 5,139 |
| Non operating revenues (expenses): | | | | | | |
| Use of money and property | 122 | 925 | 161 | 176 | 1,384 | 650 |
| Intergovernmental grants | - | - | - | 72 | 72 | 1,001 |
| Interest expense | - | (6,452) | (3,218) | - | (9,670) | (6) |
| Total non operating revenues (expenses) | 122 | (5,527) | (3,057) | 248 | (8,214) | 1,645 |
| Income before capital grants and contributions and transfers | (6,488) | 36,045 | 4,466 | 1,917 | 35,940 | 6,784 |
| Capital grants and contributions | - | - | 12 | - | 12 | - |
| Transfers out | - | (20,162) | - | (1,150) | (21,312) | - |
| Change in net position | (6,488) | 15,883 | 4,478 | 767 | 14,640 | 6,784 |
| Net position, July 1 | 211,161 | 315,904 | 120,797 | 38,321 | | 70,741 |
| Net position, June 30 | \$ 204,673 | 331,787 | 125,275 | 39,088 | | 77,525 |

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.

| | |
|---|-----------|
| | 2,576 |
| Changes in net position of business-type activities | \$ 17,216 |

Exhibit E-3
CITY OF GLENDALE
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018 (in thousands)

| | Business-type Activities - Enterprise Funds | | | | | |
|--|---|---------------|------------|---------------------------|-----------|------------------------|
| | Sewer Fund | Electric Fund | Water Fund | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Cash flows from operating activities: | | | | | | |
| Cash from customers | \$ 13,909 | 227,613 | 53,351 | 26,991 | 321,864 | 97,723 |
| Cash paid to employees | (3,390) | (31,793) | (9,189) | (10,336) | (54,708) | (21,464) |
| Cash paid to suppliers | (7,005) | (129,773) | (29,590) | (12,284) | (178,652) | (63,754) |
| Net cash provided by operating activities | 3,514 | 66,047 | 14,572 | 4,371 | 88,504 | 12,505 |
| Cash flows from noncapital financing activities: | | | | | | |
| Amounts received from other funds | 582 | - | - | - | 582 | - |
| Amounts paid to other funds | - | - | - | - | - | (367) |
| Transfers out | - | (20,162) | - | (1,150) | (21,312) | - |
| Operating grants received | - | - | - | 72 | 72 | 1,001 |
| Loan payments received | - | - | - | 78 | 78 | - |
| Net cash provided (used) by noncapital financing activities | 582 | (20,162) | - | (1,000) | (20,580) | 634 |
| Cash flows from capital and related financing activities: | | | | | | |
| Interest on long-term debt | - | (6,551) | (3,247) | - | (9,798) | (22) |
| Principal payments and premiums | - | (6,262) | (1,870) | - | (8,132) | - |
| Payments on capital lease | - | - | - | - | - | (262) |
| Capital grants received | - | - | 12 | - | 12 | - |
| Acquisition of property, plant, gas reserves and equipment | (11,216) | (8,825) | (4,471) | (1,474) | (25,986) | (5,576) |
| Net cash (used) by capital and related financing activities | (11,216) | (21,638) | (9,576) | (1,474) | (43,904) | (5,860) |
| Cash flows from investing activities: | | | | | | |
| Investment - gas/electric commodity | - | (5) | - | - | (5) | - |
| Interest received | 148 | 581 | 101 | 131 | 961 | 500 |
| Net cash provided by investing activities | 148 | 576 | 101 | 131 | 956 | 500 |
| Net increase (decrease) in cash and cash equivalents | (6,972) | 24,823 | 5,097 | 2,028 | 24,976 | 7,779 |
| Cash and cash equivalents at July 1 | 37,117 | 217,490 | 30,004 | 40,448 | 325,059 | 120,799 |
| Cash and cash equivalents at June 30 | \$ 30,145 | 242,313 | 35,101 | 42,476 | 350,035 | 128,578 |

(Continued)

Exhibit E-3

CITY OF GLENDALE

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2018 (in thousands)

| | Business-type Activities - Enterprise Funds | | | | | |
|---|---|---------------|------------|---------------------------|---------|------------------------|
| | Sewer Fund | Electric Fund | Water Fund | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Operating income (loss) | \$ (6,610) | 41,572 | 7,523 | 1,669 | 44,154 | 5,139 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | | |
| Depreciation | 3,025 | 24,947 | 5,856 | 1,601 | 35,429 | 3,726 |
| Gas depletion | - | 1,171 | - | - | 1,171 | - |
| Amortization | 3,125 | - | - | - | 3,125 | 18 |
| Pension expense | 132 | 2,545 | 1,033 | 1,000 | 4,710 | - |
| (Increase) Decrease Accounts receivable net | (56) | 2,205 | 152 | 112 | 2,413 | (384) |
| (Increase) Inventories | - | (1,285) | - | - | (1,285) | (16) |
| (Increase) Decrease Prepaid expenses | - | (2,546) | - | - | (2,546) | 46 |
| Decrease Deferred charges | - | 236 | - | - | 236 | - |
| Increase (Decrease) Accrued wages payable | (17) | 58 | 179 | 15 | 235 | (270) |
| Increase Compensated absences | - | - | - | - | - | 1,530 |
| Increase (Decrease) Accounts payable | 3,866 | (2,549) | (251) | (90) | 976 | 842 |
| Increase (Decrease) Deposits | 49 | (307) | 80 | 64 | (114) | - |
| Increase Claims payable | - | - | - | - | - | 1,874 |
| Total adjustments | 10,124 | 24,475 | 7,049 | 2,702 | 44,350 | 7,366 |
| Net cash provided by operating activities | \$ 3,514 | 66,047 | 14,572 | 4,371 | 88,504 | 12,505 |
| Noncash investing, capital, and financing activities: | | | | | | |
| Decrease in fair value of investments | \$ (392) | (3,379) | (383) | (566) | (4,720) | (1,736) |
| Reconciliation of Statement of Cash Flows to Statement of Net Position: | | | | | | |
| Pooled cash and investments | \$ 30,145 | 110,464 | 19,631 | 42,476 | 202,716 | 128,578 |
| Cash with fiscal agent | - | 2,080 | 4,170 | - | 6,250 | - |
| Designated cash and investments | - | 124,100 | 11,300 | - | 135,400 | - |
| Restricted cash and investments | - | 5,669 | - | - | 5,669 | - |
| Cash and cash equivalents at June 30 | \$ 30,145 | 242,313 | 35,101 | 42,476 | 350,035 | 128,578 |

Exhibit F-2

CITY OF GLENDALE

Statement of Changes in Net Position

Fiduciary Fund

Fiscal Year Ended June 30, 2018 (in thousands)

| | Glendale Successor Agency Private Purpose Trust Fund |
|---|---|
| Additions: | |
| Property tax | \$ 28,290 |
| Interest income | 944 |
| Total additions | <u>29,234</u> |
| Deductions: | |
| Interest and amortization expense on bonds | 4,687 |
| Depreciation | 9 |
| Operating expenses | 549 |
| Total deductions | <u>5,245</u> |
| Change in net position before special items | <u>23,989</u> |
| Special items: | |
| Reinstatement of loans | (328) |
| Transfer of capital assets to the City | <u>(2,744)</u> |
| Total special items | <u>(3,072)</u> |
| Change in net position | 20,917 |
| Net position held in trust (deficit), July 1 | <u>(38,088)</u> |
| Net position held in trust (deficit), June 30 | <u>\$ (17,171)</u> |

Notes to the Basic Financial Statements

Notes to the Basic
Financial Statements



CITY OF GLENDALE
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018

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CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

These financial statements present the financial results of the City of Glendale, California (the City) and its component units as required by generally accepted accounting principles in the United States of America. Component units are legally separate entities for which the primary government is financially accountable. The City has two component units: the Glendale Housing Authority (the Housing Authority) and the City of Glendale Financing Authority (the Financing Authority). The City Council serves as the Board of the Housing Authority and the Financing Authority. Management of the City has operational responsibility for the Housing Authority and the Financing Authority as these component units are essentially managed in the same manner as other City departments. Also, the Financing Authority provides financial services entirely to the City. Therefore, 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 Housing Authority was established by the Glendale City Council in 1975. The Housing Authority is responsible for the administration of Department of Housing and Urban Development (HUD) funded Housing Choice Voucher rental assistance program (often called "Section 8"), which is funded annually. The Housing Authority also administers six other affordable housing program funds on behalf of the City, including the HUD HOME entitlement grant, the HUD Continuum of Care grant, the HUD Shelter Plus Care grant, the Low and Moderate Income Housing Asset Fund (former 20% Redevelopment Set Aside funds program income dollars), the state funded BEGIN grant for First Time Home Buyers in the Doran Gardens homeownership development, and the Affordable Housing Trust Fund which receives density bonus, inclusionary and other local affordable housing funds. The Housing Authority's mission is to provide decent, safe, and sanitary dwellings for low to moderate income families, to preserve existing affordable housing, and to increase the supply and quality of new affordable housing. The Housing Authority's financial data and transactions are included within the special revenue funds, and 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 was to provide financial assistance to the City in connection with the construction and improvement of a Police Services Building located at west side of Isabel Street between Wilson and Broadway in the City of Glendale. On July 11, 2000, the Financing Authority issued \$64,200 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, and no separate financial report is issued for the Financing Authority.

The Glendale Economic Development Corporation (GEDC), formed in July 2014, was established to implement and meet the needs of the City's Economic Development program. Its goals were to provide physical, economic, and educational development, redevelopment, and revitalization efforts within the City. Additionally, these efforts attempted to assist and support the City in the expansion of job opportunities, stimulate economic development, contribute to the physical improvements of the City, and implement, assist and support the City in developmental activities and programs. The overall objective of the GEDC was to expand businesses and support residents. While these goals and objectives have certainly been met in various forms and in activities pursued by the Community Development Department, it was decided that the GEDC should be dissolved due to inactivity. The official dissolution of the GEDC occurred on June 12, 2018.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City except for the fiduciary fund. The effect of interfund activity has been removed from these statements except for the interfund services provided and used. 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.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses 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 in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental, proprietary, and the fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The accounts of the City are organized by 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 of its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance or net position, revenues, and expenditures or expenses, as appropriate. The City reports a total of 67 funds, which are comprised of the General Fund, 1 fiduciary fund, 36 special revenue funds, 1 debt service fund, 8 capital project funds, 5 enterprise funds, and 15 internal service funds.

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 deferred outflows, and liabilities and deferred inflows is the fund balance.

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.
- Housing Assistance - Special Revenue Fund: Used 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.
- Capital Improvement - Capital Project Fund: Used to account for financial resources used for major capital projects of the general government operations. The City has categorized the capital improvement fund as a major fund for public interest reasons. The City believes that this judgmentally determined major fund is particularly important to the financial statements users.

Other governmental funds consist of debt service funds which are used to account for the accumulation and disbursement of financial resources that will be used to make principal and interest payments on long-term debt of the City of Glendale, special revenue funds which account for revenue derived from specific sources as required by law or regulation, and capital projects funds which 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.

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.

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:

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

- 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.

Other nonmajor enterprise funds consist of Refuse Disposal and Fire Communication Funds. The Refuse Disposal Fund is used for the operations of the City-owned refuse collection and disposal services. The Fire Communication Fund is used for the monies received and expended, for the tri-city (Burbank, Glendale, and Pasadena) fire communication operations as the lead City.

Additionally, Internal service funds account for fleet management, technology and wireless equipment management and replacement, building maintenance, compensated absences, retiree health savings plan, other post-employment benefits, and risk management services (including claims for workers' compensation, general liability, medical, dental, vision, and unemployment) provided to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.

Fiduciary Fund Type

The fiduciary fund is used to account for resources held for the benefit of parties outside the City. The City maintains one fiduciary fund, the Glendale Successor Agency Private Purpose Trust Fund.

Since the resources of the fiduciary fund are not available to support the City's programs, it is not reflected in the City's government-wide financial statements. The accounting used for the fiduciary fund is based on the economic measurement focus and the accrual basis of accounting.

Effective February 1, 2012, due to AB 1x 26, the dissolution of Redevelopment Agencies throughout California, the activities of the dissolved Glendale Redevelopment Agency are recorded in the Glendale Successor Agency Private Purpose Trust Fund.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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.

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.

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 after 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, except for the landfill host assessment and landfill loyalty tipping fee that are collected within 90 days. Under the modified accrual basis of accounting, expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, other post employment benefits (OPEB), claims and judgments, are recorded only when payment is due.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Intergovernmental revenues are recognized in the period when all eligibility requirements imposed by the provider are met, and amounts are available.

Licenses and permits, fines and forfeitures, and miscellaneous revenues are 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. However, since investment earnings are measurable and available, they are recorded as earned.

All property taxes are collected and allocated by the County of Los Angeles to the various taxing entities. Property taxes are determined annually as of January 1st and attached as enforceable liens on real property as of July 1st. Taxes are levied on both secured and unsecured property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. The secured property taxes are due November 1st and February 1st and are delinquent if not paid by December 10th and April 10th, respectively. Property taxes on the unsecured roll are due on the March 1st lien date and become delinquent if unpaid on August 31st. Property tax revenues are recognized in the fiscal period for which they are levied and collected, adjusted for any amounts deemed uncollectible and amounts expected to be collected more than 60 days after the fiscal year for governmental funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise 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 non-operating revenues and expenses.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance or Net Position

Cash and Investments

The City combines the cash and investments of all funds into a pool except for funds required to be held by outside fiscal agents under the provisions of bond indentures. Each fund's portion of the pooled cash and investments is displayed on the governmental funds' balance sheets, the proprietary funds' statement of net position, or the fiduciary fund's statement of net position. Governmental Activities have \$402,337 and Business-type Activities have \$202,716 in pooled cash and investments as of June 30, 2018.

The City values its cash and investments at fair value in the statement of net position and recognizes the corresponding change in the fair value of investments in the year in which the change occurred. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City manages its pooled idle cash and investments under a formal investment policy that is reviewed by the Investment Committee, adopted by the City Council and follows 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 outlays required more than normal operating needs.

Interest income from the pooled cash and investments is allocated to all funds, except the Capital Improvement Fund, on a monthly basis based upon the prior month-end cash balance of the fund and as a percentage of the month-end total pooled cash balance.

For purposes of the statement of cash flow of the proprietary fund types, cash, and cash equivalents include all pooled cash and investments, restricted cash, and cash with fiscal agents with an original maturity of three months or less. The City considers the cash and investments pool to be a demand deposit account where funds may be withdrawn and deposited at any time without prior notice or penalty.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Cash and Investments with Fiscal Agents

The City hired Bank of New York Mellon as its trustee or fiscal agent to oversee the implementation of a bond or trust indenture for the City's Certificates of Participation, Electric Revenue Bonds and Water Revenue Bonds. As of June 30, 2018, the City maintains cash and investments with fiscal agents of \$52 in Governmental Activities, \$4,478 in Electric Fund and \$4,170 in Water Fund.

Restricted Cash and Investments

Governmental Activities have \$59,455 in restricted cash and investments as of June 30, 2018. \$27,605 in the General Fund is for the investments for the pension rate stabilization program that is invested in an Internal Revenue Code Section 115 Trust Fund and \$31,850 in the Landfill Postclosure capital project fund is for the postclosure maintenance cost of Scholl Canyon landfill.

Electric Fund has \$5,669 in restricted cash and investments for the environmental compliance funds mandated by South Coast Air Quality Management District (SCAQMD) as of June 30, 2018. \$4,978 is in SCAQMD restricted cash dedicated for environmental projects in compliance with reductions in nitrogen oxides for the utility boilers and the gas turbines, and \$691 is in SCAQMD restricted cash for environmental projects dedicated to the reduction of emission and improvement of public health in Glendale.

Investments-Gas/Electric Commodity

Investment-gas/electric commodity represents the City's implementation of a program to purchase and sell options, calls and puts, in natural gas futures contracts at strike prices. These transactions allow the City to stabilize the ultimate purchase price of natural gas for the City's power plant. These, 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 fair market value. The City has \$1,500 in restricted investment-gas/electric commodity as of June 30, 2018.

Designated Cash and Investments

The cash reserve policies for the Electric Fund and Water Fund were adopted by the City Council in 2003 and subsequently revised in 2006 to ensure long-term sustainable financial health for electric and water operations. Its provisions call for an annual review of the cash reserves to determine if the recommended levels are sufficient. The currently approved cash reserve levels are \$124,100 for the Electric Fund and \$11,300 for the Water Fund as adopted by the City Council on August 29, 2006. As of June 30, 2018, \$124,100 was designated for the Electric Fund in the following categories: \$57,700 for operating reserve, \$40,400 for contingency reserve; \$10,000 for rate stabilization reserve, and \$16,000 for gas reserve project. As of June 30, 2018, \$11,300 was designated for the Water Fund in the following categories: \$3,800 for operating reserve, \$6,500 for contingency reserve, and \$1,000 for rate stabilization reserve. As part of the Electric and Water cost of service and rate studies conducted in FY 2017-18, the consultants determined the existing cash reserve funding levels are sufficient.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Receivables

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

Accounts Receivables – These are comprised primarily of revenues that have been earned but not yet received by the City as of June 30th from individual customers, private entities, and government agencies. This account includes accrued revenues due from other agencies for expenditure driven types of grants whereby the City accrues grant revenues for expenditures or expenses incurred but not yet reimbursed by the grantors. Also, included in this amount are property taxes, sales taxes, to name a few, are earned but not received from the County of Los Angeles as of June 30th of each year. The unbilled services for utility and other services delivered to customers but not billed as of June 30th because of their billing cycle timings. Management determines the allowance for doubtful accounts by evaluating individual customer accounts. Utility customer closed accounts are written off when deemed uncollectible. Recoveries to utility customer receivables previously written off are recorded when received. For non-utility accounts receivable, delinquent notices are sent out to customers with outstanding balances after 30 days. After 60 days, accounts still outstanding are forwarded to a collection agency.

Loans Receivable – The City currently has two types of loans receivable: (1) from Glendale Successor Agency for enforceable obligations with the City after the dissolution of Glendale Redevelopment Agency, and (2) from various Glendale residents and organizations for affordable housing assistance. See Note 4 for more information.

Interfund Transactions

Interfund services provided and used would be treated as revenues and expenditures or expenses if the funds are involved. External organizations to the City's government are accounted for as revenues, referred to as seller funds, and expenditures or expenses, referred to as purchaser funds, in the funds involved. For the fiscal year ended June 30, 2018, the General Fund recorded \$17,410 as interfund revenue for general government services provided to other funds.

Due to/from Other Funds are used when a fund has a temporary cash overdraft. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Transfers in or out are authorized budgetary exchanges of cash between funds.

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 and Fleet/Equipment Management 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. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method, such as insurance, energy purchases, rent, etc.

Capital Assets

Capital assets including land, buildings, improvements, mobile equipment, equipment, intangible, and infrastructure assets (e.g. roads, sidewalks, traffic lights and signals, street lights, etc.), are reported in the applicable governmental or business-type activities columns in the government-wide and respective proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5 or more and an estimated useful life more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Capital outlay is recorded as expenditures of the General Fund, special revenue and capital project funds, and as assets in the government-wide financial statements to the extent the City's capitalization is met. 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.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Building and 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:

| Assets | Years |
|--|-------|
| Building and Improvements | |
| General Structure and Parking Lot Landscaping Improvements | 10 |
| Building and Parking Lot Improvements | 20 |
| Land Improvements | 30 |
| Parks and Wastewater Capacity Upgrades | 40 |
| Transmission-Off System | 50 |
| Local Sewer System | 80 |
| Machinery and Equipment | |
| Police Patrol Vehicles | 3 |
| Computer Systems | 5 |
| Passenger Cars, Pickup/Refuse | 6 |
| Cargo Vans, Street Sweepers | 7 |
| Dump/Tractor/Trailer Trucks | 10 |
| Helicopters | 20 |
| Emergency Response Engines | 20 |
| Intangible | |
| Wastewater Treatment Plan and Conveyance System Facilities | 40 |
| Computer Software | 2-8 |
| Infrastructure (non-sewer) | |
| Traffic Signals | 15 |
| Potable-Services | 20 |
| Supply-Mains and Wells | 25 |
| Supply-Structure Improvements | 30 |
| Supply-Springs, Tunnels, and Potable-Hydrants | 40 |
| Streets, Paved Streets, Paved Alleys and Sidewalks | 50 |
| Potable-Mains | 75 |

In June 2005, the City elected to participate in the Natural Gas Reserve Project through SCPPA and entered into a 25 year Gas Sales Agreement with SCPPA for up to 2,000 MMBtu per day. The project calls for the acquisition and development of gas resources, reserves, fields, wells, and related facilities to provide a long-term supply of natural gas for its participants. The first acquisition was completed on July 1, 2005, with the total cost to the participants at \$306,100. The City's initial share in the project was \$13,100 or 4.28%. Subsequently, capital drilling costs of \$9,050 had been capitalized. As of June 30, 2018, the balance for Natural Gas Reserve Project, net of accumulated natural gas depletion was \$11,125.

Long-term Debt

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt, and other obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary and fiduciary fund statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred. In the governmental funds' statement of revenues, expenditures and changes in fund balances, issuance of debt is recorded as other financing source or use in the respective fund. Issuance costs and payment of principal are reported as debt service expenditures.

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018
(in thousands)

Pension

For purposes of measuring the net pension liability and deferred outflows or inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plan's) and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable by the benefit terms. Investments are reported at fair value. See Note 9 for more information.

Compensated Absences

The total compensated absences liability for the City is \$29,034, which comprises of liabilities from two internal service funds: Employee Benefits Fund and Retiree Health Savings Plan Benefits Fund.

The City records the expense and liability for its employees' earned but unused accumulated vacation and overtime in the Employee Benefits Fund. As of June 30, 2018, the liability is \$14,957, and the City has \$14,658 available in cash dedicated to this liability in the fund.

The City also provides sick leave conversion benefits through the Retiree Health Savings Plan (RHSP). Employees earn one day of sick leave per month and the unused sick leave hours are converted to a dollar amount and deposited in the employee's RHSP account at retirement or termination with 20 years of City service. The account is used to pay healthcare premiums for the retiree and beneficiaries. After the account is exhausted, the retirees can terminate coverage or elect to continue paying from personal funds. The sick leave conversion rates range from \$0.022 to \$0.031 for each hour of sick leave balance, based on the memoranda of understanding agreements between the City and the unions. The sick leave conversions related expense and liability are recorded in the Retiree Health Savings Plan Benefits Fund. As of June 30, 2018, the liability is \$14,077, and the City has \$15,979 available in cash dedicated to this liability in the Fund.

Based on the most recent actuarial valuation dated June 30, 2017, the actuarial accrued liability for the RHSP is \$14,424. The City has a cash reserve of \$13,507 in the RHSP Benefits Fund, which is dedicated to providing benefits, so the unfunded actuarial accrued liability is \$917 as of June 30, 2017. As of June 30, 2018, the City has \$15,979 cash reserve for RHSP, and the actuarial accrued liability rolling forward from FY 2016-17 to FY 2017-18 is \$14,077, so the unfunded actuarial accrued liability is \$1,902. The actuarial accrued liability takes into account an estimate of future sick leave usage, additional sick leave accumulation for current active employees, the investment return of 3.75%, and no increase for sick leave conversion hourly rate.

Other Post Employment Benefits (OPEB)

The City's defined benefit OPEB plan, City of Glendale Retiree Benefits Plan (Plan), provides OPEB for all permanent full-time general and public safety employees of the City. The Plan is a single-employer defined benefit OPEB plan administered by the City and governed by the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. See Note 10 for more information.

Unearned Revenue

The unearned revenue liability reports amounts received in advance of providing goods or services. When the goods or services are provided, this account balance is decreased, and a revenue account is increased.

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 financial statements. Property held for resale is carried at the lower of cost or net realizable value (realizable value less cost to sell).

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Fund Balance

Fund balance classifications for governmental fund types comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. In the fund financial statements, the governmental funds may report nonspendable, restricted, committed, assigned, and unassigned fund balances to show the level of constraint governing the use of the funds.

- Nonspendable fund balances cannot be spent because they are in a nonspendable form, or are required to be maintained intact.
- Restricted fund balances are restricted for specific purposes by third parties or enabling legislation.
- Committed fund balances include amounts that can be used only for specific purposes determined by the formal action through a resolution of the City Council, as they are the highest level of decision-making authority. Council must have at least a 3 to 2 vote to pass a resolution for the specific purpose. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment.
- Assigned fund balances comprise amounts intended to be used by the City for specific purposes but are not restricted or committed. The City Council, in the City's most recently adopted budget resolutions, has delegated the authority to assign fund balances to the City Manager or his/her designee. The financial policies of the City are also updated to reflect this delegation of authority.
- Unassigned fund balances are residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories and include all deficit amounts in all other governmental funds.

When both restricted and unrestricted resources are available for an incurred expenditure, it is the City's policy to spend restricted resources first then unrestricted resources as necessary. When unrestricted resources are available for incurred expenditures, it is the City's policy to use committed amounts first, followed by assigned amounts, and then unassigned amounts.

Net Position

The net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, and deferred outflows of resources, and is reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets, excluding unspent debt proceeds. The net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation externally adopted by the citizens of the City or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then the unrestricted resources as they are needed.

The government-wide statement of net position reports \$174,225 of restricted net position, of which \$48,574 is restricted by enabling legislation. The City Charter requires \$28,115 in restricted net position to be set aside to meet the legal demands against the treasury during the beginning of the new budget period prior to the receipt of ad valorem taxes. Pursuant to redevelopment laws of the State of California, \$20,459 is restricted for low and moderate housing.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Deferred Outflows and Inflows of Resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources or expenses until then. For current or advance refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debts (i.e., deferred charges) is reported as a deferred outflow of resources and amortized to interest expense based on the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter. When the City makes the pension contributions and OPEB payments after the measurement date, the City reports deferred outflows of resources. When there is an increase in pension expense arising from the recognition of change in assumptions and of differences between projected and actual earnings on pension plan investments, the City reports a deferred outflow of resources until the increase is recognized in expense. The City's deferred outflows of resources as of June 30, 2018 is \$147,012, which consists of \$4,571 loss on refunding, \$141,934 related to pensions and \$507 related to OPEB.

In addition to liabilities, the statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources or revenues until then. When there is a decrease in pension and OPEB expense arising from the recognition of changes in assumptions and of differences between expected and actual experience, the City reports a deferred inflow of resources until the decrease is recognized in expense. The City's deferred inflows of resources as of June 30, 2018 is \$26,447, which consists of \$24,854 related to pensions and \$1,593 related to OPEB. When a receivable is recorded in governmental fund financial statements but the revenue is not available, the City reports a deferred inflow of resources until the revenue becomes available. The City has recorded deferred inflows of resources – unavailable revenues of \$23,271 in the General Fund, \$125 in the Housing Assistance Fund, and \$5,872 in the nonmajor governmental funds.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City Council is required to adopt an annual budget for the general, debt service, special revenue, enterprise, and internal service fund types. The City Council annually adopts the capital improvement program for the capital projects funds. The City of Glendale budget presents the Capital Improvement Projects on a ten-year plan basis, with the "Future Years" column representing a cumulative five-year projection. The City Council only approves and authorizes one year of the Capital Improvement Projects. Unspent Capital Improvement Projects in the prior years' budget is carried forward into the new fiscal year. Therefore, an annual budget comparison on multi-year projects is impractical.

All proprietary fund types are accounted for on a cost of service method (net income); therefore, budget comparisons are impractical. Also, the City is not legally mandated to report the results of operations for these enterprise and internal service fund types on a budget comparison basis, and so 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 and appropriations in the General Fund lapse at the end of the year. Therefore, encumbrances are not reserved for commitments made, and budget carryovers may be submitted for the remaining encumbrance. All commitments incurred in the General Fund will be paid with the new budget and approved budget carryovers in the following year, and open capital project appropriations carry over to the next year.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

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

- The City Charter requires that the City Manager submits to the City Council a proposed budget for the coming year on or before June 1st. The operating budget includes both the sources and types of funds for the proposed expenditures.
- In May or June, a public hearing is conducted to obtain citizen input, with the final budget being adopted no later than July 1st.
- The budget is amended during the fiscal year to reflect all transfers and amendments.
- The level of appropriated budgetary control is at the fund level except for the General Fund, which is at the department level. The appropriation may exist across different categories including, salary and fringe benefits, maintenance and operation, and capital outlay. There is no limit as to how much can be shifted between categories as long as the total appropriation does not exceed what Council approved at the department level for General Fund and the fund level for all other funds.

The following General Fund departments and funds over expended their appropriations as of June 30, 2018:

| Funds | Amounts Over Expended |
|---|--------------------------|
| General Fund: | |
| Non-departmental | \$ 101 |
| Filming Fund | 101 |
| Fire Mutual Aid Fund | 1,301 |
| Special Events Fund | 218 |
| Police Building Project Debt Service Fund | 207 |

NOTE 3 – CASH AND INVESTMENTS

Governmental and business-type activities:

Cash and investments as of June 30, 2018 consist of the following:

| | |
|---|-------------------|
| Investments | \$ 737,587 |
| Cash and investments with fiscal agents | 8,700 |
| | <u>746,287</u> |
| Cash held in financial institutions | 69,490 |
| Total | <u>\$ 815,777</u> |

The following amounts are reflected in the government-wide statement of net position:

| | |
|---|-------------------|
| Pooled cash and investments | \$ 605,053 |
| Restricted cash and investments | 65,124 |
| Cash and investments with fiscal agents | 8,700 |
| Investment – gas/electric commodity | 1,500 |
| Designated cash and investments | 135,400 |
| Total | <u>\$ 815,777</u> |

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Authorized Investments

Allowable investments for the portfolio of the City of Glendale are limited by California State Government Code Sections 53600 et seq. They are further restricted by the City Treasurer's investment strategy. Percentages of Investment Participation and percentages of Maximum Participation apply at the time of purchase. Purchase transactions may not exceed \$10,000, nor exceed five-year maturities. Exceptions can only be approved by the City Council. The City Treasurer may invest or deposit in the following types of investments:

| | <u>Maximum Maturity</u> | <u>Maximum Investment Participation</u> | <u>Maximum Investment Exposure</u> |
|---|-----------------------------|---|--|
| U.S. Treasury Notes | 5 years | 100% | None |
| Federal Agencies Securities | 5 years | 100% | None |
| State of California and California Local Agencies Obligation of Other States | N/A | 15% | 5% per issuer |
| Medium Term Notes | N/A | 10% | 5% per issuer |
| Commercial Paper (A1, P1, F1 min. rating) | 5 years | 30% | 5% per issuer |
| Bankers' Acceptances (A1, P1, F1 min. rating) | 270 days | 25% | 10% per issuer |
| Time Deposits (FDIC Insured) | 180 days | 30% | 10% per bank |
| Negotiable Certificates of Deposit (A1, P1, F1 min. rating) | 1 year | 10% | 5% per issuer |
| Local Agency Investment Fund (State Pool) | 1 year | 30% | 5% per issuer |
| | N/A | LAIF maximum (\$65 MM per account) | None |
| Money Market Mutual Funds | 90 days | 20% | 10% per mutual fund |
| Los Angeles County Treasury Pool | N/A | 10% | None |

Investments Authorized by Debt Agreements

The provisions of debt agreements, rather than the general provisions of the California Government Code or the City's investment policy, govern investments of debt proceeds and reserve funds held by fiscal bond agents. Permitted investments are specified in related trust agreements.

No maximum percentage of the related debt issue or maximum investment in one issuer is specified.

Interest Rate Risk

Interest rate risk is the risk that fluctuations in market rates may adversely affect the fair value of an investment. 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.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Governmental and business-type activities:

| | Total | Remaining Maturity (in Months) | | | |
|---------------------------------------|-------------------|--------------------------------|--------------------|--------------------|------------------------|
| | | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More than 60 Months |
| Commercial Paper | \$ 64,470 | 64,470 | - | - | - |
| Federal Agency Term Notes | 105,643 | 9,934 | 24,497 | 71,212 | - |
| Federal Agency Callable Bonds | 24,392 | 4,992 | - | 19,400 | - |
| Medium Term Notes | 191,411 | 17,963 | 23,723 | 149,725 | - |
| Obligations of Other States | 55,306 | 15,028 | 11,439 | 28,839 | - |
| State and Municipal Bonds | 71,701 | 20,410 | 21,981 | 29,310 | - |
| State Investment Pool | 67,873 | 67,873 | - | - | - |
| Los Angeles County Pool | 50,426 | 50,426 | - | - | - |
| U.S. Treasury Notes | 70,144 | 4,944 | 4,911 | 60,289 | - |
| Held by Other Financial Institutions: | | | | | |
| Money Market Accounts | 8,616 | 8,616 | - | - | - |
| Section 115 Trust Fund: | | | | | |
| Money Market Accounts | 879 | 879 | - | - | - |
| Money Market Mutual Funds | 26,726 | 26,726 | - | - | - |
| Held by Fiscal Agents: | | | | | |
| Money Market Accounts | 6,302 | 6,302 | - | - | - |
| Guaranteed Investment Contracts | 2,398 | - | - | - | 2,398 |
| | <u>\$ 746,287</u> | <u>298,563</u> | <u>86,551</u> | <u>358,775</u> | <u>2,398</u> |

Credit Risks

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City purchases investments only in the most risk-adverse instruments, such as Aaa rated government securities, Aaa, Aa or A rated corporate securities, A1, P1, F1 rated commercial paper, negotiable certificates of deposit, and banker's acceptance securities. Investments in State of California and California Local Agencies must be rated "A" or better by a nationally recognized rating service. The City's Investment Policy requires the City to sell medium-term notes with a credit rating below S&P's and Fitch's BBB grade or Moody's Baa2 unless the City Council approves the City Treasurer's recommendation that the security should be retained.

CITY OF GLENDALE

Notes to the Basic Financial Statements
 Fiscal Year Ended June 30, 2018
 (in thousands)

Governmental and business-type activities:

| | Total | Moody's Rating as of June 30, 2018 | | | | | | | |
|---------------------------------------|-------------------|------------------------------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|
| | | A1 | A2 | Aa1 | Aa2 | Aa3 | Aaa | P1 | Unrated |
| Commercial Paper | \$ 64,470 | - | - | - | - | - | - | 64,470 | - |
| Federal Agency Term Notes | 105,643 | - | - | - | - | - | 105,643 | - | - |
| Federal Agency Callable Bonds | 24,392 | - | - | - | - | - | 24,392 | - | - |
| Medium Term Notes | 191,411 | 13,973 | 8,914 | 35,644 | 52,438 | 17,620 | 57,913 | - | 4,909 |
| Obligations of Other States | 55,306 | - | - | 13,651 | 3,559 | - | 1,619 | - | 36,477 |
| State and Municipal Bonds | 71,701 | 465 | 1,270 | - | 12,260 | 29,696 | - | - | 28,010 |
| State Investment Pool | 67,873 | - | - | - | - | - | - | - | 67,873 |
| Los Angeles County Pool | 50,426 | - | - | - | - | - | - | - | 50,426 |
| U.S. Treasury Notes | 70,144 | - | - | - | - | - | 70,144 | - | - |
| Held by Other Financial Institutions: | | | | | | | | | |
| Money Market Accounts | 8,616 | - | - | - | - | - | - | - | 8,616 |
| Section 115 Trust Fund: | | | | | | | | | |
| Money Market Accounts | 879 | - | - | - | - | - | - | - | 879 |
| Money Market Mutual Funds | 26,726 | - | - | - | - | - | - | - | 26,726 |
| Held by Fiscal Agents: | | | | | | | | | |
| Money Market Accounts | 6,302 | - | - | - | - | - | 6,302 | - | - |
| Guaranteed Investment Contracts | 2,398 | - | - | - | - | - | - | - | 2,398 |
| | <u>\$ 746,287</u> | <u>14,438</u> | <u>10,184</u> | <u>49,295</u> | <u>68,257</u> | <u>47,316</u> | <u>266,013</u> | <u>64,470</u> | <u>226,314</u> |

Concentration Risk

The investment policy of the City limits the amounts that may be invested in any one issuer to 5%, 10% per bank for bankers' acceptances, 10% per issuer for commercial paper, or 10% per fund for money market mutual fund. This limit excludes investments in U.S. treasury securities, federal agencies securities, Local Agency Investment Fund and Los Angeles County Pool.

Investments in any one issuer that represent 5% or more of total City investments are as follows:

| Issuer | Investment Type | Reported Amount |
|--------|-------------------------------|------------------|
| FHLB | Federal Agency Callable Bonds | \$ 4,885 |
| | Federal Agency Term Notes | 64,243 |
| | Total | <u>\$ 69,128</u> |
| FNMA | Federal Agency Callable Bonds | \$ 4,867 |
| | Federal Agency Term Notes | 27,251 |
| | Total | <u>\$ 32,118</u> |

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government agency will not be able to recover its deposits or will not be able to recover investment securities that are in possession of an outside party. All of a depositor's accounts at an insured depository institution, including non-interest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250 for each deposit insurance ownership category. The amounts of deposits are collateralized under California law. The Code requires that a financial institution secures deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law unless waived by the governmental unit.

The custodial risk for investments is also twofold. An investment trade transaction occurs between a government agency and counterparty, such as a broker or a dealer. Counterparty risk is the risk that in the event of the failure of a brokerage or dealer to deliver securities after government agency has made payment. The City of Glendale prevents counterparty risk by requiring all trade transactions to be done on a delivery versus payment arrangement.

A government agency uses an independent third-party custodian or safe-keeper to domicile the securities in its portfolio. The City of Glendale uses Bank of America as its third-party safekeeping servicer, and prevents custodial or safekeeping risk by having all securities purchased and owned by the City of Glendale registered in the name of the City, separated from other client securities portfolios, and segregated from securities owned by the bank.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investment in this pool is reported in the accompanying financial statements at fair value based upon the City's pro-rata share of the amortized cost basis provided by LAIF for the entire LAIF portfolio, in relation to the amortized cost of that portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not registered with the Securities and Exchange Commission (SEC) and is not rated.

Investment in Los Angeles County Pool

The City is a voluntary participant in the Los Angeles County Pooled Investment Fund (LACPIF) that is regulated by California Government Code Section 27136 and managed by the Los Angeles County Treasurer. The City's investment in this Pool is reported in the accompanying financial statements of net position and prepared using the accrual basis of accounting. Investments are reported at fair value. The cash flow needs of the participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of participants. The balance available for withdrawal is based on the accounting records maintained by LACPIF. LACPIF is not registered with the Securities and Exchange Commission (SEC) and is not rated.

Investment in Internal Revenue Code Section 115 Trust Fund

The City reviewed the City's obligation to fund the pension obligations and determined that it served the City's interests to pre-fund those benefits. In July 2017, the City Council approved and adopted the funding for a Pension Rate Stabilization Program IRC Section 115 Trust. The Pension Stabilization Trust is a tax-qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to pre-fund pension obligations. The Plan Discretionary Trustee is U.S. Bank and U.S. Bank has delegated investment management responsibilities to High Mark Capital Management, and Public Agencies Retirement Services (PARS) is the Trust Administrator. The City elected the 'Moderately Conservative HighMark Plus' investment approach with a blended investment objective strategy. The primary objective is to provide current income with capital appreciation as secondary objective. The Plan's target rate of return is 5 percent. The asset target allocations for this objective are 3 percent cash source, 50% equity and 47% fixed income. The City funded the trust account totaling \$26,500 in fiscal year 2017-18 and reported as restricted assets and fund balance. The value of the Plan as of June 30, 2018 was \$27,605 of which all was placed in cash money market and money market mutual fund accounts.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals in governmental investment pools, such as LAIF and LACPIF are made on the basis of \$1 and not fair value. Accordingly, the City's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The following is a description of the valuation methods and assumptions used by the City to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2018. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. City management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The City's treasury pools asset market prices are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par.

CITY OF GLENDALE

Notes to the Basic Financial Statements
 Fiscal Year Ended June 30, 2018
 (in thousands)

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy.

For investments classified within Level 2 of the fair value hierarchy, the City's custodians generally uses a multi-dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.

The City does not have any investments that are measured using Level 3 inputs.

As of June 30, 2018, the City has the following fair value measurements:

| | Balance at June 30, 2018 | Fair Value Measurements | | |
|--|--------------------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level: | | | | |
| Commercial Paper | \$ 64,470 | - | 64,470 | - |
| Federal Agency Term Notes | 105,643 | - | 105,643 | - |
| Federal Agency Callable Bonds | 24,392 | - | 24,392 | - |
| Medium Term Notes | 191,411 | - | 191,411 | - |
| Obligations of Other States | 55,306 | - | 55,306 | - |
| State and Municipal Bonds | 71,701 | - | 71,701 | - |
| U.S. Treasury Notes | 70,144 | - | 70,144 | - |
| Section 115 Trust Fund: | | | | |
| Money Market Mutual Funds | 26,726 | 26,726 | - | - |
| Total investments by fair value level | <u>609,793</u> | <u>26,726</u> | <u>583,067</u> | <u>-</u> |
| Investments measured at amortized costs or not subject to fair value hierarchy: | | | | |
| Los Angeles County Pool | 50,426 | | | |
| State Investment Pool | 67,873 | | | |
| Held by Other Financial Institutions: | | | | |
| Money Market Accounts | 8,616 | | | |
| Section 115 Trust Fund: | | | | |
| Money Market Accounts | 879 | | | |
| Held by Fiscal Agents: | | | | |
| Guaranteed Investment Contracts | 2,398 | | | |
| Money Market Accounts | <u>6,302</u> | | | |
| Total investments measured at amortized costs or not subject to fair value hierarchy | <u>136,494</u> | | | |
| | <u>\$ 746,287</u> | | | |

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018
(in thousands)

NOTE 4 – LOANS RECEIVABLE

Verdugo Fire Communications

The Verdugo Fire Communications Center (Verdugo) is a regional dispatch center that was established by the founding cities of Burbank, Glendale, and Pasadena. Verdugo currently dispatches for fourteen fire agencies as dispatching services for the City of Vernon Fire Department began on July 1, 2016. To begin dispatching services, the Vernon Fire Department's equipment and infrastructure needed to be updated and configured to be able to establish connectivity to the Verdugo system. Upon review of the cost associated with the updates and configuration, the tri-city Fire Chiefs agreed, with the approval of the City of Vernon's and the City of Glendale's City Council, to loan the funding to the City of Vernon and executed a promissory note on February 26, 2016. The loan receivable amount was estimated to be \$200, with agreed upon terms of no loan fee or accruing interest, and is required to be repaid within the first two years of the approved dispatch agreement over four semi-annual payments. As of June 30, 2018, the loan receivable was fully paid.

Successor Agency

In February 2012, the Dissolution Act (Assembly Bill x1 26; amended by AB 1484 in June 2012 and SB 107 in September 2015) dissolved California redevelopment agencies and directed their wind-down activities. In Glendale, the City chose to serve as the Glendale Successor Agency ("Agency"). This action impacted the reporting entity of the City of Glendale that had previously reported the redevelopment agency within it and as a blended component unit. Commencing on February 1, 2012, the assets and activities of the dissolved redevelopment agency were reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City. The transfer of the assets and liabilities of the former redevelopment agency from governmental funds of the City to the fiduciary fund was reported in the governmental funds as an extraordinary loss (gain) in its financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Since February 2012, the Agency has completed a series of reports, audits and reviews, and approvals with approval from the Oversight Board and state Department of Finance ("DOF"). These have included two detailed Due Diligence Reviews to determine unobligated fund balances available for transfer to the affected taxing entities. Once the excess funds were distributed to the taxing entities, Glendale received a Finding of Completion (FOC) in May 2013. Following the FOC, Glendale needed to address its real property assets. Thus, Glendale prepared a Long Range Property Management Plan (LRPMP) which was approved by DOF on April 16, 2014. On May 24, 2016, the DOF approved a revision to Glendale's LRPMP to reflect the property at 300 E. Broadway as government use.

With the passage of Senate Bill 107, the requirement to prepare biannual payment schedules known as Recognized Obligation Payment Schedules (ROPS) was replaced with an annual ROPS.

As of June 30, 2018, the reinstated loan amount is \$23,271 which includes \$328 of capitalized interest for FY 2017-18.

Housing

The Housing Authority has offered various housing loans to the residents of the City to create and maintain affordable housing for low and moderate income households. Four different types of housing loans are currently or were formerly funded from Community Development Block Grant (CDBG grant), HOME grant, Low and Moderate Income Housing Asset Fund (LMIHA) program income, and Building Equity and Growth in Neighborhoods Grant (BEGIN grant) funds. Certain Housing Authority loans will be forgiven or restructured when all requirements are met. Because of the uncertainty of collectability, the City has established a policy not to record forgivable and contingent loans on the financial statements. The non-forgivable loans are recorded on the financial statements.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

- *Single Family Home Rehabilitation Loan*

The program was funded by the CDBG grant, HOME grant, and LMIHA. It provided funds for moderate rehabilitation of owner-occupied homes for low and moderate income households. The deferred payment loan is interest-bearing with simple interest rates ranging from 0% to 4% annually for up to 10 years, and with a loan amount up to \$25. Generally, the loan is repaid at the time of sale or transfer of the property and is secured by a deed of trust on the property. This program was eliminated in February 2012; however, there are existing loans receivable. As of June 30, 2018, \$1,685 is outstanding, which is recorded in governmental activities in the government-wide financial statement.

- *First Time Home Buyer Loan*

The program is funded by the HOME grant, LMIHA, and BEGIN grant, and has two categories.

Down Payment Assistance – Resale Homes Purchase. The program provided funds for down payment and affordability gap assistance for the purchase of a resale home by a low or moderate income first time home buyer household. Loan terms varied from 30 to 45 years and required either a 5% simple annual interest rate paid monthly, or a 0% simple annual interest rate with no monthly payments. All loans are second mortgage deferred payment and forgivable up to \$75. If the property is sold, transferred, or no longer owner-occupied before the term expires, the borrower must repay the original principal amount plus an appreciation share. This program was eliminated in February 2012; however, there are existing loans receivable. As of June 30, 2018, \$3,018 is outstanding. As of June 30, 2018, the non-forgivable amount is \$0.

Down Payment Assistance – New Construction Homes Purchase. For new construction units, the amount of the loan is based on the amount of the affordability gap. The loan is secured by a deed of trust on the property and affordable housing covenants. Loans fall into two types. One type is the deferred payment forgivable loan with a loan term of 30 to 45 years; the loan is forgiven at the end of the loan term. If the property is sold, transferred, or no longer owner-occupied before the term expires, the borrower must repay the original principal amount plus an appreciation share. A small set of loans funded through the American Dream Down Payment Assistance Program are forgiven at a set percentage of the principal amount each year. A second type of loan is a deferred payment loan with resale restrictions. This includes the most recent HOME funded loans that are subject to resale restrictions and must be resold to low-income home buyers if sold before the end of the term. As of June 30, 2018, the forgivable loan amount at the end of the term is \$4,138, and is not recorded on the financial statements. The Doran Gardens project loans funded through the BEGIN grant are deferred loans and are to be repaid at the end of the 30-year term. As of June 30, 2018, the non-forgivable amount is \$5,539 and is recorded in governmental activities in the government-wide financial statement.

- *New Construction and Acquisition/Rehabilitation Rental Development Loan*

The program is funded by the HOME grant and LMIHA and provides funds for new construction, acquisition or rehabilitation of affordable rental housing. Loan terms and loan underwriting requirements are negotiated with the developer on a project-by-project basis. The loan is secured by a deed of trust and affordable housing covenants on the property. Loans provide gap assistance to make housing units affordable to low and moderate income households, and units must be rented at an affordable rent. Leveraging of funds with other sources and contribution of developer equity is required. Loans may be second mortgage deferred payment loans, which require loan principal plus interest to be repaid at the end of the loan term, and residual receipt payments are required on some deferred loans. Also, loans may be permanent financing first mortgage loans at below-market interest rates, and monthly amortized payments are required. Such loans would be provided when credit conditions or loan costs are not feasible for the project. As of June 30, 2018, the amount of forgivable or contingent loans is \$96,343, which is not recorded on the financial statements.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

NOTE 5 – INTERFUND TRANSACTIONS

The composition of interfund balances consists of due to/from other funds, advances to/from other funds, and transfers. Due to/from other funds are temporary cash overdrafts between funds. Advances to/from other funds represent an interfund loan extending beyond one year and some advances are formal lending agreements between funds.

Due to/from other funds as of June 30, 2018 consist of the following:

Due to General Fund from:
Nonmajor governmental funds \$ 5,278

Due to General Fund from:
Internal service funds \$ 215

The City reports transfers between many of its funds. The sum of all transfers presented in the following table agrees with the sum of interfund transfers presented in the government-wide, governmental and proprietary fund financial statements. Transfers are used to (1) subsidize the activities of other funds and (2) move revenues from the fund that budget requires to collect them to the fund that budget requires to expend them.

| | <u>Amount</u> | <u>Purpose</u> |
|--|------------------|---|
| Transfers to General Fund from: | | |
| Electric Fund | \$ 20,162 | Fund general fund operations per Charter |
| Nonmajor enterprise funds | <u>1,150</u> | Fund general fund operations |
| | 21,312 | |
| Transfers to Capital Improvement Fund from: | | |
| General Fund | 10,204 | Fund capital improvement projects |
| Transfers to nonmajor governmental funds from: | | |
| General Fund | 977 | 20% of City GSA loan payment |
| General Fund | 85 | Nutritional Meals Grant matching |
| General Fund | 800 | Fund Police Building Project debt service |
| Capital Improvement Fund | <u>2,000</u> | Fund Scholl Canyon Landfill reserve |
| | <u>3,862</u> | |
| Total Interfund Transfers | <u>\$ 35,378</u> | |

CITY OF GLENDALE

Notes to the Basic Financial Statements
 Fiscal Year Ended June 30, 2018
 (in thousands)

NOTE 6 – CAPITAL ASSETS

Capital asset for Governmental activities for the year ended June 30, 2018 was as follows:

| | Balance at July 1 | Increases | Decreases | Reclass | Adjustments- transferred from fiduciary fund* | Balance at June 30** |
|--|----------------------|-----------|-----------|----------|---|-------------------------|
| Capital assets, not being depreciated: | | | | | | |
| Land | \$ 421,748 | - | - | - | 72 | 421,820 |
| Construction in progress | 48,882 | 13,655 | - | (25,920) | - | 36,617 |
| Total assets not being depreciated | 470,630 | 13,655 | - | (25,920) | 72 | 458,437 |
| Depreciable capital assets: | | | | | | |
| Building and improvements | 400,720 | 1,296 | (470) | 9,295 | 2,672 | 413,513 |
| Machinery and equipment | 134,686 | 6,476 | (14,500) | 764 | - | 127,426 |
| Infrastructure | 324,734 | 2,602 | (16,853) | 15,015 | - | 325,498 |
| Total other capital assets at cost | 860,140 | 10,374 | (31,823) | 25,074 | 2,672 | 866,437 |
| Amortizable intangible assets: | | | | | | |
| Intangible assets | - | 243 | - | 758 | - | 1,001 |
| Less accumulated depreciation: | | | | | | |
| Building and improvements | 159,871 | 10,207 | (325) | - | - | 169,753 |
| Machinery and equipment | 95,494 | 6,462 | (14,497) | (12) | - | 87,447 |
| Infrastructure | 118,859 | 7,808 | (16,853) | - | - | 109,814 |
| Total accumulated depreciation | 374,224 | 24,477 | (31,675) | - | - | 367,014 |
| Less amortization: | | | | | | |
| Intangible assets | - | 18 | - | 12 | - | 30 |
| Total assets being depreciated and amortized, net | 485,916 | (13,878) | (148) | 25,832 | 2,672 | 500,394 |
| Governmental activities capital assets, net | \$ 956,546 | (223) | (148) | (88) | 2,744 | 958,831 |

*Includes \$72 of land and \$2,672 of buildings and improvements that was transferred to the governmental activities from fiduciary fund.

**\$57,110 and \$61,441 of buildings, improvements, machinery, equipment, construction in progress and intangible assets for FY2017 and FY2018 respectively from internal service funds are included in governmental activities. \$27,973 and \$30,472 of accumulated depreciation and amortization for FY2017 and FY2018 respectively from internal service funds are included in governmental activities.

Depreciation and amortization expense was charged to functions of the City's governmental activities for the year ended June 30, 2018 as follows:

| | |
|---|-----------|
| Depreciation | |
| General Government | \$ 2,307 |
| Police | 2,082 |
| Fire | 1,147 |
| Public Works | 12,907 |
| Parks, Recreation and Community Services | 2,785 |
| Library | 1,101 |
| Housing, Health and Community Development | 2,148 |
| Total depreciation expense | 24,477 |
| Amortization | 18 |
| Total depreciation and amortization expense | \$ 24,495 |

CITY OF GLENDALE

Notes to the Basic Financial Statements
 Fiscal Year Ended June 30, 2018
 (in thousands)

Capital asset for Business-type activities for the year ended June 30, 2018 was as follows:

| | Balance at July 1 | Increases | Decreases | Reclass | Balance at June 30 |
|---|----------------------|-----------|-----------|----------|-----------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 9,557 | - | - | - | 9,557 |
| Construction in progress | 76,681 | 17,241 | - | (33,095) | 60,827 |
| Total assets not being depreciated | 86,238 | 17,241 | - | (33,095) | 70,384 |
| Depreciable capital assets: | | | | | |
| Building and improvements | 271,976 | 3,324 | - | 764 | 276,064 |
| Machinery and equipment | 562,591 | 2,312 | (10,003) | 28,119 | 583,019 |
| Infrastructure | 152,130 | 91 | - | 4,212 | 156,433 |
| Total other capital assets at cost | 986,697 | 5,727 | (10,003) | 33,095 | 1,015,516 |
| Depletable capital assets: | | | | | |
| Natural gas reserve | 22,149 | 1 | - | - | 22,150 |
| Amortizable intangible assets: | | | | | |
| Intangible assets | 102,644 | 3,017 | - | - | 105,661 |
| Less accumulated depreciation: | | | | | |
| Building and improvements | 99,312 | 5,740 | - | - | 105,052 |
| Machinery and equipment | 334,465 | 26,257 | (10,003) | - | 350,719 |
| Infrastructure | 52,247 | 3,432 | - | - | 55,679 |
| Total accumulated depreciation | 486,024 | 35,429 | (10,003) | - | 511,450 |
| Less accumulated natural gas depletion: | | | | | |
| Natural gas reserve | 9,854 | 1,171 | - | - | 11,025 |
| Less amortization: | | | | | |
| Intangible assets | 46,371 | 3,125 | - | - | 49,496 |
| Total assets being depreciated, depleted, and amortized, net | 569,241 | (30,980) | - | 33,095 | 571,356 |
| Business-type activities capital assets, net | \$ 655,479 | (13,739) | - | - | 641,740 |

Depreciation, depletion and amortization expense was charged to functions of the City's business-type activities for the year ended June 30, 2018 as follows:

| | |
|---|-----------|
| Depreciation | |
| Sewer | \$ 3,025 |
| Electric | 24,947 |
| Water | 5,856 |
| Refuse Disposal | 1,390 |
| Fire Communication | 211 |
| Total depreciation expense | 35,429 |
| Depletion - Electric | 1,171 |
| Amortization - Sewer | 3,125 |
| Total depreciation, depletion, and amortization expense | \$ 39,725 |

CITY OF GLENDALE

Notes to the Basic Financial Statements
 Fiscal Year Ended June 30, 2018
 (in thousands)

NOTE 7 – PROPERTY HELD FOR RESALE

Governmental activities – Home Grant Fund property held for resale at June 30, 2018:

| <u>Acquisition Date</u> | <u>Location</u> | <u>Carrying Value</u> |
|-------------------------|-----------------------|-----------------------|
| May 2015 | 634 and 700 E. Lomita | \$ <u>981</u> |

NOTE 8 – LONG-TERM DEBT AND LIABILITIES

The City's long-term debt and liabilities as of June 30, 2018 consists of the following:

| | <u>Issuance Amount</u> | <u>Balance at June 30, 2017</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance at June 30, 2018</u> | <u>Due within one year</u> |
|---|----------------------------|---|------------------|--------------------|---|------------------------------------|
| Governmental Activities | | | | | | |
| Claims payable | \$ - | 51,394 | 42,709 | 40,835 | 53,268 | 14,369 |
| Compensated absences | - | 21,395 | 9,814 | 8,625 | 22,584 | 2,433 |
| Landfill postclosure care | - | 47,059 | 1,553 | - | 48,612 | - |
| Certificates of Participation (COPs) | 64,200 | 33,785 | - | 1,905 | 31,880 | 1,985 |
| Other long-term liabilities: | | | | | | |
| Capital Lease-Fire equipment lease | | | | | | |
| 2009 – Wells Fargo | 2,299 | 262 | - | 262 | - | - |
| 2011 HUD Section 108 Loan | 2,000 | 1,111 | - | 203 | 908 | 212 |
| Loans payable | 1,444 | - | 1,444 | 850 | 594 | 594 |
| Total other long-term liabilities | 5,743 | 1,373 | 1,444 | 1,315 | 1,502 | 806 |
| Total Governmental Activities long-term liabilities | \$ 69,943 | 155,006 | 55,520 | 52,680 | 157,846 | 19,593 |

For the governmental activities, claims payable and compensated absences are primarily liquidated by the respective internal service funds.

| | <u>Issuance Amount</u> | <u>Balance at June 30, 2017</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance at June 30, 2018</u> | <u>Due within one year</u> |
|--|----------------------------|---|------------------|--------------------|---|------------------------------------|
| Business-type Activities | | | | | | |
| Compensated absences | \$ - | 6,109 | 3,095 | 2,754 | 6,450 | 704 |
| Bonds payable: | | | | | | |
| Electric Revenue Bonds, 2008 series | 60,000 | 1,880 | - | 1,880 | - | - |
| Electric Revenue Bonds, 2013 refunding series | 20,510 | 19,610 | - | 935 | 18,675 | 975 |
| Electric Revenue Bonds, 2013 series | 60,000 | 57,285 | - | 1,130 | 56,155 | 1,175 |
| Electric Revenue Bonds, 2016 refunding series | 72,615 | 71,170 | - | 1,185 | 69,985 | 2,844 |
| Electric Revenue Bonds premium | - | 22,867 | - | 1,132 | 21,735 | 1,132 |
| Water Revenue Bonds, 2008 series | 50,000 | 43,760 | - | 1,370 | 42,390 | 1,421 |
| Water Revenue Bonds, 2012 series | 35,000 | 35,000 | - | 415 | 34,585 | 436 |
| Water Revenue Bonds premium | - | 1,861 | - | 85 | 1,776 | 85 |
| Total bonds payable | 298,125 | 253,433 | - | 8,132 | 245,301 | 8,068 |
| Total Business-type Activities long-term liabilities | \$ 298,125 | 259,542 | 3,095 | 10,886 | 251,751 | 8,772 |

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018
(in thousands)

The City of Glendale Financing Authority

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

The COPs were issued pursuant to the resolutions adopted by the City Council and the board of directors of the Glendale Financing Authority on June 6, 2000. The proceeds of the COPs were used to (a) finance for the acquisition, construction and improvement of a police building (the "Police Building"), (b) establish a reserve fund of \$5,000 in accordance with the trust agreement, and (c) pay for the costs incurred to issue the COPs. Since the issuance of the COPs in 2000 until July 8, 2013, the COPs were subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on five days' notice and delivery to the City's Remarketing Agent.

On May 28, 2013, the City and the Financing Authority adopted Resolution No. 13-76 and Resolution GFA-13-02 respectively, accepting Bank of America's proposal for a Direct Purchase Index Floater (Direct Purchase Agreement) of the Glendale COPs to replace the Standby Bond Purchase Agreement. The direct purchase loan with Bank of America relating to the Certificates of Participation for the Police Building is subject to a mandatory tender for purchase at a price of par plus accrued interest on the earliest of the: (i) mandatory tender date of three years from closing, (ii) date on which the Certificates are converted to another interest rate mode, (iii) or occurrence of an event of default. The variable interest rates were based on 70.0% of monthly LIBOR Index plus a fixed spread of 0.40%.

On May 17, 2016, the City and the Financing Authority adopted Resolution No. 16-82 and Resolution GFA-16-01 respectively, approving a second 3-year contract with Bank of America to purchase Glendale Variable Rate Demand Certificates of Participation. The variable interest rates are based on 70.0% of monthly LIBOR Index plus a fixed spread of 0.48%. Under the Direct Purchase Agreement, the COPs mature in annual installments ranging from \$1,985 to \$3,480 from FY 2018-19 to FY 2029-30. As of June 30, 2018, the principal balance was \$31,880. The average monthly interest rate for FY 2017-18 was 1.52%.

The Financing Authority has leased the Police building back to the City pursuant to a lease agreement dated July 1, 2000. The bond indebtedness is secured by a lease to the City and is payable from rental payments received under terms of the lease agreement. The annual lease payments from the City are to be at a rate sufficient to meet debt service requirements of the outstanding bond indebtedness on the leased premises.

The City of Glendale Housing Authority

HUD Section 108 Loan (Series 2011-A)

Section 108 Loan of \$2,000 was used to acquire and rehabilitate an Emergency Shelter and Homeless Access Center at 1948 Gardena Avenue, Glendale for the S.H. Ho Hope and Compassion Center, a non-profit organization. HUD administers the Section 108 Loan Guarantee program, and the program's purpose is to fill funding gaps on major community / economic development projects throughout the country. The Section 108 Loan Guarantee program was created as part of the original Housing and Community Development Act of 1974. Section 108 obligations are permanently financed through underwritten public offerings. This was the City's second time receiving a Section 108 loan. The City received the loan in November 2011. The term of the loan is ten years with an interest rate of 2.56% and the total interest is \$210. The City has pledged current and future CDBG funds as principal security for the loan. The principal amounts range from \$212 to \$242 annually from FY 2018-19 to FY 2021-22. The Section 108 loan payment is budgeted as a CDBG project each year based on the payment schedule.

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018
(in thousands)

Capital Improvement Projects

Landfill 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 postclosure maintenance and to establish a financial mechanism to demonstrate the availability of funding to conduct 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. The City subcontracts with Los Angeles County Sanitation District (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 10, 2017 was 11.41 million tons. The permitted capacity filled between July 11, 2017 and July 10, 2018 was 0.40 million tons. The total permitted capacity as of August 18, 1989 remains 14.75 million tons. Therefore, the City has 2.94 million tons unfilled capacity remaining. Using an inflation factor from the Sanitation Districts of 1.018, the total estimated care postclosure cost is \$60,714. Using the data above, the amount of \$48,612 is recognized as a long-term liability on the Statement of Net Position. Accordingly, the portion of the estimated total obligation for landfill postclosure costs that has not been recognized in the financial statements is \$12,102. The City records the annual provision for the required landfill deposits as designated cash in the Landfill Postclosure Fund. At the end of June 30, 2018, the City has set aside \$31,850 of this in the Landfill Postclosure Fund. The total current cost of landfill postclosure care is an estimate subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

Capital Lease - Fire Equipment Lease 2009

In December 2008, the City entered into a Master Governmental Lease-Purchase Agreement (the "Master Lease") with Wells Fargo Equipment Finance, Inc. to provide funds for acquisition of fire apparatus, which include one new Pierce Heavy Duty Rescue System mounted on a new 2009 International 7400 Chassis together with all attachments and accessories and four new Pierce 2000 GPM Quantum Triple Combination Pumper Truck Systems mounted on new 2008 Quantum Chassis together with all attachments and accessories. The total cost of the equipment funded was \$2,299 with an annual interest rate of 4.0%. The City makes lease payments each year consisting of principal and interest for a term of ten years commencing in FY 2008-09. The annual lease payment is \$273. Payments are due on December 15 annually. As of June 30, 2018, the capital lease was fully paid.

Loans Payable

In December 2014, the City entered into an agreement with Modern Parking, Inc. ("Agreement") for the procurement and installation of a modernized Parking Access and Revenue Control System (PARCS) for City-owned downtown parking garages. This PARCS replacement contains new automated vehicle exits, updated payment acceptance options (primarily credit card), more thorough auditing reports for improved revenue controls, and an updated camera and intercom system. The total cost of the equipment was \$1,851 with an effective annual interest rate of 6.0%. Subject to the terms of the Agreement, once substantial completion has occurred, the City will pay Modern Parking the monthly amortization payment amount. The substantial completion occurred in November 2017. The City made a deposit of \$406 upon execution of the "Agreement" and made total payments of \$850 as of June 30, 2018. The outstanding balance of the loan agreement as of June 30, 2018 was \$594.

Business-type Activities:

Enterprise Funds

Electric Revenue Bonds, 2008 Series

The Electric utility of Glendale Water and Power issued \$60,000 in revenue bonds in February 2008 to finance the costs of acquisition and construction of certain improvements to the Electric System of the City.

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018
(in thousands)

The Electric Revenue Bonds, 2008 Series were partially refunded in May 2016 with the Electric Revenue Bonds, 2016 Refunding Series. After the issuance of the Electric Revenue Bonds, 2016 Refunding Series, \$1,880 of the partially defeased 2008 Bonds matured at its redemption date on February 1, 2018. \$58,120 of the 2008 Bonds were refunded and deposited into an Escrow Fund established pursuant to an Escrow Agreement dated May 1, 2016 and was fully redeemed on February 1, 2018 at a redemption price of 100% of the principal amount plus accrued interest.

Electric Revenue Bonds, 2013 Refunding Series

The Electric utility of Glendale Water & Power issued \$20,510 in revenue bonds in March 2013 to provide funds to refund all of the City's outstanding Electric Revenue Bonds, 2003 Series and pay cost of issuance. The bond proceeds were deposited in an escrow account and were used to refund the Electric Revenue Bonds, 2003 Series through a legal defeasance.

The current refunding resulted in the recognition of a deferred outflow of resources of \$112 as of June 30, 2018, and is being amortized through FY 2031-32. The reserve requirement of the bond issue is satisfied by a cash reserve fund with a minimum funding requirement of \$4,478 on parity with other Electric revenue bonds. The bonds mature in regularly increasing amounts ranging from \$975 to \$1,805 annually from FY 2018-19 to FY 2031-32.

Electric Revenue Bonds, 2013 Series

The Electric utility of Glendale Water & Power issued \$60,000 in revenue bonds in December 2013 to finance (1) the costs of acquisition and construction of certain improvements to the City's electric public utility (the "Electric System"), (2) making a deposit to the parity reserve fund, and (3) paying the cost of issuance of the 2013 Bonds.

The terms of the 2013 Electric Revenue Bonds' (2013 Bonds) indenture require the trustee to establish and maintain a reserve fund equal to the reserve fund requirement. The reserve fund requirement is defined by the Debt Indentures as the maximum annual debt service on the debt service schedule. Up to 50% of the reserve fund requirement amount may be held in an unrestricted fund or account. The bonds mature in regularly increasing amounts ranging from \$1,175 to \$3,795 annually from FY 2018-19 to FY 2042-43.

Electric Revenue Bonds, 2016 Refunding Series

The Electric utility of Glendale Water & Power issued \$72,615 in revenue bonds in May 2016 to provide moneys for the refunding of all of the City's outstanding Electric Revenue Bonds, 2006 Refunding Series, a portion of the City's outstanding Electric Revenue Bonds, 2008 Series, and paying the costs of issuance of the 2016 Bonds. The bond proceeds were deposited in an escrow account and were used to refund the Electric Revenue Bonds, 2006 Refunding Series and a portion of the outstanding Electric Revenue Bonds, 2008 Series through a legal defeasance. The advance refunding resulted in the recognition of a deferred outflow of resources of \$4,459 as of June 30, 2018, and is being amortized through FY 2037-38.

The terms of the Electric Revenue Bonds, 2016 Refunding Series' (2016 Refunding Bonds) indenture require the trustee to establish and maintain a reserve fund equal to the reserve fund requirement. The reserve fund requirement is defined by the Debt Indentures as the maximum annual debt service on the debt service schedule. Up to 50% of the reserve fund requirement amount may be held in an unrestricted fund or account.

The bonds mature in regularly increasing amounts ranging from \$2,700 to \$4,715 annually from FY 2018-19 to FY 2037-38. The 2016 Refunding Bonds maturing on or prior to February 1, 2026 are not subject to redemption prior to maturity. The 2016 Refunding Bonds maturing on and after February 1, 2027 are subject to redemption prior to maturity, at the option of the City, as a whole or in part, on February 1, 2026, or on any date thereafter, at a redemption price equal to 100% of the principal amount of the 2016 Refunding Bonds to be redeemed, together with accrued interest to the redemption date.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

The Electric utility has pledged future electric customer revenues, net of specified operating expenses, to repay \$213,125 in electric revenue bonds. Proceeds from the bonds financed the costs of the acquisition and construction of certain improvements to the City's electric public system. The bonds are payable solely from Electric Fund's net revenues and is expected to require the net revenues to be at least equal to 1.10 times the amount of the annual debt services as it become due each fiscal year. The total principal and interest remaining to be paid on the bonds through FY 2042-43 is \$229,929. Principal and interest paid and total net available revenues for FY 2017-18 were \$12,576 and \$66,222, respectively.

Water Revenue Bonds, 2008 Series

The Water Utility of Glendale Water & Power issued \$50,000 in revenue bonds in February 2008 to finance the costs of acquisition and construction of certain improvements to the Water System of the City.

The terms of the 2008 Water Revenue Bonds' (2008 Bonds) indenture require the trustee to establish and maintain a reserve fund equal to the reserve fund requirement. The reserve fund requirement is defined by the Debt Indentures as the maximum annual debt service on the debt service schedule. The reserve requirement of the bond issue is satisfied by a cash reserve fund with a minimum funding requirement of \$2,836.

The bonds mature in regularly increasing amounts ranging from \$1,420 to \$3,060 annually from FY 2018-19 to FY 2037-38. The 2008 Bonds maturing on or prior to February 1, 2018 are not subject to redemption prior to maturity. The 2008 bonds maturing on and after February 1, 2019 are subject to redemption prior to maturity, at the option of the City, as a whole or in part, on February 1, 2018, or on any date thereafter, at a redemption price equal to 100% of the principal amount of the 2008 Bonds to be redeemed, together with accrued interest to the redemption date.

Water Revenue Bonds, 2012 Series

The Water Utility of Glendale Water & Power issued \$35,000 in revenue bonds in December 2012 to finance the costs of acquisition and construction of certain improvements to the Water System of the City.

The terms of the 2012 Water Revenue Bonds' (2012 Bonds) indenture require the trustee to establish and maintain a reserve fund equal to the reserve fund requirement. The reserve fund requirement is defined by the Debt Indentures as the maximum annual debt service on the debt service schedule. The reserve requirement of the bond issue is satisfied by a cash reserve fund with a minimum funding requirement of \$1,334.

The bonds mature in regularly increasing amounts ranging from \$435 to \$4,945 annually from FY 2018-19 to FY 2041-42. The 2012 Bonds maturing on or prior to February 1, 2022 are not subject to redemption prior to maturity. The 2012 bonds maturing on and after February 1, 2023 are subject to redemption prior to maturity, at the option of the City, as a whole or in part, on August 1, 2022, or on any date thereafter, at a redemption price equal to 100% of the principal amount of the 2012 Bonds to be redeemed, together with accrued interest to the redemption date.

The Water utility has pledged future water customer revenues, net of specified operating expenses, to repay \$85,000 in water revenue bonds. Proceeds from the bonds financed the costs of the acquisition and construction of certain improvements to the City's water system. The bonds are payable solely from Water Fund's net revenues and is expected to require the net revenues to be at least equal to 1.25 times the amount of the annual debt services as it become due each fiscal year. The total principal and interest remaining to be paid on the bonds through 2043 is \$124,491. Principal and interest paid and total net available revenues for FY 2017-18 were \$5,119 and \$12,977, respectively.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Annual Debt Service Requirement Schedule

The annual debt service requirement schedule for governmental and business-type activities is as follows:

| Fiscal Year | Police Building Project (COPs) Governmental Activities | | Loans Payable Governmental Activities | |
|-------------|--|---------------|--|------------|
| | Interest | Principal | Interest | Principal |
| 2019 | \$ 405 | 1,985 | 41 | 594 |
| 2020 | 425 | 2,070 | - | - |
| 2021 | 437 | 2,155 | - | - |
| 2022 | 442 | 2,320 | - | - |
| 2023 | 437 | 2,405 | - | - |
| 2024-2028 | 1,766 | 14,155 | - | - |
| 2029-2031 | 290 | 6,790 | - | - |
| | <u>\$ 4,202</u> | <u>31,880</u> | <u>41</u> | <u>594</u> |

| Fiscal Year | Section 108 (2011 Series) Loan Governmental Activities | | Electric and Water Revenue Bonds Business-type Activities | |
|-------------|--|------------|---|----------------|
| | Interest | Principal | Interest | Principal |
| 2019 | \$ 18 | 212 | 10,336 | 6,851 |
| 2020 | 14 | 222 | 10,000 | 7,149 |
| 2021 | 9 | 232 | 9,650 | 7,500 |
| 2022 | 3 | 242 | 9,287 | 7,845 |
| 2023 | - | - | 8,901 | 8,220 |
| 2024-2028 | - | - | 37,463 | 47,440 |
| 2029-2033 | - | - | 25,877 | 50,720 |
| 2034-2038 | - | - | 16,150 | 50,015 |
| 2039-2043 | - | - | 4,966 | 36,050 |
| | <u>\$ 44</u> | <u>908</u> | <u>132,630</u> | <u>221,790</u> |

| Fiscal Year | Total Governmental Activities | | Total Business-type Activities | | Total Debt Service |
|-------------|----------------------------------|---------------|-----------------------------------|----------------|--------------------------|
| | Interest | Principal | Interest | Principal | |
| 2019 | \$ 464 | 2,791 | 10,336 | 6,851 | 20,442 |
| 2020 | 439 | 2,292 | 10,000 | 7,149 | 19,880 |
| 2021 | 446 | 2,387 | 9,650 | 7,500 | 19,983 |
| 2022 | 445 | 2,562 | 9,287 | 7,845 | 20,139 |
| 2023 | 437 | 2,405 | 8,901 | 8,220 | 19,963 |
| 2024-2028 | 1,766 | 14,155 | 37,463 | 47,440 | 100,824 |
| 2029-2033 | 290 | 6,790 | 25,877 | 50,720 | 83,677 |
| 2034-2038 | - | - | 16,150 | 50,015 | 66,165 |
| 2039-2043 | - | - | 4,966 | 36,050 | 41,016 |
| | <u>\$ 4,287</u> | <u>33,382</u> | <u>132,630</u> | <u>221,790</u> | <u>392,089</u> |

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018
(in thousands)

NOTE 9 – PENSION PLANS

California Public Employees' Retirement System

General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website at <http://www.calpers.ca.gov>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 for Classic members and age 52 for PEPRA members, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The death benefit is as follows:

If eligible to retire, the Pre-retirement Option 2W Death Benefit; or the Basic Death Benefit of a refund of contributions, plus interest; and up to six months' pay (one month's salary rate for each year of current service to a maximum of six months); and 1959 Survivor Benefit Program Level 4* (may not be payable if the Special Death Benefit is elected).

If not eligible to retire, the Basic Death Benefit of a refund of contributions, plus interest; and up to six months' pay (one month's salary rate for each year of current service to a maximum of six months); and 1959 Survivor Benefit Program Level 4* (may not be payable if the Special Death Benefit is elected).

**1959 Survivor Benefit Program Level 4 may not be applicable if there is no eligible Spouse/Registered Domestic Partner and an unmarried eligible dependent child under age 22. An eligible surviving spouse/registered domestic partner may be entitled to the 1959 Survivor Benefit Program Level 4 benefits as long as they have care of an eligible child (unmarried dependent child of the member living with the member in a parent-child relationship, while under age 22) or the surviving spouse/registered domestic partner is at least age 62 (age 60 at Level 4 and under the Indexed Level). An eligible surviving spouse/registered domestic partner may remarry and continue to receive the allowance.*

CITY OF GLENDALE

Notes to the Basic Financial Statements
 Fiscal Year Ended June 30, 2018
 (in thousands)

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

| | Miscellaneous | | |
|---|-----------------------------|---|--------------------------------|
| | Prior to January 1, 2011 | Between January 1, 2011 and December 31, 2012 | On or after January 1, 2013 |
| Hire date | | | |
| Benefit formula | 2.5% @ 55 | 2% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50-55+ | 50-63+ | 52-67+ |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.5% | 1.4% to 2.4% | 1.0% to 2.5% |

| | Safety | | |
|---|-----------------------------|---|--------------------------------|
| | Prior to January 1, 2011 | Between January 1, 2011 and December 31, 2012 | On or after January 1, 2013 |
| Hire date | | | |
| Benefit formula | 3% @ 50 | 3% @ 55 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years of service | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50-55+ | 50-55+ | 50-57+ |
| Monthly benefits, as a % of eligible compensation | 3.0% | 2.4% to 3.0% | 2.0% to 2.7% |

Employees Covered

At June 30, 2018, the following employees were covered by the benefit terms for each plan:

| | Miscellaneous | Safety |
|--|---------------|--------------|
| Inactive employees or beneficiaries currently receiving benefits | 1,694 | 604 |
| Inactive employees entitled to but not yet receiving benefits | 1,647 | 94 |
| Active employees | 1,356 | 385 |
| Total | <u>4,697</u> | <u>1,083</u> |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Starting for FY 2017-18, the contribution for the unfunded liability is a fixed amount, rather than a rate of the payroll. The City converts the fixed amount into a rate based on the payroll, and combines it with the normal cost rate to calculate the total employer contribution rate.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

In FY 2017-18, for the Miscellaneous Plan, the normal cost rate is 8.321%, the amount for the unfunded liability is \$16,760, and the prepayment amount for the unfunded liability is \$16,165. The City chose the prepayment option to pay the \$16,165 in July 2017, instead of paying 1/12th of \$16,760 on a monthly basis. For FY 2017-18, the City calculates the rate for the unfunded liability to be 17.721%.

The City's Miscellaneous Plan member contribution rates and employer contribution rates for FY 2017-18, including the employees' cost sharing toward the employer rates, are shown in the table below:

| Miscellaneous Plan | | | | | | |
|--------------------|--------------------|--------------------|--------------------------|----------------------------|--------------|---------|
| Employee Group | CalPERS Membership | Retirement Formula | Member Contribution Rate | Employer Contribution Rate | | |
| | | | | Employees' Cost Sharing | City Portion | Total |
| Council Member | Classic (1st Tier) | 2.5% @ 55 | 8.00% | 3.00% | 23.042% | 26.042% |
| | Classic (2nd Tier) | 2.0% @ 55 | 7.00% | 3.00% | 23.042% | 26.042% |
| | PEPRA (3rd Tier) | 2.0% @ 62 | 5.75% | 3.00% | 23.042% | 26.042% |
| Executive | Classic (1st Tier) | 2.5% @ 55 | 8.00% | 4.00% | 22.042% | 26.042% |
| | Classic (2nd Tier) | 2.0% @ 55 | 7.00% | 4.00% | 22.042% | 26.042% |
| | PEPRA (3rd Tier) | 2.0% @ 62 | 5.75% | 4.00% | 22.042% | 26.042% |
| GCEA | Classic (1st Tier) | 2.5% @ 55 | 12.00% | 0.00%* | 22.042% | 22.042% |
| | Classic (2nd Tier) | 2.0% @ 55 | 11.00% | 0.00%* | 22.042% | 22.042% |
| | PEPRA (3rd Tier) | 2.0% @ 62 | 9.75% | 0.00%* | 22.042% | 22.042% |
| IBEW | Classic (1st Tier) | 2.5% @ 55 | 8.00% | 3.00% | 23.042% | 26.042% |
| | Classic (2nd Tier) | 2.0% @ 55 | 7.00% | 3.00% | 23.042% | 26.042% |
| | PEPRA (3rd Tier) | 2.0% @ 62 | 5.75% | 3.00% | 23.042% | 26.042% |
| GMA | Classic (1st Tier) | 2.5% @ 55 | 8.00% | 4.00% | 22.042% | 26.042% |
| | Classic (2nd Tier) | 2.0% @ 55 | 7.00% | 4.00% | 22.042% | 26.042% |
| | PEPRA (3rd Tier) | 2.0% @ 62 | 5.75% | 4.00% | 22.042% | 26.042% |

GCEA - Glendale City Employee Association

IBEW - International Brotherhood of Electrical Workers

GMA - Glendale Management Association

* Effective May 2013, GCEA members' cost sharing rate (3%-4%) became part of their member contribution rate.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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In FY 2017-18, for the Safety Plan, the normal cost rate is 18.813%, the amount for the unfunded liability is \$13,416, and the prepayment amount for the unfunded liability is \$12,940. The City chose the prepayment option to pay the \$12,940 in July 2017, instead of paying 1/12th of \$13,416 on a monthly basis. For FY 2017-18, the City calculates the rate for the unfunded liability to be 25.586%.

The City's Safety Plan member contribution rates and employer contribution rates for FY 2017-18, including the employees' cost sharing toward the employer rates, are shown in the table below:

| Safety Plan | | | | | | |
|--------------------|--------------------|--------------------|--------------------------|----------------------------|--------------|---------|
| Employee Group | CalPERS Membership | Retirement Formula | Member Contribution Rate | Employer Contribution Rate | | |
| | | | | Employees' Cost Sharing | City Portion | Total |
| Executive - Fire | Classic (1st Tier) | 3.0% @ 50 | 9.00% | 4.00% | 40.399% | 44.399% |
| | Classic (2nd Tier) | 3.0% @ 55 | 9.00% | 4.00% | 40.399% | 44.399% |
| | PEPRA (3rd Tier) | 2.7% @ 57 | 10.75% | 4.00% | 40.399% | 44.399% |
| Executive - Police | Classic (1st Tier) | 3.0% @ 50 | 9.00% | 4.00% | 40.399% | 44.399% |
| | Classic (2nd Tier) | 3.0% @ 55 | 9.00% | 4.00% | 40.399% | 44.399% |
| | PEPRA (3rd Tier) | 2.7% @ 57 | 10.75% | 4.00% | 40.399% | 44.399% |
| GMA - Fire | Classic (1st Tier) | 3.0% @ 50 | 9.00% | 4.00% | 40.399% | 44.399% |
| | Classic (2nd Tier) | 3.0% @ 55 | 9.00% | 4.00% | 40.399% | 44.399% |
| | PEPRA (3rd Tier) | 2.7% @ 57 | 10.75% | 4.00% | 40.399% | 44.399% |
| GMA - Police | Classic (1st Tier) | 3.0% @ 50 | 9.00% | 3.50% | 40.899% | 44.399% |
| | Classic (2nd Tier) | 3.0% @ 55 | 9.00% | 3.50% | 40.899% | 44.399% |
| | PEPRA (3rd Tier) | 2.7% @ 57 | 10.75% | 3.50% | 40.899% | 44.399% |
| GFFA | Classic (1st Tier) | 3.0% @ 50 | 9.00% | 4.00% | 40.399% | 44.399% |
| | Classic (2nd Tier) | 3.0% @ 55 | 9.00% | 4.00% | 40.399% | 44.399% |
| | PEPRA (3rd Tier) | 2.7% @ 57 | 10.75% | 3.50% | 40.899% | 44.399% |
| GPOA | Classic (1st Tier) | 3.0% @ 50 | 9.00% | 3.50% | 40.899% | 44.399% |
| | Classic (2nd Tier) | 3.0% @ 55 | 9.00% | 3.50% | 40.899% | 44.399% |
| | PEPRA (3rd Tier) | 2.7% @ 57 | 10.75% | 1.75% | 42.649% | 44.399% |

GMA - Glendale Management Association
 GFFA - Glendale Fire Fighter Association
 GPOA - Glendale Police Officer Association

CITY OF GLENDALE

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(in thousands)

As shown in the rates tables, in addition to the required member contributions, the City employees also contribute a portion of the required employer contribution, based on bargaining units' MOUs. The required employer contributions to the Miscellaneous and Safety plans were \$23,741 and \$22,470, respectively, for the year ended June 30, 2018. The breakdown of the required employer contribution between the City portion and the employee portion is as follows:

| Plan | Annual Required Employer Contribution | City Contribution | Employees' Cost Sharing |
|---------------|--|-------------------|----------------------------|
| Miscellaneous | \$ 23,741 | 20,205 | 3,536 |
| Safety | | | |
| Police | 13,033 | 12,200 | 833 |
| Fire | 9,437 | 8,443 | 994 |
| Total Safety | 22,470 | 20,643 | 1,827 |
| Total | \$ 46,211 | 40,848 | 5,363 |

Net Pension Liability

The City's net pension liability for each plan was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions

The June 30, 2016 valuation was rolled forward to determine the June 30, 2017 total pension liability, based on the following actuarial methods and assumptions:

| | |
|----------------------------------|---|
| Valuation date | June 30, 2016 |
| Measurement date | June 30, 2017 |
| Actuarial cost method | Entry Age Normal Cost Method |
| Actuarial assumptions: | |
| Discount rate | 7.15% |
| Inflation | 2.75% |
| Salary increase | Varies by Entry Age and Service |
| Mortality rate table | Derived using CalPERS' Membership Data for all Funds |
| Post-retirement benefit increase | Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter |

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report. All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS website at www.calpers.ca.gov under Forms and Publications.

Change of Assumptions

For the measurement date June 30, 2017, the accounting discount rate reduced from 7.65% to 7.15%.

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Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Discount Rates

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

| <u>Asset Class</u> | <u>Current Target Allocation</u> | <u>Real Return Years 1-10 *</u> | <u>Real Return Years 11+ **</u> |
|-------------------------------|--|-------------------------------------|-------------------------------------|
| Global Equity | 47.00% | 4.90% | 5.38% |
| Global Fixed Income | 19.00% | 0.80% | 2.27% |
| Inflation Sensitive | 6.00% | 0.60% | 1.39% |
| Private Equity | 12.00% | 6.60% | 6.63% |
| Real Estate | 11.00% | 2.80% | 5.21% |
| Infrastructure and Forestland | 3.00% | 3.90% | 5.36% |
| Liquidity | 2.00% | (0.40%) | (0.90%) |
| Total | 100.00% | | |

*An expected inflation of 2.5% used for this period.

**An expected inflation of 3.0% used for this period.

CITY OF GLENDALE

Notes to the Basic Financial Statements
 Fiscal Year Ended June 30, 2018
 (in thousands)

Changes in the Net Pension Liability

The changes in the Net Pension Liability measured as of June 30, 2017 for each plan is as follows:

Miscellaneous Plan:

| | Increase (Decrease) | | |
|---|-----------------------------------|---------------------------------------|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (c) = (a) – (b) |
| Balance at June 30, 2017 | \$ 1,009,768 | 745,881 | 263,887 |
| Changes in the year: | | | |
| Service cost | 15,513 | - | 15,513 |
| Interest on the total pension liability | 74,508 | - | 74,508 |
| Changes of assumptions | 62,163 | - | 62,163 |
| Differences between actual and expected experience | (11,313) | - | (11,313) |
| Net plan to plan resource movement | - | 2 | (2) |
| Contribution from the employer | - | 18,558 | (18,558) |
| Contribution from the employees | - | 8,518 | (8,518) |
| Net investment income | - | 82,439 | (82,439) |
| Benefit payments, including refunds of employee contributions | (52,599) | (52,599) | - |
| Administrative expense | - | (1,101) | 1,101 |
| Net changes | <u>88,272</u> | <u>55,817</u> | <u>32,455</u> |
| Balance at June 30, 2018 | <u>\$ 1,098,040</u> | <u>801,698</u> | <u>296,342</u> |

Safety Plan:

| | Increase (Decrease) | | |
|---|-----------------------------------|---------------------------------------|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (c) = (a) – (b) |
| Balance at June 30, 2017 | \$ 754,987 | 503,155 | 251,832 |
| Changes in the year: | | | |
| Service cost | 14,641 | - | 14,641 |
| Interest on the total pension liability | 56,003 | - | 56,003 |
| Changes of assumptions | 47,703 | - | 47,703 |
| Differences between actual and expected experience | (7,654) | - | (7,654) |
| Net plan to plan resource movement | - | (2) | 2 |
| Contribution from the employer | - | 19,843 | (19,843) |
| Contribution from the employees | - | 4,305 | (4,305) |
| Net investment income | - | 55,289 | (55,289) |
| Benefit payments, including refunds of employee contributions | (38,186) | (38,186) | - |
| Administrative expense | - | (743) | 743 |
| Net changes | <u>72,507</u> | <u>40,506</u> | <u>32,001</u> |
| Balance at June 30, 2018 | <u>827,494</u> | <u>543,661</u> | <u>283,833</u> |
| Total for both plans at June 30, 2018 | <u>\$ 1,925,534</u> | <u>1,345,359</u> | <u>580,175</u> |

CITY OF GLENDALE

Notes to the Basic Financial Statements

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(in thousands)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of each Plan, calculated using the discount rate of 7.15%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | <u>Miscellaneous</u> | <u>Safety</u> | <u>Total</u> |
|-----------------------|----------------------|---------------|--------------|
| 1% Decrease | 6.15% | 6.15% | 6.15% |
| Net Pension Liability | \$ 445,850 | 399,747 | 845,597 |
| Current Discount Rate | 7.15% | 7.15% | 7.15% |
| Net Pension Liability | \$ 296,342 | 283,833 | 580,175 |
| 1% Increase | 8.15% | 8.15% | 8.15% |
| Net Pension Liability | \$ 173,514 | 189,163 | 362,677 |

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the City reported net pension liability, deferred outflows of resources and deferred inflows of resources for both Miscellaneous and Safety Plans as follows:

| | <u>Net Pension Liability</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---------------------------|------------------------------|---------------------------------------|--------------------------------------|
| Governmental activities: | | | |
| Miscellaneous plan | \$ 190,951 | 47,692 | 7,647 |
| Safety plan | 283,833 | 66,215 | 12,716 |
| Total | \$ 474,784 | 113,907 | 20,363 |
| Business-type activities: | | | |
| Miscellaneous plan | \$ 105,391 | 28,027 | 4,491 |

Miscellaneous Plan:

For the year ended June 30, 2018, the City recognized pension expense of \$34,640. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---------------------------------------|--------------------------------------|
| Pension contributions subsequent to measurement date | \$ 23,741 | - |
| Changes of assumptions | 40,727 | 567 |
| Differences between expected and actual experience | - | 11,571 |
| Net differences between projected and actual earnings on plan investments | 11,251 | - |
| Total | \$ 75,719 | 12,138 |

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

The amount of \$23,741 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

| <u>Year ended June 30,</u> | <u>Amounts</u> |
|----------------------------|------------------|
| 2019 | \$ 12,371 |
| 2020 | 28,768 |
| 2021 | 4,742 |
| 2022 | <u>(6,041)</u> |
| Total | <u>\$ 39,840</u> |

Safety Plan:

For the year ended June 30, 2018, the City recognized pension expense of \$36,351. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Pension contributions subsequent to measurement date | \$ 22,470 | - |
| Changes of assumptions | 35,778 | 3,751 |
| Differences between expected and actual experience | - | 8,965 |
| Net differences between projected and actual earnings on plan investments | <u>7,967</u> | <u>-</u> |
| Total | <u>\$ 66,215</u> | <u>12,716</u> |

The amount of \$22,470 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

| <u>Year ended June 30,</u> | <u>Amounts</u> |
|----------------------------|------------------|
| 2019 | \$ 4,697 |
| 2020 | 17,164 |
| 2021 | 13,140 |
| 2022 | <u>(3,972)</u> |
| Total | <u>\$ 31,029</u> |

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Supplemental Retirement Plan

In May 2012, in an effort to substantially reduce staffing levels to address a projected \$15,400 General Fund shortfall for FY 2012-13, the City contracted with Public Agency Retirement Services (PARS) to offer an early retirement incentive plan to provide supplemental retirement benefit payments to eligible employees in addition to the benefit payments the employees will receive from the California Public Employees' Retirement System (CalPERS). To be eligible to participate in the plan, the employees must have been a Glendale City Employee Association (GCEA) or Glendale Management Association (GMA) employee, be at least 50 years of age as of September 1, 2012, and have a minimum 5 years of CalPERS service credit. The employees needed to resign from the City by August 31, 2012. The plan offered 5% of the employees' final pay, which the employees could choose various options to receive the payment, such as unmodified lifetime monthly payment, or higher fixed monthly payment for a fixed number of years. There were 122 employees who participated in the plan.

In October 2012, the City provided the same early retirement incentive plan to the employees represented by International Brotherhood of Electrical Workers Association (IBEW), and also offered an extension of the incentive program to employees represented by GCEA and GMA. The same parameters were applied for the extension of the incentive program, with the exception of the retirement eligibility date and date of separation advancing to October 31, 2012. There were 30 additional employees participating in the second phase. The plan is closed, and \$45 was paid to PARS in FY 2017-18.

Public Agency Retirement Services (PARS)

The PARS Trust, created in 1991, is a trust arrangement established to provide economies of scale and efficiencies of administration to public agencies that adopt it to hold the assets of their agency retirement plans maintained for the benefit of their employees. The Omnibus Budget Reconciliation Act of 1990 (OBRA 90) amended the Internal Revenue Code to mandate that employees of public agencies, who are not members of their employer's existing retirement system as of January 1, 1992, be covered under Social Security or an alternate plan. The PARS ARS Plan satisfies the OBRA 90 Federal Requirements. It is intended that this plan and the trust established to hold the assets of the plan shall be qualified under Section 401(a) and tax-exempt under Section 501(a) of the Internal Revenue Code of 1986, as amended, and meet the requirements of California Government Code Sections 53215 through 53224 providing how pension trusts must be established by public agencies. Through PARS, agencies have the ability to design and control retirement plans according to their own specific needs, including specific collective bargaining requirements. The City adopted the PARS ARS Plan, effective September 1, 1999 as an alternate plan to Social Security for the hourly employees who are not eligible for participation in the City's CalPERS retirement plan.

Any City hourly employee who is not eligible to enroll in the CalPERS retirement plan is enrolled in PARS-ARS instead of social security. After completing 1,000 work hours within a fiscal year, hourly employees are eligible to enroll in CalPERS retirement plan. For each pay period, employees contribute 6.2%, and the City contributes 1.3% of employee earnings into employees' PARS account. Both contributions are made on pre-tax basis. For FY 2017-18, PARS payments were \$92 and \$19 for employee portion and employer portion, respectively. The amount of the City's outstanding liability is zero, since the plan is fully funded, and it's a defined contribution plan. A participant in the PARS ARS Plan becomes eligible to receive his/her funds when one of the following events occurs: separation, retirement, permanent and total disability, and change of employment status to a position covered by another retirement system or death.

NOTE 10 – Other Post Employment Benefits Than Pensions (OPEB)

Plan Description

The City's defined benefit OPEB plan, City of Glendale Retiree Benefits Plan (Plan), provides OPEB for all permanent full-time general and public safety employees of the City. The Plan is a single-employer defined benefit OPEB plan administered by the City and governed by the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Benefits Provided

The City provides Medicare Part A reimbursements to retirees and their spouses if the retirees were hired in the City prior to April 1, 1986, and ineligible for premium-free Medicare Part A.

The City also provides cash subsidy for medical insurance premiums to three groups of retirees: (1) retirees who retired before July 1, 2001, and the length of the subsidy was pre-determined based on the retirees' sick leave balances at the time of retirement. The subsidy is capped by the actual premium, and the unreduced city-paid amount continues to surviving spouses if the retirees die prior to the pre-determined payment period; (2) retirees who retired before June 1, 2016 with a minimum of 10 years of City service, enroll in a City sponsored medical plan and meet the annual income requirement. The eligibility and subsidy amount are evaluated on an annual basis. This is a lifetime subsidy for the eligible retirees except it will discontinue at age 65 for the retirees with enhanced pension benefits. The benefit will continue to surviving spouses, if applicable; (3) the surviving spouses and dependents of deceased retirees if the retirees retired before June 1, 2008 and enrolled in Anthem Blue Cross PPO at the time of the death, and the length of subsidy is two years.

The City also provides cash subsidy for medical insurance premium to surviving spouses and dependents of active non-safety employees who pass away during their employment with the City. The subsidy is two years for the City Council, the Executives and the GMA employees, regardless of the medical insurance plans enrolled at the time of the death. The subsidy is two years for GCEA and IBEW employees if enrolled in Anthem Blue Cross PPO at the time of the death. The subsidy is two years for GCEA and IBEW employees if enrolled in HMO plans at the time of the death and if the employees' death is a result of injuries incurred in the performance of his/her assigned duties. At the same time, the City provides cash subsidy for dental insurance premium to surviving spouses and dependents of active safety employees who pass away during their employment with the City. The subsidy continues until the spouses turn 65 and the children turn 26 (if applicable).

The above benefits offered to retirees are no longer available to new entrants because of the restriction of the retirement dates. Benefits payments made by the City for the year ended June 30, 2018 were \$507.

Employees Covered by Benefit Terms

At June 30, 2017, the most recent valuation date, the following current and former employees were covered by the benefit terms under the Plan:

| | |
|--|---------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 89 |
| Inactive employees entitled to but not yet receiving benefit payments | 251 |
| Active employees | <u>1,399</u> |
| Total | <u><u>1,739</u></u> |

Total OPEB Liability

The City's total OPEB liability of \$15,738 was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2017. A summary of principal assumptions and methods used to determine the total OPEB liability is shown below.

CITY OF GLENDALE

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Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------------|--|
| Actuarial valuation date | June 30, 2017 |
| Measurement date | June 30, 2017 |
| Discount rate | 3.58% |
| General inflation | 2.75% per annum |
| Medicare Part A premium increases | 3.75%/year (inflation + 1%) Not related to health care trend |
| Healthcare cost trend rate | Non-Medicare – 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare – 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years |

The discount rate was based on the Bond Buyer 20-Bond GO index.

Mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study. Post-retirement mortality was projected fully generational using Society of Actuaries (SOA) Scale MP-2017.

Changes in the Total OPEB Liability

The changes in the total OPEB liability measured as of June 30, 2017 is as follows:

| | | <u>Total OPEB Liability</u> |
|--------------------------|----|-----------------------------|
| Balance at June 30, 2017 | \$ | 17,465 |
| Changes in the year: | | |
| Service cost | | 57 |
| Interest | | 493 |
| Assumption changes | | (1,790) |
| Benefit payments | | (487) |
| Net changes | | <u>(1,727)</u> |
| Balance at June 30, 2018 | \$ | <u>15,738</u> |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

| | | <u>2.58%</u> | <u>3.58%</u> | <u>4.58%</u> |
|----------------------|----|--------------|--------------|--------------|
| Total OPEB Liability | \$ | 18,268 | 15,738 | 13,702 |

CITY OF GLENDALE

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(in thousands)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | <u>1% Decrease (Trend -1%)</u> | <u>Current Trend Rates</u> | <u>1% Increase (Trend +1%)</u> |
|----------------------|------------------------------------|--------------------------------|------------------------------------|
| Total OPEB Liability | \$ 15,530 | 15,738 | 15,985 |

Non-Medicare trend rate of 7.5%, decreasing to an ultimate rate of 4.0% in 2076 and later years. Medicare trend rate of 6.5%, decreasing to an ultimate rate of 4.0% in 2076 and later years.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$353. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| OPEB payments made subsequent to the measurement date | \$ 507 | |
| Changes of assumptions | | \$ 1,593 |

The amount of \$507 reported as deferred outflows of resources related to OPEB payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019.

Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year ended June 30,</u> | <u>Amounts</u> |
|----------------------------|-------------------|
| 2019 | \$ (197) |
| 2020 | (197) |
| 2021 | (197) |
| 2022 | (197) |
| 2023 | (197) |
| Thereafter | (608) |
| Total | <u>\$ (1,593)</u> |

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018
(in thousands)

NOTE 11 – NET DEFICITS OF INDIVIDUAL FUNDS

As of June 30, 2018, the following funds have negative fund balances or net position:

Governmental funds:

Special revenue funds:

| | | |
|--------------------------------|----|-------|
| CDBG Fund | \$ | 2 |
| Continuum of Care Grant Fund | | 97 |
| Grant Fund | | 620 |
| Measure H Fund | | 52 |
| PW Special Grants Fund | | 84 |
| Measure R Regional Return Fund | | 1,846 |
| Fire Grant Fund | | 179 |

Capital projects funds:

| | | |
|------------------------|----|-------|
| CIP Reimbursement Fund | \$ | 1,763 |
|------------------------|----|-------|

Proprietary funds:

Internal service funds:

| | | |
|-------------------------------|----|-------|
| Compensation Insurance Fund | \$ | 9,213 |
| Medical Insurance Fund | | 596 |
| Employee Benefits Fund | | 38 |
| Post Employment Benefits Fund | | 229 |

The CDBG Fund, Continuum of Care Grant Fund, Grant Fund, Measure H Fund, PW Special Grants Fund, Measure R Regional Return Fund, Fire Grant Fund and CIP Reimbursement Fund are reimbursement type funds. The City requests reimbursement of actual expenditures. As such, there will always be a timing difference between revenues and expenditures resulting in a deficit, as revenues do not represent available resources.

Compensation Insurance Fund – The deficit has decreased in FY 2017-18 due to the premium increases. The City will continue to increase future premiums to eliminate the deficit.

Medical Insurance Fund – The deficit has decreased in FY 2017-18 due to premium increases. The City will increase future premiums to eliminate the deficit.

Employee Benefits Fund – The deficit has increased in FY 2017-18 due to large payouts. The City will continue to increase premiums in the future to eliminate the deficit.

Post Employment Benefits Fund – The deficit was a result of large postemployment benefits payouts. The City will increase future premiums to eliminate the deficit.

NOTE 12 – 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, unemployment insurance, general auto, dental, medical and vision as well as public liability 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, and destruction of assets as well as excess workers' compensation and general public liability claims. The City also purchases property, aviation and employee dishonesty insurance. There were no significant settlements or reductions in insurance coverage from settlements for the past three years. The insurance schedule for FY 2017-18 is as follows:

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 (in thousands)

| Insurance Type | Program Limits | Deductible/SIR (self-insured retention) |
|---|----------------|---|
| Excess Liability Insurance | \$ 25,000 | \$2,000 SIR per occurrence |
| D & O Employment Practices | 2,000 | \$250 SIR non-safety; \$500 SIR safety |
| Excess Workers' Comp Employer's Liability Insurance | Statutory | \$2,000 SIR per occurrence |
| Property Insurance (GWP) | 250,000 | Various deductibles up to \$250 |
| Property Insurance (Non-GWP) | 500,000 | \$25 deductible all locations |
| Aviation Insurance (Police Helicopter) | 50,000 | Various deductibles |
| Employee Dishonesty – Crime Policy | 5,000 | \$25 |
| Cyber Insurance | 5,000 | \$100 |

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.

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, 2018 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 Liability Insurance Fund, Compensation Insurance Fund and Medical Insurance Fund for claims for the current fiscal and the prior fiscal year are as follows:

| Fiscal Year | Beginning Balance | Claims and Charges | Claim Payments | Ending Balance |
|-------------|-------------------|--------------------|----------------|----------------|
| 2016-17 | \$ 41,942 | 53,767 | 44,315 | 51,394 |
| 2017-18 | \$ 51,394 | 42,708 | 40,834 | 53,268 |

The City has numerous claims and pending legal proceedings that generally involve accidents regarding its citizens on City property and employment issues. These proceedings are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the City. In the opinion of management, such proceedings are substantially covered by insurance, and the ultimate disposition of such proceedings are not expected to have a material adverse effect on the City's financial position, results of operations, or cash flows.

NOTE 13 – CONTINGENT LIABILITIES AND COMMITMENTS

Power Purchase Agreements

The City first participated in the Boulder Canyon Project for electric service from the Hoover Power Plant in 1937 for a term of 50 years, which expired on May 31, 1987. In January 1987, the City renewed the contract with the United States Bureau of Reclamation providing for the advancement of funds for the Hoover Uprating Project and Western Area Power Administration for the purchase of power from the project. The renewed contract is for a term of 30 years from 1987 to 2017. In September 2016, the Boulder Canyon Project agreement was amended and restated to extend the term through September 30, 2067. The City is entitled to 20.198 megawatts.

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 in California. The City began taking delivery of the energy on September 1, 2003.

In June 2005, the City entered into a 25-year power sales agreement with the Southern California Public Power Authority (SCPPA) for the Ormat Geothermal Energy Project for purchase of up to 3 megawatts of the project electric energy. The project began commercial operation in January 2006.

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In October 2006, the City entered into a 16-year contract with PPM Energy, Inc. for the purchase of 10 megawatts of capacity from wind-powered resources in Wyoming. The City began taking delivery of the energy under WSPP master agreement from July 1, 2006 through September 30, 2006. The contract term started on October 1, 2006.

In November 2007, City Council approved a purchase power agreement with SCPPA for the purchase of 20 megawatts of renewable energy from Pebble Springs Wind Generation Facility for a term of 18-years. The project began commercial operation in January 2009.

In September 2014, the City entered into a 25-year contract with Skylar Resources LP for the procurement of 50 megawatts of firmed renewable solar. At least fifty percent of 50 megawatts/hour is guaranteed by the seller to qualify as Portfolio Content Category 1 (PCC1) renewable energy on an annual basis. In November 2015, the transaction was bifurcated into 2 separate renewable energy transactions, one with a term of December 1, 2015 through December 31, 2019, and the other with a term of January 1, 2020 through November 20, 2040. The 4-year transaction was subsequently novated to Morgan Stanley Capital Group. The City began taking delivery of the energy on December 2015. In June 2017, the 21-year contract with Skylar was terminated and replaced concurrently with a new power purchase agreement with a higher percentage of renewable and zero-carbon energy. Under the new agreement, Skylar is obligated to deliver at least 55% PCC1 renewable and 20% zero-carbon energy.

Certain Sales Tax Revenues

On September 24, 2007, HdL Companies (HdL), which is the City's sales tax consultant, submitted petitions to the California Department of Tax and Fee Administration (CDTFA – formerly known as Board Equalization or BOE) on behalf of all their client cities regarding Case ID 606763 and Case ID 606835 (Sales v. Use Tax/Place of Allocation). These cases pertain to the City of Buena Park and a local business (hereafter referred to as Taxpayer).

The Taxpayer sells computer hardware and peripherals to government and business accounts. After signing a tax sharing agreement with the City of Buena Park, the Taxpayer began reporting these transactions as sales tax and allocating the local 1% tax to their office in the City of Buena Park.

According to CDTFA, since the merchandise is shipped from out of state, the applicable tax is a use tax that should be allocated to the various countywide pools based on delivery. The Taxpayer contends that the terms of their sales agreements stipulate that title passes at the time of delivery in this state, and therefore the transactions are subject to sales tax. However, CDTFA states that title cannot pass after the seller has given the merchandise to a common carrier.

In both their Allocation Group Decision and Supplemental Decision, CDTFA granted the HdL petitions and ruled that the tax was a use tax and should be distributed via the countywide pools. The City of Buena Park has appealed both decisions, and the matter has been elevated to the CDTFA Appeals Division.

After further review, the CDTFA Appeals Division determined that the City of Buena Park would receive portion of the sales tax revenues; however, majority of the sales tax revenue would be reallocated to the Countywide Pool as a use tax.

In spring 2014, the Taxpayer moved their California office from Buena Park to Glendale and has continued the same practice by allocating the 1% sales tax to their office in the City of Glendale. The Taxpayer is appealing the matter as well and until the matter is settled, they intend to allocate sales to their Glendale office, to the extent they believe the allocation is supported by the facts.

Per HdL, since the resolution of the dispute is still pending for the Glendale office, all or portion of local revenue received by the City could later be taken away by the CDTFA and redistributed through the countywide pools. HdL has recommended that the City set aside any revenues received from this Taxpayer. Therefore, starting in FY 2013-14, the City has been accruing a liability related to the sales tax revenues generated by this Taxpayer, until this matter is resolved and settled by all parties involved.

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In spring 2017, the City requested that CDTFA look into this matter in more detail and determine whether some or all of the sales taxes generated from the Glendale Office by the Taxpayer should remain with the City. The District Office started an investigation and based on their filed audit, determined that the City will receive certain percentage from the sales tax revenues.

On March 16, 2018, the City received the final determination letter from the CDTFA and considered the audit closed. As such, the liability account was closed as of June 30, 2018, and the remaining revenues were recognized to the General Fund.

The California Revenue and Taxation Code, Section 7056 sets forth requirements and conditions for the disclosure of CDTFA records, and establishes criminal penalties for the unlawful disclosure of information contained in, or derived from the sales and use tax of the CDTFA. Therefore, the sales taxes specific to this taxpayer are not disclosed.

General Fund Transfer Litigation

The City is currently litigating two appeals regarding the City's 2013 electric rates and transfer from the Electric Fund to the General Fund. The two cases, Glendale Coalition for a Better Government v. City of Glendale, L.A. Superior Court Case No. BS147376, Court of Appeal Case No. B281994 ("Coalition" lawsuit); Saavedra et al. v. City of Glendale, L.A. Superior Court Case No. BC539160, Court of Appeal Case No. B281991 ("IBEW" lawsuit), were filed in 2014. A lawsuit challenging the 2018 electric rates on similar grounds was filed in July 2018. In July 2018, the Coalition filed a lawsuit challenging the City's 2018 electric rate plan on similar grounds. Glendale Coalition for a Better Government v. City of Glendale, L.A. Superior Court Case No. BS174485 ("Coalition II" lawsuit). The Coalition II lawsuit is stayed pending the outcome of the appeals in the first two matters.

The 2014 lawsuits challenge the City's August 2013 electric rate plan ("2013 Electric Rate Plan") which includes transfers of electric revenue from the Glendale Water & Power Electric Fund to the General Fund ("General Fund Transfer" or "GFT"). The GFT is made under the authority of the City Charter, Article XI, Section 22, which provides:

"At the end of each fiscal year an amount equal to twenty-five (25) per centum of the operating revenues of the department of Glendale Water and Power for such year, excluding receipts from water or power supplied to other cities or utilities at wholesale rates, shall be transferred from said Glendale Water and Power surplus fund to the general reserve fund; provided, that the council may annually, at or before the time for adopting the general budget for the ensuing fiscal year, reduce said amount or wholly waive such transfer if, in its opinion, such reduction or waiver is necessary to insure the sound financial position of said department of Glendale Water and Power and it shall so declare by resolution."

The City discontinued making transfers from the water fund in 2011. Thus, the City currently transfers only electric revenue from GWP to the General Fund. In FY2017-18, the City transferred \$20,162 or 10% of GWP electric operating revenues (in accordance with the City Charter's definition of operating revenues) to the GWP surplus fund, then to the City's general reserve fund, then to the City's general budget fund, in accordance with the requirements of the Charter. The amount of the GFT was equal to 8.7% of the City's General Fund revenues for FY 2017-18.

Among other causes of action, the petitioners challenged the 2013 Electric Rate Plan on the grounds the rate plan violated Proposition 26 (a voter-approved initiative that amended Articles XIII C and XIII D of the California Constitution). Proposition 26 defines "any levy, charge or exaction of any kind" imposed by a local government as a "tax" that must be approved by the voters of the local jurisdiction, unless the levy, charge or exaction falls within one of seven exemptions. (Article XIII C, §1(e)) The City contends that electric rates fall within the exception for any "charge imposed for a specific government service or product provided directly to the payer that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing service." The trial court concluded that the 2013 Electric Rate Plan was a tax because the rate plan included the GFT which the court concluded is not a cost of service or an appropriate component of cost of service.

In the remedy phase of the trial, the trial court concluded that the amount of the unconstitutional tax is the amount of the GFT in the years since the 2013 Electric Rate Plan became effective. The trial court ordered a remedy requiring

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the City to credit ratepayers the amount of the GFT since the electric rates were increased (and refund the GFT to the Electric Revenue fund in the same amount). That number is \$56,950 plus interest for FY 2013-14, FY 2014-15, and FY 2015-16. The trial court further ordered a credit for FY 2016-17 in the amount of \$19,857, plus interest. Lastly, the trial court ordered that credits for fiscal years 2017-18 and subsequent years will accrue, if applicable at \$1,634 per month plus interest. The trial court's order provides that the total amount to be credited is to be credited back over approximately the same amount of time that the transfers were made, starting from the effective date of the 2013 Electric Rate Plan (the time is approximate because credits are based on actual usage which will vary). By way of example but not limitation, if the time between the 2013 Electric Rate Plan to the date of final judgment, including all appeals, is five years and the City has continued to make transfers during that period, then the City will have approximately five years to credit the entire amount of the transfers plus accumulated interest if it is unsuccessful in its appeals.

The court has also issue a writ of mandate commanding the City to cease to include the GFT in the electric rates charged to consumers unless and until a majority of Glendale electorate approves the tax in the rates.

City Appeal

The City appealed the judgment in the 2014 lawsuits. The appeal has stayed enforcement of the judgments. As such, status quo will remain in effect during the pendency of the appeal.

Management is of the opinion that the GFT, adopted by the voters and which pre-dates adoption of Proposition 26, is not thereby vitiated by Proposition 26. Moreover, the City is appealing the remedy ordered by the court. There were wholesale funds sufficient to fund the transfers made as part of the 2013 Electric Rate Plan and also the 2013 Electric Rate Plan did not fully account for reserves that could be paid out of rate revenue. Indeed, during the pendency of the City's appeals, the California Supreme Court held that a similar transfer of funds from Redding's electric utility to its general fund (a "payment in lieu of taxes" or "PILOT") did not violate Proposition 26. Citizens for Fair REU Rates v. City of Redding (2018) 6 Cal.5th 1. In Redding, the Supreme Court held that the PILOT was not a tax and that because Redding's non-rate revenue (revenue received from sources other than imposing rates on customers) exceeded the amount of its PILOT, there was no transfer of rate payments to the general fund. The Supreme Court concluded that the revenue received from rates did not exceed the utility's costs. Glendale argues that Redding requires reversal of the Coalition and IBEW lawsuits since its rate revenues do not exceed all of its costs as Glendale has non-rate revenues that were deducted from its revenue requirement and the 2013 rate plan did not recover all costs it was legally entitled to recover.

Coalition Cross Appeal

Finally, it should be noted that the Coalition has filed a cross-appeal. The Coalition contended, and the trial agreed, that the City's prior accounting practices related to GWP, while compliant with Generally Accepted Accounting Principles ("GAAP"), violated specified provisions of the City Charter. The trial court issued a permanent injunction enjoining the City from merging some Charter mandated funds, splitting up others and making the GFT directly from the electric revenue fund to the General Fund without accounting for the appropriate fund transfers required by the Charter. The City has not appealed Charter fund and accounting issues portion of the trial court's ruling, and entered a response (return of the writ) stating its compliance with this portion of the court's orders. The Coalition has filed a cross-appeal contending that the City should have been required to pay back transfers even further going back from the 2013 Electric Rate Plan. The trial court ruled that the Charter accounting violations did not require a refund of additional monies from the General Fund to the Electric Fund since the utility always had sufficient cash to make the transfers.

Status of Appeals

The Second District Court of Appeal heard oral argument in the appeals of the 2013 lawsuits on October 2, 2018 and the matter was submitted. The court must issue its decision no later 90 days later, or December 31, 2018. Due to announced court changeover, it is anticipated the court will issue its decision no later than December 14, 2018.

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(in thousands)

Petitions for Rehearing or Review

After the Court of Appeal issues its decision, either party (or both depending on the outcome) can request a petition for rehearing before the Court of Appeal and/or a petition for review to the California Supreme Court. Decisions to grant a petition for rehearing or a petition for a review are discretionary decisions with the Court of Appeal and California Supreme Court, respectively. Decisions by a party to request a rehearing or petition for review will extend the case out 90-180 days. If a petition for review is granted by the California Supreme Court, the case would be extended at least a year and likely 2 or 3 years.

NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS

Joint Power Agreement for San Fernando Valley Council of Governments

The San Fernando Valley Council of Governments (SFVCOG) was created through a Joint Power Agreement in 2010. The City is an active member of the SFVCOG. Other member jurisdictions currently participating include the City of Los Angeles with 7 board representatives for each City Council district located entirely or partially in the San Fernando Valley, 2 board representatives from each of the Los Angeles County Supervisorial Districts located entirely or partially in the San Fernando Valley, and one representative each from the Cities of Burbank, Glendale, San Fernando and Santa Clarita. In its official capacity, the SFVCOG acts as a planning sub-region for the Southern California Association of Governments (SCAG) and focuses on promoting better regional coordination of planning and transportation planning efforts in the San Fernando Valley. The SFVCOG also engages in local, regional, state and federal grant development programming for the region.

Joint Power Agreement for Arroyo Verdugo Communities

The Arroyo Verdugo Communities was created through a Joint Power Agreement in 2017. The City is an active member of the Arroyo Verdugo Communities. Other members include City of Burbank, City La Canada Flintridge, City of Pasadena, City of South Pasadena and County of Los Angeles. The purpose of the creation of the Joint Power Authority is to provide a vehicle for the members to coordinate regional and cooperative planning, primarily in the area of transportation and determining how to prioritize regional transportation projects and allocation of Measure M funds and other public monies, including building a more connective transportation system between the member agencies.

“Take or Pay” Contracts

The City has entered into twelve “Take or Pay” contracts, which require 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 58% of its total energy requirements during FY 2017-18. With a few exceptions, the City is obligated to pay the amortized cost of indebtedness regardless of the ability of the counterparty 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 (IPA), a subdivision of the State of Utah, was formed in January 1974 to finance the construction of a 1,400 megawatt coal-fired generating plant, consisting of two generating units located near Delta, Utah and associated transmission lines, called the Intermountain Power Project (IPP). The project began uprating of the two generating units in early 2003. When the uprating was finished in March 2004, it increased the capacity of the plant from 1,400 megawatts to 1,800 megawatts. The City through contract is obligated for 30 megawatts or 1.70% of the generation. In addition, the City entered into an “Excess Power Sales Agreement” with the IPA, agent for the Utah Municipal Purchasers and the Cooperative Purchasers, which entitles the City to additional shares that can vary from year to year. As of June 30, 2018,

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Glendale's excess entitlement share is 0.46%. The total City's obligation from IPP is between 35 and 38 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, and the Imperial Irrigation District, was formed for the purpose of financing future power resources. The City has entered into eleven projects with SCPPA.

- The first of the SCPPA projects is a 3,810 megawatt nuclear fuel generation plant in Arizona. The Palo Verde (PV) nuclear project consists of 3 units, each having an electric output of approximately 1,270 megawatts. SCPPA has purchased approximately 225 megawatts of capacity and associated energy (approximately 5.91% of total Palo Verde output), of which the City receives 9.9 megawatts or 4.40% of SCPPA's entitlement. As of June 30, 2018, Glendale's share is 4.40%.
- The second project financed through SCPPA is the Southern Transmission System (STS) that transmits power from the coal-fired IPP to Southern California. The 500 kV DC line is currently rated at 2,400 megawatts. The City's share of the line is 2.27% or approximately 55 megawatts. As of June 30, 2018, Glendale's share is 2.27%.
- The third project financed through SCPPA is the acquisition of 41.80% ownership interest in a coal-fired 497 megawatt unit in San Juan Generating Station, Unit 3 (SJ), located in New Mexico. SCPPA members are entitled to 208 megawatts. The City is obligated for 20 megawatts or 9.80% of the SCPPA entitlement. In July 2015, the City Council authorized the SCPPA to execute, on Glendale's behalf, a set of three agreements that collectively shut down Unit 3 at the coal-fired San Juan Power Plant in New Mexico at the end of December 2017. The termination of operations at San Juan Unit 3 will help GWP achieve California state goals regarding the reduction of greenhouse gas emissions. Under the Mine Reclamation and Plant Decommissioning Agreements, Glendale shares the responsibility for any liability arising from operations after the December 2017 exit date. As such a liability for decommissioning the power plant cannot be determined at this time. As of June 30, 2018, Glendale's share is 9.80%.
- The fourth project financed through SCPPA is Mead-Adelanto Project (MA). The project consists of a 202-mile 500 kV AC transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada, and the development of the Marketplace Substation at the southern Nevada terminus approximately 17 miles southwest of Boulder City, Nevada. The initial transfer capability 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 11.04% of the SCPPA entitlement. As of June 30, 2018, Glendale's share is 11.04%.
- The fifth project financed through SCPPA is Mead-Phoenix Project (MP). The project 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 11.76% to 22.73%. 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. As of June 30, 2018, Glendale's share is 14.80%.
- The sixth project financed through SCPPA is the Magnolia Power Project (MPP) located on Burbank Water & Power's generation station complex adjacent to Magnolia Boulevard in Burbank, California. The project consists of a combined cycle natural gas-fired generating plant with a nominally rated net base capacity of 242 megawatts. The City is obligated for 40 megawatts or 16.53% of the project's output. As of June 30, 2018, Glendale's generation cost share is 16.53% and indenture cost share is 17.25%.

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- The seventh project financed through SCPPA is Natural Gas Prepaid Project (NGPP). In August 2007, the City entered into a 30-year Prepaid Natural Gas Agreement with the SCPPA. The agreement will provide a secure and long-term supply of natural gas up to 3,500 MMBtu per day at a discounted price below a spot market price index. The delivery of natural gas started in July 2008. As of June 30, 2018, Glendale's share is 23.00%.
- The eighth project financed through SCPPA is the Linden Wind Energy Project (LIN) located in Klickitat County in the state of Washington. The facility is a 50 megawatts capacity wind farm. The 25 year purchase power agreement with SCPPA is for the purchase of 10.00% (approximately 5 megawatts) of the capacity of the project. The City has sold its output entitlement share to Los Angeles Department of Water and Power (LADWP) but remains responsible for all the obligations associated with its participation in the Power Sales Agreements in the event LADWP should default. As of June 30, 2018, Glendale's share is 10.00%.
- The ninth project financed through SCPPA is the Tieton Hydropower Project (THP) located near the town of Tieton in Yakima County, Washington. The Project has a maximum capacity of approximately 20 megawatts. The Project includes a 115 kV transmission line, approximately 22-miles long, connecting the generating station with PacifiCorp's Tieton Substation. The City is obligated for approximately 6.8 megawatts or 50.00% of the project's output. As of June 30, 2018, Glendale's share is 50.00%.
- The tenth project financed through SCPPA is Windy Point/Windy Flats project (WP) located in Klickitat County in the state of Washington. The Project has a maximum capacity of approximately 262.2 megawatts. The City Council approved a 20 year purchase power agreement with SCPPA for the purchase of approximately 20 megawatts or 7.63% of the renewable energy output from the Project. The City has sold its output entitlement share to Los Angeles Department of Water and Power (LADWP) but remains responsible for all the obligations associated with its participation in the Power Sales Agreements in the event LADWP should default. As of June 30, 2018, Glendale's share is 7.63%.
- The eleventh project financed through SCPPA is the Milford II Wind Project (MIL2) located near Beaver and Millard County, Utah. The Project has a capacity of approximately 102 megawatts. The City Council approved a 20 year purchase power agreement with SCPPA for the purchase of approximately 5 megawatts or 4.90% of the Project's output. The City has sold its output entitlement share to Los Angeles Department of Water and Power (LADWP) but remains responsible for all the obligations associated with its participation in the Power Sales Agreements in the event LADWP should default. As of June 30, 2018, Glendale's share is 4.90%.

Take-or-Pay commitments expire upon contract expiration date or final maturity of outstanding bonds for each project, whichever is later. Final fiscal year contract expirations are as follows:

| Project | Contract Expiration Date | Glendale's Share |
|--------------------------------------|--------------------------------|---------------------|
| Intermountain Power Project (IPP) | 2027 | 2.16% |
| Palo Verde Project (PV) | 2030 | 4.40% |
| Southern Transmission System (STS) | 2027 | 2.27% |
| San Juan Project (SJ) | 2018 | 9.80% |
| Mead-Adelanto Project (MA) | 2030 | 11.04% |
| Mead-Phoenix Project (MP) | 2030 | 14.80% |
| Magnolia Power Project (MPP) | 2036 | 17.25% |
| Natural Gas Prepaid Project (NGPP) | 2035 | 23.00% |
| Linden Wind Energy Project (LIN) | 2035 | 10.00% |
| Tieton Hydropower Project (THP) | 2040 | 50.00% |
| Windy Point/Windy Flats Project (WP) | 2030 | 7.63% |
| Milford II Wind Project (MIL2) | 2031 | 4.90% |

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A summary of the City's "Take or Pay" debt service commitment and the final maturity date as of June 30, 2018:

| Fiscal Year | IPP | STS | MA | MP | MPP | NGPP | LIN | THP | WP | MIL2 | Total |
|--------------|------------------|---------------|--------------|--------------|---------------|----------------|---------------|---------------|---------------|--------------|----------------|
| 2019 | \$ 4,912 | 1,766 | 2,358 | 951 | 2,590 | 4,684 | 1,007 | 1,667 | 3,093 | 623 | 23,651 |
| 2020 | 4,269 | 1,547 | 2,339 | 941 | 2,589 | 4,858 | 1,004 | 1,668 | 3,090 | 622 | 22,927 |
| 2021 | 3,812 | 1,773 | 1,747 | 698 | 20,954 | 5,066 | 1,007 | 1,668 | 3,089 | 622 | 40,436 |
| 2022 | 2,324 | 2,114 | - | - | 2,216 | 5,245 | 1,004 | 1,665 | 3,085 | 622 | 18,275 |
| 2023 | 2,296 | 1,624 | - | - | 1,941 | 5,309 | 1,003 | 1,665 | 3,081 | 620 | 17,539 |
| 2024-2028 | 239 | 4,513 | - | - | 9,182 | 29,728 | 5,006 | 9,077 | 15,366 | 3,095 | 76,206 |
| 2029-2033 | - | - | - | - | 9,459 | 35,048 | 4,963 | 8,222 | 9,182 | 2,464 | 69,338 |
| 2034-2038 | - | - | - | - | 12,225 | 16,296 | 2,820 | 8,191 | - | - | 39,532 |
| 2039-2043 | - | - | - | - | - | - | - | 6,536 | - | - | 6,536 |
| Total | \$ 17,852 | 13,337 | 6,444 | 2,590 | 61,156 | 106,234 | 17,814 | 40,359 | 39,986 | 8,668 | 314,440 |

In addition to debt service, the City's entitlement requires the payment for fuel costs, operating and maintenance (O&M), administrative and general (A&G), and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service and vary each year. The costs incurred for fiscal year 2018 and 2017 are as follows:

| Fiscal Year | IPP | PV | STS | SJ | MA | MP | MPP | NGPP | LIN | THP | WP | MIL2 | Total |
|-------------|---------|-------|-----|-------|-----|-----|-------|-------|-----|-------|----|------|--------|
| 2018 | \$8,044 | 2,975 | 808 | 2,498 | 247 | 206 | 4,652 | 1,831 | - | 1,372 | - | - | 22,633 |
| 2017 | \$8,008 | 2,651 | 690 | 4,769 | 196 | 253 | 4,591 | 1,508 | - | 1,371 | - | - | 24,037 |

NOTE 15 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

In February 2012, the Dissolution Act (Assembly Bill x1 26; amended by AB 1484 in June 2012 and SB 107 in September 2015) dissolved California redevelopment agencies and directed their wind-down activities. In Glendale, the City chose to serve as the Glendale Successor Agency ("Agency"). This action impacted the reporting entity of the City of Glendale that had previously reported the redevelopment agency within it and as a blended component unit. Commencing on February 1, 2012, the assets and activities of the dissolved redevelopment agency were reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City. The transfer of the assets and liabilities of the former redevelopment agency from governmental funds of the City to the fiduciary fund was reported in the governmental funds as an extraordinary loss (gain) in its financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Since February 2012, the Agency has completed a series of reports, audits and reviews, and approvals with approval from the Oversight Board and state Department of Finance ("DOF"). These have included two detailed Due Diligence Reviews to determine unobligated fund balances available for transfer to the affected taxing entities. Once the excess funds were distributed to the taxing entities, Glendale received a Finding of Completion (FOC) in May 2013. Following the FOC, Glendale needed to address its real property assets. Thus, Glendale prepared a Long Range Property Management Plan (LRPMP) which was approved by DOF on April 16, 2014. On May 24, 2016, the DOF approved a revision to Glendale's LRPMP to reflect the property at 300 E. Broadway as government use.

With the passage of Senate Bill 107, the requirement to prepare biannual payment schedules known as Recognized Obligation Payment Schedules (ROPS) was replaced with an annual ROPS.

On February 6, 2013, and again on February 11, 2014, Glendale received approval from its Oversight Board to reinstate its City-Agency loans, however, the DOF refused to approve the Oversight Board's action contending that the Agency had incorrectly calculated the interest earned on the loans. Following unsuccessful efforts to

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

informally resolve the disagreement by meeting and conferring with the DOF, on August 14, 2014, the City and Agency filed suit against the DOF for a determination that the Agency had correctly calculated interest on the loans. On April 16, 2015, the Sacramento Superior Court issued an order and judgment finding for the Agency and City and holding the DOF had abused its discretion when it rejected the Oversight Board's action reinstating the City-Agency loans using the historic Local Agency Investment Fund (LAIF) rates for calculating the interest earned thereon. The Oversight Board subsequently approved a Recognized Obligation Payment Schedule (ROPS) that included the reinstated City-Agency loans using the interest rate calculation recognized by the Court's 2015 order and judgment, but DOF denied the entire balance of the reinstated loans. Following another round of unsuccessful efforts to informally resolve the dispute by meeting and conferring with the DOF, on July 28, 2015, the City and Agency filed another lawsuit against the DOF seeking to overturn the DOF's decision to reject the reinstated loans. On February 18, 2016, the Sacramento Superior Court entered its Judgment granting the City's and Agency's writ and reversing the DOF's decision to deny the reinstated loans as enforceable obligations. The annual loan payment amount is determined by a formula specified in the Dissolution Act.

In 2011, the Agency issued \$50,000 in Subordinate Taxable Tax Allocation Bonds, the proceeds of which were to be deposited with the Trustee pursuant to the Indenture of Trust. The Dissolution Act initially froze all the 2011 Bond Proceeds, including the Agency's \$50,000, but subsequently authorized redevelopment agencies to spend a sliding-scale percentage of the proceeds for housing and non-housing purposes established by the Bonds depending on when the agency bonds were issued. With respect to 2011 Bonds, Glendale is authorized to spend 30% of non-housing bond proceeds (5% immediately and an additional 25% upon approval of the Agency's Last and Final ROPS) and 100% of the housing proceeds. On January 18, 2018, the Oversight Board approved a resolution authorizing a bond expenditure agreement which would transfer bond proceeds to the City and Housing Authority, respectively, in amounts authorized by law subject to the DOF approval of the Agency's Last and Final ROPS. Although the bond expenditure agreement did not specify any amounts and was expressly contingent of the DOF's approval of the Last and Final ROPS, the DOF nonetheless disapproved the Agency's Bond Expenditure Agreement alleging that the Agreement was premature, and that the Agreement would also impermissibly authorize transfer of bond reserves. On January 24, 2018, the Oversight Board approved the ROPS with line items authorizing transfer of 5% of the non-housing bond proceeds and 100% of the housing bond proceeds, but the DOF also disapproved these ROPS line items because DOF disagrees as to how the percentage of "proceeds" should be calculated. The Agency believes that the proceed percentages should be calculated based on the commonly understood meaning of what constitutes bond "proceeds", which are typically understood to mean par amount of the bonds, in this case \$50,000, which is the aggregate principal amount delivered to the trustee for application to the payment of costs, deposit into the required reserve account, and transfer to the redevelopment and housing funds. In contrast, the DOF believes that the percentage of "proceeds" should be calculated only after reducing the proceeds by the amount of the required reserves. The Agency and DOF attempts to informally resolve the disagreement over the meaning of "proceeds" were unsuccessful and on June 28, 2018, the City and Agency filed a Petition for Writ of Mandate to overturn the DOF's rejection of the bond transfer agreement and the ROPS line items authorizing transfer of a certain percentages of the bond proceeds. This matter has been set for a hearing to take place on January 25, 2019.

Effective July 1, 2018, the Oversight Board to the Glendale Successor Agency was dissolved and replaced with a Consolidated Oversight Board to be administered by the County of Los Angeles.

The Agency is currently disposing of the last real-property asset ("Maryland Exchange Commercial Building") in its LRPMP.

Cash and Investments

The Fiduciary fund's cash and investments as of June 30, 2018 consist of the following:

| | |
|---|------------------|
| Cash and investments | \$ 75,841 |
| Cash and investments with fiscal agents | 11,628 |
| Total | <u>\$ 87,469</u> |

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

The following amounts are reflected in the fiduciary statement of net position:

| | |
|---|------------------|
| Cash and investments | \$ 75,812 |
| Restricted cash and investments | 29 |
| Cash and investments with fiscal agents | 11,628 |
| Total | <u>\$ 87,469</u> |

Interest Rate Risk

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 Successor Agency's investment 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.

| | Total | Remaining Maturity (in months) | |
|---------------------------------|------------------|--------------------------------|---------------------|
| | | 12 Months or Less | More than 60 Months |
| Commercial Paper | \$ 32,393 | 32,393 | - |
| State Investment Pool | 31,949 | 31,949 | - |
| Money Market Mutual Fund | 11,498 | 11,498 | - |
| Held by Fiscal Agents: | | | |
| Guaranteed Investment Contracts | 6,580 | - | 6,580 |
| Money Market Accounts | 5,049 | 5,049 | - |
| | <u>\$ 87,469</u> | <u>80,889</u> | <u>6,580</u> |

Credit Risks

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City invests Successor Agency's investments only in the most risk-adverse instruments, such as Aaa rated government securities, Aaa, Aa, or A rated corporate securities, and A1, P1, F1 rated commercial paper, negotiable certificates of deposit and banker's acceptance securities. The City's Investment Policy requires the City to sell medium term notes with a credit rating below S&P's and Fitch's BBB grade or Moody's Baa2, unless the City Council approves the City Treasurer's recommendation that the security should be retained.

| | Total | Moody's Rating as of June 30, 2018 | | |
|---------------------------------|------------------|------------------------------------|---------------|---------------|
| | | Aaa | P1 | Unrated |
| Commercial Paper | \$ 32,393 | - | 32,393 | - |
| State Investment Pool | 31,949 | - | - | 31,949 |
| Money Market Mutual Fund | 11,498 | 11,498 | - | - |
| Held by Fiscal Agents: | | | | |
| Guaranteed Investment Contracts | 6,580 | - | - | 6,580 |
| Money Market Accounts | 5,049 | - | 5,049 | - |
| | <u>\$ 87,469</u> | <u>11,498</u> | <u>37,442</u> | <u>38,529</u> |

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Concentration Risk

The investment policy of the City covers the Glendale Successor Agency and limits the amounts that may be invested in any one issuer to 5%, 10% per bank for bankers' acceptances, 10% per issuer for commercial paper or 10% per fund for money market mutual fund. This limit excludes investments in U.S. Treasury securities, federal agencies securities, Local Agency Investment Fund and Los Angeles County Pool.

Investments in any one issuer that represents 10% or more for commercial paper of total Successor Agency investments are as follows:

| Issuer | Investment Type | Reported Amount |
|-----------------------|------------------|-----------------|
| JP Morgan Securities | Commercial Paper | \$ 7,999 |
| MUFG Bank LDT NY | Commercial Paper | 7,485 |
| Sumitomo Mitsui Trust | Commercial Paper | 9,945 |
| | | \$ 25,429 |

Fair Value Measurements

The City categorizes Successor Agency's fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). See note 3 for additional information on the three levels of the fair value hierarchy.

As of June 30, 2018, the Successor Agency has the following fair value measurements:

| | Balance at June 30, 2018 | Fair Value Measurements | | |
|--|--------------------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level | | | | |
| Commercial Paper | \$ 32,393 | - | 32,393 | - |
| Total investments by fair value level | 32,393 | - | 32,393 | - |
| Investments measured at amortized costs or not subject to fair value hierarchy: | | | | |
| State Investment Pool | 31,949 | | | |
| Money Market Mutual Funds | 11,498 | | | |
| Held by Fiscal Agents: | | | | |
| Guaranteed Investment Contracts | 6,580 | | | |
| Money Market Accounts | 5,049 | | | |
| Total investments measured at amortized costs or not subject to fair value hierarchy | 55,076 | | | |
| | \$ 87,469 | | | |

CITY OF GLENDALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018
(in thousands)

Capital Assets

| | Balance at July 1 | Increases | Decreases | Adjustments- transferred to governmental activities | Balance at June 30 |
|--|----------------------|-----------|-----------|--|-----------------------|
| Fiduciary fund: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 105 | - | - | (72) | 33 |
| Construction in progress | 2,672 | - | - | (2,672) | - |
| Total assets not being depreciated | 2,777 | - | - | (2,744) | 33 |
| Depreciable capital assets: | | | | | |
| Building and improvements | 377 | - | - | - | 377 |
| Less accumulated depreciation: | | | | | |
| Building and improvements | 245 | 9 | - | - | 254 |
| Total assets being depreciated, net | 132 | (9) | - | - | 123 |
| Fiduciary fund capital assets, net | \$ 2,909 | (9) | - | (2,744) | 156 |

Long-Term Debt

The Glendale Successor Agency's (Fiduciary Fund) bond ratings as of June 30, 2018 are as follows:

| Debt Issue | Moody's | Standard & Poor's (S & P) | Fitch Ratings' |
|---|---------|---------------------------------|-------------------|
| 2011 GRA subordinate taxable tax allocation bonds | - | A+ | - |
| 2013 GSA tax allocation bonds, refunding series | - | A- | - |
| 2016 GSA tax allocation bonds, refunding series | - | A- | - |

Continuing Disclosure

On November 10, 1994, the Securities and Exchange Commission ("SEC") adopted amendments to existing federal regulations ("Rule 15c-12" or the "Rule") under which municipalities issuing securities on or after July 3, 1995 is required to:

- Prepare official statements meeting current requirements of the Rule;
- Annually file certain financial information and operating data with national and state repositories;
- Prepare announcements of the significant events enumerated in the Rule.

As of June 30, 2018, the Glendale Successor Agency (Agency) had 1 tax-exempt tax allocation bond and 2 subordinate taxable tax allocation bonds. The Agency engages a consultant to prepare and disseminate continuing disclosure for its 2 tax-exempt tax allocation bonds and 1 subordinate taxable tax allocation bonds. These disclosures are disseminated through the use of Electronic Municipal Market Access ("EMMA"), the Municipal Securities Rulemaking Board's ("MSRB") disclosure website. Timely and accurate communication with the municipal marketplace is vital in retaining the City's creditworthiness and market access. Continuing Disclosure and compliance reporting constitute a significant part of Debt Management's compliance activity for the life of each series of bonds.

CITY OF GLENDALE

Notes to the Basic Financial Statements
 Fiscal Year Ended June 30, 2018
 (in thousands)

The Fiduciary fund's long-term debts as of June 30, 2018 consist of the following:

| | Issuance Amount | Balance at June 30, 2017 | Additions | Retirements | Balance at June 30, 2018 | Due within one year |
|---|--------------------|--------------------------------|------------|---------------|--------------------------------|------------------------------|
| Fiduciary Activities | | | | | | |
| 2011 GRA Subordinate Taxable Tax Allocation Bonds | \$ 50,000 | 39,280 | - | 3,300 | 35,980 | 3,560 |
| 2013 GSA Tax Allocation Refunding Bonds | 44,985 | 29,675 | - | 5,470 | 24,205 | 5,685 |
| 2016 GSA Tax Allocation Refunding Bonds | 20,810 | 20,810 | - | - | 20,810 | - |
| GRA/GSA Tax Allocation Bonds premium | - | 4,210 | - | 861 | 3,349 | 861 |
| Loans Payable to the City | 40,133 | 27,828 | 328 | 4,885 | 23,271 | 10,040 |
| Total Fiduciary Activities | \$ 155,928 | 121,803 | 328 | 14,516 | 107,615 | 20,146 |

Subordinate Taxable Tax Allocation Bonds, 2011 Series

The former Glendale Redevelopment Agency (the "Agency") issued \$50,000 in 2011 subordinate taxable tax allocation bonds with an average rate of 6.75% for 14 years. The Bonds were issued to finance redevelopment projects and low and moderate income housing activities; to fund the reserve requirement for the Bonds; and to provide for the costs of issuing the Bonds. The bonds mature in amounts ranging from \$3,560 to \$7,210 from FY 2018-19 to FY 2024-25. For the security of the non-housing portion of the Bonds, the Agency grants a first pledge of and lien on all of the subordinate tax revenues consisting of non-housing tax revenues on parity with the pledge and lien which secure any parity debt. For the security of the housing portion of the Bonds, the Agency grants a first pledge of and lien on all of the subordinate tax revenues consisting of housing tax revenues, on parity with the pledge and lien which secures any parity debt. Subordinate tax revenues are pledged to the payment of principal, interest and discounts on the Bonds pursuant to the Indenture until the Bonds are paid, or until moneys are set-aside irrevocably for that purpose. The property tax derived from the former Agency's Central Project Area is pledged to repay these Bonds until they are paid in full. The funds are distributed by the County of Los Angeles semi-annually through the ROPS process, subject to the approval by the Successor Agency's Oversight Board and the DOF. As of June 30, 2018, the principal balance is \$35,980.

Tax Allocation Bonds, 2013 Refunding Series

The Glendale Successor Agency (the "GSA") issued \$44,985 in 2013 tax allocation bonds with an average rate of 4.81% for the refunding of the former Glendale Redevelopment Agency's (the "Agency") outstanding Central Glendale Redevelopment Project Tax Allocation Bonds, 2002 Series and the Tax Allocation Bonds, 2003 Refunding Series (the "Prior Bonds"), and to pay the cost of issuance of the 2013 Bonds. The 2013 Bonds mature in regularly increasing principal amounts ranging from \$5,685 to \$6,455 from FY 2018-19 to FY 2021-22. The advance refunding of Tax Allocation Bonds, 2002 Series and the Tax Allocation Bonds, 2003 Refunding Series resulted in a difference between the reacquisition price of refunding bonds and the net carrying amount of the refunded bonds. The deferred loss on refunding as of June 30, 2018 for \$913 is recognized and reported in the financial statements as a deferred outflows of resources and is being amortized through FY 2020-21. The refunding of the 2002 and 2003 Tax Allocation Bonds were approved by the Oversight Board and the DOF, to provide savings until the Refunding Bonds are repaid. The property tax derived from the former Agency's Central Project Area is pledged to repay these Bonds until they are paid in full. The funds are distributed by the County of Los Angeles semi-annually through the ROPS process, subject to the approval by the Successor Agency's Oversight Board and the DOF. As of June 30, 2018, the principal balance is \$24,205.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Subordinate Tax Allocation Bonds, 2016 Refunding Series

The Glendale Successor Agency (the "GSA") issued \$20,810 in 2016 tax allocation refunding bonds with an average rate of 1.74% to refinance the former Glendale Redevelopment Agency's (the "Agency") outstanding Central Glendale Redevelopment Project Tax Allocation Bonds, 2010 Series. The 2016 Bonds mature in regularly increasing principal amounts ranging from \$6,665 to \$7,210 from FY 2022-23 to FY 2024-25. The advance refunding of Tax Allocation Bonds, 2010 Series resulted in a difference between the reacquisition price of refunding bonds and the net carrying amount of the refunded bonds. The deferred loss on refunding as of June 30, 2018 for \$1,181 is recognized and reported in the financial statements as a deferred outflows of resources and is being amortized through FY 2024-25.

The refunding of the 2010 Tax Allocation Bonds was approved by the Oversight Board and the DOF, to provide savings until the Refunding Bonds are repaid. The property tax derived from the former Agency's Central Project Area is pledged to repay these Bonds until they are paid in full. The funds are distributed by the County of Los Angeles semi-annually through the ROPS process, subject to the approval by the Successor Agency's Oversight Board and the DOF. As of June 30, 2018, the principal balance is \$20,810.

Loans Payable

On February 6, 2013, and again on February 11, 2014, Glendale received approval from its Oversight Board to reinstate its City-Agency loans; however, the DOF refused to approve the Oversight Board's action contending that the Agency had incorrectly calculated the interest earned on the loans. Following unsuccessful efforts to informally resolve the disagreement by meeting and conferring with the DOF, on August 14, 2014, the City and Agency filed suit against the DOF for a determination that the Agency had correctly calculated interest on the loans. On April 16, 2015, the Sacramento Superior Court issued an order and judgment finding for the Agency and City and holding the DOF had abused its discretion when it rejected the Oversight Board's action reinstating the City-Agency Loans using the historic LAIF rates for calculating the interest earned thereon. The Oversight Board subsequently approved a Recognized Obligation Payment Schedule (ROPS) that included the reinstated City-Agency loans using the interest rate calculation recognized by the Court's 2015 order and judgment, but DOF denied the entire balance of the reinstated loans. Following another round of unsuccessful efforts to informally resolve the dispute by meeting and conferring with the DOF, on July 28, 2015, the City and Agency filed another lawsuit against the DOF seeking to overturn the DOF's decision to reject the reinstated loans. On February 18, 2016, the Sacramento Superior Court entered its Judgment granting the City's and Agency's writ and reversing the DOF's decision to deny the reinstated loans as enforceable obligations. The annual loan payment amount is determined by a formula specified in the Dissolution Act. The DOF has approved, and the County Auditor-Controller has paid Glendale via the ROPS process, \$4,885 in FY 2017-18.

Furthermore, 20% of any loan repayment is required to be deducted and transferred to the City's Low and Moderate Income Housing Asset Fund. \$977 was transferred in FY 2017-2018 to the Low and Moderate Income Housing Asset Fund. As of June 30, 2018, the reinstated loan amount is \$23,271 which includes \$328 of capitalized interest for FY 2017-18.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

Glendale Successor Agency annual debt service requirement schedule:

| Fiscal Year | GSA Tax Allocation Bonds Fiduciary Fund | | Loans Payable to the City Fiduciary Fund | | Total Debt Service |
|-------------|--|---------------|---|---------------|-----------------------|
| | Interest | Principal | Interest | Principal | |
| 2019 | \$ 4,656 | 9,245 | - | 10,040 | 23,941 |
| 2020 | 4,137 | 9,745 | - | 4,411 | 18,293 |
| 2021 | 3,557 | 10,280 | - | 4,410 | 18,247 |
| 2022 | 2,909 | 10,905 | - | 4,410 | 18,224 |
| 2023 | 2,186 | 12,810 | - | - | 14,996 |
| 2024-2026 | 1,860 | 28,010 | - | - | 29,870 |
| | <u>\$ 19,305</u> | <u>80,995</u> | <u>-</u> | <u>23,271</u> | <u>123,571</u> |

Net Position (Deficits)

A \$17,171 deficit in net position is reported in fiduciary fund as of June 30, 2018. The primary reason for the deficit is due to the outstanding tax allocation bonds and outstanding Agency loan to the City.

NOTE 16 – SUBSEQUENT EVENT

On November 6, 2018, Glendale voters approved Measure S: The Glendale Quality of Life and Essential Services Protection Measure. The measure is a local sales tax increase of 0.75%, which would bring Glendale's sales tax from 9.5% to 10.25% effective April 1, 2019, and is expected to generate approximately \$30 million annually. Glendale City Council adopted an ordinance authorizing the California Department of Tax and Fee Administration (CDTFA) to administer the local sales tax increase and has codified it in the Glendale Municipal Code under Chapter 4.30 – Transactions and Use Tax.

NOTE 17 – PRONOUNCEMENTS ISSUED BUT NOT YET IMPLEMENTED

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City.

- GASB Statement No. 83 – *Certain Asset Retirement Obligations*. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations. The Statement is effective for periods beginning after June 15, 2018.
- GASB Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement is effective for periods beginning after December 15, 2018.
- GASB Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement is effective for periods beginning after December 15, 2019.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

- GASB Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarified which liabilities government should include when disclosing information related to debt. The Statement is effective for periods beginning after June 15, 2018.
- GASB Statement No. 90 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

NOTE 18 – IMPLEMENTATION OF PRONOUNCEMENTS

The City has adopted and implemented, where applicable, the following GASB Statements during the year ended June 30, 2018:

- GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This statement was implemented effective July 1, 2017.
- GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This statement was implemented effective July 1, 2017 and did not have a material effect on the financial statements.
- GASB Statement No. 85 – *OMNIBUS 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement was implemented effective July 1, 2017 and did not have a material effect on the financial statements.
- GASB Statement No. 86 – *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement was implemented effective July 1, 2017 and did not have a material effect on the financial statements.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and to simplify accounting for interest cost incurred before the end of a construction period. This statement was early implemented effective July 1, 2017 and did not have a material effect on the financial statements.

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

(in thousands)

NOTE 19 – RESTATEMENT

A prior period adjustment of \$8,313 was made to decrease the beginning net position of the governmental activities in accordance with the implementation of GASB 75. The adjustment was made to record the reversal of the net OPEB obligation, the beginning total OPEB liability and deferred outflows of resources for benefit payments made subsequent to the measurement date.

The restatement of beginning net position for Governmental Activities is summarized as follows:

| | <u>June 30, 2017</u> <u>Previously Stated</u> | <u>Restatement</u> | <u>July 1, 2017</u> <u>Restated</u> |
|--------------------------|--|--------------------|--|
| Net OPEB Obligation | \$ (8,665) | 8,665 | - |
| OPEB Liability | | (17,465) | (17,465) |
| Deferred Outflows | | <u>487</u> | 487 |
| Net Position - Beginning | \$ 884,479 | (8,313) | 876,166 |

CITY OF GLENDALE
 Required Supplementary Information
 Last Ten Fiscal Years
 (in thousands)

Schedule of Changes in Net Pension Liability and Related Ratios - Miscellaneous Plan

| | Fiscal Year | | | |
|---|-------------------|------------------|----------------|----------------|
| | 2018 | 2017 | 2016 | 2015 |
| Total pension liability | | | | |
| Service cost | \$ 15,513 | 13,413 | 14,372 | 14,951 |
| Interest on the total pension liability | 74,508 | 73,104 | 71,411 | 69,351 |
| Differences between expected and actual experience | (11,313) | (12,487) | (8,835) | - |
| Changes of assumptions | 62,163 | - | (17,578) | - |
| Benefit payments, including refunds of employee contributions | (52,599) | (51,297) | (50,059) | (47,552) |
| Net change in total pension liability | 88,272 | 22,733 | 9,311 | 36,750 |
| Total pension liability - beginning | 1,009,768 | 987,035 | 977,724 | 940,974 |
| Total pension liability - ending (A) | <u>1,098,040</u> | <u>1,009,768</u> | <u>987,035</u> | <u>977,724</u> |
| Plan fiduciary net position | | | | |
| Plan to plan resource movement | 2 | - | (25) | - |
| Contributions from the employer | 18,558 | 16,517 | 13,344 | 14,431 |
| Contributions from employees | 8,518 | 8,092 | 8,142 | 8,202 |
| Net investment income | 82,439 | 3,709 | 17,215 | 117,615 |
| Benefit payments, including refunds of employee contributions | (52,599) | (51,297) | (50,059) | (47,552) |
| Administrative expense | (1,101) | (469) | (881) | - |
| Net change in fiduciary net position | 55,817 | (23,448) | (12,264) | 92,696 |
| Plan fiduciary net position - beginning | 745,881 | 769,329 | 781,593 | 688,897 |
| Plan fiduciary net position - ending (B) | <u>801,698</u> | <u>745,881</u> | <u>769,329</u> | <u>781,593</u> |
| Net pension liability - ending (A) - (B) | \$ <u>296,342</u> | <u>263,887</u> | <u>217,706</u> | <u>196,131</u> |
| as a percentage of the total pension liability | 73.01% | 73.87% | 77.94% | 79.94% |
| Covered payroll | \$ 86,433 | 85,575 | 83,956 | 88,064 |
| Net pension liability as a percentage of covered payroll | 342.86% | 308.37% | 259.31% | 222.71% |
| Measurement date | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only four years of data are shown.

CITY OF GLENDALE
 Required Supplementary Information
 Last Ten Fiscal Years
 (in thousands)

Schedule of Changes in Net Pension Liability and Related Ratios - Safety Plan

| | Fiscal Year | | | |
|---|-------------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2016 | 2015 |
| Total pension liability | | | | |
| Service cost | \$ 14,641 | 12,975 | 13,038 | 13,249 |
| Interest on the total pension liability | 56,003 | 54,489 | 52,434 | 50,558 |
| Differences between expected and actual experience | (7,654) | (3,055) | (5,684) | - |
| Changes of assumptions | 47,703 | - | (13,128) | - |
| Benefit payments, including refunds of employee contributions | (38,186) | (36,522) | (34,522) | (32,654) |
| Net change in total pension liability | 72,507 | 27,887 | 12,138 | 31,153 |
| Total pension liability - beginning | 754,987 | 727,100 | 714,962 | 683,809 |
| Total pension liability - ending (A) | <u>827,494</u> | <u>754,987</u> | <u>727,100</u> | <u>714,962</u> |
| Plan fiduciary net position | | | | |
| Plan to plan resource movement | (2) | - | - | - |
| Contributions from the employer | 19,843 | 18,266 | 16,789 | 14,887 |
| Contributions from employees | 4,305 | 4,517 | 4,394 | 4,716 |
| Net investment income | 55,289 | 2,584 | 11,489 | 77,826 |
| Benefit payments, including refunds of employee contributions | (38,186) | (36,522) | (34,522) | (32,654) |
| Administrative expense | (743) | (314) | (579) | - |
| Net change in fiduciary net position | 40,506 | (11,469) | (2,429) | 64,775 |
| Plan fiduciary net position - beginning | 503,155 | 514,624 | 517,053 | 452,278 |
| Plan fiduciary net position - ending (B) | <u>543,661</u> | <u>503,155</u> | <u>514,624</u> | <u>517,053</u> |
| Net pension liability - ending (A) - (B) | <u>\$ 283,833</u> | <u>251,832</u> | <u>212,476</u> | <u>197,909</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 65.70% | 66.64% | 70.78% | 72.32% |
| Covered payroll | \$ 49,687 | 47,925 | 47,947 | 47,523 |
| Net pension liability as a percentage of covered payroll | 571.24% | 525.47% | 443.15% | 416.45% |
| Measurement date | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only four years of data are shown.

CITY OF GLENDALE
 Required Supplementary Information
 Last Ten Fiscal Years
 (in thousands)

Schedule of Plan Contributions - Miscellaneous Plan

| | Fiscal Year | | | |
|--|-------------|----------|----------|----------|
| | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contributions | \$ 23,741 | 18,972 | 16,519 | 13,357 |
| Contributions in relation to the actuarially determined contribution | (23,741) | (18,972) | (16,519) | (13,357) |
| Contribution deficiency (excess) | - | - | - | - |
| Covered payroll | \$ 91,026 | 86,433 | 85,575 | 83,956 |
| Contributions as a percentage of covered payroll | 26.082% | 21.950% | 19.304% | 15.910% |

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of June 30th, three years prior to the end of fiscal year in which contributions are reported.

Actuarial cost method

Entry age normal cost method

Amortization method

Level percentage of payroll. Beginning with the 2015 actuarial valuation, new gains or losses are amortized over a fixed 30-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. All changes in liability due to plan amendments (other than golden handshakes) over a 20 year period with no ramp. Changes in actuarial assumptions, or changes in actuarial methodology over a 20-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. Changes in liability due to a golden handshake over a period of 5 years.

Asset valuation method

15 year smoothed market. Beginning with the 2013 actuarial valuation, the market value method was used.

Discount rate

7.50% (net of administrative expenses)

Projected salary increases

3.30% to 14.20%, depending on age, service, and type of employment. Beginning with the 2014 actuarial valuation, 3.20% to 12.20%, depending on age, service, and type of employment.

Inflation

2.75%

Payroll growth

3.00%

Retirement age

59

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only four years of data are shown.

CITY OF GLENDALE
 Required Supplementary Information
 Last Ten Fiscal Years
 (in thousands)

Schedule of Plan Contributions - Safety Plan

| | Fiscal Year | | | |
|--|-------------|----------|----------|----------|
| | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contributions | \$ 22,470 | 19,984 | 18,257 | 16,772 |
| Contributions in relation to the actuarially determined contribution | (22,470) | (19,984) | (18,257) | (16,772) |
| Contribution deficiency (excess) | - | - | - | - |
| Covered payroll | \$ 50,535 | 49,687 | 47,925 | 47,947 |
| Contributions as a percentage of covered payroll | 44.464% | 40.220% | 38.095% | 34.980% |

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of June 30th, three years prior to the end of fiscal year in which contributions are reported.

Actuarial cost method

Entry age normal cost method

Amortization method

Level percentage of payroll. Beginning with the 2015 actuarial valuation, new gains or losses are amortized over a fixed 30-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. All changes in liability due to plan amendments (other than golden handshakes) over a 20 year period with no ramp. Changes in actuarial assumptions, or changes in actuarial methodology over a 20-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. Changes in liability due to a golden handshake over a period of 5 years.

Asset valuation method

15 year smoothed market. Beginning with the 2013 actuarial valuation, the market value method was used.

Discount rate

7.50% (net of administrative expenses)

Projected salary increases

3.30% to 14.20%, depending on age, service, and type of employment. Beginning with the 2014 actuarial valuation, 3.40% to 20.00%, depending on age, service, and type of employment.

Inflation

2.75%

Payroll growth

3.00%

Retirement age

54

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only four years of data are shown.

CITY OF GLENDALE
 Required Supplementary Information
 Last Ten Fiscal Years
 (in thousands)

Schedule of Changes in Total OPEB Liability and Related Ratios

| | Fiscal Year |
|--|---------------|
| | 2018 |
| Total OPEB liability | |
| Service cost | \$ 57 |
| Interest on the total OPEB liability | 493 |
| Changes of assumptions | (1,790) |
| Benefit payments | (487) |
| Net change in total OPEB liability | (1,727) |
| Total OPEB liability - beginning | 17,465 |
| Total OPEB liability - ending | 15,738 |
| | |
| Covered-employee payroll | \$ 150,107 |
| | |
| Total OPEB liability as a percentage of covered employee payroll | 10.48% |
| | |
| Measurement date | June 30, 2017 |

Note:

FY 2018 is the first year of implementation of GASB 75; therefore, only one year of data is shown.

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Nonmajor Governmental Funds

This section of the CAFR provides information on each individual governmental fund, except for those major governmental funds reported in the basic financial statements: General Fund, Housing Assistance Fund and Capital Improvement Fund. This section includes special revenue funds, debt service funds, and capital projects funds.



CITY OF GLENDALE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2018 (in thousands)

| | Special Revenue Funds | Debt Service Funds | Capital Project Funds | Total Nonmajor Governmental Funds |
|---|--------------------------|-----------------------|--------------------------|---|
| Assets | | | | |
| Pooled cash and investments | \$ 84,814 | 16,362 | 68,683 | 169,859 |
| Cash and investments with fiscal agent | - | 52 | - | 52 |
| Restricted cash and investments | - | - | 31,850 | 31,850 |
| Interest receivable | 344 | 66 | 270 | 680 |
| Accounts receivable, net | 9,320 | - | 3,757 | 13,077 |
| Prepaid items | 47 | - | - | 47 |
| Property held for resale | 981 | - | - | 981 |
| Total assets | 95,506 | 16,480 | 104,560 | 216,546 |
| Liabilities, deferred inflows of resources and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 5,031 | - | 2,502 | 7,533 |
| Due to other funds | 3,491 | - | 1,787 | 5,278 |
| Loans payable | 594 | - | - | 594 |
| Interest payable | 41 | 51 | - | 92 |
| Wages and benefits payable | 995 | - | 73 | 1,068 |
| Unearned revenues | 580 | - | - | 580 |
| Deposits | 203 | - | 19 | 222 |
| Total liabilities | 10,935 | 51 | 4,381 | 15,367 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues | 3,634 | - | 2,238 | 5,872 |
| Total liabilities and deferred inflows of resources | 14,569 | 51 | 6,619 | 21,239 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid | 47 | - | - | 47 |
| Restricted for: | | | | |
| Property held for resale | 981 | - | - | 981 |
| Federal and state grants | 3,798 | - | - | 3,798 |
| Public safety | 2,594 | - | - | 2,594 |
| Youth employment | 44 | - | - | 44 |
| Transportation | 30,324 | - | - | 30,324 |
| Landscaping district | 207 | - | - | 207 |
| Low and moderate housing | 12,254 | - | - | 12,254 |
| Air quality improvement | 518 | - | - | 518 |
| Cable access | 3,401 | - | - | 3,401 |
| Electric public benefit AB 1890 | 5,146 | - | - | 5,146 |
| State gas tax mandates | - | - | 4,405 | 4,405 |
| Landfill postclosure | - | - | 31,850 | 31,850 |
| Capital projects | - | - | 38,884 | 38,884 |
| Committed to: | | | | |
| Debt service | - | 16,429 | - | 16,429 |
| Urban art | 6,974 | - | - | 6,974 |
| Public safety | 333 | - | - | 333 |
| Impact fee funded projects | - | - | 24,565 | 24,565 |
| Filming | 945 | - | - | 945 |
| Recreation | 3,775 | - | - | 3,775 |
| Hazardous materials | 2,885 | - | - | 2,885 |
| Parking | 9,638 | - | - | 9,638 |
| Unassigned: | (2,927) | - | (1,763) | (4,690) |
| Total fund balances | 80,937 | 16,429 | 97,941 | 195,307 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 95,506 | 16,480 | 104,560 | 216,546 |

CITY OF GLENDALE

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

Nonmajor Governmental Funds

Fiscal Year Ended June 30, 2018 (in thousands)

| | Special Revenue Funds | Debt Service Fund | Capital Project Funds | Total Nonmajor Governmental Funds |
|--|-----------------------------|----------------------|--------------------------|--|
| Revenues: | | | | |
| Sales taxes | \$ 4,455 | - | - | 4,455 |
| Other taxes | 7,124 | - | - | 7,124 |
| Revenue from other agencies | 24,901 | - | 12,755 | 37,656 |
| Licenses and permits | 775 | - | 2,051 | 2,826 |
| Fines and forfeitures | 2,752 | - | - | 2,752 |
| Charges for services | 22,844 | - | - | 22,844 |
| Use of money and property | 705 | 77 | 207 | 989 |
| Miscellaneous revenue | 2,289 | - | 205 | 2,494 |
| Total revenues | 65,845 | 77 | 15,218 | 81,140 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 584 | - | - | 584 |
| Police | 2,032 | 4 | 6 | 2,042 |
| Fire | 3,140 | - | - | 3,140 |
| Public works | 7,423 | - | 1,286 | 8,709 |
| Housing, health and community development | 5,499 | - | 1 | 5,500 |
| Employment programs | 5,680 | - | - | 5,680 |
| Public service | 5,951 | - | - | 5,951 |
| Transportation | 14,271 | - | - | 14,271 |
| Parks, recreation and community services | 3,960 | - | 179 | 4,139 |
| Library | 969 | - | 41 | 1,010 |
| Capital outlay | 6,087 | - | 6,459 | 12,546 |
| Debt service: | | | | |
| Interest | 63 | 520 | - | 583 |
| Principal | 203 | 1,905 | - | 2,108 |
| Total expenditures | 55,862 | 2,429 | 7,972 | 66,263 |
| Excess (deficiency) of revenues over (under) expenditures | 9,983 | (2,352) | 7,246 | 14,877 |
| Other financing sources: | | | | |
| Transfers in | 1,062 | 800 | 2,000 | 3,862 |
| Net change in fund balances | 11,045 | (1,552) | 9,246 | 18,739 |
| Fund balances, July 1 | 69,892 | 17,981 | 88,695 | 176,568 |
| Fund balances, June 30 | \$ 80,937 | 16,429 | 97,941 | 195,307 |

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue resources that are restricted or committed to expenditures for specified purposes, as required by law or administrative regulation.



SPECIAL REVENUE FUNDS

- 201 - CDBG Fund - To account for monies received and expended by the City as a participant in the Federal Community Development Block Grant (CDBG) Program.
- 203 - 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.
- 204 - Continuum of Care Grant Fund - To account for monies received and expended by the City under the Continuum of Care Grant Program to address the homeless needs of the City.
- 205 - Emergency Solutions Grant Fund - To account for monies received and expended by the City under the Emergency Solutions Grant Program to address the homeless needs of the City.
- 206 - Workforce Investment and Opportunity Act Fund - To account for monies received and expended for the federal, state and local-funded job training programs.
- 209 - Affordable Housing Trust Fund - To account for monies received from inclusionary housing fees in the San Fernando Road Corridor Redevelopment Project Area, from affordable housing density bonus fees and miscellaneous program income, and expended for affordable housing development, monitoring, and administration.
- 210 - Urban Art Fund - To account for the art fees collected from the City developments that are committed to support the public art installation and maintenance, in accordance with the City's Urban Art Program Guidelines.
- 211 - Glendale Youth Alliance Fund - To account for monies received and expended in the youth employment programs.
- 212 - BEGIN Affordable Homeownership Fund - To account for monies received and expended by the City under the Building Equity and Growth in Neighborhoods (BEGIN) grant to provide down payment assistance or homeowner rehabilitation loans to low and moderate income homebuyers.
- 213 - Low & Moderate Income Housing Asset Fund - To account for monies received and expended for low and moderate income housing activities pursuant to AB1484.
- 216 - Grant Fund - To account for miscellaneous grant monies received and expended by the City that are not accounted for in other specific grant funds.
- 217 - Filming Fund - To account for monies received and expended by the City and committed to filming activities.
- 222 - Measure M Local Return Fund - To account for monies received from the ½ cent sales tax increase approved in November 2016 by Los Angeles County voters and the related transportation and traffic congestion expenses.
- 224 - Measure H Fund - To account for monies received from the ¼ cent sales tax increase approved in March 2017 by Los Angeles County voters and the related homeless services and prevention expenses.
- 251 - Air Quality Improvement Fund - To account for monies received from South Coast Air Quality Management District and expended on air pollution reduction.
- 252 - PW Special Grants Fund - To account for various grants received and expended by the City in the Public Works (PW) department.
- 253 - San Fernando Landscape District Fund - To account for assessments and expenditures associated with the San Fernando Road Corridor (SFRC) Landscape and Maintenance District Project.
- 254 - Measure R Local Return Fund - To account for monies received from the ½ cent sales tax increase approved in November 2008 by Los Angeles County voters, and the related transportation and street expenses.

- 255 - Measure R Regional Return Fund - To account for monies received from the various grants that are funded by the Measure R, which is the ½ cent sales tax increase approved in November 2008 by Los Angeles County voters, and the related transportation and street project expenses.
- 256 - Transit Prop A Local Return Fund - To account for monies received from a portion of the sales tax via Prop A which is restricted to transportation-related activities.
- 257 - Transit Prop C Local Return Fund - To account for monies received from a portion of the sales tax via Prop C which is restricted to transportation-related activities.
- 258 - Transit Utility Fund - To capture the revenues and expenses associated with the operation of fixed route and demand response transit services for reporting to state and federal regulators.
- 260 - Asset 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.
- 261 - Police Special Grants Fund - To account for various grants received and expended by the City in the Police department.
- 262 - 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).
- 265 - Fire Grant Fund - To account for grant monies received and expended for fire prevention programs.
- 266 - Fire Mutual Aid Fund - To account for the reimbursements received from either the Federal government or the State of California that are committed for the City's fire strike team labor costs, fire equipment charges as well as overhead costs incurred by the City in assisting fire incidents outside of the City's jurisdiction.
- 267 - Special Events Fund - To account for the monies received from the Police and Fire special events that are committed for the related personnel and operation costs.
- 270 - Nutritional Meals Grant Fund - To account for monies received from Federal assistance programs for senior citizen services.
- 275 - Library Fund - To account for the various grant monies and donations received from Federal, State and local agencies that are restricted for library services.
- 280 - Cable Access Fund - To account for the cable access fee that is restricted to provide for resources to broadcast the City Council meetings and other various commissions, forums, etc.
- 291 - Electric Public Benefit Fund - To account for the fee 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.
- 501 - Recreation Fund - To account for the user fees collected from the recreation programs of the Community Services and Parks department that are committed to provide variety of recreational opportunities, enrichment programs, and social service programs for all ages and abilities.
- 510 - Hazardous Disposal Fund - To account for the revenues from hazardous permits and waste disposal fees that are committed to recycle household hazardous waste, in order to divert this waste from landfill.
- 520 - Parking Fund - To account for the parking revenues collected from the operations of City owned public parking lots and garages that are committed to operate City owned parking structures, public parking lots and the administration of the residential preferential parking program.

Exhibit H-1
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds -
 Special Revenue Funds
 June 30, 2018 (in thousands)

| | CDBG Fund | Home Grant Fund | Continuum Of Care Grant Fund | Emergency Solutions Grant Fund |
|---|---------------|--------------------|------------------------------------|--------------------------------------|
| Assets | | | | |
| Pooled cash and investments | \$ - | 1,085 | - | - |
| Interest receivable | - | 4 | - | - |
| Accounts receivable, net | 352 | 41 | 632 | 47 |
| Prepaid items | - | - | 47 | - |
| Property held for resale | - | 981 | - | - |
| Total assets | 352 | 2,111 | 679 | 47 |
| Liabilities, deferred inflows of resources and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 50 | 244 | 241 | 24 |
| Due to other funds | 282 | - | 426 | 23 |
| Wages and benefits payable | 20 | 3 | 12 | - |
| Interest payable | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Deposits | - | - | - | - |
| Loans payable | - | - | - | - |
| Total liabilities | 352 | 247 | 679 | 47 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues | 2 | 41 | 97 | - |
| Total liabilities and deferred inflows of resources | 354 | 288 | 776 | 47 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid | - | - | 47 | - |
| Restricted for: | | | | |
| Property held for resale | - | 981 | - | - |
| Federal and state grants | - | 842 | - | - |
| Public safety | - | - | - | - |
| Youth employment | - | - | - | - |
| Transportation | - | - | - | - |
| Landscaping district | - | - | - | - |
| Low and moderate housing | - | - | - | - |
| Air quality improvement | - | - | - | - |
| Cable access | - | - | - | - |
| Electric public benefit AB 1890 | - | - | - | - |
| Committed to: | | | | |
| Urban art | - | - | - | - |
| Public safety | - | - | - | - |
| Filming | - | - | - | - |
| Recreation | - | - | - | - |
| Hazardous materials | - | - | - | - |
| Parking | - | - | - | - |
| Unassigned: | (2) | - | (144) | - |
| Total fund balances (deficits) | (2) | 1,823 | (97) | - |
| Total liabilities, deferred inflows of resources and fund balances | \$ 352 | 2,111 | 679 | 47 |

Exhibit H-1
CITY OF GLENDALE
Combining Balance Sheet
Nonmajor Governmental Funds -
Special Revenue Funds
June 30, 2018 (in thousands)

| | Workforce Investment and Opportunity Act Fund | Affordable Housing Trust Fund | Urban Art Fund | Glendale Youth Alliance Fund |
|---|--|-------------------------------------|-------------------|------------------------------------|
| Assets | | | | |
| Pooled cash and investments | \$ 1,099 | 2,214 | 6,951 | 29 |
| Interest receivable | - | 9 | 28 | - |
| Accounts receivable, net | 740 | - | - | 113 |
| Prepaid items | - | - | - | - |
| Property held for resale | - | - | - | - |
| Total assets | 1,839 | 2,223 | 6,979 | 142 |
| Liabilities, deferred inflows of resources and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 186 | - | 5 | 1 |
| Due to other funds | - | - | - | - |
| Wages and benefits payable | 141 | - | - | 97 |
| Interest payable | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Deposits | - | - | - | - |
| Loans payable | - | - | - | - |
| Total liabilities | 327 | - | 5 | 98 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues | 1 | - | - | - |
| Total liabilities and deferred inflows of resources | 328 | - | 5 | 98 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid | - | - | - | - |
| Restricted for: | | | | |
| Property held for resale | - | - | - | - |
| Federal and state grants | 1,511 | - | - | - |
| Public safety | - | - | - | - |
| Youth employment | - | - | - | 44 |
| Transportation | - | - | - | - |
| Landscaping district | - | - | - | - |
| Low and moderate housing | - | 2,223 | - | - |
| Air quality improvement | - | - | - | - |
| Cable access | - | - | - | - |
| Electric public benefit AB 1890 | - | - | - | - |
| Committed to: | | | | |
| Urban art | - | - | 6,974 | - |
| Public safety | - | - | - | - |
| Filming | - | - | - | - |
| Recreation | - | - | - | - |
| Hazardous materials | - | - | - | - |
| Parking | - | - | - | - |
| Unassigned: | | | | |
| | - | - | - | - |
| Total fund balances (deficits) | 1,511 | 2,223 | 6,974 | 44 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 1,839 | 2,223 | 6,979 | 142 |

Exhibit H-1
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds -
 Special Revenue Funds
 June 30, 2018 (in thousands)

| | BEGIN Affordable Homeownership Fund | Low & Moderate Income Housing Asset Fund | Grant Fund | Filming Fund |
|---|--|---|---------------|-----------------|
| Assets | | | | |
| Pooled cash and investments | \$ 1 | 10,209 | - | 954 |
| Interest receivable | - | 42 | - | 4 |
| Accounts receivable, net | - | 168 | 896 | 4 |
| Prepaid items | - | - | - | - |
| Property held for resale | - | - | - | - |
| Total assets | 1 | 10,419 | 896 | 962 |
| Liabilities, deferred inflows of resources and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | - | 365 | 11 | - |
| Due to other funds | - | - | 848 | - |
| Wages and benefits payable | - | 23 | 4 | 17 |
| Interest payable | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Deposits | - | - | - | - |
| Loans payable | - | - | - | - |
| Total liabilities | - | 388 | 863 | 17 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues | - | - | 653 | - |
| Total liabilities and deferred inflows of resources | - | 388 | 1,516 | 17 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid | - | - | - | - |
| Restricted for: | | | | |
| Property held for resale | - | - | - | - |
| Federal and state grants | 1 | - | - | - |
| Public safety | - | - | - | - |
| Youth employment | - | - | - | - |
| Transportation | - | - | - | - |
| Landscaping district | - | - | - | - |
| Low and moderate housing | - | 10,031 | - | - |
| Air quality improvement | - | - | - | - |
| Cable access | - | - | - | - |
| Electric public benefit AB 1890 | - | - | - | - |
| Committed to: | | | | |
| Urban art | - | - | - | - |
| Public safety | - | - | - | - |
| Filming | - | - | - | 945 |
| Recreation | - | - | - | - |
| Hazardous materials | - | - | - | - |
| Parking | - | - | - | - |
| Unassigned: | - | - | (620) | - |
| Total fund balances (deficits) | 1 | 10,031 | (620) | 945 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 1 | 10,419 | 896 | 962 |

Exhibit H-1
CITY OF GLENDALE
Combining Balance Sheet
Nonmajor Governmental Funds -
Special Revenue Funds
June 30, 2018 (in thousands)

| | Measure M Local Return Fund | Measure H Fund | Air Quality Improvement Fund | PW Special Grants Fund |
|---|-----------------------------------|-------------------|------------------------------------|---------------------------|
| Assets | | | | |
| Pooled cash and investments | \$ 2,104 | - | 465 | - |
| Interest receivable | 8 | - | 2 | - |
| Accounts receivable, net | - | 42 | 67 | 49 |
| Prepaid items | - | - | - | - |
| Property held for resale | - | - | - | - |
| Total assets | 2,112 | 42 | 534 | 49 |
| Liabilities, deferred inflows of resources and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | - | - | 16 | - |
| Due to other funds | - | 52 | - | 84 |
| Wages and benefits payable | - | - | - | - |
| Interest payable | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Deposits | - | - | - | - |
| Loans payable | - | - | - | - |
| Total liabilities | - | 52 | 16 | 84 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues | - | 42 | - | 49 |
| Total liabilities and deferred inflows of resources | - | 94 | 16 | 133 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid | - | - | - | - |
| Restricted for: | | | | |
| Property held for resale | - | - | - | - |
| Federal and state grants | - | - | - | - |
| Public safety | - | - | - | - |
| Youth employment | - | - | - | - |
| Transportation | 2,112 | - | - | - |
| Landscaping district | - | - | - | - |
| Low and moderate housing | - | - | - | - |
| Air quality improvement | - | - | 518 | - |
| Cable access | - | - | - | - |
| Electric public benefit AB 1890 | - | - | - | - |
| Committed to: | | | | |
| Urban art | - | - | - | - |
| Public safety | - | - | - | - |
| Filming | - | - | - | - |
| Recreation | - | - | - | - |
| Hazardous materials | - | - | - | - |
| Parking | - | - | - | - |
| Unassigned: | - | (52) | - | (84) |
| Total fund balances (deficits) | 2,112 | (52) | 518 | (84) |
| Total liabilities, deferred inflows of resources and fund balances | \$ 2,112 | 42 | 534 | 49 |

Exhibit H-1
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds -
 Special Revenue Funds
 June 30, 2018 (in thousands)

| | San Fernando Landscape District Fund | Measure R Local Return Fund | Measure R Regional Return Fund | Transit Prop A Local Return Fund |
|---|--|-----------------------------------|--------------------------------------|--|
| Assets | | | | |
| Pooled cash and investments | \$ 206 | 11,604 | - | 11,211 |
| Interest receivable | 1 | 47 | - | 35 |
| Accounts receivable, net | 1 | - | 1,846 | 635 |
| Prepaid items | - | - | - | - |
| Property held for resale | - | - | - | - |
| Total assets | 208 | 11,651 | 1,846 | 11,881 |
| Liabilities, deferred inflows of resources and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 1 | 127 | 415 | 733 |
| Due to other funds | - | - | 1,389 | - |
| Wages and benefits payable | - | 1 | 42 | 24 |
| Interest payable | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Deposits | - | - | - | - |
| Loans payable | - | - | - | - |
| Total liabilities | 1 | 128 | 1,846 | 757 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues | - | - | 1,846 | 154 |
| Total liabilities and deferred inflows of resources | 1 | 128 | 3,692 | 911 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid | - | - | - | - |
| Restricted for: | | | | |
| Property held for resale | - | - | - | - |
| Federal and state grants | - | - | - | - |
| Public safety | - | - | - | - |
| Youth employment | - | - | - | - |
| Transportation | - | 11,523 | - | 10,970 |
| Landscaping district | 207 | - | - | - |
| Low and moderate housing | - | - | - | - |
| Air quality improvement | - | - | - | - |
| Cable access | - | - | - | - |
| Electric public benefit AB 1890 | - | - | - | - |
| Committed to: | | | | |
| Urban art | - | - | - | - |
| Public safety | - | - | - | - |
| Filming | - | - | - | - |
| Recreation | - | - | - | - |
| Hazardous materials | - | - | - | - |
| Parking | - | - | - | - |
| Unassigned: | - | - | (1,846) | - |
| Total fund balances (deficits) | 207 | 11,523 | (1,846) | 10,970 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 208 | 11,651 | 1,846 | 11,881 |

Exhibit H-1
CITY OF GLENDALE
Combining Balance Sheet
Nonmajor Governmental Funds -
Special Revenue Funds
June 30, 2018 (in thousands)

| | Transit Prop C Local Return Fund | Transit Utility Fund | Asset Forfeiture Fund | Police Special Grants Fund |
|---|--|-------------------------|-----------------------------|-------------------------------|
| Assets | | | | |
| Pooled cash and investments | \$ 5,671 | - | 2,243 | - |
| Interest receivable | 32 | - | 8 | 1 |
| Accounts receivable, net | 627 | - | - | 951 |
| Prepaid items | - | - | - | - |
| Property held for resale | - | - | - | - |
| Total assets | 6,330 | - | 2,251 | 952 |
| Liabilities, deferred inflows of resources and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 502 | - | 143 | 4 |
| Due to other funds | - | - | - | 244 |
| Wages and benefits payable | 24 | - | 5 | 42 |
| Interest payable | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Deposits | - | - | 60 | 46 |
| Loans payable | - | - | - | - |
| Total liabilities | 526 | - | 208 | 336 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues | 85 | - | - | 233 |
| Total liabilities and deferred inflows of resources | 611 | - | 208 | 569 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid | - | - | - | - |
| Restricted for: | | | | |
| Property held for resale | - | - | - | - |
| Federal and state grants | - | - | - | - |
| Public safety | - | - | 2,043 | 383 |
| Youth employment | - | - | - | - |
| Transportation | 5,719 | - | - | - |
| Landscaping district | - | - | - | - |
| Low and moderate housing | - | - | - | - |
| Air quality improvement | - | - | - | - |
| Cable access | - | - | - | - |
| Electric public benefit AB 1890 | - | - | - | - |
| Committed to: | | | | |
| Urban art | - | - | - | - |
| Public safety | - | - | - | - |
| Filming | - | - | - | - |
| Recreation | - | - | - | - |
| Hazardous materials | - | - | - | - |
| Parking | - | - | - | - |
| Unassigned: | - | - | - | - |
| Total fund balances (deficits) | 5,719 | - | 2,043 | 383 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 6,330 | - | 2,251 | 952 |

Exhibit H-1
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds -
 Special Revenue Funds
 June 30, 2018 (in thousands)

| | Supplemental Law Enforcement Fund | Fire Grant Fund | Fire Mutual Aid Fund | Special Events Fund |
|---|--|--------------------|-------------------------|------------------------|
| Assets | | | | |
| Pooled cash and investments | \$ 181 | - | 311 | 7 |
| Interest receivable | 1 | - | 7 | - |
| Accounts receivable, net | - | 9 | 376 | 19 |
| Prepaid items | - | - | - | - |
| Property held for resale | - | - | - | - |
| Total assets | 182 | 9 | 694 | 26 |
| Liabilities, deferred inflows of resources and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | - | 33 | - | - |
| Due to other funds | - | 143 | - | - |
| Wages and benefits payable | 14 | 3 | - | 12 |
| Interest payable | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Deposits | - | - | - | - |
| Loans payable | - | - | - | - |
| Total liabilities | 14 | 179 | - | 12 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues | - | 9 | 375 | - |
| Total liabilities and deferred inflows of resources | 14 | 188 | 375 | 12 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid | - | - | - | - |
| Restricted for: | | | | |
| Property held for resale | - | - | - | - |
| Federal and state grants | - | - | - | - |
| Public safety | 168 | - | - | - |
| Youth employment | - | - | - | - |
| Transportation | - | - | - | - |
| Landscaping district | - | - | - | - |
| Low and moderate housing | - | - | - | - |
| Air quality improvement | - | - | - | - |
| Cable access | - | - | - | - |
| Electric public benefit AB 1890 | - | - | - | - |
| Committed to: | | | | |
| Urban art | - | - | - | - |
| Public safety | - | - | 319 | 14 |
| Filming | - | - | - | - |
| Recreation | - | - | - | - |
| Hazardous materials | - | - | - | - |
| Parking | - | - | - | - |
| Unassigned: | - | (179) | - | - |
| Total fund balances (deficits) | 168 | (179) | 319 | 14 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 182 | 9 | 694 | 26 |

Exhibit H-1
CITY OF GLENDALE
 Combining Balance Sheet
 Nonmajor Governmental Funds -
 Special Revenue Funds
 June 30, 2018 (in thousands)

| | Nutritional Meals Grant Fund | Library Fund | Cable Access Fund | Electric Public Benefit Fund |
|---|------------------------------------|-----------------|----------------------|---------------------------------|
| Assets | | | | |
| Pooled cash and investments | \$ 7 | 1,467 | 3,276 | 4,680 |
| Interest receivable | - | 6 | 14 | 19 |
| Accounts receivable, net | 20 | 11 | 111 | 956 |
| Prepaid items | - | - | - | - |
| Property held for resale | - | - | - | - |
| Total assets | 27 | 1,484 | 3,401 | 5,655 |
| Liabilities, deferred inflows of resources and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 16 | 23 | - | 463 |
| Due to other funds | - | - | - | - |
| Wages and benefits payable | 11 | 17 | - | 46 |
| Interest payable | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Deposits | - | - | - | - |
| Loans payable | - | - | - | - |
| Total liabilities | 27 | 40 | - | 509 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues | - | - | - | - |
| Total liabilities and deferred inflows of resources | 27 | 40 | - | 509 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid | - | - | - | - |
| Restricted for: | | | | |
| Property held for resale | - | - | - | - |
| Federal and state grants | - | 1,444 | - | - |
| Public safety | - | - | - | - |
| Youth employment | - | - | - | - |
| Transportation | - | - | - | - |
| Landscaping district | - | - | - | - |
| Low and moderate housing | - | - | - | - |
| Air quality improvement | - | - | - | - |
| Cable access | - | - | 3,401 | - |
| Electric public benefit AB 1890 | - | - | - | 5,146 |
| Committed to: | | | | |
| Urban art | - | - | - | - |
| Public safety | - | - | - | - |
| Filming | - | - | - | - |
| Recreation | - | - | - | - |
| Hazardous materials | - | - | - | - |
| Parking | - | - | - | - |
| Unassigned: | | | | |
| Total fund balances (deficits) | - | 1,444 | 3,401 | 5,146 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 27 | 1,484 | 3,401 | 5,655 |

Exhibit H-1
CITY OF GLENDALE
Combining Balance Sheet
Nonmajor Governmental Funds -
Special Revenue Funds
June 30, 2018 (in thousands)

| | Recreation Fund | Hazardous Disposal Fund | Parking Fund | Total Nonmajor Special Revenue Funds |
|---|--------------------|-------------------------------|-----------------|--|
| Assets | | | | |
| Pooled cash and investments | \$ 4,070 | 3,069 | 11,700 | 84,814 |
| Interest receivable | 16 | 13 | 47 | 344 |
| Accounts receivable, net | 16 | 495 | 96 | 9,320 |
| Prepaid items | - | - | - | 47 |
| Property held for resale | - | - | - | 981 |
| Total assets | 4,102 | 3,577 | 11,843 | 95,506 |
| Liabilities, deferred inflows of resources and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 24 | 81 | 1,323 | 5,031 |
| Due to other funds | - | - | - | 3,491 |
| Wages and benefits payable | 206 | 74 | 157 | 995 |
| Interest payable | - | - | 41 | 41 |
| Unearned revenues | - | 537 | 43 | 580 |
| Deposits | 97 | - | - | 203 |
| Loans payable | - | - | 594 | 594 |
| Total liabilities | 327 | 692 | 2,158 | 10,935 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues | - | - | 47 | 3,634 |
| Total liabilities and deferred inflows of resources | 327 | 692 | 2,205 | 14,569 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid | - | - | - | 47 |
| Restricted for: | | | | |
| Property held for resale | - | - | - | 981 |
| Federal and state grants | - | - | - | 3,798 |
| Public safety | - | - | - | 2,594 |
| Youth employment | - | - | - | 44 |
| Transportation | - | - | - | 30,324 |
| Landscaping district | - | - | - | 207 |
| Low and moderate housing | - | - | - | 12,254 |
| Air quality improvement | - | - | - | 518 |
| Cable access | - | - | - | 3,401 |
| Electric public benefit AB 1890 | - | - | - | 5,146 |
| Committed to: | | | | |
| Urban art | - | - | - | 6,974 |
| Public safety | - | - | - | 333 |
| Filming | - | - | - | 945 |
| Recreation | 3,775 | - | - | 3,775 |
| Hazardous materials | - | 2,885 | - | 2,885 |
| Parking | - | - | 9,638 | 9,638 |
| Unassigned: | - | - | - | (2,927) |
| Total fund balances (deficits) | 3,775 | 2,885 | 9,638 | 80,937 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 4,102 | 3,577 | 11,843 | 95,506 |

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2018 (in thousands)

| | CDBG Fund | Home Grant Fund | Continuum Of Care Grant Fund | Emergency Solutions Grant Fund |
|--|--------------|--------------------|------------------------------------|--------------------------------------|
| Revenues: | | | | |
| Sales taxes | \$ - | - | - | - |
| Other taxes | - | - | - | - |
| Revenue from other agencies | 1,557 | 76 | 2,398 | 162 |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Charges for services | - | - | - | - |
| Use of money and property | - | 18 | - | - |
| Miscellaneous revenue | - | 368 | - | - |
| Total revenues | 1,557 | 462 | 2,398 | 162 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Police | - | - | - | - |
| Fire | - | - | - | - |
| Public works | - | - | - | - |
| Transportation | - | - | - | - |
| Housing, health and community development | 1,216 | 417 | 2,124 | 146 |
| Employment programs | - | - | - | - |
| Public service | - | - | - | - |
| Parks, recreation and community services | - | - | - | - |
| Library | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Interest | 22 | - | - | - |
| Principal | 203 | - | - | - |
| Total expenditures | 1,441 | 417 | 2,124 | 146 |
| Excess (deficiency) of revenues over (under) expenditures | 116 | 45 | 274 | 16 |
| Other financing sources: | | | | |
| Transfers in | - | - | - | - |
| Net change in fund balances | 116 | 45 | 274 | 16 |
| Fund balances (deficits), July 1 | (118) | 1,778 | (371) | (16) |
| Fund balances (deficits), June 30 | \$ (2) | 1,823 | (97) | - |

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2018 (in thousands)

| | Workforce Investment and Opportunity Act Fund | Affordable Housing Trust Fund | Urban Art Fund | Glendale Youth Alliance Fund |
|--|--|-------------------------------------|-------------------|------------------------------------|
| Revenues: | | | | |
| Sales taxes | \$ - | - | - | - |
| Other taxes | - | - | - | - |
| Revenue from other agencies | 4,706 | - | - | - |
| Licenses and permits | - | - | 763 | - |
| Fines and forfeitures | - | - | - | - |
| Charges for services | 6 | 4 | - | 1,805 |
| Use of money and property | - | 10 | 22 | - |
| Miscellaneous revenue | 176 | 14 | - | 2 |
| Total revenues | 4,888 | 28 | 785 | 1,807 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Police | - | - | - | - |
| Fire | - | - | - | - |
| Public works | - | - | - | - |
| Transportation | - | - | - | - |
| Housing, health and community development | - | - | - | - |
| Employment programs | 3,849 | - | - | 1,747 |
| Public service | - | - | - | - |
| Parks, recreation and community services | - | - | - | - |
| Library | - | - | 183 | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Interest | - | - | - | - |
| Principal | - | - | - | - |
| Total expenditures | 3,849 | - | 183 | 1,747 |
| Excess (deficiency) of revenues over (under) expenditures | 1,039 | 28 | 602 | 60 |
| Other financing sources: | | | | |
| Transfers in | - | - | - | - |
| Net change in fund balances | 1,039 | 28 | 602 | 60 |
| Fund balances (deficits), July 1 | 472 | 2,195 | 6,372 | (16) |
| Fund balances (deficits), June 30 | \$ 1,511 | 2,223 | 6,974 | 44 |

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2018 (in thousands)

| | BEGIN Affordable Homeownership Fund | Low & Moderate Income Housing Asset Fund | Grant Fund | Filming Fund |
|--|--|---|---------------|-----------------|
| Revenues: | | | | |
| Sales taxes | \$ - | - | - | - |
| Other taxes | - | - | - | - |
| Revenue from other agencies | - | - | 497 | - |
| Licenses and permits | - | - | - | 12 |
| Fines and forfeitures | - | - | - | - |
| Charges for services | - | - | - | 880 |
| Use of money and property | - | 52 | - | 15 |
| Miscellaneous revenue | - | 1,180 | 23 | - |
| Total revenues | - | 1,232 | 520 | 907 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | 584 |
| Police | - | - | - | - |
| Fire | - | - | - | - |
| Public works | - | - | - | - |
| Transportation | - | - | - | - |
| Housing, health and community development | - | 1,158 | 378 | - |
| Employment programs | - | - | - | - |
| Public service | - | - | - | - |
| Parks, recreation and community services | - | - | 4 | - |
| Library | - | - | - | - |
| Capital outlay | - | - | 550 | - |
| Debt service: | | | | |
| Interest | - | - | - | - |
| Principal | - | - | - | - |
| Total expenditures | - | 1,158 | 932 | 584 |
| Excess (deficiency) of revenues over (under) expenditures | - | 74 | (412) | 323 |
| Other financing sources: | | | | |
| Transfers in | - | 977 | - | - |
| Net change in fund balances | - | 1,051 | (412) | 323 |
| Fund balances (deficits), July 1 | 1 | 8,980 | (208) | 622 |
| Fund balances (deficits), June 30 | \$ 1 | 10,031 | (620) | 945 |

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2018 (in thousands)

| | Measure M Local Return Fund | Measure H Fund | Air Quality Improvement Fund | PW Special Grants Fund |
|--|-----------------------------------|-------------------|------------------------------------|---------------------------|
| Revenues: | | | | |
| Sales taxes | \$ 2,118 | - | - | - |
| Other taxes | - | - | - | - |
| Revenue from other agencies | - | 58 | 254 | 107 |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Charges for services | - | - | 5 | - |
| Use of money and property | (6) | - | 1 | - |
| Miscellaneous revenue | - | - | - | - |
| Total revenues | 2,112 | 58 | 260 | 107 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Police | - | - | - | - |
| Fire | - | - | - | - |
| Public works | - | - | - | 128 |
| Transportation | - | - | 167 | - |
| Housing, health and community development | - | 26 | - | - |
| Employment programs | - | 84 | - | - |
| Public service | - | - | - | - |
| Parks, recreation and community services | - | - | - | - |
| Library | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Interest | - | - | - | - |
| Principal | - | - | - | - |
| Total expenditures | - | 110 | 167 | 128 |
| Excess (deficiency) of revenues over (under) expenditures | 2,112 | (52) | 93 | (21) |
| Other financing sources: | | | | |
| Transfers in | - | - | - | - |
| Net change in fund balances | 2,112 | (52) | 93 | (21) |
| Fund balances (deficits), July 1 | - | - | 425 | (63) |
| Fund balances (deficits), June 30 | \$ 2,112 | (52) | 518 | (84) |

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2018 (in thousands)

| | San Fernando Landscape District Fund | Measure R Local Return Fund | Measure R Regional Return Fund | Transit Prop A Local Return Fund |
|--|--|-----------------------------------|--------------------------------------|--|
| Revenues: | | | | |
| Sales taxes | \$ - | 2,337 | - | - |
| Other taxes | - | - | - | - |
| Revenue from other agencies | - | - | 2,396 | 3,762 |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Charges for services | - | - | - | 14 |
| Use of money and property | - | 34 | - | 41 |
| Miscellaneous revenue | 80 | - | - | 5 |
| Total revenues | 80 | 2,371 | 2,396 | 3,822 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Police | - | - | - | - |
| Fire | - | - | - | - |
| Public works | 45 | - | 273 | - |
| Transportation | - | - | - | 3,262 |
| Housing, health and community development | - | 32 | - | - |
| Employment programs | - | - | - | - |
| Public service | - | - | - | - |
| Parks, recreation and community services | - | - | - | - |
| Library | - | - | - | - |
| Capital outlay | - | 545 | 2,112 | 11 |
| Debt service: | | | | |
| Interest | - | - | - | - |
| Principal | - | - | - | - |
| Total expenditures | 45 | 577 | 2,385 | 3,273 |
| Excess (deficiency) of revenues over (under) expenditures | 35 | 1,794 | 11 | 549 |
| Other financing sources: | | | | |
| Transfers in | - | - | - | - |
| Net change in fund balances | 35 | 1,794 | 11 | 549 |
| Fund balances (deficits), July 1 | 172 | 9,729 | (1,857) | 10,421 |
| Fund balances (deficits), June 30 | \$ 207 | 11,523 | (1,846) | 10,970 |

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2018 (in thousands)

| | Transit Prop C Local Return Fund | Transit Utility Fund | Asset Forfeiture Fund | Police Special Grants Fund |
|--|--|-------------------------|-----------------------------|-------------------------------|
| Revenues: | | | | |
| Sales taxes | \$ - | - | - | - |
| Other taxes | - | - | - | - |
| Revenue from other agencies | 3,114 | 1,182 | - | 1,365 |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | 295 | - |
| Charges for services | 21 | 6,837 | - | 61 |
| Use of money and property | 11 | - | 5 | 7 |
| Miscellaneous revenue | - | 141 | - | 31 |
| Total revenues | 3,146 | 8,160 | 300 | 1,464 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Police | - | - | 219 | 812 |
| Fire | - | - | - | - |
| Public works | - | - | - | - |
| Transportation | 2,682 | 8,160 | - | - |
| Housing, health and community development | 2 | - | - | - |
| Employment programs | - | - | - | - |
| Public service | - | - | - | - |
| Parks, recreation and community services | - | - | - | - |
| Library | - | - | - | - |
| Capital outlay | 64 | - | 156 | 691 |
| Debt service: | | | | |
| Interest | - | - | - | - |
| Principal | - | - | - | - |
| Total expenditures | 2,748 | 8,160 | 375 | 1,503 |
| Excess (deficiency) of revenues over (under) expenditures | 398 | - | (75) | (39) |
| Other financing sources: | | | | |
| Transfers in | - | - | - | - |
| Net change in fund balances | 398 | - | (75) | (39) |
| Fund balances (deficits), July 1 | 5,321 | - | 2,118 | 422 |
| Fund balances (deficits), June 30 | \$ 5,719 | - | 2,043 | 383 |

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2018 (in thousands)

| | Supplemental Law Enforcement Fund | Fire Grant Fund | Fire Mutual Aid Fund | Special Events Fund |
|--|--|--------------------|-------------------------|------------------------|
| Revenues: | | | | |
| Sales taxes | \$ - | - | - | - |
| Other taxes | - | - | - | - |
| Revenue from other agencies | 309 | 340 | 1,730 | - |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Charges for services | - | - | - | 706 |
| Use of money and property | - | - | (9) | - |
| Miscellaneous revenue | - | 35 | - | - |
| Total revenues | <u>309</u> | <u>375</u> | <u>1,721</u> | <u>706</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Police | 331 | - | - | 670 |
| Fire | - | 114 | 1,601 | 29 |
| Public works | - | - | - | - |
| Transportation | - | - | - | - |
| Housing, health and community development | - | - | - | - |
| Employment programs | - | - | - | - |
| Public service | - | - | - | - |
| Parks, recreation and community services | - | - | - | - |
| Library | - | - | - | - |
| Capital outlay | - | 43 | - | - |
| Debt service: | | | | |
| Interest | - | - | - | - |
| Principal | - | - | - | - |
| Total expenditures | <u>331</u> | <u>157</u> | <u>1,601</u> | <u>699</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(22)</u> | <u>218</u> | <u>120</u> | <u>7</u> |
| Other financing sources: | | | | |
| Transfers in | - | - | - | - |
| Net change in fund balances | (22) | 218 | 120 | 7 |
| Fund balances (deficits), July 1 | <u>190</u> | <u>(397)</u> | <u>199</u> | <u>7</u> |
| Fund balances (deficits), June 30 | <u>\$ 168</u> | <u>(179)</u> | <u>319</u> | <u>14</u> |

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2018 (in thousands)

| | Nutritional Meals Grant Fund | Library Fund | Cable Access Fund | Electric Public Benefit Fund |
|--|------------------------------------|-----------------|----------------------|---------------------------------|
| Revenues: | | | | |
| Sales taxes | \$ - | - | - | - |
| Other taxes | - | - | - | 7,124 |
| Revenue from other agencies | 309 | 169 | - | - |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Charges for services | - | 90 | 498 | - |
| Use of money and property | - | (8) | 8 | 11 |
| Miscellaneous revenue | 41 | 67 | - | - |
| Total revenues | 350 | 318 | 506 | 7,135 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Police | - | - | - | - |
| Fire | - | - | - | - |
| Public works | - | - | - | - |
| Transportation | - | - | - | - |
| Housing, health and community development | - | - | - | - |
| Employment programs | - | - | - | - |
| Public service | - | - | - | 5,951 |
| Parks, recreation and community services | 448 | - | - | - |
| Library | - | 786 | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Interest | - | - | - | - |
| Principal | - | - | - | - |
| Total expenditures | 448 | 786 | - | 5,951 |
| Excess (deficiency) of revenues over (under) expenditures | (98) | (468) | 506 | 1,184 |
| Other financing sources: | | | | |
| Transfers in | 85 | - | - | - |
| Net change in fund balances | (13) | (468) | 506 | 1,184 |
| Fund balances (deficits), July 1 | 13 | 1,912 | 2,895 | 3,962 |
| Fund balances (deficits), June 30 | \$ - | 1,444 | 3,401 | 5,146 |

(Continued)

Exhibit H-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Fiscal Year Ended June 30, 2018 (in thousands)

| | Recreation Fund | Hazardous Disposal Fund | Parking Fund | Total Nonmajor Special Revenue Funds |
|--|--------------------|-------------------------------|-----------------|--|
| Revenues: | | | | |
| Sales taxes | \$ - | - | - | 4,455 |
| Other taxes | - | - | - | 7,124 |
| Revenue from other agencies | 4 | 55 | 351 | 24,901 |
| Licenses and permits | - | - | - | 775 |
| Fines and forfeitures | - | - | 2,457 | 2,752 |
| Charges for services | 3,274 | 1,891 | 6,752 | 22,844 |
| Use of money and property | 458 | 7 | 28 | 705 |
| Miscellaneous revenue | 85 | - | 41 | 2,289 |
| Total revenues | 3,821 | 1,953 | 9,629 | 65,845 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | 584 |
| Police | - | - | - | 2,032 |
| Fire | - | 1,396 | - | 3,140 |
| Public works | - | - | 6,977 | 7,423 |
| Transportation | - | - | - | 14,271 |
| Housing, health and community development | - | - | - | 5,499 |
| Employment programs | - | - | - | 5,680 |
| Public service | - | - | - | 5,951 |
| Parks, recreation and community services | 3,508 | - | - | 3,960 |
| Library | - | - | - | 969 |
| Capital outlay | 190 | 14 | 1,711 | 6,087 |
| Debt service: | | | | |
| Interest | - | - | 41 | 63 |
| Principal | - | - | - | 203 |
| Total expenditures | 3,698 | 1,410 | 8,729 | 55,862 |
| Excess (deficiency) of revenues over (under) expenditures | 123 | 543 | 900 | 9,983 |
| Other financing sources: | | | | |
| Transfers in | - | - | - | 1,062 |
| Net change in fund balances | 123 | 543 | 900 | 11,045 |
| Fund balances (deficits), July 1 | 3,652 | 2,342 | 8,738 | 69,892 |
| Fund balances (deficits), June 30 | \$ 3,775 | 2,885 | 9,638 | 80,937 |

Exhibit H-3

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2018 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget Over/(Under) |
|---|--------------------|-----------------|--------|---|
| CDBG Fund: | | | | |
| Revenue from other agencies | \$ 1,675 | 1,675 | 1,557 | (118) |
| Total | 1,675 | 1,675 | 1,557 | (118) |
| Home Grant Fund: | | | | |
| Use of money and property | - | - | 18 | 18 |
| Revenue from other agencies | 900 | 900 | 76 | (824) |
| Miscellaneous revenue | 59 | 59 | 368 | 309 |
| Total | 959 | 959 | 462 | (497) |
| Continuum of Care Grant Fund: | | | | |
| Revenue from other agencies | 2,372 | 2,372 | 2,398 | 26 |
| Total | 2,372 | 2,372 | 2,398 | 26 |
| Emergency Solutions Grant Fund: | | | | |
| Revenue from other agencies | 263 | 263 | 162 | (101) |
| Total | 263 | 263 | 162 | (101) |
| Workforce Investment and Opportunity Act Fund: | | | | |
| Revenue from other agencies | 5,752 | 6,134 | 4,706 | (1,428) |
| Charges for services | - | - | 6 | 6 |
| Miscellaneous revenue | 30 | 30 | 176 | 146 |
| Total | 5,782 | 6,164 | 4,888 | (1,276) |
| Affordable Housing Trust Fund: | | | | |
| Use of money and property | 8 | 8 | 10 | 2 |
| Charges for services | - | - | 4 | 4 |
| Miscellaneous revenue | 12 | 12 | 14 | 2 |
| Total | 20 | 20 | 28 | 8 |
| Urban Art Fund: | | | | |
| Use of money and property | 60 | 60 | 22 | (38) |
| Licenses and permits | 293 | 293 | 763 | 470 |
| Total | 353 | 353 | 785 | 432 |
| Glendale Youth Alliance Fund: | | | | |
| Charges for services | 1,904 | 1,984 | 1,805 | (179) |
| Miscellaneous revenue | - | - | 2 | 2 |
| Total | 1,904 | 1,984 | 1,807 | (177) |
| BEGIN Affordable Homeownership Fund: | | | | |
| Miscellaneous revenue | 300 | 300 | - | (300) |
| Total | 300 | 300 | - | (300) |
| Low & Moderate Income Housing Asset Fund: | | | | |
| Use of money and property | 61 | 61 | 52 | (9) |
| Miscellaneous revenue | 246 | 281 | 1,180 | 899 |
| Transfers | 977 | 977 | 977 | - |
| Total | \$ 1,284 | 1,319 | 2,209 | 890 |

(Continued)

Exhibit H-3

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2018 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget Over/(Under) |
|--|--------------------|-----------------|--------------|---|
| Grant Fund: | | | | |
| Revenue from other agencies | \$ 1,813 | 2,172 | 497 | (1,675) |
| Miscellaneous revenue | - | - | 23 | 23 |
| Total | <u>1,813</u> | <u>2,172</u> | <u>520</u> | <u>(1,652)</u> |
| Filming Fund: | | | | |
| Use of money and property | 4 | 4 | 15 | 11 |
| Licenses and permits | - | - | 12 | 12 |
| Charges for services | 711 | 711 | 880 | 169 |
| Total | <u>715</u> | <u>715</u> | <u>907</u> | <u>192</u> |
| Measure M Local Return Fund: | | | | |
| Sales taxes | 1,800 | 1,831 | 2,118 | 287 |
| Use of money and property | 10 | 10 | (6) | (16) |
| Total | <u>1,810</u> | <u>1,841</u> | <u>2,112</u> | <u>271</u> |
| Measure H Fund: | | | | |
| Revenue from other agencies | - | 243 | 58 | (185) |
| Total | <u>-</u> | <u>243</u> | <u>58</u> | <u>(185)</u> |
| Air Quality Improvement Fund: | | | | |
| Use of money and property | - | - | 1 | 1 |
| Revenue from other agencies | 255 | 255 | 254 | (1) |
| Charges for services | 6 | 6 | 5 | (1) |
| Total | <u>261</u> | <u>261</u> | <u>260</u> | <u>(1)</u> |
| PW Special Grants Fund: | | | | |
| Revenue from other agencies | - | - | 107 | 107 |
| Total | <u>-</u> | <u>-</u> | <u>107</u> | <u>107</u> |
| San Fernando Landscape District Fund: | | | | |
| Use of money and property | 1 | 1 | - | (1) |
| Miscellaneous revenue | 90 | 90 | 80 | (10) |
| Total | <u>91</u> | <u>91</u> | <u>80</u> | <u>(11)</u> |
| Measure R Local Return Fund: | | | | |
| Sales taxes | 2,300 | 2,300 | 2,337 | 37 |
| Use of money and property | 100 | 100 | 34 | (66) |
| Total | <u>2,400</u> | <u>2,400</u> | <u>2,371</u> | <u>(29)</u> |
| Measure R Regional Return Fund: | | | | |
| Revenue from other agencies | 2,600 | 5,867 | 2,396 | (3,471) |
| Total | <u>\$ 2,600</u> | <u>5,867</u> | <u>2,396</u> | <u>(3,471)</u> |

(Continued)

Exhibit H-3

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2018 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget Over/(Under) |
|------------------------------------|--------------------|-----------------|--------------|---|
| Transit Prop A Local Return Fund: | | | | |
| Use of money and property | \$ 100 | 100 | 41 | (59) |
| Revenue from other agencies | 3,760 | 3,760 | 3,762 | 2 |
| Charges for services | 100 | 100 | 14 | (86) |
| Miscellaneous revenue | - | - | 5 | 5 |
| Total | <u>3,960</u> | <u>3,960</u> | <u>3,822</u> | <u>(138)</u> |
| Transit Prop C Local Return Fund: | | | | |
| Use of money and property | 40 | 40 | 11 | (29) |
| Revenue from other agencies | 3,100 | 3,100 | 3,114 | 14 |
| Charges for services | 30 | 30 | 21 | (9) |
| Total | <u>3,170</u> | <u>3,170</u> | <u>3,146</u> | <u>(24)</u> |
| Transit Utility Fund: | | | | |
| Revenue from other agencies | 1,175 | 1,175 | 1,182 | 7 |
| Charges for services | 8,688 | 8,688 | 6,837 | (1,851) |
| Miscellaneous revenue | 81 | 81 | 141 | 60 |
| Total | <u>9,944</u> | <u>9,944</u> | <u>8,160</u> | <u>(1,784)</u> |
| Asset Forfeiture Fund: | | | | |
| Use of money and property | - | - | 5 | 5 |
| Fines and forfeitures | - | - | 295 | 295 |
| Total | <u>-</u> | <u>-</u> | <u>300</u> | <u>300</u> |
| Police Special Grants Fund: | | | | |
| Use of money and property | - | - | 7 | 7 |
| Revenue from other agencies | 554 | 1,307 | 1,365 | 58 |
| Charges for services | 42 | 195 | 61 | (134) |
| Miscellaneous revenue | 110 | 110 | 31 | (79) |
| Total | <u>706</u> | <u>1,612</u> | <u>1,464</u> | <u>(148)</u> |
| Supplemental Law Enforcement Fund: | | | | |
| Revenue from other agencies | 436 | 436 | 309 | (127) |
| Total | <u>436</u> | <u>436</u> | <u>309</u> | <u>(127)</u> |
| Fire Grant Fund: | | | | |
| Revenue from other agencies | 287 | 574 | 340 | (234) |
| Miscellaneous revenue | 4 | 37 | 35 | (2) |
| Total | <u>291</u> | <u>611</u> | <u>375</u> | <u>(236)</u> |
| Fire Mutual Aid Fund: | | | | |
| Use of money and property | - | - | (9) | (9) |
| Revenue from other agencies | 300 | 300 | 1,730 | 1,430 |
| Total | <u>300</u> | <u>300</u> | <u>1,721</u> | <u>1,421</u> |
| Special Events Fund: | | | | |
| Charges for services | 481 | 481 | 706 | 225 |
| Total | <u>\$ 481</u> | <u>481</u> | <u>706</u> | <u>225</u> |

(Continued)

Exhibit H-3

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Fiscal Year Ended June 30, 2018 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget Over/(Under) |
|---|--------------------|-----------------|---------------|---|
| Nutritional Meals Grant Fund: | | | | |
| Revenue from other agencies | \$ 313 | 314 | 309 | (5) |
| Miscellaneous revenue | 45 | 45 | 41 | (4) |
| Transfers | 85 | 85 | 85 | - |
| Total | <u>443</u> | <u>444</u> | <u>435</u> | <u>(9)</u> |
| Library Fund: | | | | |
| Use of money and property | 12 | 12 | (8) | (20) |
| Revenue from other agencies | - | 197 | 169 | (28) |
| Charges for services | 107 | 107 | 90 | (17) |
| Miscellaneous revenue | 45 | 45 | 67 | 22 |
| Total | <u>164</u> | <u>361</u> | <u>318</u> | <u>(43)</u> |
| Cable Access Fund: | | | | |
| Use of money and property | 25 | 25 | 8 | (17) |
| Charges for services | 500 | 500 | 498 | (2) |
| Total | <u>525</u> | <u>525</u> | <u>506</u> | <u>(19)</u> |
| Electric Public Benefit Fund: | | | | |
| Other taxes | 7,588 | 7,588 | 7,124 | (464) |
| Use of money and property | 31 | 31 | 11 | (20) |
| Total | <u>7,619</u> | <u>7,619</u> | <u>7,135</u> | <u>(484)</u> |
| Recreation Fund: | | | | |
| Use of money and property | 469 | 469 | 458 | (11) |
| Revenue from other agencies | 4 | 4 | 4 | - |
| Charges for services | 3,143 | 3,143 | 3,274 | 131 |
| Miscellaneous revenue | 70 | 70 | 85 | 15 |
| Total | <u>3,686</u> | <u>3,686</u> | <u>3,821</u> | <u>135</u> |
| Hazardous Disposal Fund: | | | | |
| Use of money and property | 10 | 10 | 7 | (3) |
| Revenue from other agencies | 55 | 55 | 55 | - |
| Charges for services | 1,532 | 1,532 | 1,891 | 359 |
| Miscellaneous revenue | 33 | 33 | - | (33) |
| Total | <u>1,630</u> | <u>1,630</u> | <u>1,953</u> | <u>323</u> |
| Parking Fund: | | | | |
| Use of money and property | 50 | 50 | 28 | (22) |
| Revenue from other agencies | - | - | 351 | 351 |
| Charges for services | 6,300 | 6,300 | 6,752 | 452 |
| Fines and forfeitures | 3,700 | 3,700 | 2,457 | (1,243) |
| Miscellaneous revenue | 50 | 50 | 41 | (9) |
| Total | <u>10,100</u> | <u>10,100</u> | <u>9,629</u> | <u>(471)</u> |
| Total revenues and other financing sources | <u>\$ 68,057</u> | <u>73,878</u> | <u>66,907</u> | <u>(6,971)</u> |

Exhibit H-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Year Ended June 30, 2018 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget (Over)/Under |
|---|--------------------|-----------------|--------------|---|
| CDBG Fund: | | | | |
| Housing, health and community development: | | | | |
| Salaries and benefits | \$ 293 | 303 | 286 | 17 |
| Maintenance and operations | 701 | 2,075 | 930 | 1,145 |
| Capital projects | 450 | 889 | - | 889 |
| Debt service | 230 | 230 | 225 | 5 |
| Total | <u>1,674</u> | <u>3,497</u> | <u>1,441</u> | <u>2,056</u> |
| Home Grant Fund: | | | | |
| Housing, health and community development: | | | | |
| Salaries and benefits | 51 | 54 | 61 | (7) |
| Maintenance and operations | 908 | 4,384 | 356 | 4,028 |
| Total | <u>959</u> | <u>4,438</u> | <u>417</u> | <u>4,021</u> |
| Continuum of Care Grant Fund: | | | | |
| Housing, health and community development: | | | | |
| Salaries and benefits | 252 | 1,524 | 236 | 1,288 |
| Maintenance and operations | 1,273 | 2,116 | 1,888 | 228 |
| Total | <u>1,525</u> | <u>3,640</u> | <u>2,124</u> | <u>1,516</u> |
| Emergency Solutions Grant Fund: | | | | |
| Housing, health and community development: | | | | |
| Salaries and benefits | 3 | 7 | 1 | 6 |
| Maintenance and operations | 177 | 196 | 145 | 51 |
| Total | <u>180</u> | <u>203</u> | <u>146</u> | <u>57</u> |
| Workforce Investment and Opportunity Act Fund: | | | | |
| Employment and job training services: | | | | |
| Salaries and benefits | 3,508 | 4,464 | 2,619 | 1,845 |
| Maintenance and operations | 2,315 | 3,200 | 1,230 | 1,970 |
| Total | <u>5,823</u> | <u>7,664</u> | <u>3,849</u> | <u>3,815</u> |
| Affordable Housing Trust Fund: | | | | |
| Housing, health and community development: | | | | |
| Maintenance and operations | 20 | 20 | - | 20 |
| Capital | - | 39 | - | 39 |
| Total | <u>20</u> | <u>59</u> | <u>-</u> | <u>59</u> |
| Urban Art Fund: | | | | |
| Library: | | | | |
| Maintenance and operations | 293 | 293 | 183 | 110 |
| Total | <u>\$ 293</u> | <u>293</u> | <u>183</u> | <u>110</u> |

(Continued)

Exhibit H-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Year Ended June 30, 2018 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget (Over)/Under |
|--|--------------------|-----------------|--------------|---|
| Glendale Youth Alliance Fund: | | | | |
| Employment and job training services: | | | | |
| Salaries and benefits | \$ 1,697 | 1,849 | 1,539 | 310 |
| Maintenance and operations | 207 | 207 | 208 | (1) |
| Total | <u>1,904</u> | <u>2,056</u> | <u>1,747</u> | <u>309</u> |
| BEGIN Affordable Homeownership Fund: | | | | |
| Housing, health and community development: | | | | |
| Maintenance and operations | 300 | 302 | - | 302 |
| Total | <u>300</u> | <u>302</u> | <u>-</u> | <u>302</u> |
| Low & Moderate Income Housing Asset Fund: | | | | |
| Housing, health and community development: | | | | |
| Salaries and benefits | 384 | 387 | 387 | - |
| Maintenance and operations | 1,228 | 3,483 | 771 | 2,712 |
| Capital | - | 886 | - | 886 |
| Total | <u>1,612</u> | <u>4,756</u> | <u>1,158</u> | <u>3,598</u> |
| Grant Fund: | | | | |
| General government: | | | | |
| Salaries and benefits | 122 | 133 | 61 | 72 |
| Maintenance and operations | 2 | 2,861 | 321 | 2,540 |
| Capital | 799 | 985 | 550 | 435 |
| Total | <u>923</u> | <u>3,979</u> | <u>932</u> | <u>3,047</u> |
| Filming Fund: | | | | |
| General government: | | | | |
| Salaries and benefits | 367 | 369 | 468 | (99) |
| Maintenance and operations | 114 | 114 | 116 | (2) |
| Total | <u>481</u> | <u>483</u> | <u>584</u> | <u>(101)</u> |
| Measure M Local Return Fund: | | | | |
| Transit: | | | | |
| Maintenance and operations | 1,200 | 1,231 | - | 1,231 |
| Total | <u>1,200</u> | <u>1,231</u> | <u>-</u> | <u>1,231</u> |
| Measure H Fund: | | | | |
| Parks, recreation and community services: | | | | |
| Salaries and benefits | - | 25 | 14 | 11 |
| Maintenance and operations | - | 218 | 96 | 122 |
| Total | <u>\$ -</u> | <u>243</u> | <u>110</u> | <u>133</u> |

(Continued)

Exhibit H-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Year Ended June 30, 2018 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget (Over)/Under |
|---------------------------------------|--------------------|-----------------|--------------|---|
| Air Quality Improvement Fund: | | | | |
| Transit: | | | | |
| Salaries and benefits | \$ 191 | 191 | 106 | 85 |
| Maintenance and operations | 136 | 136 | 61 | 75 |
| Total | <u>327</u> | <u>327</u> | <u>167</u> | <u>160</u> |
| PW Special Grants Fund: | | | | |
| Public works: | | | | |
| Salaries and benefits | - | - | 13 | (13) |
| Maintenance and operations | - | 219 | 115 | 104 |
| Total | <u>-</u> | <u>219</u> | <u>128</u> | <u>91</u> |
| San Fernando Landscape District Fund: | | | | |
| Public works: | | | | |
| Maintenance and operations | 91 | 91 | 45 | 46 |
| Total | <u>91</u> | <u>91</u> | <u>45</u> | <u>46</u> |
| Measure R Local Return Fund | | | | |
| Transit: | | | | |
| Salaries and benefits | - | - | 5 | (5) |
| Maintenance and operations | - | - | 27 | (27) |
| Capital | 401 | 9,528 | 545 | 8,983 |
| Total | <u>401</u> | <u>9,528</u> | <u>577</u> | <u>8,951</u> |
| Measure R Regional Return Fund: | | | | |
| Public works: | | | | |
| Salaries and benefits | - | - | 268 | (268) |
| Maintenance and operations | - | - | 5 | (5) |
| Capital | 1,765 | 7,138 | 2,112 | 5,026 |
| Total | <u>1,765</u> | <u>7,138</u> | <u>2,385</u> | <u>4,753</u> |
| Transit Prop A Local Return Fund: | | | | |
| Transit: | | | | |
| Salaries and benefits | 161 | 165 | 120 | 45 |
| Maintenance and operations | 4,041 | 4,041 | 3,142 | 899 |
| Capital | - | 3,953 | 11 | 3,942 |
| Total | <u>4,202</u> | <u>8,159</u> | <u>3,273</u> | <u>4,886</u> |
| Transit Prop C Local Return Fund: | | | | |
| Transit: | | | | |
| Salaries and benefits | 476 | 484 | 257 | 227 |
| Maintenance and operations | 3,479 | 3,479 | 2,427 | 1,052 |
| Capital | 50 | 448 | 64 | 384 |
| Total | <u>\$ 4,005</u> | <u>4,411</u> | <u>2,748</u> | <u>1,663</u> |

(Continued)

Exhibit H-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Year Ended June 30, 2018 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget (Over)/Under |
|------------------------------------|--------------------|-----------------|--------|---|
| Transit Utility Fund: | | | | |
| Transit: | | | | |
| Salaries and benefits | \$ 504 | 512 | 469 | 43 |
| Maintenance and operations | 9,440 | 9,440 | 7,691 | 1,749 |
| Total | 9,944 | 9,952 | 8,160 | 1,792 |
| Asset Forfeiture Fund: | | | | |
| Public safety: | | | | |
| Salaries and benefits | 439 | 439 | 49 | 390 |
| Maintenance and operations | 336 | 336 | 170 | 166 |
| Capital | - | - | 156 | (156) |
| Total | 775 | 775 | 375 | 400 |
| Police Special Grants Fund: | | | | |
| Public safety: | | | | |
| Salaries and benefits | 619 | 2,139 | 685 | 1,454 |
| Maintenance and operations | 163 | 427 | 127 | 300 |
| Capital | - | 137 | 691 | (554) |
| Total | 782 | 2,703 | 1,503 | 1,200 |
| Supplemental Law Enforcement Fund: | | | | |
| Public safety: | | | | |
| Salaries and benefits | 430 | 430 | 326 | 104 |
| Maintenance and operations | 6 | 7 | 5 | 2 |
| Total | 436 | 437 | 331 | 106 |
| Fire Grant Fund: | | | | |
| Public safety: | | | | |
| Salaries and benefits | - | 14 | 86 | (72) |
| Maintenance and operations | 4 | 373 | 28 | 345 |
| Capital | - | - | 43 | (43) |
| Total | 4 | 387 | 157 | 230 |
| Fire Mutual Aid Fund: | | | | |
| Public safety: | | | | |
| Salaries and benefits | 293 | 293 | 1,601 | (1,308) |
| Maintenance and operations | 7 | 7 | - | 7 |
| Total | 300 | 300 | 1,601 | (1,301) |
| Special Events Fund: | | | | |
| Public safety: | | | | |
| Salaries and benefits | 427 | 427 | 641 | (214) |
| Maintenance and operations | 54 | 54 | 58 | (4) |
| Total | \$ 481 | 481 | 699 | (218) |

(Continued)

Exhibit H-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget and Actual

Nonmajor Governmental Funds - Special Revenue Funds

Year Ended June 30, 2018 (in thousands)

| | Original Budget | Final Budget | Actual | Variance With Final Budget (Over)/Under |
|--|--------------------|-----------------|---------------|---|
| Nutritional Meals Grant Fund: | | | | |
| Parks, recreation and community services: | | | | |
| Salaries and benefits | \$ 224 | 228 | 226 | 2 |
| Maintenance and operations | 219 | 220 | 222 | (2) |
| Total | <u>443</u> | <u>448</u> | <u>448</u> | <u>-</u> |
| Library Fund: | | | | |
| Library: | | | | |
| Salaries and benefits | 56 | 141 | 103 | 38 |
| Maintenance and operations | 639 | 969 | 683 | 286 |
| Total | <u>695</u> | <u>1,110</u> | <u>786</u> | <u>324</u> |
| Cable Access Fund: | | | | |
| General government: | | | | |
| Capital | - | 39 | - | 39 |
| Total | <u>-</u> | <u>39</u> | <u>-</u> | <u>39</u> |
| Electric Public Benefit Fund: | | | | |
| Public service: | | | | |
| Salaries and benefits | 684 | 693 | 730 | (37) |
| Maintenance and operations | 7,600 | 7,600 | 5,221 | 2,379 |
| Total | <u>8,284</u> | <u>8,293</u> | <u>5,951</u> | <u>2,342</u> |
| Recreation Fund: | | | | |
| Parks, recreation and community services: | | | | |
| Salaries and benefits | 2,508 | 2,542 | 2,379 | 163 |
| Maintenance and operations | 1,359 | 1,359 | 1,129 | 230 |
| Capital | 364 | 2,225 | 190 | 2,035 |
| Total | <u>4,231</u> | <u>6,126</u> | <u>3,698</u> | <u>2,428</u> |
| Hazardous Disposal Fund: | | | | |
| Public safety: | | | | |
| Salaries and benefits | 1,105 | 1,122 | 1,083 | 39 |
| Maintenance and operations | 485 | 485 | 313 | 172 |
| Capital | 50 | 50 | 14 | 36 |
| Total | <u>1,640</u> | <u>1,657</u> | <u>1,410</u> | <u>247</u> |
| Parking Fund: | | | | |
| Public Works: | | | | |
| Salaries and benefits | 3,172 | 3,217 | 2,589 | 628 |
| Maintenance and operations | 6,164 | 6,247 | 4,388 | 1,859 |
| Capital | 518 | 3,671 | 1,711 | 1,960 |
| Debt service | - | - | 41 | (41) |
| Total | <u>9,854</u> | <u>13,135</u> | <u>8,729</u> | <u>4,406</u> |
| Total expenditures and other financing uses | <u>\$ 65,554</u> | <u>108,560</u> | <u>55,862</u> | <u>52,698</u> |

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Debt Service Funds

Debt Service Funds are used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest on general long-term debt of the City of Glendale.



DEBT SERVICE FUND

- 303 - Police Building Project Debt Service Fund - To accumulate monies for the payment of interest and principal of the 2000 Police Building Project Variable Rate Demands Certificates of Participation. The debt service is financed via lease payments from the City to the Financing Authority.

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Exhibit I-1

CITY OF GLENDALE

Combining Balance Sheet

Nonmajor Governmental Fund - Debt Service Fund

June 30, 2018 (in thousands)

| | | <u>Police Building Project Debt Service Fund</u> |
|--|----|--|
| Assets | | |
| Pooled cash and investments | \$ | 16,362 |
| Cash and investments with fiscal agent | | 52 |
| Interest receivable | | 66 |
| | | <hr/> |
| Total assets | | <u>16,480</u> |
| Liability and fund balance | | |
| Liability: | | |
| Interest payable | | 51 |
| Fund Balance: | | |
| Committed to: | | |
| Debt service | | <u>16,429</u> |
| Total liability and fund balance | \$ | <u>16,480</u> |

Exhibit I-2

CITY OF GLENDALE

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

Nonmajor Governmental Fund - Debt Service Fund

Fiscal Year Ended June 30, 2018 (in thousands)

| | <u>Police Building Project Debt Service Fund</u> |
|---|--|
| Revenues: | |
| Use of money and property | \$ <u>77</u> |
| Expenditures: | |
| Current: | |
| Administration | 4 |
| Debt service | |
| Interest | 520 |
| Principal | <u>1,905</u> |
| Total expenditures | <u>2,429</u> |
| Excess of revenues (under) expenditures | <u>(2,352)</u> |
| Other financing sources: | |
| Transfers in | <u>800</u> |
| Net change in fund balance | (1,552) |
| Fund balance, July 1 | <u>17,981</u> |
| Fund balance, June 30 | <u>\$ <u>16,429</u></u> |

Exhibit I-3

CITY OF GLENDALE

Schedule of Revenues and Other Financing Sources - Budget and Actual

Nonmajor Governmental Fund - Debt Service Fund

Fiscal Year Ended June 30, 2018 (in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Over/(Under)</u> |
|---|----------------------------|-------------------------|---------------|--|
| Police Building Project Debt Service Fund | | | | |
| Interest and investment revenue | \$ 181 | 181 | 77 | (104) |
| Transfers in | 800 | 800 | 800 | - |
| Total revenues and other financing sources | <u>\$ 981</u> | <u>981</u> | <u>877</u> | <u>(104)</u> |

Exhibit I-4

CITY OF GLENDALE

Schedule of Expenditures and Other Financing Uses - Budget and Actual

Nonmajor Governmental Fund - Debt Service Fund

Fiscal Year Ended June 30, 2018 (in thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget (Over)/Under</u> |
|--|----------------------------|-------------------------|---------------|--|
| Police Building Project Debt Service Fund | | | | |
| Administration | \$ 3 | 3 | 4 | (1) |
| Debt service | <u>2,219</u> | <u>2,219</u> | <u>2,425</u> | <u>(206)</u> |
| Total expenditures and other financing uses | <u>\$ 2,222</u> | <u>2,222</u> | <u>2,429</u> | <u>(207)</u> |

Capital Projects Funds

Capital Projects Funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays of major capital facilities other than those financed by Proprietary Funds.



CAPITAL PROJECTS FUNDS

- 402 - State Gas Tax Fund - To account for monies received and expended from state gas tax allocations and Senate Bill 1 for street improvement purposes.
- 403 - Landfill Postclosure Fund - To account for monies reserved for the post-closure maintenance cost of Scholl Canyon landfill.
- Development Impact Fee Funds:

City Council adopted Ordinance No. 5575 on September 11, 2007, in accordance with California AB1600 later on codified under State Government Code section 66006, allowing the City to impose development impact fees on new residential, commercial, office and industrial developments to mitigate the cost of developing new or rehabilitating existing parks and recreational facilities, developing new libraries and/or adding to existing collections in order to maintain adequate parks and library services for those new residents. The Development Impact Fees are broken down into the following three funds:

- 405 - Parks Mitigation Fee Fund - To account for the parks revenue collected as impact fees and usage of these funds for allowed projects. In addition, this fund will also be used to guarantee adequate interest accumulation and disbursements of unused funds.
 - 407 - Library Mitigation Fee Fund - To account for the library revenue collected as impact fees and usage of these funds for allowed projects. In addition, this fund will also be used to guarantee adequate interest accumulation and disbursement of unused funds.
 - 408 - Parks Quimby Fee Fund - To account for the fees imposed for park or recreational purposes as a condition to the approval of a tentative map or parcel map and usage of these funds for allowed projects. In addition, this fund will also be used to guarantee adequate interest accumulation and disbursements of unused funds.
- 409 - CIP Reimbursement Fund - To account for monies received and expended for CIP projects that are funded by non-City money, such as grants and joint ventures.
 - 410 - SF Corridor Tax Share Fund - County of Los Angeles' contribution (passback) to City of Glendale of 60% of County's share of tax increment (pass through) funds from the San Fernando Road Corridor Redevelopment Project Area to be used by the City to construct regional public improvement projects benefiting the County.

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Exhibit J-1

CITY OF GLENDALE

Combining Balance Sheet

Nonmajor Governmental Funds-

Capital Projects Funds

June 30, 2018 (in thousands)

| | State Gas Tax Fund | Landfill Postclosure Fund | Parks Mitigation Fee Fund | Library Mitigation Fee Fund |
|---|-----------------------|---------------------------------|---------------------------------|-----------------------------------|
| Assets | | | | |
| Pooled cash and investments | \$ 5,363 | - | 22,948 | 1,606 |
| Restricted cash and investments | - | 31,850 | - | - |
| Interest receivable | 20 | - | 95 | 7 |
| Accounts receivable, net | 428 | - | - | - |
| Total assets | <u>5,811</u> | <u>31,850</u> | <u>23,043</u> | <u>1,613</u> |
| Liabilities, deferred inflows of resources and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 1,393 | - | 107 | - |
| Due to other funds | - | - | - | - |
| Wages and benefits payable | 13 | - | 9 | 1 |
| Deposits | - | - | - | - |
| Total liabilities | <u>1,406</u> | <u>-</u> | <u>116</u> | <u>1</u> |
| Deferred inflows of resources: | | | | |
| Unavailable revenues | - | - | - | - |
| Total liabilities and deferred inflows of resources | <u>1,406</u> | <u>-</u> | <u>116</u> | <u>1</u> |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| State gas tax mandates | 4,405 | - | - | - |
| Landfill postclosure | - | 31,850 | - | - |
| Capital projects | - | - | - | - |
| Committed to: | | | | |
| Impact fee funded projects | - | - | 22,927 | 1,612 |
| Unassigned: | - | - | - | - |
| Total fund balances | <u>4,405</u> | <u>31,850</u> | <u>22,927</u> | <u>1,612</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 5,811</u> | <u>31,850</u> | <u>23,043</u> | <u>1,613</u> |

(Continued)

Exhibit J-1

CITY OF GLENDALE

Combining Balance Sheet

Nonmajor Governmental Funds-

Capital Projects Funds

June 30, 2018 (in thousands)

| | Parks Quimby Fee Fund | CIP Reimbursement Fund | SF Corridor Tax Share Fund | Total Nonmajor Capital Projects Funds |
|---|-----------------------------|------------------------------|----------------------------------|---|
| Assets | | | | |
| Pooled cash and investments | 26 | - | 38,740 | 68,683 |
| Restricted cash and investments | - | - | - | 31,850 |
| Interest receivable | - | - | 148 | 270 |
| Accounts receivable, net | - | 3,329 | - | 3,757 |
| Total assets | 26 | 3,329 | 38,888 | 104,560 |
| Liabilities, deferred inflows of resources and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | - | 1,002 | - | 2,502 |
| Due to other funds | - | 1,787 | - | 1,787 |
| Wages and benefits payable | - | 46 | 4 | 73 |
| Deposits | - | 19 | - | 19 |
| Total liabilities | - | 2,854 | 4 | 4,381 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues | - | 2,238 | - | 2,238 |
| Total liabilities and deferred inflows of resources | - | 5,092 | 4 | 6,619 |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| State gas tax mandates | - | - | - | 4,405 |
| Landfill postclosure | - | - | - | 31,850 |
| Capital projects | - | - | 38,884 | 38,884 |
| Committed to: | | | | |
| Impact fee funded projects | 26 | - | - | 24,565 |
| Unassigned: | - | (1,763) | - | (1,763) |
| Total fund balances | 26 | (1,763) | 38,884 | 97,941 |
| Total liabilities, deferred inflows of resources and fund balances | 26 | 3,329 | 38,888 | 104,560 |

Exhibit J-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects Funds
Fiscal Year Ended June 30, 2018 (in thousands)

| | State Gas Tax Fund | Landfill Postclosure Fund | Parks Mitigation Fee Fund | Library Mitigation Fee Fund |
|---|-----------------------|---------------------------------|---------------------------------|-----------------------------------|
| Revenues: | | | | |
| Revenue from other agencies | \$ 5,389 | - | - | - |
| Licenses and permits | - | - | 1,813 | 214 |
| Use of money and property | 1 | - | 80 | 5 |
| Miscellaneous revenue | - | - | - | - |
| Total revenues | 5,390 | - | 1,893 | 219 |
| Expenditures: | | | | |
| Current: | | | | |
| Housing, health and community development | - | - | - | - |
| Police | - | - | - | - |
| Public works | 893 | - | - | - |
| Parks, recreation and community services | - | - | 166 | - |
| Library | - | - | - | 41 |
| Capital outlay | 2,349 | - | 1,220 | 277 |
| Total expenditures | 3,242 | - | 1,386 | 318 |
| Excess of revenues over (under) expenditures | 2,148 | - | 507 | (99) |
| Other financing source: | | | | |
| Transfers in | - | 2,000 | - | - |
| Net change in fund balances | 2,148 | 2,000 | 507 | (99) |
| Fund balances (deficits), July 1 | 2,257 | 29,850 | 22,420 | 1,711 |
| Fund balances (deficits), June 30 | \$ 4,405 | 31,850 | 22,927 | 1,612 |

(Continued)

Exhibit J-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects Funds
Fiscal Year Ended June 30, 2018 (in thousands)

| | Parks Quimby Fee Fund | CIP Reimbursement Fund | SF Corridor Tax Share Fund | Total Nonmajor Capital Projects Funds |
|---|-----------------------------|------------------------------|----------------------------------|---|
| Revenues: | | | | |
| Revenue from other agencies | \$ - | 2,499 | 4,867 | 12,755 |
| Licenses and permits | 24 | - | - | 2,051 |
| Use of money and property | 1 | - | 120 | 207 |
| Miscellaneous revenue | - | 205 | - | 205 |
| Total revenues | 25 | 2,704 | 4,987 | 15,218 |
| Expenditures: | | | | |
| Current: | | | | |
| Housing, health and community development | - | 1 | - | 1 |
| Police | - | 6 | - | 6 |
| Public works | - | 339 | 54 | 1,286 |
| Parks, recreation and community services | - | 13 | - | 179 |
| Library | - | - | - | 41 |
| Capital outlay | - | 2,613 | - | 6,459 |
| Total expenditures | - | 2,972 | 54 | 7,972 |
| Excess of revenues over (under) expenditures | 25 | (268) | 4,933 | 7,246 |
| Other financing source: | | | | |
| Transfers in | - | - | - | 2,000 |
| Net change in fund balances | 25 | (268) | 4,933 | 9,246 |
| Fund balances (deficits), July 1 | 1 | (1,495) | 33,951 | 88,695 |
| Fund balances (deficits), June 30 | \$ 26 | (1,763) | 38,884 | 97,941 |

Nonmajor Enterprise Funds

This section of the CAFR provides information on nonmajor enterprise funds, which 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.



NONMAJOR ENTERPRISE FUNDS

- 530 - Refuse Disposal Fund - To account for operations of the City-owned refuse collection and disposal service.
- 701 - Fire Communication Fund - To account for monies received and expended, as the lead city, for the tri-city (Burbank, Glendale and Pasadena) Verdugo Fire Communication operations.

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Exhibit K-1

CITY OF GLENDALE

Combining Statement of Net Position

Proprietary Funds - Nonmajor Enterprise Funds

June 30, 2018 (in thousands)

| | Refuse Disposal Fund | Fire Communication Fund | Total Nonmajor Enterprise Funds |
|--|----------------------------|-------------------------------|---------------------------------------|
| Assets and deferred outflows of resources | | | |
| Current assets: | | | |
| Pooled cash and investments | \$ 34,391 | 8,085 | 42,476 |
| Interest receivable | 138 | 34 | 172 |
| Accounts receivable, net | 2,540 | - | 2,540 |
| Total current assets | <u>37,069</u> | <u>8,119</u> | <u>45,188</u> |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Land | 1,639 | - | 1,639 |
| Buildings and improvements | 7,258 | - | 7,258 |
| Machinery and equipment | 18,268 | 4,925 | 23,193 |
| Accumulated depreciation | (18,691) | (4,184) | (22,875) |
| Construction in progress | - | 779 | 779 |
| Total capital assets | <u>8,474</u> | <u>1,520</u> | <u>9,994</u> |
| Total assets | <u>45,543</u> | <u>9,639</u> | <u>55,182</u> |
| Deferred outflow of resources: | | | |
| Deferred outflows related to pensions | 3,766 | 1,044 | 4,810 |
| Total assets and deferred outflows of resources | <u>49,309</u> | <u>10,683</u> | <u>59,992</u> |
| Liabilities, deferred inflows of resources and net position | | | |
| Current liabilities: | | | |
| Accounts payable | 859 | 13 | 872 |
| Wages and benefits payable | 471 | 183 | 654 |
| Deposits | 427 | - | 427 |
| Total current liabilities | <u>1,757</u> | <u>196</u> | <u>1,953</u> |
| Noncurrent liabilities: | | | |
| Net pension liability | 14,888 | 3,261 | 18,149 |
| Total liabilities | <u>16,645</u> | <u>3,457</u> | <u>20,102</u> |
| Deferred inflows of resources: | | | |
| Deferred inflows related to pensions | 607 | 195 | 802 |
| Total liabilities and deferred inflows of resources | <u>17,252</u> | <u>3,652</u> | <u>20,904</u> |
| Net position: | | | |
| Net investment in capital assets | 8,474 | 1,520 | 9,994 |
| Unrestricted | 23,583 | 5,511 | 29,094 |
| Total net position | <u>\$ 32,057</u> | <u>7,031</u> | <u>39,088</u> |

Exhibit K-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds - Nonmajor Enterprise Funds

Fiscal Year Ended June 30, 2018 (in thousands)

| | Refuse Disposal Fund | Fire Communication Fund | Total Nonmajor Enterprise Funds |
|-----------------------------------|----------------------------|-------------------------------|---------------------------------------|
| Operating revenues: | | | |
| Charges for services | \$ 22,417 | 3,984 | 26,401 |
| Miscellaneous revenues | 11 | 467 | 478 |
| Total operating revenues | <u>22,428</u> | <u>4,451</u> | <u>26,879</u> |
| Operating expenses: | | | |
| Salaries and benefits | 8,309 | 3,042 | 11,351 |
| Maintenance and operations | 11,346 | 912 | 12,258 |
| Depreciation | 1,390 | 211 | 1,601 |
| Total operating expenses | <u>21,045</u> | <u>4,165</u> | <u>25,210</u> |
| Operating income | <u>1,383</u> | <u>286</u> | <u>1,669</u> |
| Non operating revenues: | | | |
| Interest revenue | 146 | 30 | 176 |
| Intergovernmental grant | 69 | 3 | 72 |
| Total non operating revenues, net | <u>215</u> | <u>33</u> | <u>248</u> |
| Income before transfers | <u>1,598</u> | <u>319</u> | <u>1,917</u> |
| Transfer out | <u>(1,150)</u> | <u>-</u> | <u>(1,150)</u> |
| Change in net position | 448 | 319 | 767 |
| Net position, July 1 | <u>31,609</u> | <u>6,712</u> | <u>38,321</u> |
| Net position, June 30 | <u>\$ 32,057</u> | <u>7,031</u> | <u>39,088</u> |

CITY OF GLENDALE

Combining Statement of Cash Flows

Proprietary Funds - Nonmajor Enterprise Funds

Year Ended June 30, 2018 (in thousands)

| | Refuse Disposal Fund | Fire Communication Fund | Total Nonmajor Enterprise Funds |
|--|----------------------------|-------------------------------|---------------------------------------|
| Cash flows from operating activities: | | | |
| Cash from customers | \$ 22,540 | 4,451 | 26,991 |
| Cash paid to employees | (7,755) | (2,581) | (10,336) |
| Cash paid to suppliers | (11,215) | (1,069) | (12,284) |
| Net cash provided by operating activities | <u>3,570</u> | <u>801</u> | <u>4,371</u> |
| Cash flows from noncapital financing activities: | | | |
| Operating transfers out | (1,150) | - | (1,150) |
| Operating grants received | 69 | 3 | 72 |
| Loan payments received | - | 78 | 78 |
| Net cash provided (used) by noncapital financing activities | <u>(1,081)</u> | <u>81</u> | <u>(1,000)</u> |
| Cash flows from capital and related financing activities: | | | |
| Acquisition of property, plant, and equipment | (694) | (780) | (1,474) |
| Cash flows from investing activities: | | | |
| Interest received | 110 | 21 | 131 |
| Net increase in cash and cash equivalents | 1,905 | 123 | 2,028 |
| Cash and cash equivalents at July 1 | 32,486 | 7,962 | 40,448 |
| Cash and cash equivalents at June 30 | <u>34,391</u> | <u>8,085</u> | <u>42,476</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | |
| Operating income | 1,383 | 286 | 1,669 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | |
| Depreciation | 1,390 | 211 | 1,601 |
| Pension expense | 585 | 415 | 1,000 |
| Decrease Accounts receivable net | 112 | - | 112 |
| Increase (Decrease) Accrued wages payable | (31) | 46 | 15 |
| Increase (Decrease) Accounts payable | 67 | (157) | (90) |
| Increase Deposits | 64 | - | 64 |
| Total adjustments | <u>2,187</u> | <u>515</u> | <u>2,702</u> |
| Net cash provided by operating activities | <u>\$ 3,570</u> | <u>801</u> | <u>4,371</u> |
| Noncash investing, capital, and financing activities: | | | |
| Decrease in fair value of investments | (453) | (113) | (566) |

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Internal Service Funds

This section of the CAFR provides information on each individual internal service fund. Internal service funds are used by the City to centralize certain services and then allocate the cost of those services to the user departments on a cost reimbursement basis. User fund charges from internal service funds with capital assets typically consist of two components: a maintenance/service component and a capital replacement component. User fund charges from self-insurance internal service funds generally are based on claims experience of the user department.



INTERNAL SERVICE FUNDS

- 601 - Fleet/Equipment Management Fund - To account for equipment replacement resources which are derived from periodic charges to governmental operations to ensure timely replacement of equipment.
- 602 - Joint Helicopter Operation Fund - To account for resources and expenses for the operation of the Joint Law Enforcement Air Support Unit between City of Glendale and City of Burbank.
- 603 - ISD Infrastructure Fund - To account for technological equipment replacement resources which are derived from periodic charges to governmental operations to ensure timely replacement of the technological equipment.
- 604 - ISD Applications Fund - To account for major ISD Applications resources which are derived from periodic charges to governmental operations to ensure timely replacement of the major application software.
- 607 - Building Maintenance Fund - To account for maintenance, repairs or services necessary to sustain facility operations at approximately one hundred City owned facilities.
- 610 - 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.
- 612 - Liability Insurance Fund - To account for financing and disbursement of City self-insurance funds for uninsurable litigation activities, general liability and auto liability claims. Charges, in lieu of insurance premiums, are made periodically to City operations to provide the self-insurance resources.
- 614 - 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.
- 615 - 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.
- 616 - 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.
- 617 - 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.
- 640 - Employee Benefits Fund - To account for the resources and the liability for employees' compensated absences (vacation and comp time).
- 641 - Retiree Health Savings Plan (RHSP) Benefits Fund - To account for the resources and the liability for employees' sick leave conversion under RHSP plan.
- 642 - Post Employment Benefits Fund - To account for the resources and the liability for all the benefits provided after the employees' separation from the City.
- 660 - ISD Wireless Fund - To account for the operation of the citywide radio system, including maintenance, replacement and acquisition of equipment.

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Exhibit L-1
CITY OF GLENDALE
Combining Statement of Net Position
Internal Service Funds
June 30, 2018 (in thousands)

| | Fleet/ Equipment Management Fund | Joint Helicopter Operation Fund | ISD Infrastructure Fund | ISD Applications Fund |
|-------------------------------------|---|---------------------------------------|-------------------------------|-----------------------------|
| Assets | | | | |
| Current assets: | | | | |
| Pooled cash and investments | \$ 19,782 | 3,555 | 5,439 | 10,313 |
| Interest receivable | 81 | 13 | 23 | 42 |
| Accounts receivable, net | 5 | 138 | - | - |
| Inventories | 208 | - | - | - |
| Prepaid items | 1,325 | - | - | - |
| Total current assets | <u>21,401</u> | <u>3,706</u> | <u>5,462</u> | <u>10,355</u> |
| Capital assets: | | | | |
| Buildings and improvements | - | - | 214 | - |
| Machinery and equipment | 34,704 | 3,517 | 5,245 | 8 |
| Intangible assets | - | - | 58 | 359 |
| Accumulated depreciation | (22,979) | (2,015) | (1,847) | (8) |
| Accumulated amortization | - | - | - | (29) |
| Construction in progress | 15 | - | 1,421 | 5,632 |
| Total capital assets | <u>11,740</u> | <u>1,502</u> | <u>5,091</u> | <u>5,962</u> |
| Total assets | <u>33,141</u> | <u>5,208</u> | <u>10,553</u> | <u>16,317</u> |
| Liabilities and net position | | | | |
| Current liabilities: | | | | |
| Accounts payable | 787 | 37 | 361 | 266 |
| Wages and benefits payable | 213 | 8 | 129 | 138 |
| Due to other funds | - | - | - | - |
| Claims payable | - | - | - | - |
| Compensated absences | - | - | - | - |
| Total current liabilities | <u>1,000</u> | <u>45</u> | <u>490</u> | <u>404</u> |
| Noncurrent liabilities: | | | | |
| Claims payable | - | - | - | - |
| Compensated absences | - | - | - | - |
| Total noncurrent liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>1,000</u> | <u>45</u> | <u>490</u> | <u>404</u> |
| Net position: | | | | |
| Net investment in capital assets | 11,740 | 1,502 | 5,091 | 5,962 |
| Unrestricted | 20,401 | 3,661 | 4,972 | 9,951 |
| Total net position (deficit) | <u>\$ 32,141</u> | <u>5,163</u> | <u>10,063</u> | <u>15,913</u> |

Exhibit L-1
CITY OF GLENDALE
Combining Statement of Net Position
Internal Service Funds
June 30, 2018 (in thousands)

| | Building Maintenance Fund | Unemployment Insurance Fund | Liability Insurance Fund | Compensation Insurance Fund |
|-------------------------------------|---------------------------------|-----------------------------------|--------------------------------|-----------------------------------|
| Assets | | | | |
| Current assets: | | | | |
| Pooled cash and investments | \$ 3,849 | 877 | 16,100 | 32,814 |
| Interest receivable | 16 | 3 | 326 | 134 |
| Accounts receivable, net | - | 6 | 770 | 1,051 |
| Inventories | - | - | - | - |
| Prepaid items | - | - | - | - |
| Total current assets | <u>3,865</u> | <u>886</u> | <u>17,196</u> | <u>33,999</u> |
| Capital assets: | | | | |
| Buildings and improvements | - | - | - | - |
| Machinery and equipment | - | - | - | 101 |
| Intangible assets | - | - | - | - |
| Accumulated depreciation | - | - | - | (89) |
| Accumulated amortization | - | - | - | - |
| Construction in progress | - | - | - | - |
| Total capital assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>12</u> |
| Total assets | <u>3,865</u> | <u>886</u> | <u>17,196</u> | <u>34,011</u> |
| Liabilities and net position | | | | |
| Current liabilities: | | | | |
| Accounts payable | 251 | - | 151 | 32 |
| Wages and benefits payable | 172 | - | 20 | 214 |
| Due to other funds | - | - | - | - |
| Claims payable | - | - | 5,120 | 8,379 |
| Compensated absences | - | - | - | - |
| Total current liabilities | <u>423</u> | <u>-</u> | <u>5,291</u> | <u>8,625</u> |
| Noncurrent liabilities: | | | | |
| Claims payable | - | - | 4,300 | 34,599 |
| Compensated absences | - | - | - | - |
| Total noncurrent liabilities | <u>-</u> | <u>-</u> | <u>4,300</u> | <u>34,599</u> |
| Total liabilities | <u>423</u> | <u>-</u> | <u>9,591</u> | <u>43,224</u> |
| Net position: | | | | |
| Net investment in capital assets | - | - | - | 12 |
| Unrestricted | 3,442 | 886 | 7,605 | (9,225) |
| Total net position (deficit) | <u>\$ 3,442</u> | <u>886</u> | <u>7,605</u> | <u>(9,213)</u> |

Exhibit L-1
CITY OF GLENDALE
Combining Statement of Net Position
Internal Service Funds
June 30, 2018 (in thousands)

| | Dental Insurance Fund | Medical Insurance Fund | Vision Insurance Fund | Employee Benefits Fund |
|-------------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|
| Assets | | | | |
| Current assets: | | | | |
| Pooled cash and investments | \$ 1,064 | 604 | 498 | 14,658 |
| Interest receivable | 5 | 2 | 2 | 63 |
| Accounts receivable, net | 45 | 825 | 9 | 198 |
| Inventories | - | - | - | - |
| Prepaid items | - | 504 | - | - |
| Total current assets | 1,114 | 1,935 | 509 | 14,919 |
| Capital assets: | | | | |
| Buildings and improvements | - | - | - | - |
| Machinery and equipment | - | - | - | - |
| Intangible assets | - | - | - | - |
| Accumulated depreciation | - | - | - | - |
| Accumulated amortization | - | - | - | - |
| Construction in progress | - | - | - | - |
| Total capital assets | - | - | - | - |
| Total assets | 1,114 | 1,935 | 509 | 14,919 |
| Liabilities and net position | | | | |
| Current liabilities: | | | | |
| Accounts payable | 87 | 1,661 | 15 | - |
| Wages and benefits payable | - | - | - | - |
| Due to other funds | - | - | - | - |
| Claims payable | - | 870 | - | - |
| Compensated absences | - | - | - | 2,007 |
| Total current liabilities | 87 | 2,531 | 15 | 2,007 |
| Noncurrent liabilities: | | | | |
| Claims payable | - | - | - | - |
| Compensated absences | - | - | - | 12,950 |
| Total noncurrent liabilities | - | - | - | 12,950 |
| Total liabilities | 87 | 2,531 | 15 | 14,957 |
| Net position: | | | | |
| Net investment in capital assets | - | - | - | - |
| Unrestricted | 1,027 | (596) | 494 | (38) |
| Total net position (deficit) | \$ 1,027 | (596) | 494 | (38) |

Exhibit L-1

CITY OF GLENDALE

Combining Statement of Net Position

Internal Service Funds

June 30, 2018 (in thousands)

| | Retiree Health Savings Plan (RHSP) Benefits Fund | Post Employment Benefits Fund | ISD Wireless Fund | Total Internal Service Funds |
|-------------------------------------|---|-------------------------------------|-------------------------|------------------------------------|
| Assets | | | | |
| Current assets: | | | | |
| Pooled cash and investments | \$ 15,979 | - | 3,046 | 128,578 |
| Interest receivable | 65 | - | 11 | 786 |
| Accounts receivable, net | 214 | 12 | - | 3,273 |
| Inventories | - | - | - | 208 |
| Prepaid items | - | - | - | 1,829 |
| Total current assets | <u>16,258</u> | <u>12</u> | <u>3,057</u> | <u>134,674</u> |
| Capital assets: | | | | |
| Buildings and improvements | - | - | - | 214 |
| Machinery and equipment | - | - | 9,727 | 53,302 |
| Intangible assets | - | - | - | 417 |
| Accumulated depreciation | - | - | (3,505) | (30,443) |
| Accumulated amortization | - | - | - | (29) |
| Construction in progress | - | - | 440 | 7,508 |
| Total capital assets | <u>-</u> | <u>-</u> | <u>6,662</u> | <u>30,969</u> |
| Total assets | <u>16,258</u> | <u>12</u> | <u>9,719</u> | <u>165,643</u> |
| Liabilities and net position | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | 26 | 915 | 4,589 |
| Wages and benefits payable | - | - | 118 | 1,012 |
| Due to other funds | - | 215 | - | 215 |
| Claims payable | - | - | - | 14,369 |
| Compensated absences | 1,130 | - | - | 3,137 |
| Total current liabilities | <u>1,130</u> | <u>241</u> | <u>1,033</u> | <u>23,322</u> |
| Noncurrent liabilities: | | | | |
| Claims payable | - | - | - | 38,899 |
| Compensated absences | 12,947 | - | - | 25,897 |
| Total noncurrent liabilities | <u>12,947</u> | <u>-</u> | <u>-</u> | <u>64,796</u> |
| Total liabilities | <u>14,077</u> | <u>241</u> | <u>1,033</u> | <u>88,118</u> |
| Net position: | | | | |
| Net investment in capital assets | - | - | 6,662 | 30,969 |
| Unrestricted | 2,181 | (229) | 2,024 | 46,556 |
| Total net position (deficit) | <u>\$ 2,181</u> | <u>(229)</u> | <u>8,686</u> | <u>77,525</u> |

Exhibit L-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenses
and Changes in Net Position

Internal Service Funds

Fiscal Year Ended June 30, 2018 (in thousands)

| | Fleet/ Equipment Management Fund | Joint Helicopter Operation Fund | ISD Infrastructure Fund | ISD Applications Fund |
|---|---|---------------------------------------|-------------------------------|-----------------------------|
| Operating revenues: | | | | |
| Charges for services | \$ 12,855 | 1,275 | 6,708 | 6,402 |
| Miscellaneous revenues | 3 | - | - | - |
| Total operating revenues | <u>12,858</u> | <u>1,275</u> | <u>6,708</u> | <u>6,402</u> |
| Operating expenses: | | | | |
| Salaries and benefits | 3,435 | 134 | 2,347 | 2,725 |
| Maintenance and operations | 5,485 | 575 | 2,665 | 3,238 |
| Equipment purchased | 36 | - | 1,132 | - |
| Claims and settlements | - | - | - | - |
| Depreciation | 1,550 | 103 | 929 | 1 |
| Amortization | - | - | - | 18 |
| Total operating expenses | <u>10,506</u> | <u>812</u> | <u>7,073</u> | <u>5,982</u> |
| Operating income (loss) | <u>2,352</u> | <u>463</u> | <u>(365)</u> | <u>420</u> |
| Non operating revenues (expenses): | | | | |
| Interest revenue | 131 | 210 | 17 | 37 |
| Grant revenue | - | - | - | - |
| Interest expense | (4) | - | - | - |
| Total non operating revenues (expenses), net | <u>127</u> | <u>210</u> | <u>17</u> | <u>37</u> |
| Income (loss) | <u>2,479</u> | <u>673</u> | <u>(348)</u> | <u>457</u> |
| Change in net position | 2,479 | 673 | (348) | 457 |
| Net position (deficit), July 1 | <u>29,662</u> | <u>4,490</u> | <u>10,411</u> | <u>15,456</u> |
| Net position (deficit), June 30 | <u>\$ 32,141</u> | <u>5,163</u> | <u>10,063</u> | <u>15,913</u> |

(Continued)

Exhibit L-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenses
and Changes in Net Position

Internal Service Funds

Fiscal Year Ended June 30, 2018 (in thousands)

| | Building Maintenance Fund | Unemployment Insurance Fund | Liability Insurance Fund | Compensation Insurance Fund |
|---|---------------------------------|-----------------------------------|--------------------------------|-----------------------------------|
| Operating revenues: | | | | |
| Charges for services | \$ 7,929 | 100 | 4,930 | 17,016 |
| Miscellaneous revenues | - | - | 664 | 1,087 |
| Total operating revenues | <u>7,929</u> | <u>100</u> | <u>5,594</u> | <u>18,103</u> |
| Operating expenses: | | | | |
| Salaries and benefits | 2,916 | - | 326 | 1,940 |
| Maintenance and operations | 3,838 | 2 | 1,848 | 1,476 |
| Equipment purchased | 52 | - | - | - |
| Claims and settlements | - | 59 | 6,283 | 12,967 |
| Depreciation | - | - | - | 3 |
| Amortization | - | - | - | - |
| Total operating expenses | <u>6,806</u> | <u>61</u> | <u>8,457</u> | <u>16,386</u> |
| Operating income (loss) | <u>1,123</u> | <u>39</u> | <u>(2,863)</u> | <u>1,717</u> |
| Non operating revenues (expenses): | | | | |
| Interest revenue | 11 | 3 | 53 | 93 |
| Grant revenue | - | - | - | - |
| Interest expense | - | - | - | - |
| Total non operating revenues (expenses), net | <u>11</u> | <u>3</u> | <u>53</u> | <u>93</u> |
| Income (loss) | <u>1,134</u> | <u>42</u> | <u>(2,810)</u> | <u>1,810</u> |
| Change in net position | 1,134 | 42 | (2,810) | 1,810 |
| Net position (deficit), July 1 | <u>2,308</u> | <u>844</u> | <u>10,415</u> | <u>(11,023)</u> |
| Net position (deficit), June 30 | <u>\$ 3,442</u> | <u>886</u> | <u>7,605</u> | <u>(9,213)</u> |

(Continued)

Exhibit L-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenses
and Changes in Net Position

Internal Service Funds

Fiscal Year Ended June 30, 2018 (in thousands)

| | Dental Insurance Fund | Medical Insurance Fund | Vision Insurance Fund | Employee Benefits Fund |
|---|-----------------------------|------------------------------|-----------------------------|------------------------------|
| Operating revenues: | | | | |
| Charges for services | \$ 1,328 | 23,257 | 225 | 6,144 |
| Miscellaneous revenues | - | 22 | - | 47 |
| Total operating revenues | 1,328 | 23,279 | 225 | 6,191 |
| Operating expenses: | | | | |
| Salaries and benefits | - | - | - | 31 |
| Maintenance and operations | 39 | 1,087 | 6 | 21 |
| Equipment purchased | - | - | - | - |
| Claims and settlements | 1,332 | 21,584 | 215 | 6,200 |
| Depreciation | - | - | - | - |
| Amortization | - | - | - | - |
| Total operating expenses | 1,371 | 22,671 | 221 | 6,252 |
| Operating income (loss) | (43) | 608 | 4 | (61) |
| Non operating revenues (expenses): | | | | |
| Interest revenue | 4 | - | 2 | 43 |
| Grant revenue | - | - | - | - |
| Interest expense | - | - | - | - |
| Total non operating revenues (expenses), net | 4 | - | 2 | 43 |
| Income (loss) | (39) | 608 | 6 | (18) |
| Change in net position | (39) | 608 | 6 | (18) |
| Net position (deficit), July 1 | 1,066 | (1,204) | 488 | (20) |
| Net position (deficit), June 30 | \$ 1,027 | (596) | 494 | (38) |

(Continued)

Exhibit L-2

CITY OF GLENDALE

Combining Statement of Revenues, Expenses
and Changes in Net Position

Internal Service Funds

Fiscal Year Ended June 30, 2018 (in thousands)

| | Retiree Health Savings Plan (RHSP) Benefits Fund | Post Employment Benefits Fund | ISD Wireless Fund | Total Internal Service Funds |
|---|---|-------------------------------------|-------------------------|------------------------------------|
| Operating revenues: | | | | |
| Charges for services | \$ 3,629 | 202 | 4,278 | 96,278 |
| Miscellaneous revenues | - | - | 6 | 1,829 |
| Total operating revenues | <u>3,629</u> | <u>202</u> | <u>4,284</u> | <u>98,107</u> |
| Operating expenses: | | | | |
| Salaries and benefits | 16 | - | 1,019 | 14,889 |
| Maintenance and operations | 16 | 11 | 1,580 | 21,887 |
| Equipment purchased | - | - | 344 | 1,564 |
| Claims and settlements | 1,635 | 609 | - | 50,884 |
| Depreciation | - | - | 1,140 | 3,726 |
| Amortization | - | - | - | 18 |
| Total operating expenses | <u>1,667</u> | <u>620</u> | <u>4,083</u> | <u>92,968</u> |
| Operating income (loss) | <u>1,962</u> | <u>(418)</u> | <u>201</u> | <u>5,139</u> |
| Non operating revenues (expenses): | | | | |
| Interest revenue | 44 | - | 2 | 650 |
| Grant revenue | - | - | 1,001 | 1,001 |
| Interest expense | - | - | (2) | (6) |
| Total non operating revenues (expenses), net | <u>44</u> | <u>-</u> | <u>1,001</u> | <u>1,645</u> |
| Income (loss) | <u>2,006</u> | <u>(418)</u> | <u>1,202</u> | <u>6,784</u> |
| Change in net position | 2,006 | (418) | 1,202 | 6,784 |
| Net position (deficit), July 1 | <u>175</u> | <u>189</u> | <u>7,484</u> | <u>70,741</u> |
| Net position (deficit), June 30 | <u>\$ 2,181</u> | <u>(229)</u> | <u>8,686</u> | <u>77,525</u> |

Exhibit L-3

CITY OF GLENDALE

Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2018 (in thousands)

| | Fleet/ Equipment Management Fund | Joint Helicopter Operation Fund | ISD Infrastructure Fund | ISD Applications Fund |
|---|---|---------------------------------------|-------------------------------|-----------------------------|
| Cash flows from operating activities: | | | | |
| Cash from customers | \$ 12,864 | 1,323 | 6,708 | 6,402 |
| Cash paid to employees | (3,447) | (137) | (2,353) | (2,702) |
| Cash paid to suppliers | (5,208) | (557) | (3,877) | (3,315) |
| Net cash provided (used) by operating activities | <u>4,209</u> | <u>629</u> | <u>478</u> | <u>385</u> |
| Cash flows from noncapital financing activities: | | | | |
| Amounts paid to other funds | - | - | - | - |
| Operating grants received | - | - | - | - |
| Net cash provided (used) by noncapital financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash flows from capital and related financing activities: | | | | |
| Interest on long-term debt | (10) | - | - | - |
| Payments on capital lease | (262) | - | - | - |
| Acquisition of property, plant, and equipment | (3,162) | 2 | (99) | (1,612) |
| Net cash provided (used) by capital and related financing activities | <u>(3,434)</u> | <u>2</u> | <u>(99)</u> | <u>(1,612)</u> |
| Cash provided by investing activities: | | | | |
| Interest received | 108 | 205 | 10 | 32 |
| Net increase (decrease) in cash and cash equivalents | <u>883</u> | <u>836</u> | <u>389</u> | <u>(1,195)</u> |
| Cash and cash equivalents at July 1 | <u>18,899</u> | <u>2,719</u> | <u>5,050</u> | <u>11,508</u> |
| Cash and cash equivalents at June 30 | <u><u>19,782</u></u> | <u><u>3,555</u></u> | <u><u>5,439</u></u> | <u><u>10,313</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | 2,352 | 463 | (365) | 420 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation | 1,550 | 103 | 929 | 1 |
| Amortization | - | - | - | 18 |
| (Increase) Decrease Accounts receivable, net | 6 | 48 | - | - |
| (Increase) Inventories | (16) | - | - | - |
| (Increase) Decrease Prepaid expenses | 54 | - | - | - |
| Increase (Decrease) Accrued wages payable | (12) | (3) | (6) | 23 |
| Increase Compensated absences | - | - | - | - |
| Increase (Decrease) Accounts payable | 275 | 18 | (80) | (77) |
| Increase (Decrease) Claims payable | - | - | - | - |
| Total adjustments | <u>1,857</u> | <u>166</u> | <u>843</u> | <u>(35)</u> |
| Net cash provided (used) by operating activities | <u>\$ 4,209</u> | <u>629</u> | <u>478</u> | <u>385</u> |
| Noncash investing, capital, and financing activities: | | | | |
| Decrease in fair value of investments | (266) | (41) | (75) | (137) |

(Continued)

Exhibit L-3

CITY OF GLENDALE

Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2018 (in thousands)

| | Building Maintenance Fund | Unemployment Insurance Fund | Liability Insurance Fund | Compensation Insurance Fund |
|---|---------------------------------|-----------------------------------|--------------------------------|-----------------------------------|
| Cash flows from operating activities: | | | | |
| Cash from customers | \$ 7,929 | 100 | 5,079 | 18,204 |
| Cash paid to employees | (2,906) | - | (340) | (2,271) |
| Cash paid to suppliers | (4,038) | (61) | (6,504) | (13,762) |
| Net cash provided (used) by operating activities | <u>985</u> | <u>39</u> | <u>(1,765)</u> | <u>2,171</u> |
| Cash flows from noncapital financing activities: | | | | |
| Amounts paid to other funds | - | - | - | - |
| Operating grants received | - | - | - | - |
| Net cash provided (used) by noncapital financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash flows from capital and related financing activities: | | | | |
| Interest on long-term debt | - | - | - | - |
| Payments on capital lease | - | - | - | - |
| Acquisition of property, plant, and equipment | - | - | - | (1) |
| Net cash provided (used) by capital and related financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1)</u> |
| Cash provided by investing activities: | | | | |
| Interest received | - | 3 | 40 | 56 |
| Net increase (decrease) in cash and cash equivalents | <u>985</u> | <u>42</u> | <u>(1,725)</u> | <u>2,226</u> |
| Cash and cash equivalents at July 1 | <u>2,864</u> | <u>835</u> | <u>17,825</u> | <u>30,588</u> |
| Cash and cash equivalents at June 30 | <u><u>3,849</u></u> | <u><u>877</u></u> | <u><u>16,100</u></u> | <u><u>32,814</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | 1,123 | 39 | (2,863) | 1,717 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation | - | - | - | 3 |
| Amortization | - | - | - | - |
| (Increase) Decrease Accounts receivable, net | - | - | (515) | 101 |
| (Increase) Inventories | - | - | - | - |
| (Increase) Decrease Prepaid expenses | - | - | - | - |
| Increase (Decrease) Accrued wages payable | 10 | - | (14) | (331) |
| Increase Compensated absences | - | - | - | - |
| Increase (Decrease) Accounts payable | (148) | - | 110 | 17 |
| Increase (Decrease) Claims payable | - | - | 1,517 | 664 |
| Total adjustments | <u>(138)</u> | <u>-</u> | <u>1,098</u> | <u>454</u> |
| Net cash provided (used) by operating activities | <u>\$ 985</u> | <u>39</u> | <u>(1,765)</u> | <u>2,171</u> |
| Noncash investing, capital, and financing activities: | | | | |
| Decrease in fair value of investments | (52) | (12) | (226) | (445) |

(Continued)

Exhibit L-3

CITY OF GLENDALE

Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2018 (in thousands)

| | Dental Insurance Fund | Medical Insurance Fund | Vision Insurance Fund | Employee Benefits Fund |
|---|-----------------------------|------------------------------|-----------------------------|------------------------------|
| Cash flows from operating activities: | | | | |
| Cash from customers | \$ 1,328 | 23,296 | 225 | 6,172 |
| Cash paid to employees | - | - | - | (5,210) |
| Cash paid to suppliers | (1,376) | (22,989) | (219) | (21) |
| Net cash provided (used) by operating activities | (48) | 307 | 6 | 941 |
| Cash flows from noncapital financing activities: | | | | |
| Amounts paid to other funds | - | - | - | - |
| Operating grants received | - | - | - | - |
| Net cash provided (used) by noncapital financing activities | - | - | - | - |
| Cash flows from capital and related financing activities: | | | | |
| Interest on long-term debt | - | - | - | - |
| Payments on capital lease | - | - | - | - |
| Acquisition of property, plant, and equipment | - | - | - | - |
| Net cash provided (used) by capital and related financing activities | - | - | - | - |
| Cash provided by investing activities: | | | | |
| Interest received | 3 | (2) | 2 | 24 |
| Net increase (decrease) in cash and cash equivalents | (45) | 305 | 8 | 965 |
| Cash and cash equivalents at July 1 | 1,109 | 299 | 490 | 13,693 |
| Cash and cash equivalents at June 30 | 1,064 | 604 | 498 | 14,658 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | (43) | 608 | 4 | (61) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation | - | - | - | - |
| Amortization | - | - | - | - |
| (Increase) Decrease Accounts receivable, net | - | 17 | - | (19) |
| (Increase) Inventories | - | - | - | - |
| (Increase) Decrease Prepaid expenses | - | (8) | - | - |
| Increase (Decrease) Accrued wages payable | - | - | - | - |
| Increase Compensated absences | - | - | - | 1,021 |
| Increase (Decrease) Accounts payable | (5) | (3) | 2 | - |
| Increase (Decrease) Claims payable | - | (307) | - | - |
| Total adjustments | (5) | (301) | 2 | 1,002 |
| Net cash provided (used) by operating activities | \$ (48) | 307 | 6 | 941 |
| Noncash investing, capital, and financing activities: | | | | |
| Decrease in fair value of investments | (15) | (8) | (7) | (200) |

(Continued)

Exhibit L-3

CITY OF GLENDALE

Combining Statement of Cash Flows

Internal Service Funds

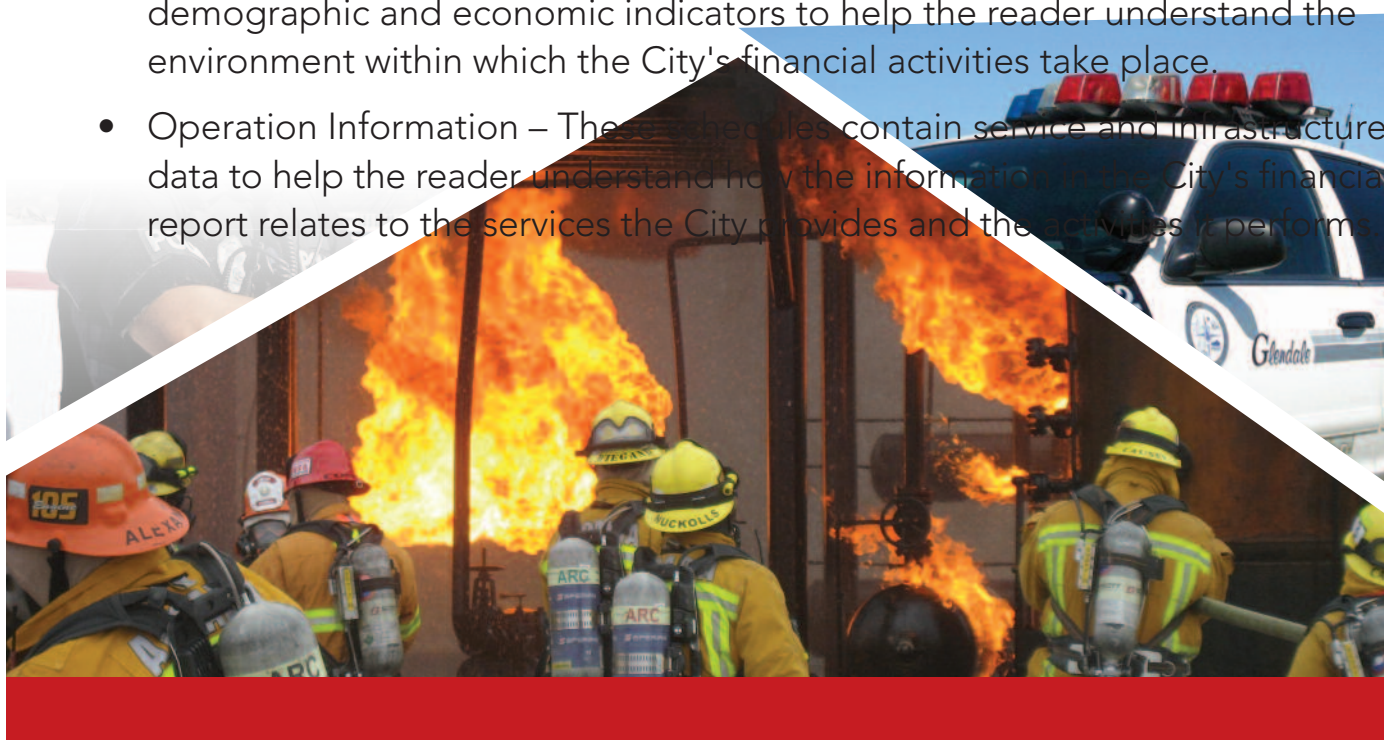
Fiscal Year Ended June 30, 2018 (in thousands)

| | Health Savings Plan (RSHP) Benefits Fund | Post Employment Benefits Fund | ISD Wireless Fund | Total Internal Service Funds |
|---|---|-------------------------------------|-------------------------|------------------------------------|
| Cash flows from operating activities: | | | | |
| Cash from customers | \$ 3,608 | 201 | 4,284 | 97,723 |
| Cash paid to employees | (1,142) | - | (956) | (21,464) |
| Cash paid to suppliers | (16) | (614) | (1,197) | (63,754) |
| Net cash provided (used) by operating activities | 2,450 | (413) | 2,131 | 12,505 |
| Cash flows from noncapital financing activities: | | | | |
| Amounts paid to other funds | - | 215 | (582) | (367) |
| Operating grants received | - | - | 1,001 | 1,001 |
| Net cash provided (used) by noncapital financing activities | - | 215 | 419 | 634 |
| Cash flows from capital and related financing activities: | | | | |
| Interest on long-term debt | - | - | (12) | (22) |
| Payments on capital lease | - | - | - | (262) |
| Acquisition of property, plant, and equipment | - | - | (704) | (5,576) |
| Net cash provided (used) by capital and related financing activities | - | - | (716) | (5,860) |
| Cash provided by investing activities: | | | | |
| Interest received | 22 | 3 | (6) | 500 |
| Net increase (decrease) in cash and cash equivalents | 2,472 | (195) | 1,828 | 7,779 |
| Cash and cash equivalents at July 1 | 13,507 | 195 | 1,218 | 120,799 |
| Cash and cash equivalents at June 30 | 15,979 | - | 3,046 | 128,578 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | 1,962 | (418) | 201 | 5,139 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation | - | - | 1,140 | 3,726 |
| Amortization | - | - | - | 18 |
| (Increase) Decrease Accounts receivable, net | (21) | (1) | - | (384) |
| (Increase) Inventories | - | - | - | (16) |
| (Increase) Decrease Prepaid expenses | - | - | - | 46 |
| Increase (Decrease) Accrued wages payable | - | - | 63 | (270) |
| Increase Compensated absences | 509 | - | - | 1,530 |
| Increase (Decrease) Accounts payable | - | 6 | 727 | 842 |
| Increase (Decrease) Claims payable | - | - | - | 1,874 |
| Total adjustments | 488 | 5 | 1,930 | 7,366 |
| Net cash provided (used) by operating activities | \$ 2,450 | (413) | 2,131 | 12,505 |
| Noncash investing, capital, and financing activities: | | | | |
| Decrease in fair value of investments | (215) | - | (37) | (1,736) |

Statistical Section (UNAUDITED)

The statistical section provides mostly trend data and nonfinancial information useful in assessing the City's financial condition. Because of the special character of the data presented in the statistical section (i.e., data of prior years, nonfinancial data), the section does not fall within the scope of the independent audit.

- Financial Trends – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.
- Revenue Capacity – These schedules contain information to help the reader assess the City's two most significant local revenue sources, the electric revenue and the property tax.
- Debt Capacity – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.
- Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.
- Operation Information – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.



Schedule 1

CITY OF GLENDALE

Net Position by Component

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

| | Fiscal Year | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Governmental activities: | | | | | |
| Net investment in capital assets | \$ 926,357 | 922,498 | 888,998 | 882,741 | 829,862 |
| Restricted | 168,556 | 124,491 | 110,281 | 74,413 | 73,323 |
| Unrestricted | (195,007) ⁽¹⁾ | (162,510) ⁽¹⁾ | (153,423) ⁽¹⁾ | (315,057) ⁽¹⁾ | 47,188 |
| Total governmental activities net position | <u>899,906</u> | <u>884,479</u> | <u>845,856</u> | <u>642,097</u> | <u>950,373</u> |
| Business-type activities: | | | | | |
| Net investment in capital assets | 401,010 | 409,287 | 422,656 | 437,125 | 484,467 |
| Restricted | 5,669 | 5,669 | 5,669 | 5,669 | 5,669 |
| Unrestricted | 288,494 | 263,001 | 222,463 | 159,220 | 210,397 |
| Total business-type activities net position | <u>695,173</u> | <u>677,957</u> | <u>650,788</u> | <u>602,014</u> | <u>700,533</u> |
| Primary government: | | | | | |
| Net investment in capital assets | 1,327,367 | 1,331,785 | 1,311,654 | 1,319,866 | 1,314,329 |
| Restricted | 174,225 | 130,160 | 115,950 | 80,082 | 78,992 |
| Unrestricted | 93,487 | 100,491 | 69,040 | (155,837) | 257,585 |
| Total primary government net position | <u>\$ 1,595,079</u> | <u>1,562,436</u> | <u>1,496,644</u> | <u>1,244,111</u> | <u>1,650,906</u> |

| | Fiscal Year | | | | |
|---|---------------------|---------------------|------------------|------------------|------------------|
| | 2013 | 2012 ⁽²⁾ | 2011 | 2010 | 2009 |
| Governmental activities: | | | | | |
| Net investment in capital assets | \$ 816,785 | 802,729 | 814,946 | 806,721 | 782,170 |
| Restricted | 70,047 | 40,119 | 53,953 | 56,854 | 56,506 |
| Unrestricted | 62,419 | 104,152 | 85,930 | 91,582 | 113,761 |
| Total governmental activities net position | <u>949,251</u> | <u>947,000</u> | <u>954,829</u> | <u>955,157</u> | <u>952,437</u> |
| Business-type activities: | | | | | |
| Net investment in capital assets | 516,774 | 545,511 | 526,011 | 476,440 | 448,099 |
| Restricted | 5,669 | 5,669 | 15,474 | 13,864 | 14,047 |
| Unrestricted | 159,224 | 140,283 | 159,353 | 208,562 | 238,443 |
| Total business-type activities net position | <u>681,667</u> | <u>691,463</u> | <u>700,838</u> | <u>698,866</u> | <u>700,589</u> |
| Primary government: | | | | | |
| Net investment in capital assets | 1,333,559 | 1,348,240 | 1,340,957 | 1,283,161 | 1,230,269 |
| Restricted | 75,716 | 45,788 | 69,427 | 70,718 | 70,553 |
| Unrestricted | 221,643 | 244,435 | 245,283 | 300,144 | 352,204 |
| Total primary government net position | <u>\$ 1,630,918</u> | <u>1,638,463</u> | <u>1,655,667</u> | <u>1,654,023</u> | <u>1,653,026</u> |

Notes:

- (1) From FY2015 to FY2018, the negative unrestricted net position for governmental activities was due to the recognition of net pension liability pursuant to GASB Statement No. 68.
- (2) In FY2012, only seven months of the Glendale Redevelopment Agency transactions was included in the governmental activities due to ABx1 26 - Redevelopment Agencies Dissolution on February 1, 2012. The transactions for the remainder of the fiscal year were recorded in the Glendale Successor Agency Private Purpose Trust Fiduciary Fund.

Source: City Finance Department

Not covered by independent auditors' report

Schedule 2

CITY OF GLENDALE

Changes in Net Position

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

| | Fiscal Year | | | | |
|--|-------------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 33,037 | 29,958 | 20,335 | 47,822 | 64,776 |
| Police | 92,679 | 80,687 | 72,274 | 74,596 | 71,299 |
| Fire | 67,285 | 59,228 | 51,386 | 48,796 | 47,370 |
| Public works | 30,072 | 28,021 | 31,925 | 26,558 | 41,126 |
| Transportation | 13,196 | 14,215 | 14,367 | 15,222 | - |
| Housing, health, and community development | 44,349 | 41,831 | 39,860 | 42,472 | 38,536 |
| Employment programs | 5,848 | 6,099 | 5,265 | 5,557 | 5,642 |
| Public service | 5,999 | 6,751 | 6,230 | 5,895 | 5,173 |
| Parks, recreation and community services | 19,697 | 18,710 | 15,889 | 13,325 | 12,372 |
| Library | 12,485 | 9,590 | 8,222 | 8,392 | 7,893 |
| Interest and fiscal charges | 2,139 | 2,763 | 2,203 | 1,398 | 2,553 |
| Total governmental activities expenses | <u>326,786</u> | <u>297,853</u> | <u>267,956</u> | <u>290,033</u> | <u>296,740</u> |
| Business-type activities: | | | | | |
| Recreation | - | - | - | 2,584 (1) | 2,338 |
| Hazardous disposal | - | - | - | 1,511 (1) | 1,170 |
| Fire communications | 4,126 | 3,399 | 3,149 | 2,965 | 2,521 |
| Parking | - | - | - | 7,702 (1) | 6,317 |
| Sewer | 20,383 | 16,697 | 15,327 | 17,421 | 14,353 |
| Refuse disposal | 20,844 | 19,448 | 18,518 | 18,519 | 16,143 |
| Electric | 188,573 | 186,772 | 172,647 | 187,864 | 179,322 |
| Water | 48,458 | 43,400 | 42,017 | 45,068 | 42,927 |
| Total business-type activities expenses | <u>282,384</u> | <u>269,716</u> | <u>251,658</u> | <u>283,634</u> | <u>265,091</u> |
| Total primary government expenses | <u>\$ 609,170</u> | <u>567,569</u> | <u>519,614</u> | <u>573,667</u> | <u>561,831</u> |

Notes:

(1) Effective FY 2015, Recreation, Hazardous Disposal and Parking Funds were reclassified from enterprise funds to special revenue funds.

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 2

CITY OF GLENDALE

Changes in Net Position

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

| | Fiscal Year | | | | |
|---|---------------------|------------------|-----------------|------------------|------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 20,810 | 16,601 | 17,554 | 18,554 | 17,895 |
| Police | 1,487 | 1,282 | 1,229 | 1,087 | 759 |
| Fire | 9,672 | 8,405 | 8,242 | 6,330 | 2,206 |
| Public works | 29,117 | 23,629 | 20,732 | 14,469 | 19,544 |
| Transportation | 7,115 | 10,632 | 9,882 | 6,849 | - |
| Housing, health, and community development | 177 | 118 | 68 | 55 | 57 |
| Employment programs | 1,691 | 1,711 | 1,509 | 1,401 | 1,486 |
| Parks, recreation and community services | 3,285 | 2,984 | 2,999 | 11 | 11 |
| Library | 138 | 83 | 156 | 174 | 171 |
| Operating grants and contributions | 55,448 | 56,317 | 56,398 | 55,415 | 63,195 |
| Capital grants and contributions | 9,447 | 8,776 | 8,083 | 6,969 | 11,134 |
| Total governmental activities program revenues | <u>138,387</u> | <u>130,538</u> | <u>126,852</u> | <u>111,314</u> | <u>116,458</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Recreation | - | - | - | 2,773 (1) | 2,813 |
| Hazardous disposal | - | - | - | 1,632 (1) | 1,598 |
| Fire communications | 3,984 | 3,794 | 3,515 | 3,253 | 3,191 |
| Parking | - | - | - | 9,303 (1) | 8,897 |
| Sewer | 13,806 | 13,859 | 14,273 | 15,790 | 15,576 |
| Refuse disposal | 22,417 | 22,319 | 21,769 | 21,989 | 21,195 |
| Electric | 218,842 | 218,686 | 217,467 | 215,956 | 196,263 |
| Water | 50,771 | 48,601 | 49,972 | 47,520 | 43,069 |
| Operating grants and contributions | 72 | 207 | 54 | 120 | 299 |
| Capital grants and contributions | 12 | 61 | 305 | 2,306 | 796 |
| Total business-type activities program revenues | <u>309,904</u> | <u>307,527</u> | <u>307,355</u> | <u>320,642</u> | <u>293,697</u> |
| Total primary government program revenues | <u>448,291</u> | <u>438,065</u> | <u>434,207</u> | <u>431,956</u> | <u>410,155</u> |
| Net (Expense) / Revenue | | | | | |
| Governmental activities | (188,399) | (167,315) | (141,104) | (178,719) | (180,282) |
| Business-type activities | <u>27,520</u> | <u>37,811</u> | <u>55,697</u> | <u>37,008</u> | <u>28,606</u> |
| Total primary government net expense | <u>\$ (160,879)</u> | <u>(129,504)</u> | <u>(85,407)</u> | <u>(141,711)</u> | <u>(151,676)</u> |

Notes:

(1) Effective FY 2015, Recreation, Hazardous Disposal and Parking Funds were reclassified from enterprise funds to special revenue funds.

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 2

CITY OF GLENDALE

Changes in Net Position

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

| | Fiscal Year | | | | |
|---|------------------|-----------------|----------------|-----------------|----------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ 58,445 | 55,217 | 51,709 | 50,883 | 47,623 |
| Sales tax | 62,158 | 41,096 | 46,651 | 36,330 | 35,408 |
| Utility users tax | 27,805 | 28,605 | 28,662 | 27,766 | 27,018 |
| Other taxes | 21,784 | 20,998 | 20,378 | 17,305 | 15,512 |
| Investment income | 1,815 | 1,262 | 8,456 | 1,561 | 1,776 |
| Other | 15,748 | 22,377 | 25,988 | 22,766 | 30,097 |
| Reinstatement of loans | 328 | 206 | 28,029 | - | - |
| Transfers | 21,312 | 21,060 | 19,524 | 62,859 | 23,970 |
| Special items: | | | | | |
| Transfer of capital assets from | | | | | |
| Successor Agency | 2,744 | 15,117 | 6,729 | 22,087 | - |
| Elimination of OPEB implied subsidy | - | - | 82,247 | - | - |
| Extraordinary gain (loss) | - | - | 26,490 | - | - |
| Total governmental activities | <u>212,139</u> | <u>205,938</u> | <u>344,863</u> | <u>241,557</u> | <u>181,404</u> |
| Business-type activities: | | | | | |
| Investment income | 1,315 | 1,859 | 4,899 | 1,915 | 2,725 |
| Other | 9,693 | 8,559 | 7,702 | 8,593 | 11,505 |
| Transfers | (21,312) | (21,060) | (19,524) | (62,859) | (23,970) |
| Total business-type activities | <u>(10,304)</u> | <u>(10,642)</u> | <u>(6,923)</u> | <u>(52,351)</u> | <u>(9,740)</u> |
| Total primary government | <u>201,835</u> | <u>195,296</u> | <u>337,940</u> | <u>189,206</u> | <u>171,664</u> |
| Change in net position | | | | | |
| Governmental activities | 23,740 | 38,623 | 203,759 | 62,838 | 1,122 |
| Business-type activities | <u>17,216</u> | <u>27,169</u> | <u>48,774</u> | <u>(15,343)</u> | <u>18,866</u> |
| Total primary government | <u>\$ 40,956</u> | <u>65,792</u> | <u>252,533</u> | <u>47,495</u> | <u>19,988</u> |

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 2

CITY OF GLENDALE

Changes in Net Position

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

| | Fiscal Year | | | | |
|--|-------------------|----------------|----------------|----------------|----------------|
| | 2013 | 2012 (1) | 2011 | 2010 | 2009 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 33,432 | 22,151 | 25,700 | 24,157 | 23,508 |
| Police | 72,997 | 72,160 | 69,926 | 66,923 | 64,113 |
| Fire | 50,880 | 61,917 | 57,138 | 55,743 | 50,793 |
| Public works | 39,349 | 42,192 | 41,598 | 38,529 | 35,903 |
| Transportation | - | - | - | - | - |
| Housing, health, and community development | 44,534 | 45,387 | 69,965 | 70,813 | 49,563 |
| Employment programs | 6,080 | 6,197 | 5,925 | 7,397 | 5,432 |
| Public service | 4,490 | 6,369 | 8,029 | 8,249 | 6,729 |
| Parks, recreation and community services | 12,326 | 12,804 | 16,449 | 15,578 | 16,229 |
| Library | 8,338 | 8,209 | 9,127 | 9,241 | 9,162 |
| Interest and fiscal charges on bonds | 1,932 | 10,871 | 12,696 | 17,232 | 7,311 |
| Total governmental activities expenses | <u>274,358</u> | <u>288,257</u> | <u>316,553</u> | <u>313,862</u> | <u>268,743</u> |
| Business-type activities: | | | | | |
| Recreation | 2,820 | 2,754 | 2,622 | 2,645 | 2,552 |
| Hazardous disposal | 1,709 | 1,507 | 1,745 | 1,848 | 1,680 |
| Fire communications | 3,291 | 3,528 | 3,289 | 3,306 | 2,790 |
| Parking | 7,683 | 7,674 | 7,763 | 7,609 | 6,520 |
| Sewer | 14,585 | 15,148 | 15,756 | 17,874 | 12,195 |
| Refuse disposal | 19,197 | 18,794 | 18,893 | 18,101 | 16,450 |
| Electric | 172,509 | 200,120 | 188,569 | 170,423 | 192,326 |
| Water | 41,862 | 40,937 | 35,790 | 34,953 | 33,886 |
| Total business-type activities expenses | <u>263,656</u> | <u>290,462</u> | <u>274,427</u> | <u>256,759</u> | <u>268,399</u> |
| Total primary government expenses | <u>\$ 538,014</u> | <u>578,719</u> | <u>590,980</u> | <u>570,621</u> | <u>537,142</u> |

Notes:

- (1) In FY2012, only seven months of the Glendale Redevelopment Agency transactions was included in the governmental activities due to ABx1 26 - Redevelopment Agencies Dissolution on February 1, 2012. The transactions for the remainder of the fiscal year were recorded in the Glendale Successor Agency Private Purpose Trust Fiduciary Fund.

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 2

CITY OF GLENDALE

Changes in Net Position

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

| | Fiscal Year | | | | |
|---|---------------------|---------------------|------------------|------------------|------------------|
| | 2013 | 2012 ⁽¹⁾ | 2011 | 2010 | 2009 |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 16,249 | 16,738 | 17,276 | 13,922 | 9,890 |
| Police | 746 | 758 | 779 | 1,136 | 1,164 |
| Fire | 8,327 | 15,553 | 13,774 | 12,070 | 11,221 |
| Public works | 18,647 | 13,401 | 11,685 | 10,170 | 10,990 |
| Housing, health, and community development | 67 | 58 | 51 | 37 | 45 |
| Employment programs | 1,512 | 1,831 | 1,631 | 1,427 | 980 |
| Parks, recreation and community services | 15 | 8 | 13 | 9 | 15 |
| Library | 170 | 201 | 226 | 239 | 221 |
| Operating grants and contributions | 59,855 | 61,877 | 63,166 | 69,905 | 55,942 |
| Capital grants and contributions | 17,949 | 6,103 | 9,040 | 6,905 | 6,912 |
| Total governmental activities program revenues | <u>123,537</u> | <u>116,528</u> | <u>117,641</u> | <u>115,820</u> | <u>97,380</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Recreation | 2,645 | 2,648 | 2,640 | 2,353 | 2,394 |
| Hazardous disposal | 1,559 | 1,547 | 1,530 | 1,533 | 1,550 |
| Fire communications | 3,288 | 3,223 | 3,337 | 3,199 | 2,890 |
| Parking | 8,699 | 8,303 | 7,853 | 8,944 | 7,111 |
| Sewer | 16,143 | 15,716 | 14,977 | 14,709 | 15,440 |
| Refuse disposal | 21,704 | 20,457 | 20,776 | 19,941 | 19,911 |
| Electric | 173,701 | 196,007 | 187,801 | 176,903 | 207,177 |
| Water | 44,605 | 41,359 | 36,637 | 35,716 | 36,068 |
| Operating grants and contributions | 223 | 96 | 161 | 421 | 738 |
| Capital grants and contributions | 1,203 | 6,590 | 16,238 | 7,440 | 3,292 |
| Total business-type activities program revenues | <u>273,770</u> | <u>295,946</u> | <u>291,950</u> | <u>271,159</u> | <u>296,571</u> |
| Total primary government program revenues | <u>397,307</u> | <u>412,474</u> | <u>409,591</u> | <u>386,979</u> | <u>393,951</u> |
| Net (Expense) / Revenue | | | | | |
| Governmental activities | (150,821) | (171,729) | (198,912) | (198,042) | (171,363) |
| Business-type activities | <u>10,114</u> | <u>5,484</u> | <u>17,523</u> | <u>14,400</u> | <u>28,172</u> |
| Total primary government net expense | <u>\$ (140,707)</u> | <u>(166,245)</u> | <u>(181,389)</u> | <u>(183,642)</u> | <u>(143,191)</u> |

Notes:

- (1) In FY2012, only seven months of the Glendale Redevelopment Agency transactions was included in the governmental activities due to ABx1 26 - Redevelopment Agencies Dissolution on February 1, 2012. The transactions for the remainder of the fiscal year were recorded in the Glendale Successor Agency Private Purpose Trust Fiduciary Fund.

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 2

CITY OF GLENDALE

Changes in Net Position

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

| | Fiscal Year | | | | |
|---|-------------------|-----------------|-----------------|-----------------|-----------------|
| | 2013 | 2012 (1) | 2011 | 2010 | 2009 |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ 45,943 | 59,197 | 79,714 | 80,422 | 77,060 |
| Sales taxes | 33,789 | 31,874 | 30,030 | 27,594 | 22,755 |
| Utility users tax | 26,968 | 26,632 | 26,802 | 27,827 | 28,798 |
| Other taxes | 14,594 | 14,181 | 13,857 | 13,891 | 22,268 |
| Investment income | (85) (2) | 2,953 | 4,066 | 5,806 | 8,143 |
| Other | 13,401 | 21,370 | 17,948 | 18,077 | 16,368 |
| Reinstatement of loans | - | - | - | - | - |
| Transfers | 25,299 | 24,007 | 26,167 | 25,167 | 26,100 |
| Gain on exchange of land | - | - | - | 1,978 | - |
| Contributions | - | - | - | - | (1,712) |
| Special items: | | | | | |
| Extraordinary gain (loss) | (6,423) | (16,314) | - | - | - |
| Total governmental activities | <u>153,486</u> | <u>163,900</u> | <u>198,584</u> | <u>200,762</u> | <u>199,780</u> |
| Business-type activities: | | | | | |
| Investment income | 231 | 1,927 | 2,089 | 4,770 | 8,331 |
| Other | 8,270 | 7,221 | 8,527 | 4,274 | 3,614 |
| Transfers | (25,299) | (24,007) | (26,167) | (25,167) | (26,100) |
| Contributions | - | - | - | - | 1,712 |
| Total business-type activities | <u>(16,798)</u> | <u>(14,859)</u> | <u>(15,551)</u> | <u>(16,123)</u> | <u>(12,443)</u> |
| Total primary government | <u>136,688</u> | <u>149,041</u> | <u>183,033</u> | <u>184,639</u> | <u>187,337</u> |
| Change in net position | | | | | |
| Governmental activities | 2,665 | (7,829) | (328) | 2,720 | 28,417 |
| Business-type activities | <u>(6,684)</u> | <u>(9,375)</u> | <u>1,972</u> | <u>(1,723)</u> | <u>15,729</u> |
| Total primary government | \$ <u>(4,019)</u> | <u>(17,204)</u> | <u>1,644</u> | <u>997</u> | <u>44,146</u> |

Notes:

- (1) In FY2012, only seven months of the Glendale Redevelopment Agency transactions was included in the governmental activities due to ABx1 26 - Redevelopment Agencies Dissolution on February 1, 2012. The transactions for the remainder of the fiscal year were recorded in the Glendale Successor Agency Private Purpose Trust Fiduciary Fund.
- (2) In FY2013, the negative investment income was due to the net decrease in the fair value of investments pursuant to GASB Statement No. 31.

Source: City Finance Department

Not covered by independent auditors' report

Schedule 3

CITY OF GLENDALE

Fund Balances of Governmental Funds

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

| | Fiscal Year | | | | |
|---------------------------------------|-------------------|----------------|----------------|----------------|-----------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| General Fund | | | | | |
| Non spendable: | \$ 305 | 267 | 196 | 2,505 | 2,584 |
| Restricted for: | | | | | |
| City Charter – Sec.15 general reserve | 28,115 | 27,296 | 24,870 | 23,433 | 22,593 |
| Pension stabilization | 27,605 | - | - | - | - |
| Committed to: | | | | | |
| Capital projects fund | - | - | - | - | 7,000 |
| Assigned to: | | | | | |
| Economic development | 3,530 | 4,033 | 4,526 | 3,418 | - |
| Capital | 97 | 572 | 800 | 800 | - |
| Building maintenance | - | - | - | 1,000 | - |
| Emergency medical services | - | - | 2,000 | - | - |
| Unassigned | <u>47,418</u> | <u>60,701</u> | <u>55,954</u> | <u>40,819</u> | <u>36,480</u> |
| Total general fund | <u>107,070</u> | <u>92,869</u> | <u>88,346</u> | <u>71,975</u> | <u>68,657</u> |
| All Other Governmental Funds | | | | | |
| Non spendable: | 2,545 | 2,396 | 3,197 | 3,177 | 2,212 |
| Restricted for: | | | | | |
| Property held for resale | 981 | 981 | - | - | - |
| Federal and state grants | 6,854 | 5,929 | 5,621 | 5,129 | 4,745 |
| Public safety | 2,594 | 2,730 | 1,820 | 1,465 | 1,197 |
| Youth employment | 44 | - | 52 | 4 | 18 |
| Transportation | 30,324 | 25,471 | 22,297 | 19,965 | 17,019 |
| Landscaping district | 207 | 172 | 139 | 99 | 63 |
| Low and moderate housing | 12,254 | 11,175 | 9,642 | 9,219 | 9,820 |
| Air quality improvement | 518 | 425 | 370 | 293 | 276 |
| Cable access | 3,401 | 2,895 | 2,434 | 1,833 | 1,237 |
| Electric public benefit AB1890 | 5,146 | 3,962 | 3,609 | 2,788 | 1,960 |
| State gas tax mandates | 4,405 | 2,257 | 3,240 | 2,868 | 7,044 |
| Landfill postclosure | 31,850 | 29,850 | 27,850 | 25,850 | 23,850 |
| Capital projects funds | 38,884 | 33,951 | 29,034 | - | - |
| Committed to: | | | | | |
| Debt service funds | 16,429 | 17,981 | 19,287 | 21,522 | 23,841 |
| Capital projects fund | 23,917 | 13,405 | 11,295 | 9,374 | 1,991 |
| Impact fee funded projects | 24,565 | 24,132 | 26,078 | 14,227 | 5,562 |
| Public safety | 333 | 206 | 13 | 121 | 116 |
| Urban art | 6,974 | 6,372 | 5,275 | 4,283 | 2,437 |
| Filming | 945 | 622 | 373 | - | - |
| Recreation | 3,775 | 3,652 | 3,548 | 3,602 | - |
| Hazardous materials | 2,885 | 2,342 | 2,057 | 1,646 | - |
| Parking | 9,638 | 8,738 | 7,511 | 6,776 | - |
| Assigned to: | | | | | |
| Capital projects funds | - | - | - | - | - |
| Unassigned | <u>(4,690)</u> | <u>(4,582)</u> | <u>(9,345)</u> | <u>(5,960)</u> | <u>(10,327)</u> |
| Total all other governmental funds | <u>\$ 224,778</u> | <u>195,062</u> | <u>175,397</u> | <u>128,281</u> | <u>93,061</u> |

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 3

CITY OF GLENDALE

Fund Balances of Governmental Funds

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

| | Fiscal Year | | | | |
|---------------------------------------|-------------------|----------------|----------------|-----------------|-----------------|
| | 2013 | 2012 (1) | 2011 (2) | 2010 | 2009 |
| General Fund | | | | | |
| Non spendable: | \$ 2,579 | 558 | 49,425 | 71,521 | 68,840 |
| Restricted for: | | | | | |
| City Charter – Sec.15 general reserve | 22,228 | 21,156 | 21,105 | 20,619 | 19,320 |
| Assigned to: | | | | | |
| Economic development | - | - | 117 | - | - |
| Unassigned | <u>38,082</u> | <u>37,852</u> | <u>63,408</u> | <u>28,331</u> | <u>37,503</u> |
| Total general fund | <u>62,889</u> | <u>59,566</u> | <u>134,055</u> | <u>120,471</u> | <u>125,663</u> |
| All Other Governmental Funds | | | | | |
| Non spendable: | 2,275 | 2,257 | 14,459 | 22,311 | 21,485 |
| Restricted for: | | | | | |
| Federal and state grants | 4,571 | 3,395 | 4,735 | 4,915 | 4,437 |
| Private endowments | - | 1,400 | 1,759 | - | - |
| Public safety | 1,127 | 1,295 | - | 6,101 | 6,397 |
| Youth employment | - | 52 | 10,606 | - | - |
| Transportation | 15,569 | 12,927 | 53 | 9,854 | 12,197 |
| Landscaping district | 48 | 43 | 9,419 | 55 | 24 |
| Low and moderate housing | 15,605 | 18,963 | 286 | 13,964 | 14,737 |
| Air quality improvement | 269 | 214 | 792 | 280 | 659 |
| Cable access | 783 | 379 | 862 | 650 | 573 |
| Electric public benefit AB1890 | 1,308 | 186 | 14,435 | 1,641 | 3,282 |
| State gas tax mandates | 8,539 | 12,466 | 22,100 | - | - |
| Landfill postclosure | 22,350 | 22,100 | 24,071 | - | - |
| Redevelopment activities | - | - | - | - | 2,211 |
| Debt service funds | - | - | - | 49,286 | 54,486 |
| Capital projects funds | - | - | 12,856 | 37,341 | 19,534 |
| Committed to: | | | | | |
| Debt service funds | 31,590 | 34,087 | 52,330 | - | - |
| Capital projects fund | 2,213 | - | - | - | - |
| Impact fee funded projects | 5,830 | 4,457 | 2,209 | - | - |
| Public safety | 116 | 179 | 170 | - | - |
| Urban art | 1,893 | 984 | 18 | - | - |
| Assigned to: | | | | | |
| Capital projects funds | - | 8,020 | - | - | - |
| Unassigned | <u>(8,167)</u> | <u>(9,520)</u> | <u>(7,393)</u> | <u>(16,833)</u> | <u>(13,752)</u> |
| Total all other governmental funds | <u>\$ 105,919</u> | <u>113,884</u> | <u>163,767</u> | <u>129,565</u> | <u>126,270</u> |

Notes:

- (1) In FY2012, only seven months of the Glendale Redevelopment Agency transactions was included in the governmental activities due to ABx1 26 - Redevelopment Agencies Dissolution on February 1, 2012. The transactions for the remainder of the fiscal year were recorded in the Glendale Successor Agency Private Purpose Trust Fiduciary Fund.
- (2) Effective FY2011, pursuant to GASB Statement No. 54, this schedule has been modified to establish the following classifications: nonspendable, restricted, committed, assigned and unassigned.

Source: City Finance Department

Not covered by independent auditors' report

Schedule 4

CITY OF GLENDALE

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

| | Fiscal Year | | | | |
|---|------------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Revenues: | | | | | |
| Property taxes | \$ 58,445 | 55,217 | 51,709 | 50,883 | 47,623 |
| Sales tax | 62,158 | 41,096 | 46,651 | 36,330 | 35,408 |
| Utility users tax | 27,805 | 28,605 | 28,662 | 27,766 | 27,018 |
| Other taxes | 21,784 | 20,998 | 20,378 | 17,305 | 15,512 |
| Revenue from other agencies | 70,304 | 71,590 | 61,332 | 69,677 | 71,755 |
| Licenses and permits | 13,740 | 14,053 | 23,263 | 21,592 | 10,528 |
| Fines and forfeitures | 5,300 | 5,317 | 4,299 | 1,413 | 1,638 |
| Charges for services | 39,962 | 37,012 | 35,876 | 21,741 | 19,393 |
| Use of money and property | 10,166 | 17,244 | 11,820 | 5,970 | 4,996 |
| Interfund revenue | 17,410 | 13,996 | 14,950 | 16,577 | 16,182 |
| Sales of property | - | - | - | - | - (1) |
| Miscellaneous revenue | 4,324 | 9,235 | 4,105 | 6,542 | 3,577 (1) |
| Total revenues | 331,398 | 314,363 | 303,045 | 275,796 | 253,630 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 28,866 | 29,286 | 25,767 | 27,250 | 27,187 |
| Community promotion | - | - | - | - | 59 |
| Police | 82,573 | 76,908 | 73,196 | 71,599 | 69,623 |
| Fire | 60,176 | 56,598 | 53,425 | 47,901 | 46,848 |
| Public works | 23,544 | 23,351 | 28,518 | 20,038 | 33,310 |
| Transportation | 14,271 | 13,251 | 13,341 | 13,780 | - |
| Housing, health and community development | 40,979 | 40,102 | 39,865 | 42,464 | 39,449 |
| Employment programs | 5,680 | 6,254 | 5,603 | 5,589 | 5,808 |
| Public service | 5,951 | 6,720 | 6,381 | 5,896 | 5,325 |
| Parks, recreation and community services | 16,643 | 16,511 | 14,139 | 10,451 | 10,331 |
| Library | 11,229 | 9,660 | 8,655 | 8,452 | 8,143 |
| Capital outlay | 16,190 | 30,208 | 13,433 | 16,054 | 23,930 |
| Debt service: | | | | | |
| Interest | 583 | 374 | 268 | 242 | 806 |
| Principal | 2,108 | 2,014 | 2,981 | 2,973 | 13,850 |
| Total expenditures | 308,793 | 311,237 | 285,572 | 272,689 | 284,669 |
| Excess of revenues over (under) expenditures | 22,605 | 3,126 | 17,473 | 3,107 | (31,039) |
| Other financing sources (uses): | | | | | |
| Transfers in | 35,378 | 32,302 | 25,165 | 43,650 | 28,331 |
| Transfers out | (14,066) | (11,240) | (5,641) | (8,219) | (4,382) |
| Total other financing sources (uses) | 21,312 | 21,062 | 19,524 | 35,431 | 23,949 |
| Extraordinary gain (loss) | - | - | 26,490 | - | - |
| Net change in fund balances | \$ 43,917 | 24,188 | 63,487 | 38,538 | (7,090) |
| Debt service as a percentage of noncapital expenditures | 0.9% | 0.9% | 1.2% | 1.3% | 5.6% |

Notes:

(1) Effective FY2014, "Sales of property" is included under "Miscellaneous revenue."

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 4

CITY OF GLENDALE

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (in thousands)

(accrual basis of accounting)

| | Fiscal Year | | | | |
|---|-------------------|------------------|-----------------|-----------------|-----------------|
| | 2013 | 2012 | (1) 2011 | 2010 | 2009 |
| Revenues: | | | | | |
| Property taxes | \$ 45,943 | 59,197 | 79,714 | 80,422 | 77,060 |
| Sales tax | 33,789 | 31,874 | 30,030 | 27,594 (2) | - |
| Utility users tax | 26,968 | 26,632 | 26,802 | 27,827 (2) | - |
| Other taxes | 14,594 | 14,181 | 13,857 | 13,891 (2) | 73,820 |
| Revenue from other agencies | 75,055 | 62,819 | 84,204 | 80,322 | 56,558 |
| Licenses and permits | 10,866 | 11,409 | 8,836 | 5,601 | 4,911 |
| Fines and forfeitures | 1,446 | 1,683 | 2,032 | 3,026 | 2,667 |
| Charges for services | 19,848 | 25,885 | 23,174 | 22,445 | 21,992 |
| Use of money and property | 2,550 | 5,112 | 11,084 | 9,651 (3) | 9,483 |
| Intergovernmental revenue | - | - | - | - (3) | 2,040 |
| Interfund revenue | 14,921 | 14,902 | 14,943 | 12,012 | 7,699 |
| Sales of property | 49 | 52 | 28 | 10 | 144 |
| Miscellaneous revenue | 6,744 | 5,211 | 1,623 | 3,347 | 5,621 |
| Total revenues | 252,773 | 258,957 | 296,327 | 286,148 | 261,995 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 22,826 | 19,535 | 21,327 | 20,215 | 20,465 |
| Community promotion | 111 | 89 | 106 | 55 | 105 |
| Police | 68,224 | 66,848 | 65,000 | 61,677 | 60,726 |
| Fire | 47,639 | 56,957 | 52,750 | 51,468 | 50,190 |
| Public works | 30,831 | 32,911 | 33,935 | 34,033 | 30,520 |
| Transportation | - | - | - | - | - |
| Housing, health and community development | 44,997 | 44,186 | 67,044 | 74,402 | 45,868 |
| Employment programs | 6,028 | 6,091 | 5,794 | 5,060 | 3,118 |
| Public service | 4,656 | 6,500 | 7,970 | 8,053 | 6,674 |
| Parks, recreation and community services | 9,938 | 11,957 | 12,856 | 12,852 | 13,460 |
| Library | 7,923 | 8,714 | 8,322 | 8,343 | 8,643 |
| Capital outlay | 28,320 | 19,053 | 31,236 | 41,043 | 42,445 |
| Debt service: | | | | | |
| Interest | 241 | 5,124 | 5,920 | 4,516 | 4,651 |
| Principal | 3,476 | 9,971 | 10,908 | 10,398 | 8,306 |
| Fiscal agent fees | - | - | - | - | 80 |
| Total expenditures | 275,210 | 287,936 | 323,168 | 332,115 | 295,251 |
| Excess of revenues over (under) expenditures | (22,437) | (28,979) | (26,841) | (45,967) | (33,256) |
| Other financing sources (uses): | | | | | |
| Issuance of long-term debt | - | 2,002 | 50,000 | 31,081 | 14,000 |
| Original/Issue discount | - | - | (2,032) | - | - |
| Cost of issuance | - | - | (583) | - | - |
| Transfers in | 29,039 | 69,415 | 54,771 | 67,019 | 37,479 |
| Transfers out | (3,740) | (44,863) | (27,529) | (54,030) | (14,646) |
| Total other financing sources (uses) | 25,299 | 26,554 | 74,627 | 44,070 | 36,833 |
| Extraordinary gain (loss) | (7,504) | (121,947) | - | - | - |
| Net change in fund balances | \$ (4,642) | (124,372) | 47,786 | (1,897) | 3,577 |
| Debt service as a percentage of noncapital expenditures | 1.5% | 5.7% | 5.6% | 5.1% | 5.1% |

Notes:

(1) In FY2012, only seven months of the Glendale Redevelopment Agency transactions was included in the governmental activities due to ABx1 26 - Redevelopment Agencies Dissolution on February 1, 2012. The transactions for the remainder of the fiscal year were recorded in the Glendale Successor Agency Private Purpose Trust Fiduciary Fund.

(2) Effective FY2010, "Other taxes" are split among "Sales tax", "Utility users tax", and "Other taxes".

(3) Effective FY2010, "Intergovernmental revenues" is included under "Use of money and property."

Source: City Finance Department

Not covered by independent auditors' report

CITY OF GLENDALE

Electric Revenue by Type of Customers

Last Ten Fiscal Years

| | Fiscal Year | | | | |
|---|-----------------------|--------------------|--------------------|--------------------|--------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Electric Fund | | | | | |
| Number of customers: | | | | | |
| Residential | 75,589 (3) | 74,783 | 74,176 | 73,678 | 72,975 |
| Commercial | 13,043 | 12,967 | 12,938 | 12,869 | 12,801 |
| Industrial | 196 | 211 | 212 | 214 | 218 |
| Public street and highway lighting | 21 | 21 | 21 | 21 | 18 |
| Total number of customers | 88,849 | 87,982 | 87,347 | 86,782 | 86,012 |
| Megawatt-hour units sold: | | | | | |
| Residential | 369,703 (3) | 372,746 | 383,783 | 372,426 | 352,861 |
| Commercial | 337,282 | 334,185 | 335,019 | 337,388 | 327,660 |
| Industrial | 331,859 | 346,427 | 362,867 | 361,719 | 370,321 |
| Public street and highway lighting | 9,205 | 9,247 | 9,182 | 8,543 | 8,530 |
| Total retail megawatt-hour sales | 1,048,049 | 1,062,605 | 1,090,851 | 1,080,076 | 1,059,372 |
| Sales to other utilities | 404,785 (2) | 521,782 | 461,124 (1) | 512,846 | 351,348 |
| Wholesale | - | - | - (1) | 173,938 | 331,831 |
| Total megawatt-hour sales | 1,452,834 | 1,584,387 | 1,551,975 | 1,766,860 | 1,742,551 |
| Revenue from energy sales: | | | | | |
| Residential | \$ 74,609,549 (3) | 73,139,123 | 73,924,071 | 67,754,324 | 59,905,509 |
| Commercial | 66,961,824 | 64,986,543 | 64,213,540 | 61,746,578 | 55,750,676 |
| Industrial | 59,813,317 | 60,766,034 | 63,310,702 | 59,626,227 | 52,437,492 |
| Public street and highway lighting | 6,366 | 6,401 | 6,413 | 3,465 | 6,145 |
| Sales to other utilities | 17,451,139 (2) | 19,788,257 | 16,012,599 (1) | 19,041,456 | 13,032,317 |
| Wholesale | - | - | - (1) | 7,783,689 | 15,130,477 |
| Total energy sales | \$ 218,842,195 | 218,686,358 | 217,467,325 | 215,955,739 | 196,262,616 |

Notes:

- (1) Effective FY2016, wholesale and sales to other utilities have been combined into one account.
- (2) Reductions in the purchases and sales of MWHs correlates to the decrease in sales to other utilities. The decrease in sales to other utilities was mainly due to lower volumes as a result of changing market demand and price volatility.
- (3) In FY2018, there was an increase in customers due to recently completed residential developments. Even though megawatt-hour sales decreased, due to weather, conservation and solar installations, revenue has increased due to a 2% rate increase effective July 1, 2017.

Source: Glendale Water & Power Department

Not covered by independent auditors' report

CITY OF GLENDALE

Electric Revenue by Type of Customers

Last Ten Fiscal Years

| | Fiscal Year | | | | |
|------------------------------------|-----------------------|--------------------|--------------------|--------------------|--------------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Electric Fund | | | | | |
| Number of customers: | | | | | |
| Residential | 72,625 | 72,220 | 72,030 | 71,866 | 71,643 |
| Commercial | 12,769 | 12,898 | 12,698 | 12,690 | 12,664 |
| Industrial | 217 | 222 | 216 | 226 | 229 |
| Street lights | 18 | 18 | 18 | 18 | 18 |
| Total number of customers | <u>85,629</u> | <u>85,358</u> | <u>84,962</u> | <u>84,800</u> | <u>84,554</u> |
| Megawatt-hour units sold: | | | | | |
| Residential | 393,136 | 368,237 | 357,604 | 378,460 | 389,872 |
| Commercial | 335,404 | 319,478 | 305,908 | 322,377 | 341,639 |
| Industrial | 389,872 | 397,144 | 377,698 | 392,273 | 410,663 |
| Public street and highway lighting | 9,284 | 9,335 | 9,240 | 9,200 | 9,216 |
| Total retail megawatt-hour sales | <u>1,127,696</u> | <u>1,094,194</u> | <u>1,050,450</u> | <u>1,102,310</u> | <u>1,151,390</u> |
| Sales to other utilities | 61,407 (2) | 493,511 | 487,753 | 108,731 | 76,272 |
| Wholesale | 235,847 (2) | 404,319 | 396,933 | 76,934 | 128,556 (1) |
| Total megawatt-hour sales | <u>1,424,950</u> | <u>1,992,024</u> | <u>1,935,136</u> | <u>1,287,975</u> | <u>1,356,218</u> |
| Revenue from energy sales: | | | | | |
| Residential | \$ 58,412,020 | 54,282,734 | 53,557,580 | 59,515,595 | 66,450,032 |
| Commercial | 51,393,589 | 49,217,022 | 47,557,202 | 52,574,031 | 60,278,592 |
| Industrial | 49,396,516 | 50,624,670 | 49,084,732 | 54,368,173 | 61,862,315 |
| Public street and highway lighting | 9,553 | 7,010 | 4,288 | 3,022 | 2,054 |
| Sales to other utilities | 1,686,183 (2) | 23,049,142 | 17,437,568 | 6,942,319 | 7,695,258 |
| Wholesale | 12,802,646 (2) | 18,826,834 | 20,159,819 | 3,500,143 | 10,888,493 (1) |
| Total energy sales | <u>\$ 173,700,508</u> | <u>196,007,412</u> | <u>187,801,189</u> | <u>176,903,283</u> | <u>207,176,744</u> |

Notes:

- (1) In FY2009, fluctuations in wholesale sales volume and revenue were due to changing market demand and price volatility.
- (2) In FY2013, reductions in the purchases and sales of MWHs correlates to the decrease in wholesale revenue and sales to other utility revenue.

Source: Glendale Water & Power Department

Not covered by independent auditors' report

Schedule 6

CITY OF GLENDALE

Electric Rates (Dollars per Kilowatt Hour)

Last Ten Fiscal Years

| | Fiscal Year | | | | |
|-----------------|-------------|--------|--------|--------|--------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Customer class: | | | | | |
| Residential | \$ 0.2018 | 0.1962 | 0.1926 | 0.1819 | 0.1693 |
| Commercial | 0.1985 | 0.1945 | 0.1917 | 0.1830 | 0.1696 |
| Industrial | 0.1802 | 0.1754 | 0.1745 | 0.1648 | 0.1412 |
| Lighting | 0.0007 | 0.0007 | 0.0007 | 0.0004 | 0.0006 |

| | Fiscal Year | | | | |
|-----------------|-------------|--------|--------|--------|--------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Customer class: | | | | | |
| Residential | \$ 0.1486 | 0.1474 | 0.1498 | 0.1573 | 0.1704 |
| Commercial | 0.1532 | 0.1541 | 0.1555 | 0.1631 | 0.1764 |
| Industrial | 0.1267 | 0.1275 | 0.1300 | 0.1386 | 0.1506 |
| Lighting | 0.0010 | 0.0008 | 0.0005 | 0.0003 | 0.0002 |

- These are the average rates for the indicated customer classes, including energy cost adjustment charge.
- On August 13, 2013, the City Council approved an 8% system average rate increase effective September 13, 2013. The City Council also approved electric rates to become effective July 1 of each of the 4 successive years in the amounts of 7%, 5%, 2%, and 2%. The rate plan puts the Electric Utility on the path to restore financial health by generating positive annual net income by fiscal year ending June 30, 2016, supporting a bond issue of \$60 million.

Source: Glendale Water & Power Department

Not covered by independent auditors' report

Schedule 7

CITY OF GLENDALE

Principal Electric Payer Groups

Current Year and Nine Years Ago

| Electric Payer Groups | Fiscal Year 2018 | | | Fiscal Year 2009 | | |
|------------------------------|----------------------|------|---|----------------------|------|---|
| | Electric Charges | Rank | Percentage of Total City Electric Charges | Electric Charges | Rank | Percentage of Total City Electric Charges |
| High-Rise Buildings | \$ 10,120,556 | 1 | 4.62% | \$ 6,013,561 | 5 | 2.90% |
| Entertainment Industry | 9,670,414 | 2 | 4.42% | 10,854,865 | 2 | 5.24% |
| Hospitals/Medical Facilities | 8,733,467 | 3 | 3.99% | 11,503,062 | 1 | 5.55% |
| Retail Stores/Malls | 8,449,728 | 4 | 3.86% | 10,763,939 | 3 | 5.20% |
| Government Agencies | 6,732,838 | 5 | 3.08% | 7,365,033 | 4 | 3.55% |
| Manufacturing | 5,604,345 | 6 | 2.56% | 3,147,171 | 8 | 1.52% |
| Grocery Stores | 2,590,319 | 7 | 1.18% | 4,555,965 | 7 | 2.20% |
| Schools/Colleges | 2,444,326 | 8 | 1.12% | 5,140,093 | 6 | 2.48% |
| Hotels/Motels | 1,740,981 | 9 | 0.80% | 1,642,773 | 10 | 0.79% |
| Utilities | 770,881 | 10 | 0.35% | 2,946,716 | 9 | 1.42% |
| Total | \$ 56,857,855 | | 25.98% | \$ 63,933,178 | | 30.86% |

Individual customer's information is not public record and cannot be released without customer's permission. Therefore, top ten electric payer group is presented instead of top ten customers.

Source: Glendale Water & Power Department

Not covered by independent auditors' report

Schedule 8

CITY OF GLENDALE

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years (in thousands)

| <u>Fiscal Year</u> | <u>Residential Property</u> (1) | <u>Commercial Property</u> (1) | <u>Industrial Property</u> (1) | <u>Other Property</u> (1) |
|--------------------|---------------------------------|--------------------------------|--------------------------------|---------------------------|
| 2009 | \$ 15,785,560 | \$ 4,548,563 | \$ 771,577 | \$ 2,233,232 |
| 2010 | 15,588,384 | 4,649,949 | 774,196 | 2,318,317 |
| 2011 | 15,706,014 | 4,574,190 | 777,581 | 2,379,814 |
| 2012 | 16,233,512 | 4,785,127 | 761,299 | 2,047,080 |
| 2013 | 16,484,941 | 4,914,713 | 792,069 | 2,098,219 |
| 2014 | 17,201,465 | 5,110,372 | 794,497 | 2,158,685 |
| 2015 | 18,011,191 | 5,478,688 | 793,977 | 2,303,967 |
| 2016 | 19,174,809 | 5,654,668 | 819,354 | 2,382,344 |
| 2017 | 20,120,531 | 5,931,797 | 834,016 | 2,523,204 |
| 2018 | 21,469,246 | 6,378,762 | 956,811 | 2,578,659 |

| <u>Fiscal Year</u> | <u>Less: Tax-Exempt Property</u> (2) | <u>Total Taxable Assessed Value</u> | <u>Total Direct Tax Rate</u> (3)(4) |
|--------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| 2009 | \$ 750,483 | \$ 22,588,450 | 0.26764 |
| 2010 | 741,047 | 22,589,799 | 0.26915 |
| 2011 | 544,780 | 22,892,818 | 0.27303 |
| 2012 | 538,972 | 23,288,046 | 0.27112 |
| 2013 | 788,151 | 23,501,791 | 0.27241 |
| 2014 | 761,935 | 24,503,084 | 0.13096 |
| 2015 | 803,077 | 25,784,746 | 0.13108 |
| 2016 | 807,012 | 27,224,163 | 0.13128 |
| 2017 | 687,939 | 28,721,609 | 0.13152 |
| 2018 | 915,228 | 30,468,250 | 0.13097 |

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Notes:

- (1) "Assessed" values are reflected.
- (2) Both the Homeowners' Exemption and Exempt Use Code categories are reflected.
- (3) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.
- (4) In FY2011, as a result of moving all data to a different database/system, HdL's revenue calculations were revised and refined, resulting in changes to prior year total direct rates. Nevertheless, HdL encourages users of its data to leave prior year data unchanged on their schedules.

Source: HdL Coren & Cone

Not covered by independent auditors' report

Schedule 9

CITY OF GLENDALE

Direct and Overlapping Property Tax Rates (Rate Per \$100 of Taxable Value)

Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>City's Share of 1% Levy Per Prop 13</u> | <u>Redevelopment Rate</u> | <u>Total Direct Tax Rate</u> (1) |
|--------------------|--|-------------------------------|--------------------------------------|
| 2009 | 0.13573 | 1.00430 | 0.26764 |
| 2010 | 0.13573 | 1.00430 | 0.26915 |
| 2011 | 0.13573 | 1.00370 | 0.27303 |
| 2012 | 0.13573 | 1.00370 | 0.27112 |
| 2013 | 0.13573 | N/A (2) | 0.27241 |
| 2014 | 0.13573 | N/A | 0.13096 |
| 2015 | 0.13573 | N/A | 0.13108 |
| 2016 | 0.13573 | N/A | 0.13128 |
| 2017 | 0.13573 | N/A | 0.13152 |
| 2018 | 0.13573 | N/A | 0.13097 |

Direct & Overlapping Rates

| <u>Fiscal Year</u> | <u>Basic Levy</u> | <u>Glendale Community College</u> | <u>Glendale Unified School District</u> | <u>La Canada Unified School District</u> |
|--------------------|-------------------|---------------------------------------|---|--|
| 2009 | 1.00000 | 0.02119 | 0.04560 | 0.06475 |
| 2010 | 1.00000 | 0.02366 | 0.04603 | 0.07043 |
| 2011 | 1.00000 | 0.02344 | 0.03541 | 0.07329 |
| 2012 | 1.00000 | 0.02452 | 0.04551 | 0.07086 |
| 2013 | 1.00000 | 0.02466 | 0.04395 | 0.06974 |
| 2014 | 1.00000 | 0.02341 | 0.03917 | 0.06722 |
| 2015 | 1.00000 | 0.02220 | 0.05974 | 0.06477 |
| 2016 | 1.00000 | 0.02123 | 0.05062 | 0.06173 |
| 2017 | 1.00000 | 0.02119 | 0.05699 | 0.06105 |
| 2018 | 1.00000 | 0.03489 | 0.05285 | 0.05913 |

- In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.
- Redevelopment rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

Notes:

- (1) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.
- (2) Effective FY2013, due to the dissolution of the Glendale Redevelopment Agency (GRA) on February 1, 2012, the redevelopment rate is not applicable going forward.

Source: HdL Coren & Cone

Not covered by independent auditors' report

(Continued)

CITY OF GLENDALE

Direct and Overlapping Property Tax Rates (Rate Per \$100 of Taxable Value)

Last Ten Fiscal Years

| Direct & Overlapping Rates | | | | |
|---------------------------------------|---|----------------------|---------------------------------------|--------------|
| <u>Fiscal Year</u> | <u>LACC District Debt Service 2008, 2012 Series F</u> | <u>LACC District</u> | <u>LAUSD Measure K 2010 Series Ky</u> | <u>LAUSD</u> |
| 2009 | 0.00000 | 0.02212 | 0.00000 | 0.12478 |
| 2010 | 0.00000 | 0.02311 | 0.00000 | 0.15181 |
| 2011 | 0.00000 | 0.04031 | 0.00000 | 0.18696 |
| 2012 | 0.00000 | 0.03530 | 0.00000 | 0.16819 |
| 2013 | 0.01119 | 0.03756 | 0.00001 | 0.17560 |
| 2014 | 0.00000 | 0.04454 | N/A | 0.14644 |
| 2015 | N/A | N/A | N/A | N/A |
| 2016 | N/A | N/A | N/A | N/A |
| 2017 | N/A | N/A | N/A | N/A |
| 2018 | N/A | N/A | N/A | N/A |

| Direct & Overlapping Rates | | | | |
|---------------------------------------|------------------------------------|---|--|---|
| <u>Fiscal Year</u> | <u>Metropolitan Water District</u> | <u>Pasadena Community College District Debt Service 2002, 2006 Series D</u> | <u>Pasadena Community College District</u> | <u>Total Direct & Overlapping Tax Rates</u> |
| 2009 | 0.00430 | 0.00000 | 0.01742 | 1.30015 |
| 2010 | 0.00430 | 0.00000 | 0.02300 | 1.34234 |
| 2011 | 0.00370 | 0.00000 | 0.01986 | 1.38297 |
| 2012 | 0.00370 | 0.00000 | 0.01956 | 1.36763 |
| 2013 | 0.00350 | 0.00225 | 0.01830 | 1.38676 |
| 2014 | 0.00350 | N/A | 0.01899 | 1.34327 |
| 2015 | 0.00350 | N/A | 0.01032 | 1.16053 |
| 2016 | 0.00350 | N/A | 0.00872 | 1.14580 |
| 2017 | 0.00350 | N/A | 0.00885 | 1.15158 |
| 2018 | 0.00350 | N/A | 0.00819 | 1.15856 |

- In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.
- RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

Source: HdL Coren & Cone

Not covered by independent auditors' report

Schedule 10

CITY OF GLENDALE

Principal Property Tax Payers

Current Year and Nine Years Ago (in thousands)

| Taxpayer | Fiscal Year 2018 | | | Fiscal Year 2009 | | |
|--|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Walt Disney World Company | \$ 615,344 | 1 | 2.02% | | | |
| Glendale Mall Associates LLC | 591,112 | 2 | 1.94% | | | |
| Americana at Brand LLC | 223,622 | 3 | 0.73% | | | |
| La Hana Ow LLC | 191,578 | 4 | 0.63% | | | |
| NA Glendale LLC | 186,578 | 5 | 0.61% | | | |
| GPI 500 Brand Limited | 181,906 | 6 | 0.60% | | | |
| DWF V 655 North Central LLC | 180,600 | 7 | 0.59% | | | |
| CP IV Glendale LLC | 179,065 | 8 | 0.59% | | | |
| Wells Reit Glendale CA LLC | 154,400 | 9 | 0.51% | \$ 159,883 | 4 | 0.71% |
| Camden USA INC | 146,134 | 10 | 0.48% | | | |
| GGP Homart II | | | | 437,340 | 1 | 1.94% |
| Walt Disney Pictures and TV | | | | 360,725 | 2 | 1.60% |
| PR Glendale Plaza Office California LLC | | | | 218,785 | 3 | 0.97% |
| Legacy Partners II Glendale N Br and LLC | | | | 147,912 | 5 | 0.65% |
| SPUSV5 500 Brand | | | | 144,095 | 6 | 0.64% |
| Pacific Theatre Exhibition Corps | | | | 138,946 | 7 | 0.62% |
| Metropolitan Life Insurance Company | | | | 126,645 | 8 | 0.56% |
| Glendale I. Napi | | | | 113,144 | 9 | 0.50% |
| Maguire Properties 611 N Brand LLC | | | | 97,744 | 10 | 0.43% |
| Total | \$ <u>2,650,339</u> | | <u>8.70%</u> | \$ <u>1,945,219</u> | | <u>8.62%</u> |

Source: HdL Coren & Cone

Not covered by independent auditors' report

CITY OF GLENDALE

Property Tax Levies and Collections

Last Ten Fiscal Years (in thousands)

| City | | | | | | | |
|-------------|--|---|-----------------------|--|--|-----------------------|--|
| Fiscal Year | Taxes Levied for the Fiscal Year | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years ⁽⁵⁾ | Total Collections to Date ⁽¹⁾ | | |
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy | |
| 2009 | \$ 24,731 | \$ 23,552 | 95% | \$ 1,201 | \$ 24,753 | 100% | |
| 2010 | 23,814 | 22,698 | 95% | 902 | 23,600 | 99% | |
| 2011 | 24,737 | 23,811 | 96% | 620 | 24,431 | 99% | |
| 2012 | 25,402 | 24,726 | 97% | 554 | 25,280 | 100% | |
| 2013 | 24,839 | 25,612 | 103% ⁽²⁾ | 528 | 26,140 | 105% | |
| 2014 | 26,846 | 26,823 | 100% | 197 | 27,020 | 101% | |
| 2015 | 27,703 | 27,227 | 98% | 160 | 27,387 | 99% | |
| 2016 | 29,323 | 28,789 | 98% | (44) ⁽³⁾ | 28,745 | 98% | |
| 2017 | 31,075 | 30,455 ⁽⁴⁾ | 98% | 372 ⁽⁴⁾ | 30,827 | 99% | |
| 2018 | 33,511 | 32,932 | 98% | - | 32,932 | 98% | |

| Redevelopment Agency/Successor Agency | | | | | | | |
|--|--|---|-----------------------|--|--|-----------------------|--|
| Fiscal Year | Taxes Levied for the Fiscal Year | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years ⁽⁵⁾ | Total Collections to Date ⁽¹⁾ | | |
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy | |
| 2009 | \$ 36,408 | \$ 34,667 | 95% | \$ 283 | \$ 34,950 | 96% | |
| 2010 | 41,442 | 39,884 | 96% | 383 | 40,267 | 97% | |
| 2011 | 39,048 | 37,801 | 97% | 265 | 38,066 | 97% | |
| 2012 | 37,958 | 16,643 ⁽⁶⁾ | 44% | - | 16,643 | 44% | |
| 2013 | - | 42,203 ⁽⁷⁾ | - | - | 42,203 | - | |
| 2014 | - | 20,039 ⁽⁷⁾ | - | - | 20,039 | - | |
| 2015 | - | 10,709 ⁽⁷⁾ | - | - | 10,709 | - | |
| 2016 | - | 22,457 ⁽⁷⁾ | - | - | 22,457 | - | |
| 2017 | - | 16,407 ⁽⁷⁾ | - | - | 16,407 | - | |
| 2018 | - | 28,290 ⁽⁷⁾ | - | - | 28,290 | - | |

Notes:

- (1) Education Revenue Augmentation Fund (ERAF) III payment to State, ERAF in lieu of Vehicle License Fee, SB211 Proposition Share for Central Project, supplemental property tax, and property tax penalty are excluded from property tax collections when compared to property tax levied in this schedule.
- (2) The amount collected during this fiscal year exceeded the Levy amount, which was mainly due to property tax (tax increment) collection timing for a few huge parcels in the Central Project Area.
- (3) The negative collection is due to refunds to property owners for overpayment in prior years, which mainly resulted from lower property values.
- (4) Revised since FY2017 CAFR release, due to updated numbers.
- (5) Delinquent taxes should be reported by levy year rather than by collection year. [GASB-S44: 21c; 2005 GAAFR, page 307].
- (6) This amount only includes Property Tax Increment collections from July 2011 through January 2012 due to ABx1 26 - Redevelopment Agencies Dissolution effective February 1, 2012.
- (7) Effective February 1, 2012, the Property Tax receipts from the County of LA to pay the former Redevelopment Agency's obligations are recorded in the Glendale Successor Agency Private Purpose Trust Fiduciary Fund.

Sources:

- (I) County of Los Angeles Department of Auditor-Controller
- (II) City Finance Department

Not covered by independent auditors' report

CITY OF GLENDALE

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (in thousands)

| Governmental Activities | | | | | | | |
|--------------------------------|--------------------------------------|----------------|--------------------------|--------------------------|---------------|---------------------------------|-----------------------------|
| Fiscal Year | Certificates of Participation (COPs) | Capital Leases | HUD Section 108 (2002-A) | HUD Section 108 (2011-A) | Loans Payable | Development Loan Program (RDLP) | Total Government Activities |
| 2009 | \$ 55,500 | 10,540 | 690 | - | - | - | 66,730 |
| 2010 | 54,000 | 8,866 | 690 | - | - | 4,643 | 68,199 |
| 2011 | 52,400 | 7,121 | 470 | - | - | 4,643 | 64,634 |
| 2012 | 50,700 | 5,302 | 240 | 2,000 | - | 4,643 | 62,885 |
| 2013 | 48,900 | 3,405 | - | 1,839 | - | 4,643 | 58,787 |
| 2014 | 41,195 | 1,426 | - | 1,669 | - | - | 44,290 |
| 2015 | 38,400 | 757 | - | 1,491 | - | - | 40,648 |
| 2016 | 35,605 | 514 | - | 1,305 | - | - | 37,424 |
| 2017 | 33,785 | 262 | - | 1,111 | - | - | 35,158 |
| 2018 | 31,880 | - (3) | - | 908 | 594 | - | 33,382 |

| Business-type Activities | | | | | |
|---------------------------------|----------------------------|----------------------------|----------------------------|------------------------------|----------------------------|
| Fiscal Year | 2003 Electric Revenue Bond | 2006 Electric Revenue Bond | 2008 Electric Revenue Bond | 2013 Electric Refunding Bond | 2013 Electric Revenue Bond |
| 2009 | \$ 27,350 | 34,482 | 61,630 | - | - |
| 2010 | 26,533 | 33,515 | 61,573 | - | - |
| 2011 | 25,718 | 32,481 | 61,516 | - | - |
| 2012 | 24,811 | 31,371 | 61,459 | - | - |
| 2013 | - (1) | 31,484 | 61,403 | 24,276 (1) | - |
| 2014 | - | 30,106 | 61,342 | 24,042 | 64,490 |
| 2015 | - | 28,726 | 61,284 | 23,841 | 63,766 |
| 2016 | - | - (2) | 1,880 (2) | 23,640 | 62,565 |
| 2017 | - | - | 1,880 | 22,539 | 61,307 |
| 2018 | - | - | - (4) | 21,403 | 60,020 |

| Business-type Activities | | | | |
|---------------------------------|------------------------------|-------------------------|-------------------------|--------------------------------|
| Fiscal Year | 2016 Electric Refunding Bond | 2008 Water Revenue Bond | 2012 Water Revenue Bond | Total Business-type Activities |
| 2009 | \$ - | 51,851 | - | 175,313 |
| 2010 | - | 51,787 | - | 173,408 |
| 2011 | - | 51,722 | - | 171,437 |
| 2012 | - | 51,657 | - | 169,298 |
| 2013 | - | 50,418 | 35,617 | 203,198 |
| 2014 | - | 49,138 | 35,595 | 264,713 |
| 2015 | - | 47,829 | 35,575 | 261,021 |
| 2016 | 89,303 (2) | 46,479 | 35,554 | 259,421 |
| 2017 | 87,085 | 45,089 | 35,533 | 253,433 |
| 2018 | 85,127 | 43,655 | 35,096 | 245,301 |

Notes:

- (1) In FY2013, the 2003 Electric Revenue Bond was refunded by 2013 Electric Refunding Bond.
(2) In FY2016, the 2006 Electric Revenue Bond and the majority of 2008 Electric Revenue Bond were refunded by 2016 Electric Refunding Bond.
(3) In FY2018, the 2009 fire equipment lease from Wells Fargo was paid in full.
(4) In FY2018, the 2008 Electric Revenue Bond was fully redeemed.

Source: City Finance Department

Not covered by independent auditors' report

(Continued)

Schedule 12

CITY OF GLENDALE

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (in thousands)

| <u>Fiscal Year</u> | <u>Government Activities</u> | <u>Business-type Activities</u> | <u>Total Primary Government</u> | <u>Total Personal Income</u> | <u>Percentage of Personal Income</u> | <u>Population</u> | <u>Per Capita</u> |
|--------------------|------------------------------|---------------------------------|---------------------------------|------------------------------|--------------------------------------|-------------------|-------------------|
| 2009 | \$ 66,730 | 175,313 | 242,043 | 5,695,235 | 4.25% | 207 | 1.168 |
| 2010 | 68,199 | 173,408 | 241,607 | 5,572,397 | 4.34% | 208 | 1.162 |
| 2011 | 64,634 | 171,437 | 236,071 | 5,390,591 | 4.38% | 192 | 1.227 |
| 2012 | 62,885 | 169,298 | 232,183 | 5,731,457 | 4.05% | 193 | 1.205 |
| 2013 | 58,787 | 203,198 | 261,985 | 5,782,449 | 4.53% | 194 | 1.353 |
| 2014 | 44,290 | 264,713 | 309,003 | 5,736,724 | 5.39% | 196 | 1.577 |
| 2015 | 40,648 | 261,021 | 301,669 | 5,758,750 | 5.24% | 199 | 1.515 |
| 2016 | 37,424 | 259,421 | 296,845 | 5,726,902 | 5.18% | 202 | 1.470 |
| 2017 | 35,158 | 253,433 | 288,591 | 5,883,577 | 4.91% | 202 | 1.430 |
| 2018 | 33,382 | 245,301 | 278,683 | 6,241,717 | 4.46% | 206 | 1.353 |

For Successor Agency debt by types:

| <u>Fiscal Year</u> | <u>Fiduciary Activities</u> | | | | |
|--------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | <u>2002</u> | <u>2003</u> | <u>2010</u> | <u>2011</u> | <u>2013</u> |
| | <u>GRA Tax Allocation Bond</u> | <u>GRA Tax Allocation Bond</u> | <u>GRA Tax Allocation Bond</u> | <u>GRA Tax Allocation Bond</u> | <u>GRA Tax Allocation Bond</u> |
| 2009 | \$ 37,626 | 46,418 | - | - | - |
| 2010 | 35,355 | 43,658 | 26,621 | - | - |
| 2011 | 33,008 | 40,758 | 26,644 | 50,000 | - |
| 2012 | 30,583 | 37,708 | 26,667 | 47,967 | - |
| 2013 | 28,078 | 34,563 | 26,691 | 46,528 | - |
| 2014 | - | - | 26,563 | 44,883 | 49,062 |
| 2015 | - | - | 26,312 | 43,163 | 43,020 |
| 2016 | - | - | - (1) | 40,713 | 37,376 |
| 2017 | - | - | - | 38,119 | 31,577 |
| 2018 | - | - | - | 34,964 | 25,564 |

| <u>Fiscal Year</u> | <u>Fiduciary Activities</u> | | | |
|--------------------|--------------------------------|----------------------|----------------|--------------|
| | <u>2016</u> | <u>Low & Mod</u> | <u>Loans</u> | <u>Total</u> |
| | <u>GRA Tax Allocation Bond</u> | <u>Loans Payable</u> | <u>Payable</u> | |
| 2009 | \$ - | 13,352 | - | 97,396 |
| 2010 | - | 10,716 | - | 116,350 |
| 2011 | - | 7,991 | - | 158,401 |
| 2012 | - | 5,171 | - | 148,096 |
| 2013 | - | 2,254 | - | 138,114 |
| 2014 | - | - | 13,613 | 134,121 |
| 2015 | - | - | 12,104 | 124,599 |
| 2016 | 24,742 (1) | - | 40,133 | 142,964 |
| 2017 | 24,279 | - | 27,828 | 121,803 |
| 2018 | 23,816 | - | 23,271 | 107,615 |

Due to the dissolution of the Glendale Redevelopment Agency (GRA) on February 1, 2012, all of the GRA's debt have been moved to Glendale Successor Agency Private Purpose Trust Fiduciary Fund.

Notes:

(1) In FY2016, the 2010 GRA Tax Allocation Bond was refunded by 2016 GRA Tax Allocation Bond.

Source: City Finance Department

Not covered by independent auditors' report

Schedule 13

CITY OF GLENDALE

Direct and Overlapping Governmental Activities Debt

As of June 30, 2018 (in thousands)

| | Gross Bonded Debt Balance | Percentage Applicable to Glendale | Amount Applicable to Glendale |
|--|---------------------------------|---|-------------------------------------|
| Direct debt: | | | |
| Certificates of Participation (COPs) | \$ 31,880 | 100% | \$ 31,880 |
| Section 108 (Series 2011-A) | 908 | 100% | 908 |
| Loans Payable | 594 | 100% | 594 |
| Total direct debt | | | <u>33,382</u> |
| Overlapping debt: | | | |
| Metropolitan Water District | 29,354 | 2.186% | 642 |
| Glendale CCD DS 2002 Series C | 6,514 | 89.232% | 5,813 |
| Glendale CCD 2002, 2011 Series E | 3,735 | 89.232% | 3,333 |
| Glendale CCD DS 2002, 2013 Series F | 13,995 | 89.232% | 12,488 |
| Glendale CCD DS 2014 REF Bonds | 24,715 | 89.232% | 22,054 |
| Glendale CCD DS 2016 Series A | 122,000 | 89.232% | 108,863 |
| Pasadena CCD DS 2002, 2006 Series D | 3,595 | 0.174% | 6 |
| Pasadena CCD DS 2002, 2009 Series E (BABS) | 25,295 | 0.174% | 44 |
| Pasadena CCD DS 2014 REF Series A | 15,325 | 0.174% | 27 |
| Pasadena CCD DS 2016 REF Series A | 32,900 | 0.174% | 57 |
| Glendale USD DS 2009 REF Bonds | 7,420 | 89.232% | 6,621 |
| Glendale USD DS 2010 REF Bonds | 18,735 | 89.232% | 16,717 |
| Glendale USD DS 2010 REF Bonds Series B | 15,595 | 89.232% | 13,916 |
| Glendale USD DS 2011 Series A Bonds | 22,615 | 89.232% | 20,180 |
| Glendale USD DS 2011 REF Bonds | 2,414 | 89.232% | 2,154 |
| Glendale USD DS 2011 Series A1 CREB | 4,300 | 89.232% | 3,837 |
| Glendale USD DS 2012 Refund Bonds | 61,595 | 89.232% | 54,962 |
| Glendale USD DS 2015 Ref Bonds Series A | 101,851 | 89.232% | 90,884 |
| Glendale USD DS 2011 Series C | 64,635 | 89.232% | 57,675 |
| La Canada USD DS 1995 SD | 1,433 | 2.046% | 29 |
| La Canada USD DS 1999 Series A | 1,670 | 2.046% | 34 |
| La Canada USD DS 2004 Series B | 325 | 2.046% | 7 |
| La Canada USD DS 2004 Series C | 100 | 2.046% | 2 |
| La Canada USD DS 2011 Refund Bond | 47,030 | 2.046% | 962 |
| Total overlapping debt | | | <u>421,307</u> |
| Total direct and overlapping debt | | | <u>\$ 454,689</u> |

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city.

The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Sources:

- (I) City Finance Department
- (II) HdL Coren & Cone

Not covered by independent auditors' report

CITY OF GLENDALE

Legal Debt Margin Information

Last Ten Fiscal Years (in thousands)

Legal Debt Margin Calculation for Fiscal Year 2018

| | | | | | |
|------------------------------------|--|--|--|--|--------------------------|
| Assessed value | | | | | \$ <u>24,244,692</u> (1) |
| Debt limit (15% of assessed value) | | | | | 3,636,704 (2) |
| Less debt applicable to limit | | | | | - |
| Legal debt margin | | | | | \$ <u>3,636,704</u> |

| | Fiscal Year | | | | |
|---|---------------------|------------------|------------------|------------------|------------------|
| | <u>2018</u> (1) | <u>2017</u> (1) | <u>2016</u> (1) | <u>2015</u> (1) | <u>2014</u> (1) |
| Debt limit | \$ 3,636,704 | 3,442,765 | 3,251,258 | 3,085,271 | 2,945,332 |
| Total net debt applicable to limit | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Legal debt margin | \$ <u>3,636,704</u> | <u>3,442,765</u> | <u>3,251,258</u> | <u>3,085,271</u> | <u>2,945,332</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

| | Fiscal Year | | | | |
|---|---------------------|------------------|------------------|------------------|------------------|
| | <u>2013</u> (1) | <u>2012</u> (1) | <u>2011</u> | <u>2010</u> | <u>2009</u> |
| Debt limit | \$ 2,829,443 | 2,809,769 | 3,433,923 | 3,388,470 | 3,388,268 |
| Total net debt applicable to limit | <u>-</u> | <u>-</u> | <u>147,872</u> | <u>107,985</u> | <u>88,936</u> |
| Legal debt margin | \$ <u>2,829,443</u> | <u>2,809,769</u> | <u>3,286,051</u> | <u>3,280,485</u> | <u>3,299,332</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 4.31% | 3.19% | 2.62% |

Notes:

- (1) As a result of ABx1 26, the Net Assessed Value calculation does not include the assessed valuations for the former Glendale Redevelopment Agency's project areas (Central District: \$3,815,568; San Fernando Corridor District: \$2,407,990). Accordingly, the debt associated with the Glendale Redevelopment Agency became obligations of the Successor Agency, which is a separate legal entity. As such, this debt will no longer be included in the Legal Debt Margin calculation.
- (2) Under City Charter, the total bonded debt of the city shall at no time exceed a total of 15 percent of the assessed valuation of all property taxable for city purposes.

Sources:

- (I) City Finance Department
(II) HdL Coren & Cone

Not covered by independent auditors' report

CITY OF GLENDALE

Pledged-Revenue Coverage

Last Ten Fiscal Years (in thousands)

| Electric Revenue Bonds | | | | | | | | |
|-------------------------------|----------------|--------------------------|-----------------------|--------------|----------|----------|--|--|
| Fiscal Year | Gross Revenues | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage | | |
| | | | | Principal | Interest | | | |
| 2009 | \$ 208,881 | \$ 168,478 (1) | \$ 40,403 | \$ 1,805 | \$ 5,591 | 5.46 | | |
| 2010 | 178,804 | 142,787 | 36,017 | 1,855 | 5,658 | 4.79 | | |
| 2011 | 191,153 | 159,806 | 31,347 | 1,905 | 5,576 | 4.19 | | |
| 2012 | 199,462 | 174,000 | 25,462 | 1,965 | 5,488 | 3.42 | | |
| 2013 | 177,565 | 144,645 | 32,920 | 2,020 | 5,372 | 4.45 | | |
| 2014 | 203,633 | 162,800 | 40,833 | 1,290 | 6,706 | 5.11 | | |
| 2015 | 219,861 (3) | 154,053 (2) | 65,808 | 1,920 | 8,498 | 6.32 | | |
| 2016 | 223,319 | 143,915 | 79,404 | 2,460 | 7,960 | 7.62 | | |
| 2017 | 222,756 | 154,554 | 68,202 | 3,445 | 6,508 | 6.85 | | |
| 2018 | 223,940 | 157,718 | 66,222 | 5,130 | 7,446 | 5.27 | | |

| Water Revenue Bonds | | | | | | | | |
|----------------------------|----------------|------------------------------|-----------------------|--------------|----------|----------|--|--|
| Fiscal Year | Gross Revenues | Less: Operating Expenses (2) | Net Available Revenue | Debt Service | | Coverage | | |
| | | | | Principal | Interest | | | |
| 2009 | \$ 37,242 | \$ 28,934 (1) | \$ 8,308 | \$ - | \$ 2,188 | 3.80 | | |
| 2010 | 37,006 | 29,125 | 7,881 | - | 2,310 | 3.41 | | |
| 2011 | 39,166 | 29,128 | 10,038 | - | 2,310 | 4.35 | | |
| 2012 | 43,237 | 34,823 | 8,414 | - | 2,310 | 3.64 | | |
| 2013 | 47,205 | 35,797 | 11,408 | 1,175 | 2,970 | 2.75 | | |
| 2014 | 45,666 (4) | 40,611 | 5,055 | 1,210 | 3,658 | 1.04 | | |
| 2015 | 51,094 (3) | 36,694 (2) | 14,400 | 1,245 | 3,463 | 3.06 | | |
| 2016 | 52,218 | 34,271 | 17,947 | 1,285 | 3,426 | 3.81 | | |
| 2017 | 50,430 | 34,109 | 16,321 | 1,325 | 3,387 | 3.46 | | |
| 2018 | 52,797 | 39,820 | 12,977 | 1,785 | 3,334 | 2.54 | | |

Notes:

- (1) From FY2009-FY2014, depreciation expenses are excluded in calculating debt service coverage ratio.
- (2) Effective FY2015, depreciation, gas depletion, transfers, and interest expense are excluded in calculating debt service coverage ratio.
- (3) Effective FY2015, revenues available for debt service include charges for services, miscellaneous revenues, and use of money and property, and exclude customer paid capital revenues.
- (4) This amount is net of \$3.4 million fireline refund resulted from over charging customers in the prior years.

Source: City Finance Department

Not covered by independent auditors' report

CITY OF GLENDALE

Pledged-Revenue Coverage

Last Ten Fiscal Years (in thousands)

| Tax Allocation Bonds recorded in Fiduciary Fund (1) | | | | | | | | |
|--|--------------|----------|-----------------|-----------|-----------|--------------|------|----------|
| <u>Fiscal Year</u> | Property Tax | | Less: Operating | | Net | Debt Service | | Coverage |
| | Increment | Expenses | (2) | Revenue | Principal | Interest | | |
| 2009 | \$ 21,561 | \$ 5,900 | | \$ 15,661 | \$ 4,780 | \$ 3,808 | 1.82 | |
| 2010 | 25,254 | 17,166 | (3) | 8,088 | 4,980 | 3,599 | 0.94 | |
| 2011 | 22,693 | 8,296 | (4) | 14,397 | 4,995 | 5,201 | 1.41 | |
| 2012 | 25,237 | 4,538 | (5) | 20,699 | 5,425 | 8,839 | 1.45 | |
| 2013 | 27,456 | 4,275 | (6) | 23,181 | 7,330 | 8,091 | 1.50 | |
| 2014 | 27,678 | 2,998 | (6) | 24,680 | 7,795 | 6,477 | 1.73 | |
| 2015 | 31,937 | 3,410 | (6) | 28,527 | 7,095 | 7,636 | 1.94 | |
| 2016 | 35,493 | 4,557 | (6) | 30,936 | 7,985 | 6,439 | 2.14 | |
| 2017 | 33,814 | 4,869 | (6) | 28,946 | 7,995 | 5,778 | 2.10 | |
| 2018 | 38,608 | 5,426 | (6) | 33,182 | 8,770 | 5,145 | 2.38 | |

Notes:

- (1) Due to the dissolution of the Glendale Redevelopment Agency (GRA) on February 1, 2012, all of the GRA's debt have been moved to Glendale Successor Agency Private Purpose Fiduciary Fund.
- (2) The amounts in this column exclude depreciation expenses for all ten years.
- (3) In FY2010, the Operating Expenses increase was due to the GRA's transfer to "SERAF" in the amount of \$11.2 million.
- (4) In FY2011, the Property Tax Increment and Operating Expenses were restated to reflect the "SERAF" transfer of \$2.3 million.
- (5) This is the gross amount of former Tax Increment that was available to the Successor Agency from the Central Glendale Redevelopment Project.
- (6) Tax sharing and administrative costs for the Central Glendale Redevelopment Project.

Source: City Finance Department

Not covered by independent auditors' report

Schedule 16

CITY OF GLENDALE

Demographic and Economic Statistics

Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Population</u> (I) | <u>Per Capita Personal Income</u> (II) | <u>Total Personal Income</u> | <u>Median Age</u> (II) |
|--------------------|-----------------------|--|------------------------------|------------------------|
| 2009 | 207,303 | \$ 27,473 | \$ 5,695,235,319 | 41.2 |
| 2010 | 207,902 | 26,803 | 5,572,397,306 | 39.0 |
| 2011 | 192,473 | 28,007 | 5,390,591,311 | 40.0 |
| 2012 | 192,654 | 29,750 | 5,731,456,500 | 40.6 |
| 2013 | 193,652 | 29,860 | 5,782,448,720 | 41.0 |
| 2014 | 195,799 | 29,269 | 5,730,840,931 | 41.1 |
| 2015 | 199,182 | 28,912 | 5,758,749,984 | 40.7 |
| 2016 | 201,668 | 28,351 | 5,717,489,468 | 41.0 |
| 2017 | 201,748 | 29,163 | 5,883,576,924 | 41.2 |
| 2018 | 205,536 | 30,368 | 6,241,717,248 | 41.0 |

| <u>Fiscal Year</u> | <u>Percent High School Graduate or Higher</u> (II) | <u>Percent Bachelor's Degree or Higher</u> (II) | <u>School Enrollment</u> (III) | <u>Unemployment Rate</u> (II) |
|--------------------|--|---|--------------------------------|-------------------------------|
| 2009 | 83.3% | 35.8% | 50,606 | 6.5% |
| 2010 | 83.2% | 36.0% | 51,139 | 10.1% |
| 2011 | 84.4% | 37.2% | 48,582 | 11.1% |
| 2012 | 85.2% | 38.8% | 48,146 | 10.7% |
| 2013 | 85.1% | 39.0% | 47,892 | 8.1% |
| 2014 | 84.6% | 38.3% | 48,488 | 6.6% |
| 2015 | 84.4% | 38.2% | 45,723 | 8.0% |
| 2016 | 84.2% | 37.9% | 46,180 | 6.5% |
| 2017 | 84.4% | 37.9% | 45,671 | 5.1% |
| 2018 | 85.1% | 39.0% | 45,720 | 4.8% |

Sources:

- (I) Population data are based on data obtained from the California State Department of Finance Demographic Research Unit, Population Estimates for California Cities, January 1 of every year (E-1).
- (II) Data are based on information provided by HdL Coren & Cone on calendar year basis. For example, fiscal year 2018 data is from calendar year 2017.
- (III) Enrollment data are based on Glendale Unified School District and Glendale Community College District school attendance reports.

Not covered by independent auditors' report

Schedule 17
CITY OF GLENDALE
Principal Employers
Current Year and Nine Years Ago

| Employer | 2018 | | | 2009 | | |
|---|-------------------|------|---|---------------|------|---|
| | (l) Employees (1) | Rank | Percentage of Total City Employment (2) | Employees (1) | Rank | Percentage of Total City Employment (2) |
| Glendale Adventist Med Center | 2,700 | 1 | 2.60% | 2,126 | 2 | 2.23% |
| Glendale Unified School District | 2,617 | 2 | 2.52% | 1,085 | 7 | 1.14% |
| City of Glendale | 2,025 | 3 | 1.95% | 2,216 | 1 | 2.33% |
| Dream Works Animation Skg Inc/NBC Universal | 1,685 | 4 | 1.62% | | | |
| Glendale Community College | 1,677 | 5 | 1.61% | 1,408 | 5 | 1.48% |
| Glenair Inc | 1,500 | 6 | 1.44% | | | |
| Glendale Memorial Hospital (3) | 1,075 | 7 | 1.03% | 1,433 | 4 | 1.50% |
| USC Verdugo Hills Hospital | 850 | 8 | 0.82% | | | |
| Public Storage | 366 | 9 | 0.35% | 1,111 | 6 | 1.17% |
| Acco Engineered Systems | 305 | 10 | 0.29% | 824 | 9 | 0.86% |
| Nestle Company | | | | 1,521 | 3 | 1.60% |
| Walt Disney Imagineering | | | | 928 | 8 | 0.97% |
| Diagnostic Laboratories | | | | 740 | 10 | 0.78% |

Starting in FY2012, companies that have requested a confidentiality waiver from the state to block the release of employment data are not included.

Notes:

- (1) Both actual full-time and hourly employees are included.
- (2) In FY2018, the percentage of total employment is calculated using a baseline of 103,900 workers employed in Glendale, data provided by EDD. In FY2009, the percentage of total employment was calculated using a baseline of 95,300 workers employed in Glendale.
- (3) In FY2018, Glendale Memorial Medical Center renamed to Glendale Memorial Hospital.

Sources:

- (l) FY2018 data, with the exception of the City of Glendale data, is from MuniServices LLC. FY2018 City of Glendale data is from the City Finance Department.

Not covered by independent auditors' report

CITY OF GLENDALEAuthorized Salaried Positions by Department
Last Ten Fiscal Years

| | Fiscal Year | | | | |
|--|-----------------|-----------------|-----------------|---------------------|-----------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Department: | | | | | |
| Administrative Services - Finance (1) | 36.35 | 38.27 | 37.27 | 30.27 | 35.27 |
| City Attorney | 18.31 | 18.31 | 18.21 | 17.21 | 18.26 |
| City Clerk | 6.00 | 6.30 | 6.30 | 6.00 | 7.00 |
| City Treasurer | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Community Development | 118.64 | 119.09 | 118.19 | 90.54 | 100.10 (2) |
| Community Services & Parks | 100.25 | 100.33 | 98.38 | 97.38 | 105.37 |
| Development Services | - | - | - | - | - |
| Fire: | | | | | |
| Sworn | 166.00 | 164.00 | 164.00 | 163.00 | 157.00 |
| Civilians | 43.00 | 45.00 | 44.00 | 42.00 | 42.00 |
| Glendale Water & Power | 327.50 | 328.50 | 326.00 | 312.00 | 315.00 |
| Human Resources | 23.90 | 23.90 | 23.85 | 18.85 | 20.85 |
| Information Services | 42.00 | 42.00 | 42.00 | 40.00 | 50.00 |
| Innovation, Performance & Audit | 6.00 (4) | - | - | - | - |
| Library, Arts & Culture | 47.00 | 47.00 | 47.00 | 45.00 | 50.00 |
| Management Services | 21.75 | 22.00 | 22.00 | 30.70 | 31.20 |
| Parks, Recreation & Community Services | - | - | - | - | - |
| Planning | - | - | - | - | - |
| Police: | | | | | |
| Sworn | 243.50 | 243.10 | 243.10 | 241.10 | 252.60 |
| Civilians | 97.50 | 96.50 | 96.50 | 99.00 | 99.00 |
| Public Works: | | | | | |
| Sworn | 0.50 | 0.90 | 0.90 | 0.90 | 0.90 |
| Civilians | 283.80 | 283.80 | 282.30 | 281.05 | 298.45 |
| Total | <u>1,587.00</u> | <u>1,584.00</u> | <u>1,575.00</u> | <u>1,520.00</u> (3) | <u>1,588.00</u> |

Notes:

- (1) Administrative Services Department includes data for Purchasing.
- (2) Effective FY2014, the position count in Community Development includes one (1) unclassified budgeted position.
- (3) The FY2015 position count was adjusted to reflect revised position counts after retirement/separation incentive.
- (4) In FY2018, the Innovation, Performance & Audit Department was created.

Source: City's Budget book.

Not covered by independent auditors' report

Schedule 18

CITY OF GLENDALEAuthorized Salaried Positions by Department
Last Ten Fiscal Years

| | Fiscal Year | | | | |
|--|--------------------------------|-----------------------|---------------------|----------------------|-----------------|
| | 2013 | 2012 | 2011 ⁽²⁾ | 2010 | 2009 |
| Department: | | | | | |
| Administrative Services - Finance ⁽¹⁾ | 31.05 | 34.05 | 35.05 | 31.90 ⁽³⁾ | 43.40 |
| City Attorney | 18.16 | 20.16 | 20.16 | 12.30 | 10.80 |
| City Clerk | 7.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| City Treasurer | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Community Development | 98.24 | 135.99 ⁽⁴⁾ | - | - | - |
| Community Development & Housing | - | - | - | 102.47 | 103.63 |
| Community Planning | - | - | 85.01 | - | - |
| Community Redevelopment & Housing | - | - | 50.48 | - | - |
| Community Services & Parks | 107.70 ⁽⁶⁾ | 158.38 | 165.05 | - | - |
| Development Services | - | - | - | 18.23 | 18.23 |
| Fire: | | | | | |
| Sworn | 168.00 | 177.00 | 179.00 | 185.00 | 187.00 |
| Civilians | 43.25 | 47.00 | 46.00 | 45.00 | 49.00 |
| Glendale Water & Power | 330.00 | 415.50 | 408.00 | 416.15 | 426.15 |
| Human Resources | 20.85 | 27.85 | 28.00 | 31.00 | 31.00 |
| Information Services | 47.75 | 52.00 | 50.00 | 42.00 | 45.00 |
| Library, Arts & Culture | 50.00 | 59.00 | 61.00 | 64.00 | 65.00 |
| Management Services | 27.00 | 32.82 ⁽⁵⁾ | 30.00 | 31.00 ⁽³⁾ | 26.00 |
| Parks, Recreation & Community Services | - | - | - | 128.00 | 134.00 |
| Planning | - | - | - | 26.95 | 27.95 |
| Police: | | | | | |
| Sworn | 252.60 | 253.60 | 255.10 | 255.10 | 258.10 |
| Civilians | 99.00 | 105.00 | 107.00 | 108.00 | 120.00 |
| Public Works: | | | | | |
| Sworn | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 |
| Civilians | 297.50 | 339.75 | 353.25 | 391.00 | 380.84 |
| Total | <u>1,604.00</u> ⁽⁷⁾ | <u>1,874.00</u> | <u>1,889.00</u> | <u>1,904.00</u> | <u>1,942.00</u> |

Notes:

- (1) Administrative Services Department includes data for Purchasing.
- (2) Effective FY2011, central support staff (e.g. Administrative Services, City Attorney, Human Resources) that were charged to other funds were shifted back to their home departments and included in the citywide cost allocation plan. The data in FY2011 reflects realignment and renaming of Planning, Development Services, Parks, Recreation and Community Services, and Community Development and Housing.
- (3) Prior to FY2010, Graphics was part of the Administrative Services Department. Starting FY2010, Graphics is part of Management Services.
- (4) The data in FY2012 reflects the renaming of Community Planning and Community Redevelopment and Housing into Community Development.
- (5) Effective FY2012, the position count in Management Services includes the five (5) Councilmembers.
- (6) Effective FY2013, the position count in Community Services & Parks includes three (3) unclassified budgeted positions.
- (7) The FY2013 position count was adjusted per balancing strategies.

Source: City's Budget book.

Not covered by independent auditors' report

CITY OF GLENDALEOperations Indicators by Function/Program
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | |
|--|-------------|---------------|-----------|------------|------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Police: | | | | | |
| Physical arrests | 4,749 | 4,751 | 5,555 | 5,515 | 5,768 |
| Parking violations | 72,553 (1) | 63,644 | 63,137 | 69,376 | 71,958 |
| Traffic violations | 17,508 (2) | 20,533 (10) | 14,776 | 15,747 | 20,076 |
| Fire: | | | | | |
| Emergency responses | 19,722 | 19,420 | 19,574 | 18,798 | 17,825 |
| Fires extinguished | 293 (3) | 266 (11) | 239 | 290 | 393 |
| Refuse collection: | | | | | |
| Refuse collected (tons per day) | 222 (4) | 217 | 201 | 195 | 188 |
| Recyclables collected (tons per day) | 22 (5) | 27 | 30 | 30 | 30 |
| Inert waste recycling (tons per year): | | | | | |
| Brand Park Landfill | - (6) | - (6) | - (6) | - (6) | - (6) |
| Public Works | 1,814 (7) | 2,337 | 2,663 | 2,182 | 2,923 |
| Glendale Water and Power | 460 | 478 | 443 | 1,281 | 1,829 |
| Other public works: | | | | | |
| Street resurfacing (miles) | 2.20 (9) | 8.53 (8) (12) | 6.32 (12) | 15.17 (12) | 24.60 (12) |
| Street reconstructing (miles) | 4.35 (9) | 7.51 (12) | 5.28 (12) | 19.99 (12) | 8.96 (12) |
| Potholes repaired (square feet per year) | 8,897 | 10,227 (13) | 9,923 | 14,553 | 10,909 |
| Wastewater: | | | | | |
| Average daily sewage treatment (millions of gallons) | 13 | 13 | 13 (14) | 15 | 15 |

Notes:

- (1) In FY2018, increased downtown, special, and scofflaw parking enforcements, in particular enforcements of night time parking around Glendale Community College, have generated more citations.
- (2) In FY2018, low staffing combined with reprioritizations to assist school enforcement and to address more citizen complaints have led to a decrease in citations of traffic violations.
- (3) In FY2018, there was an increase in mobile property fires and passenger vehicle fires, some of which are suspicious in nature and are part of arson investigations.
- (4) As Glendale's population continues to grow, the total waste generated increases as well.
- (5) In FY2018, foreign markets made the recyclable processing market more strict by only accepting materials that meet strict grade and cleanliness standards. As a result, more of Glendale's recyclables have been thrown away causing a decrease in diversion.
- (6) Effective FY2014, each department contracted out to private haulers to dispose of citywide inert wastes after the official closing of the Brand Park Landfill.
- (7) In FY2018, the Public Works Department is taking inert waste to the same location that processes bulky item debris. As a result, Public Works' inert material recycling is more difficult to track separately.
- (8) In FY2017, the Public Works department focused its efforts on varying street rehabilitation projects, including sustainable infrastructure components, as well as street improvements such as the installation of ADA compliant curb ramps, street realignments, and upsized sewer lines.
- (9) In FY2018, the Public Works Department continued to focus its efforts on street rehabilitation and other capital improvements rather than street resurfacing and reconstructing.
- (10) In FY2017, law enforcement was provided electronic citation books, which made the process of entering citations in the system more efficient.
- (11) In FY2017, the increase in suspicious fires was due to three arsonists who were later arrested.
- (12) Revised figures, due to redefined definitions.
- (13) In FY2017, maintenance service crews concentrated their efforts on repairing potholes as an effective measure of maintaining the city street's infrastructure and responding to greater community need for well-maintained streets. The "square feet of potholes repaired" is contingent upon various factors, including level of staffing, weather, and other citywide street improvement projects, such as paving, curb, and gutter maintenance.
- (14) In FY2016, the reduction in average daily sewage treatment from previous years was due to water conservation efforts.

Sources: Various city departments

Not covered by independent auditors' report

(Continued)

CITY OF GLENDALEOperations Indicators by Function/Program
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | |
|--|---------------|-----------|-----------|---------------|-----------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Electric: | | | | | |
| Average daily consumption (MWH) | 2,871 | 2,911 | 2,980 | 2,959 | 2,907 |
| Electricity generated (MWH) | 826,830 | 876,062 | 914,556 | 918,314 | 905,560 |
| Electricity purchased (MWH) | 739,880 | 834,432 | 768,632 | 1,131,229 | 999,932 |
| Electricity sold - Retail (MWH) | 1,048,049 | 1,062,605 | 1,090,851 | 1,080,077 | 1,061,028 |
| Electricity sold - Wholesale (MWH) | 404,785 | 521,782 | 461,124 | 686,784 | 683,179 |
| Peak demand (MW) | 344 | 293 (6) | 332 | 337 | 317 |
| Water: | | | | | |
| Average daily consumption (millions of gallons) | 21 | 21 | 20 | 23 | 24 |
| Water mains breaks | 11 | 3 | 14 | 12 | 20 |
| Water purchased (AF) | 16,177 | 14,111 | 13,992 | 17,045 | 20,341 |
| Water sold (AF) | 24,074 | 23,396 | 22,927 | 25,175 | 26,049 |
| Transit: | | | | | |
| Total route miles (1) | 761,251 | 747,108 | 746,026 | 741,287 | 735,827 |
| Passengers | 1,504,383 (7) | 1,703,360 | 1,828,547 | 1,884,454 | 1,727,931 |
| Parks and recreation: | | | | | |
| Athletic field permits issued | 8,331 (2) | 7,755 (2) | 6,523 (2) | 3,485 (2) | 682 |
| Community center pass members | 3,888 (5) | 5,294 | 5,555 | 5,643 (3) | 3,891 |
| Library: | | | | | |
| Volumes in collections | 521,739 | 520,708 | 521,247 | 521,389 | 571,942 |
| Total volumes borrowed | 1,067,667 | 921,163 | 1,000,355 | 1,310,873 (4) | 1,069,695 |

Notes:

- (1) Route miles vary every year depending on the day of the week holiday service operates.
- (2) In March 2015, Community Services and Parks upgraded the permitting and registration system. Permits issued prior to March 2015 may contain multiple field reservations on one permit. Beginning March 2015, individual permits were issued for each field reservation, which resulted in a significant increase in the number of permits issued between FY2015 and FY2018.
- (3) In FY2015, the increase in community center admissions may be attributed to a system upgrade that required scanning of activity cards for admission. As a result, all patrons were required to obtain new scannable activity cards. The new system allowed for improved tracking of activity card sales and renewals, in addition to increasing controls over community center admissions.
- (4) Estimates were used for unavailable data from May 18, 2015 to June 30, 2015. In FY2015, reshelves, which are books that were removed from the shelf by the patron, and then found elsewhere in the library, were counted in the total volumes borrowed. In prior years, reshelves were not included in the count.
- (5) In FY2018, the total number of pass members has decreased. Although there was a decrease in the number of pass members, the overall number of visits by all pass members is only slightly less than last year.
- (6) Revised number, based on updated information from Glendale Water and Power.
- (7) Decreased ridership is due to increased car ownership and usage of alternative transportation methods.

Sources: Various city departments

Not covered by independent auditors' report

CITY OF GLENDALEOperations Indicators by Function/Program
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | |
|---|-------------|----------|-----------|-----------|-----------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Police: | | | | | |
| Physical arrests | 5,886 | 5,829 | 5,652 | 5,857 | 6,405 |
| Parking violations | 72,879 | 74,572 | 81,843 | 87,621 | 83,706 |
| Traffic violations | 17,197 | 18,566 | 25,667 | 23,990 | 26,149 |
| Fire: | | | | | |
| Emergency responses | 17,253 | 16,591 | 15,447 | 15,424 | 14,923 |
| Fires extinguished | 382 | 372 | 349 | 333 | 420 |
| Refuse collection: | | | | | |
| Refuse collected (tons per day) | 185 | 184 (1) | 195 | 197 | 279 |
| Recyclables collected (tons per day) | 29 | 29 | 31 | 32 | 48 |
| Inert waste recycling (tons per year): | | | | | |
| Brand Park landfill | 3,607 | 3,545 | 2,500 (2) | 3,000 (2) | 3,000 (2) |
| Public Works | - | - | - | - | - |
| Glendale Water and Power | - | - | - | - | - |
| Other public works: | | | | | |
| Street resurfacing (miles) | 6.60 (3) | 5.85 (3) | 5.56 (3) | 5.30 (3) | 1.62 |
| Street reconstructing (miles) | - | 0.68 | 0.70 | 0.50 | 0.13 |
| Potholes repaired (square feet per year) | 16,592 | 21,962 | 21,012 | 16,449 | 11,800 |
| Wastewater: | | | | | |
| Average daily sewage treatment (millions of gallons) | 15 | 15 | 20 | 20 | 17 |

Notes:

- (1) In FY2012, the reduction in tonnage of refuse collected was due to a regional economic slowdown and free recycling programs offered to residential and commercial customers.
- (2) Some departments diverted inert wastes to an outside recycling company instead of using the Brand Park Landfill.
- (3) Between FY2010 and FY2013, more street resurfacing was done in an effort to take advantage of the low street resurfacing costs due to the economic downturn.

Sources: Various city departments

Not covered by independent auditors' report

CITY OF GLENDALEOperations Indicators by Function/Program
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | |
|--|-------------|-----------|---------------|-----------|-----------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Electric: | | | | | |
| Average daily consumption (MWH) | 3,090 | 2,998 | 2,878 | 3,020 | 3,154 |
| Electricity generated (MWH) | 794,248 | 846,637 | 928,682 | 960,061 | 940,051 |
| Electricity purchased (MWH) | 769,224 (1) | 1,289,843 | 1,195,972 (2) | 451,545 | 533,258 |
| Electricity sold - Retail (MWH) | 1,127,696 | 1,094,194 | 1,050,450 | 1,102,310 | 1,151,391 |
| Electricity sold - Wholesale (MWH) | 297,254 (1) | 897,830 | 884,686 (2) | 185,665 | 204,828 |
| Peak demand (MW) | 311 | 316 | 336 | 300 | 299 |
| Water: | | | | | |
| Average daily consumption (millions of gallons) | 25 | 23 | 21 | 22 | 25 |
| Water mains breaks | 10 | 14 | 10 | 8 | 12 |
| Water purchased (AF) | 18,761 | 17,319 | 16,959 | 16,535 | 20,873 |
| Water sold (AF) | 29,003 | 26,809 | 24,796 | 25,489 | 29,465 |
| Transit: | | | | | |
| Total route miles (3) | 731,036 | 822,432 | 880,655 | 866,901 | 889,819 |
| Passengers | 1,888,016 | 2,543,532 | 2,724,121 | 2,574,396 | 2,260,263 |
| Parks and recreation: | | | | | |
| Athletic field permits issued | 614 | 682 (4) | 917 | 930 | 1,054 |
| Community center admissions | 3,425 | 3,194 | 2,360 | 1,114 | 1,229 |
| Library: | | | | | |
| Volumes in collections | 619,871 | 643,598 | 688,818 | 701,928 | 718,879 |
| Total volumes borrowed | 1,114,987 | 1,179,964 | 1,290,945 | 1,312,743 | 1,236,950 |

Notes:

- (1) In FY2013, reductions in electricity purchased and sold correlates to the decrease in wholesale revenue and sales to other utility revenue.
- (2) In FY2011, the increase in the electricity purchased and sold correlates to the increase in wholesale revenue and sales to other utility revenue of approximately \$27.5 million.
- (3) Route miles vary every year depending on the day of the week holiday service operates.
- (4) In FY2012, practices and games were covered under the same permit which covered multiple facilities and multiple days/weeks/months of use. Prior to FY2012, separate permits were issued for practices and games.

Sources: Various city departments

Not covered by independent auditors' report

CITY OF GLENDALE

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | |
|----------------------------|-------------|---------|--------|--------|---------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Police: | | | | | |
| Stations | 3 (1) | 3 (1) | 3 (1) | 3 (1) | 2 (1) |
| Patrol units | 64 | 64 | 64 | 63 | 61 |
| Helicopters | 2 (2) | 2 (2) | 2 (2) | 2 (2) | 1.5 (2) |
| Motorcycles | 25 | 25 | 25 | 25 | 24 |
| Fire: | | | | | |
| Stations | 9 | 9 | 9 | 9 | 9 |
| Refuse collection: | | | | | |
| Collection trucks | 47 (3) | 47 (3) | 47 (3) | 48 (3) | 49 (3) |
| Other public works: | | | | | |
| Streets (miles) | 350 | 350 | 350 | 350 | 350 |
| Traffic signals | 235 | 235 | 234 | 234 | 234 |
| Parks and recreation: | | | | | |
| Open space acres | 5,034 | 5,034 | 5,034 | 5,034 | 5,034 |
| Developed parkland acres | 286 | 286 (4) | 286 | 286 | 286 (5) |
| Parks and other facilities | 44 | 44 (4) | 43 | 43 | 43 (5) |
| Community centers | 4 | 4 | 4 | 4 | 4 |
| Baseball/softball diamonds | 16 | 16 | 16 | 16 | 16 |
| Soccer/football fields | 3 | 3 | 3 | 3 | 3 |
| Golf course | 1 | 1 | 1 | 1 | 1 |
| Community pool | 1 | 1 | 1 | 1 | 1 |

Notes:

- (1) There is one main facility located at 131 N. Isabel and one substation located in the Glendale Galleria. In FY2015, the Montrose Substation was added.
- (2) Since FY2007, three helicopters have been shared with the City of Burbank for the operation of the Joint Law Enforcement Air Support Unit. Effective FY2015, four helicopters have been shared by the City of Glendale and the City of Burbank. In August 2017, the oldest Helicopter not in service was sold.
- (3) This number does not include the small bin trucks or light duty vehicles. In FY2015, two automatic side loaders trucks, and one super dump truck were taken off service. Additionally, in FY2016, one specialty bin truck was taken off service.
- (4) In FY2017, the Central Park project was completed, which increased the park count to 44. However, its acreage is combined with Adult Recreational Center, so the total acreage for Parks and Facilities remained the same.
- (5) In FY2014, the Maryland Avenue Park project was completed, which increased the park count to 43, and park acreage by 0.48 acres (286.04 in total acres).

Sources: Various city departments

Not covered by independent auditors' report

CITY OF GLENDALE

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | |
|--|-------------|------------|------------|-----------|-----------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Library: | | | | | |
| Branches | 8 | 8 | 8 | 8 | 8 |
| Electric: | | | | | |
| Number of electric meters | 88,849 | 87,982 | 87,347 | 86,782 | 86,012 |
| Number of streetlights | 11,317 | 11,258 (2) | 11,225 (2) | 11,207 | 11,192 |
| Grayson power plant capacity (MW) | 260 | 260 | 260 | 260 | 260 |
| Water: | | | | | |
| Number of water meters | 34,181 | 34,135 | 34,086 | 33,976 | 33,900 |
| Water mains (miles) | 395 | 384 | 398 | 398 | 397 |
| Fire hydrants | 3,215 | 3,201 | 3,177 | 3,164 | 3,149 |
| Storage capacity (millions of gallons) | 184 | 184 | 184 | 184 | 184 |
| Wastewater: | | | | | |
| Storm catch basins | 3,827 (1) | 3,686 (1) | 3,686 (1) | 3,686 (1) | 3,686 (1) |
| Sanitary sewers (miles) | 360 | 360 | 360 | 360 | 360 |
| LAGWRP Treatment capacity (millions of gallons) | 20 | 20 | 20 | 20 | 20 |
| Transit: | | | | | |
| Buses | 34 | 34 | 34 | 34 | 34 |

Notes:

- (1) This number includes the Los Angeles County and Caltrans storm drains within the City boundaries.
- (2) Revised numbers for FY2016 & F2017, streetlights were misreported due to number of lights being counted instead of number of light poles. Some poles have dual and triple lights.

Sources: Various city departments

Not covered by independent auditors' report

CITY OF GLENDALE

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | |
|----------------------------|-------------|---------|---------|---------|---------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Police: | | | | | |
| Stations | 2 (1) | 2 (1) | 2 (1) | 2 (1) | 2 (1) |
| Patrol units | 62 | 74 | 70 | 70 | 64 |
| Helicopters | 1.5 (2) | 1.5 (2) | 1.5 (2) | 1.5 (2) | 1.5 (2) |
| Motorcycles | 27 | 23 | 25 | 25 | 26 |
| Fire: | | | | | |
| Stations | 9 | 9 | 9 | 9 | 9 |
| Refuse collection: | | | | | |
| Collection trucks | 50 (3) | 48 (3) | 50 (3) | 50 (3) | 46 (3) |
| Other public works: | | | | | |
| Streets (miles) | 350 | 350 | 350 | 350 | 350 |
| Traffic signals | 234 | 234 | 233 | 233 | 226 |
| Parks and recreation: | | | | | |
| Open space acres | 5,034 | 5,034 | 5,034 | 5,029 | 5,020 |
| Developed parkland acres | 286 (4) | 282 | 281 | 281 | 280 |
| Parks and other facilities | 42 (4) | 41 (5) | 39 | 39 | 39 |
| Community centers | 4 | 4 (5) | 8 | 8 | 8 |
| Baseball/softball diamonds | 16 | 16 | 16 | 16 | 16 |
| Soccer/football fields | 3 | 3 | 3 | 3 | 3 |
| Golf course | 1 | 1 | 1 | 1 | 1 |
| Community pool | 1 | 1 | 1 | - | - |

Notes:

- (1) There is one main facility located at 131 N. Isabel and one substation located in the Glendale Galleria.
- (2) Since FY2007, three helicopters have been shared with the City of Burbank for the operation of the Joint Law Enforcement Air Support Unit. Effective FY2015, four helicopters have been shared by the City of Glendale and the City of Burbank. In August 2017, the oldest Helicopter not in service belonging to Glendale and Burbank was sold.
- (3) This number does not include the small bin trucks or light duty vehicles.
- (4) In FY2013, the Glendale Narrows Riverwalk Park project was completed, which increased the park count to 42, and park acreage by 3.94 acres (285.56 in total acres).
- (5) Beginning FY2012, community buildings are not separately accounted for as community centers. Instead, they are included in the parks and facilities count as part of the park in which they reside.

Sources: Various city departments

Not covered by independent auditors' report

Schedule 20

CITY OF GLENDALE

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | |
|--|-------------|-----------|-----------|--------|--------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Library: | | | | | |
| Branches | 8 | 8 | 8 | 8 | 8 |
| Electric: | | | | | |
| Number of electric meters | 85,629 | 85,358 | 84,962 | 84,800 | 84,554 |
| Number of streetlights | 10,740 | 10,735 | 10,725 | 10,714 | 10,692 |
| Grayson power plant capacity (MW) | 260 | 260 | 260 | 260 | 260 |
| Water: | | | | | |
| Number of water meters | 33,801 | 33,744 | 33,374 | 33,509 | 33,407 |
| Water mains (miles) | 397 | 397 | 397 | 397 | 397 |
| Fire hydrants | 3,146 | 3,134 | 3,134 | 3,133 | 3,072 |
| Storage capacity (millions of gallons) | 184 | 184 | 184 | 185 | 185 |
| Wastewater: | | | | | |
| Storm catch basin | 3,686 (1) | 3,686 (1) | 3,686 (1) | 3,679 | 3,679 |
| Sanitary sewers (miles) | 360 | 360 | 360 | 360 | 360 |
| LAGWRP Treatment capacity (millions of gallons) | 20 | 20 | 20 | 20 | 20 |
| Transit: | | | | | |
| Buses | 34 | 34 | 34 | 34 | 34 |

Notes:

(1) This number includes the Los Angeles County and Caltrans storm drains within the City boundaries.

Sources: Various city departments

Not covered by independent auditors' report

CITY OF GLENDALE

Schedule of Credits

Robert P. Elliot, CPA, Director of Finance

General Overview
Letter of Transmittal

Michele Flynn, CPA, CIA, CGAP, Assistant Director of Finance

General Overview

Artak Khachatryan, Financial Applications Manager

PeopleSoft Nvision Report Writing

Shu-Jun Li, Deputy Director of Finance

General Overview
Management's Discussion & Analysis
Financial Statements
Notes to Basic Financial Statements
Pension and OPEB Reporting

Theresa Clark, Accounting Supervisor
Rima Dagbashyan, Accountant II
Brandy Wu, Accountant II
Steve (Min Jun) Kim, Accountant I

Section tasks:
Management's Discussion & Analysis
Financial Statements
Notes to Basic Financial Statements
Cover Design
Fixed Assets Reporting
Glendale Successor Agency Reporting
Loans Receivable Reporting

Alwin De Leon, Accounting Supervisor
Vanik Darabedian, Accountant II
Liza Jue, Accountant II
Hanré Chang, Accountant I
Cathy Liang, Accountant I

Section tasks:
Management's Discussion & Analysis
Financial Statements
Notes to Basic Financial Statements
Cash Reporting
Debt Reporting
Glendale Water & Power Reporting
Internal Service Funds Reporting
Single Audit
Statistical Section

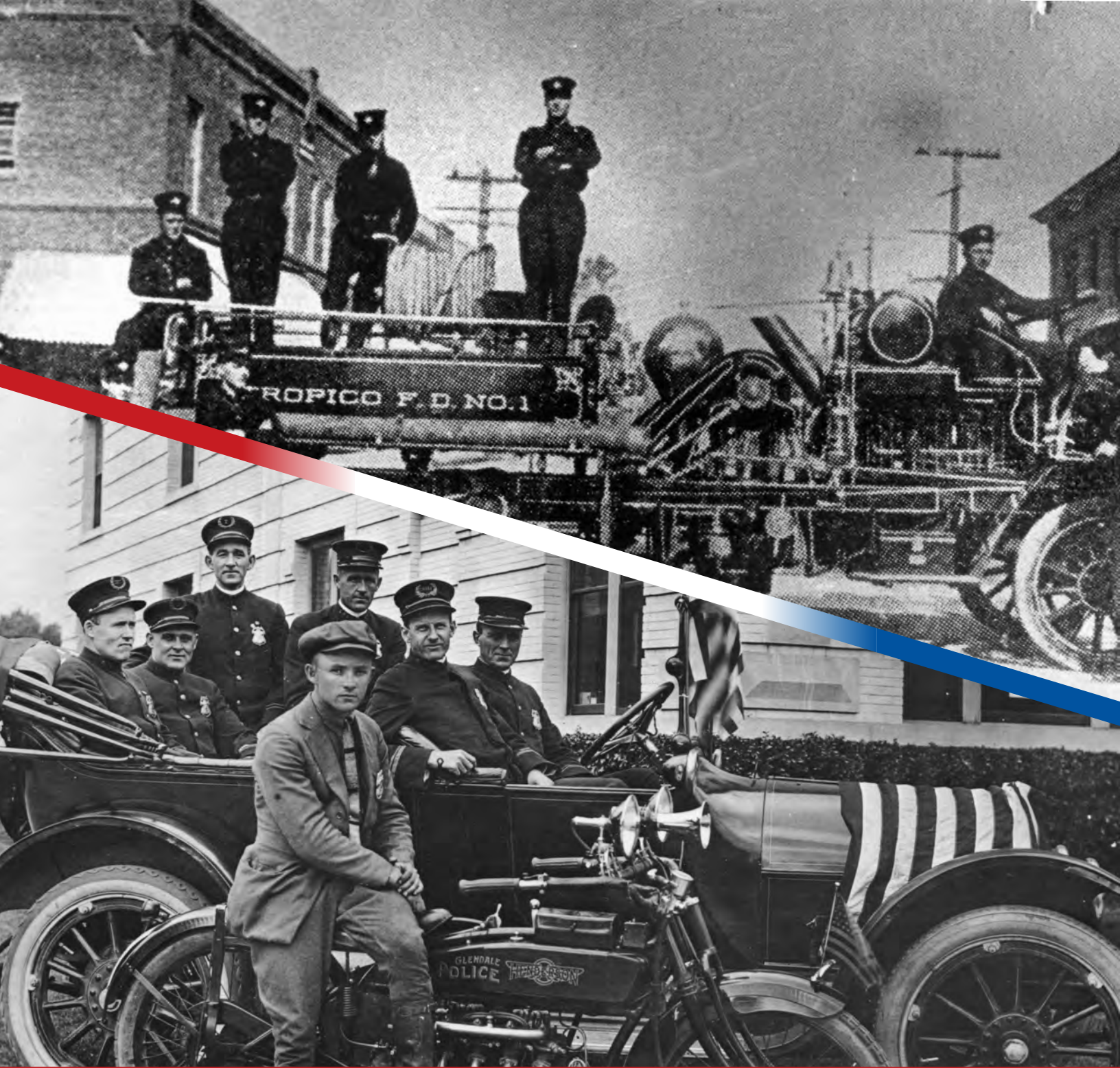
Craig R. Kuennen, Business Transformation and Marketing Administrator
Alina Morshidian, Utility Manager
Tim Hsu, Principal Utility Financial Analyst
George Dibie, Senior Utility Financial Analyst

Glendale Water & Power Notes

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Eliza Papazian, Community Relations Coordinator
Dean Lopez, Graphics Administrator
Douglas Alvarez, Graphics Illustrator
Awinda Matos, Duplicating Machine Operator
Roberto Perez, Duplicating Shop Operator

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Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018



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