

# 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





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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and  
Members of the City Council  
City of Glendale  
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 (the City), as of and for the year ended June 30, 2020, and the related notes to the basic 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 auditors' 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 auditors consider internal control relevant to the City'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 City'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, 2020 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison statements 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 discussed in Notes 18, the City restated the beginning balances of the fund balance of the General Fund and Low and Moderate Income Housing Asset Special Revenue Fund and the net position of the Business-type activities, Electric Utility Fund and Glendale Successor Agency Private-Purpose Trust Fund. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Report on Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net pension liability and related ratios of the pension plans and schedules of pension plan contributions and schedule of changes in total OPEB liability and related ratios, identified as Required Supplementary Information (RSI) in the accompanying 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 RSI 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 RSI 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 non-major fund financial statements and schedules (supplementary information), and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

## **Other Matters (Continued)**

### *Other Information (Continued)*

The combining statements and individual fund schedules (supplementary information), as listed in the table of contents, is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements taken 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, 2020, 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.



**CliftonLarsonAllen LLP**

Irvine, California  
November 30, 2020

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## CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2020

(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, 2020. 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 – ix 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 2019-20 by \$1,669,555 (net position), which was comprised of net investment in capital assets of \$1,355,534, restricted net position of \$264,089 and unrestricted net position of \$49,932. The unrestricted net position consisted of a negative \$275,900 for governmental activities and \$325,832 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 \$12,130. Most of this increase was attributable to the first full year of Measure S sales tax revenue from governmental activities, and the first year sale of carbon emissions revenue from business-type activities.
- As of the close of FY 2019-20, the City's governmental funds reported combined ending fund balances of \$412,044, an increase of \$3,779 in comparison with the prior year. About 9.9% of this total amount, \$40,736 was unassigned and available for spending at the government's discretion.
- At the end of FY 2019-20, City Charter Article XI Section 15 general reserve of \$32,584, and unassigned fund balance of \$49,325 for the General Fund totaled \$81,909, representing about 33.7% of the original FY 2019-20 budget of \$243,316. The minimum General Fund reserve level is 25.0% of the annual operating budget, and the targeted General Fund reserve level is 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, 2020

(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 electric, fiber optic, fire communication, refuse disposal, sewer 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 municipal financing authority for which the City is financially accountable. The housing authority and the municipal 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 47 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 reported as major funds. Data from the other 44 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, 2020

(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 26-32 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 electric, fiber optic, fire communication, refuse disposal, sewer and water 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 33-37 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 38-39 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 41-105 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 106-114 of this report. Combining and individual fund statements can be found on pages 115-186 of this report.



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Management's Discussion and Analysis

June 30, 2020

(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 \$1,669,555 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (81.2%) 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,**

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 618,255	605,136	472,833	449,505	1,091,088	1,054,641
Capital assets	995,773	962,440	603,674	619,941	1,599,447	1,582,381
Total assets	1,614,028	1,567,576	1,076,507	1,069,446	2,690,535	2,637,022
Deferred outflows of resources	68,765	84,238	17,227	22,788	85,992	107,026
Total assets and deferred outflows of resources	1,682,793	1,651,814	1,093,734	1,092,234	2,776,527	2,744,048
Current liabilities	62,986	63,405	34,393	44,607	97,379	108,012
Noncurrent liabilities	662,919	629,078	328,978	331,704	991,897	960,782
Total liabilities	725,905	692,483	363,371	376,311	1,089,276	1,068,794
Deferred inflows of resources	15,239	18,168	2,457	2,860	17,696	21,028
Total liabilities and deferred inflows of resources	741,144	710,651	365,828	379,171	1,106,972	1,089,822
Net investment in capital assets	967,835	932,188	387,699	387,043	1,355,534	1,319,231
Restricted	249,714	175,754	14,375	5,669	264,089	181,423
Unrestricted	(275,900)	(166,779)	325,832	320,351	49,932	153,572
Total net position	\$ 941,649	941,163	727,906	713,063	1,669,555	1,654,226

The 15.8% 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 \$49,932 may be used to meet the government's ongoing obligations to citizens and creditors. Of this total, \$325,832 is in business-type activities such as electric, water, and sewer utilities.

## CITY OF GLENDALE

Management's Discussion and Analysis

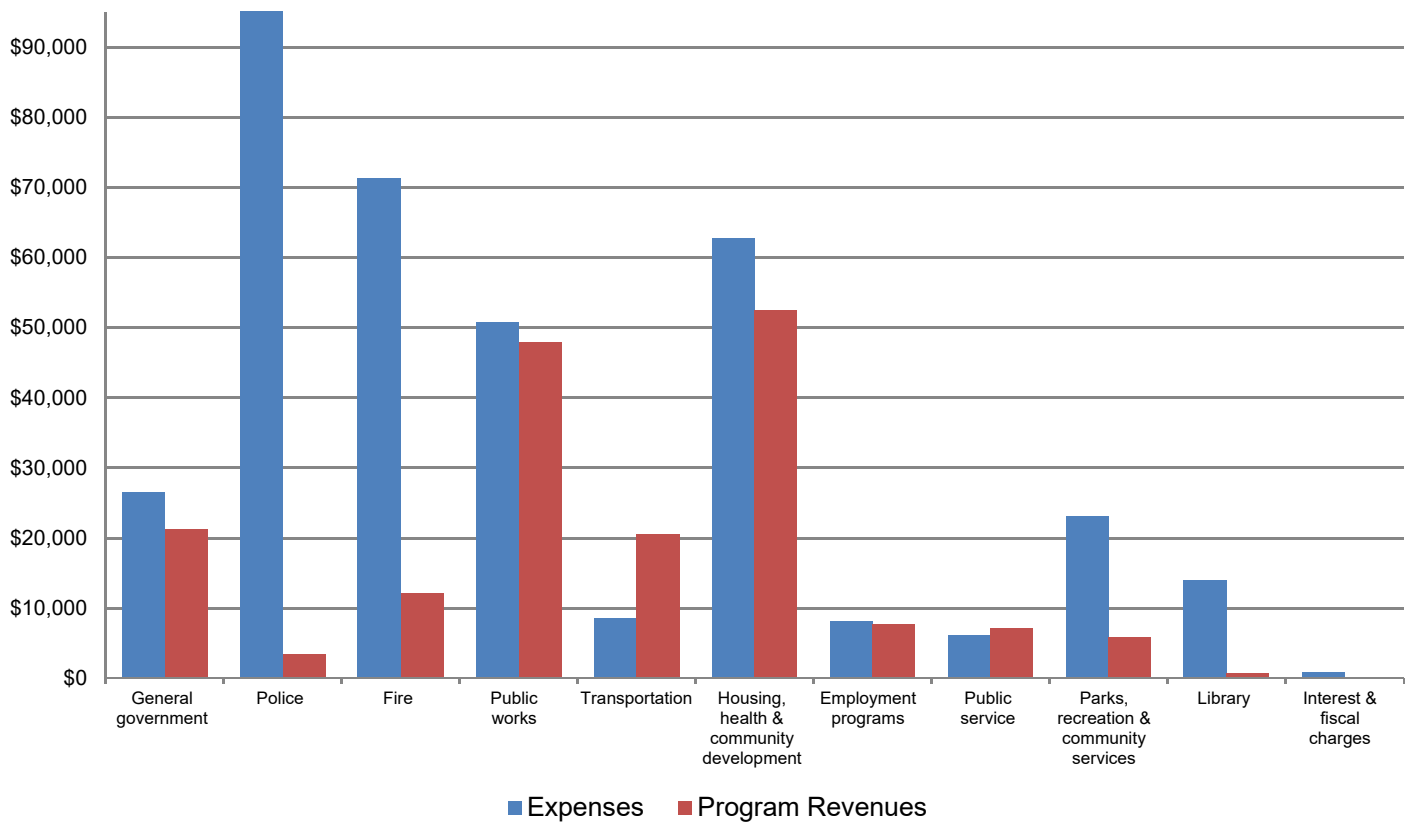
June 30, 2020

(in thousands)

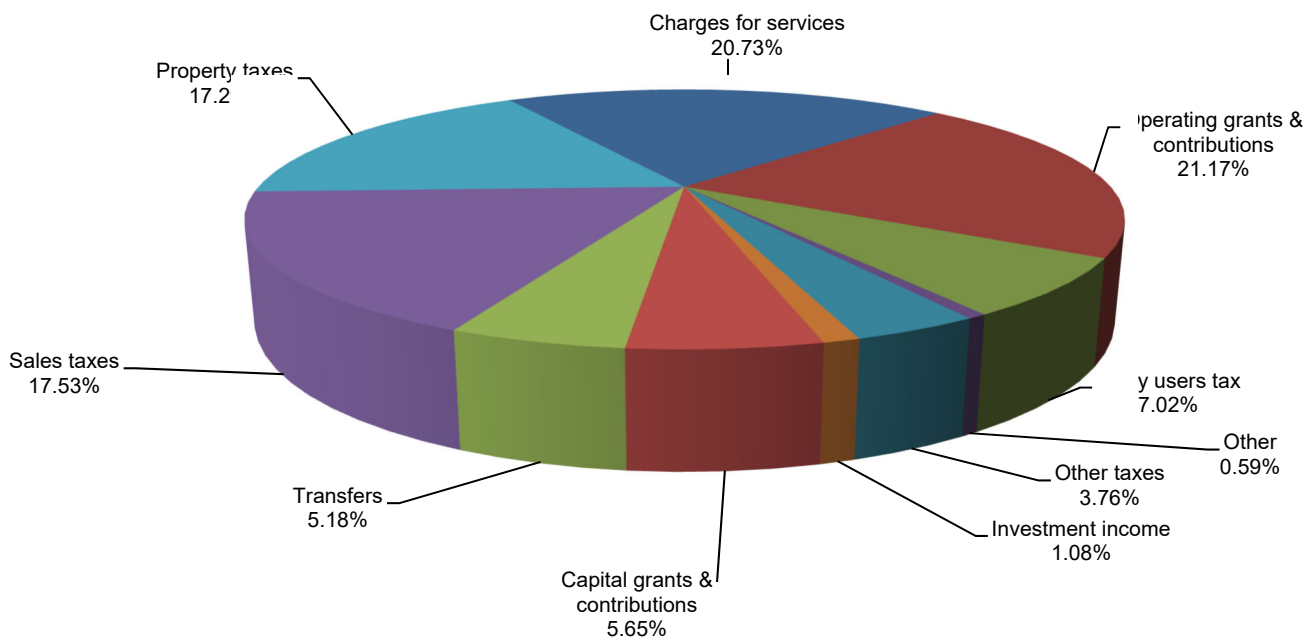
**Governmental activities.** Governmental activities increased the City's net position by \$486. Key elements of this increase are as follows:

- In FY 2019-20, various revenue categories were reclassified to better align with appropriate functions.
- Compared to prior fiscal year, property tax revenue increased by \$2,846 (4.6%), primarily due to the growth in home values and the strong real estate market in the City.
- Sales tax revenue increased by \$7,362 (12.5%) compared to prior fiscal year. The increase is mostly driven by Measure S sales tax revenue. In FY 2018-19, the City only received one quarter (April to June 2019) of the Measure S sales tax revenue. The rest of the variance is due to reclassification of revenues.
- Transfer decreased by \$11,336 (36.8%) during the current fiscal year. In FY 2018-19, the City received \$10,667, a one-time transfer of 2011 Tax Allocation Bond proceeds from Glendale Successor Agency to fund the City's low and moderate income housing projects and capital improvement projects.
- Governmental activities expense increased by \$32,047 (9.3%) during the current fiscal year. The increase is mainly due to the higher pension expense and liability. Section 8 housing assistance payments also contributed to the increase in FY 2019-20.

**2020 Expenses and Program Revenues – Governmental Activities**



**2020 Revenues, Transfers, Special items, and Other increases by Source – Governmental Activities**



**CITY OF GLENDALE**

Management's Discussion and Analysis

June 30, 2020

(in thousands)

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

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 78,126	78,735	313,059	312,318	391,185	391,053
Operating grants and contributions	79,793	58,580	196	200	79,989	58,780
Capital grants and contributions	21,322	17,458	62	8	21,384	17,466
General revenues:						
Taxes:						
Property taxes	65,169	62,323	-	-	65,169	62,323
Sales taxes	66,054	58,692	-	-	66,054	58,692
Utility users tax	26,455	26,655	-	-	26,455	26,655
Other taxes	14,172	22,563	-	-	14,172	22,563
Investment income	4,080	14,626	17,008	16,040	21,088	30,666
Other	2,227	14,831	15,101	8,778	17,328	23,609
Reinstatement of loans	-	323	-	-	-	323
Total revenues	<u>357,398</u>	<u>354,786</u>	<u>345,426</u>	<u>337,344</u>	<u>702,824</u>	<u>692,130</u>
Expenses:						
General government	26,490	24,272	-	-	26,490	24,272
Police	104,378	92,931	-	-	104,378	92,931
Fire	71,342	65,484	-	-	71,342	65,484
Public works	50,772	40,720	-	-	50,772	40,720
Transportation	8,539	15,863	-	-	8,539	15,863
Housing, health and community development	62,815	57,379	-	-	62,815	57,379
Employment program	8,129	7,550	-	-	8,129	7,550
Public service	6,175	6,190	-	-	6,175	6,190
Parks, recreation and community services	23,037	20,204	-	-	23,037	20,204
Library	13,955	12,650	-	-	13,955	12,650
Interest and fiscal charges	783	1,125	-	-	783	1,125
Fiber optic	-	-	62	-	62	-
Fire communications	-	-	5,183	4,286	5,183	4,286
Sewer	-	-	20,297	21,448	20,297	21,448
Refuse disposal	-	-	24,526	21,566	24,526	21,566
Electric	-	-	211,615	202,232	211,615	202,232
Water	-	-	52,596	49,750	52,596	49,750
Total expenses	<u>376,415</u>	<u>344,368</u>	<u>314,279</u>	<u>299,282</u>	<u>690,694</u>	<u>643,650</u>
Excess before transfers and special item	(19,017)	10,418	31,147	38,062	12,130	48,480
Transfers	19,503	20,172	(19,503)	(20,172)	-	-
Special item from Successor Agency:						
Transfer of bond proceeds	-	10,667	-	-	-	10,667
Change in net position	<u>486</u>	<u>41,257</u>	<u>11,644</u>	<u>17,890</u>	<u>12,130</u>	<u>59,147</u>
Net position – Beginning of the year, as restated	<u>941,163</u>	<u>899,906</u>	<u>716,262</u>	<u>695,173</u>	<u>1,657,425</u>	<u>1,595,079</u>
Net position – End of the year	\$ <u>941,649</u>	<u>941,163</u>	<u>727,906</u>	<u>713,063</u>	<u>1,669,555</u>	<u>1,654,226</u>

A prior period adjustment of \$3,199 was made to increase the beginning net position of the Electric Fund and business-type activities. The migration of the transformer inventory function to the GWP warehouse added transformers to the GWP inventory and reduced the previously capitalized assets in the Electric Fund. Additionally,

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Management's Discussion and Analysis

June 30, 2020

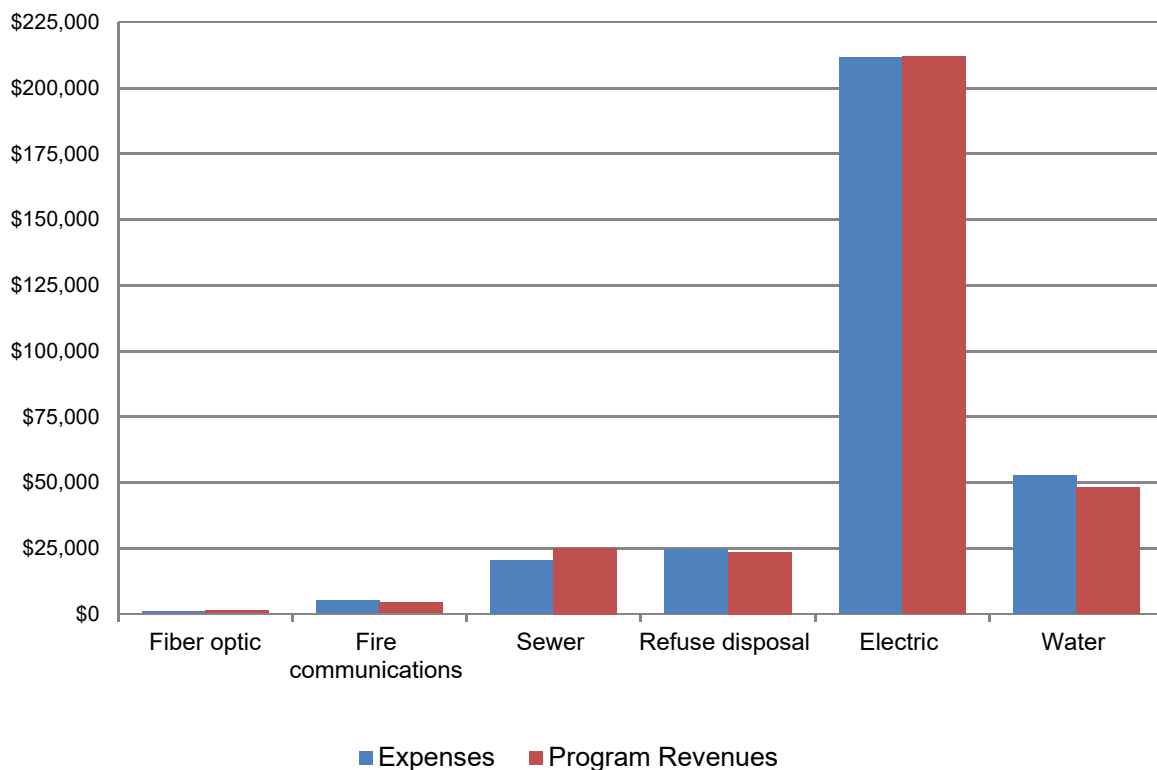
(in thousands)

the City of Glendale recorded prior years' transmission loss credit from the Los Angeles Department of Water & Power (LADWP) for the Intermountain Power Plant losses (IPPLosses), and Intermountain losses (ILosses).

**Business-type activities.** Business-type activities net position increased by \$11,644. Key elements of this increase are as follows:

- Investment income increased by \$968 (6.0%) during the current fiscal year as a result of an increase in the fair market value of investments.
- Other income increased by \$6,323 (72.0%) during the current fiscal year as a result of sales for carbon emissions. The City of Glendale receives Carbon Emission Allowances from the California Air and Resource Board on an annual basis. Any excess, after emission requirements are met, can be sold through the CARB auction process. This is the first year the City of Glendale has participated in the auction.
- Business-type activities expense increased by \$14,997 (5.0%). The increase is mainly due to the higher pension expense and liability in all enterprise funds.

### 2020 Expenses and Program Revenues – Business-type Activities



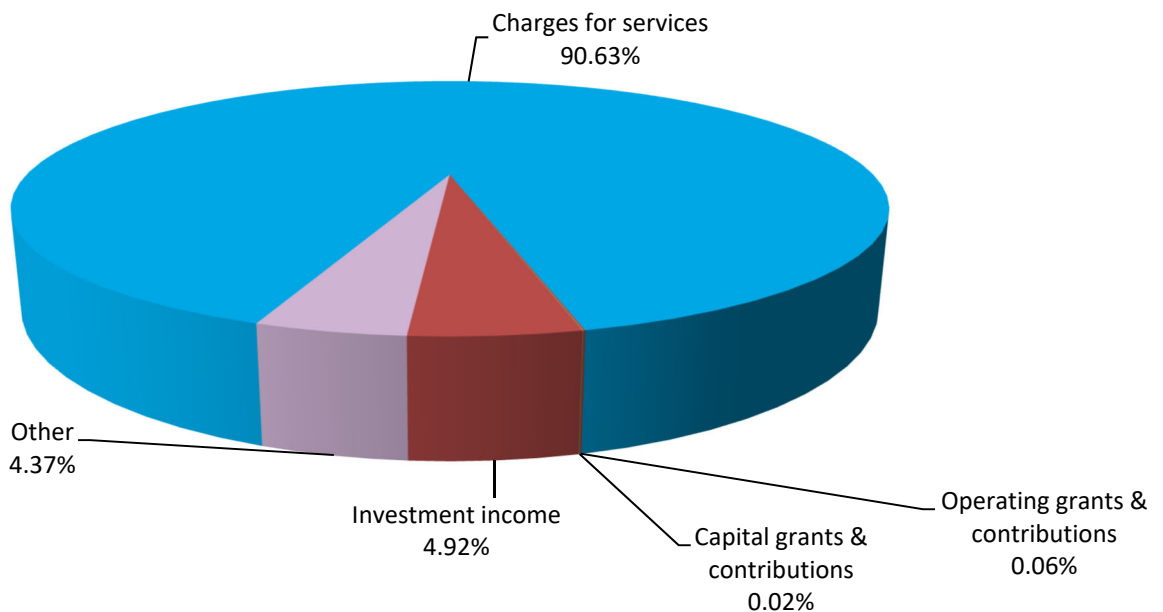
**CITY OF GLENDALE**

Management's Discussion and Analysis

June 30, 2020

(in thousands)

**2020 Revenues by Source – Business-type Activities**



**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 \$412,044, an increase of \$3,779 in comparison with the prior year. About 9.9% of this total amount, \$40,736, constituted unassigned fund balance, which was available for spending at the government's discretion. The remainder of fund balance in the amount of \$371,308 was not available for new spending because it was either nonspendable, restricted, committed or assigned. Nonspendable fund balance was \$11,352. Restricted fund balance was \$285,302, which was constrained by external creditors, grantors, laws or regulations of other governments and enabling legislation. Committed fund balance was \$67,666, and the assigned fund balance was \$6,988.

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 Article XI Section 15 general reserve of the General Fund were \$49,325 and \$32,584 respectively, while total fund balance was \$132,493. As a measure of the General Fund's liquidity, it may be useful to compare the total of City Charter Article XI Section 15 general reserve and unassigned fund balance to total fund expenditures. City Charter Article XI Section 15 general reserve and unassigned fund balance, totaling \$81,909 represented about 35.5% of FY 2019-20 General Fund expenditures plus transfers, \$230,621.

## CITY OF GLENDALE

Management's Discussion and Analysis

June 30, 2020

(in thousands)

The fund balance of the City's General Fund had a net decrease of \$3,625 during the current fiscal year. This net decrease is primarily due to the following reasons:

- Compared to the prior fiscal year, property tax revenue increased by \$2,846, primarily due to the growth in home values and strong real estate market in the City.
- Compared to the prior fiscal year, sales tax revenue decreased by \$8,531, primarily due to safer at home shutdown from COVID.
- Compared to the prior fiscal year, licenses and permits revenue decreased by \$1,960, primarily due to government-mandated shutdowns since the start of the COVID-19 pandemic.
- Compared to the prior fiscal year, other taxes revenue decreased by \$1,677, primarily due to the length of economic shutdown in light of COVID-19 pandemic.
- Compared to the prior fiscal year, use of money and property decreased by \$11,784, primarily due to decreased amount of \$6,307 transfer of Agency debt payment to the City.

It's worthwhile to mention the City's General Fund expenses had a net increase of \$2,185 as well, which is mainly driven by increases in workers' compensation rates and the required PERS employer contribution.

The Housing Assistance Fund (Section 8 grant) had a fund balance of \$7,080, an increase of \$867 during the current 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 \$34,902. During the current fiscal year, the fund balance increased by \$7,006, primarily due to increase in Measure S revenue. This additional sales tax rate revenue has generated \$21,283 in FY 2019-20 to fund various new affordable housing developments and infrastructure needs.

**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 \$215,399 for the Sewer Fund, \$348,688 for the Electric Fund, \$126,107 for the Water Fund, and \$40,615 for the nonmajor enterprise funds.

The net position of the Sewer Fund increased by \$6,398 during the current fiscal year. The increase was mainly attributable to new higher wastewater rates approved after conducting a Cost of Service Analysis (COSA) and rate study effective July 2018. The operating expenses are largely on par with the prior fiscal year.

The net position of the Electric Fund increased by \$9,331 during the current fiscal year. The increase in net position was mainly attributable to the net increase in the electric domestic sales and sales of excess carbon Emission Allowances from the California Air and Resource Board. On the other hand, there was an increase in pension expense and liability.

The net position of the Water Fund decreased by \$862 during the current fiscal year. The decrease in net position was due to slight decrease in commercial and multifamily water sales compared to prior fiscal year. The operating expenses were generally on par with the prior fiscal year.

## **CITY OF GLENDALE**

Management's Discussion and Analysis

June 30, 2020

(in thousands)

### **General Fund Budgetary Highlights**

In comparison to the FY 2019-20 final General Fund revenue budget, the actual revenue and transfers in has a net decrease of \$3,273. Due to the COVID-19 pandemic, various revenue category projections were adjusted in anticipation of the financial impact. Although the financial impact was inevitable, some revenues categories were higher than the final budgeted estimates.

The major revenue categories that ended the fiscal year higher than the budgeted estimate were property tax (\$1,126), utility users tax (\$1,326), and charges for services (\$2,369). The sales tax category shows a lower than budget estimate (\$2,563); however, this is due to large portion of the Measure S revenues being deposited to the Capital Improvement Fund instead of the General Fund, to fund City Council approved capital purchases and projects. Excluding Measure S revenues, the total sales tax category ended higher than the budgeted estimate (\$811).

In contrast to these increases, three revenue categories ended the fiscal year lower than the budgeted estimate: other taxes (\$1,418), use of money and property (\$1,188), and miscellaneous revenue (\$2,946). The variance for other taxes is primarily due to the commercial franchise negotiations still in progress and not yet finalized, and Transient Occupancy Tax revenues coming in lower than anticipated. The variance for use of money and property was in large due to change in accounting method to classify Successor Agency's loan payments as a decrease in loans receivable rather than as a revenue. The variance for miscellaneous revenue is due to anticipated salary savings for vacant positions that was included in the budget (\$3,000), which was recognized under the actual expenditures.

In FY 2019-20, the final expense and transfers out budget increased by \$5,617 in comparison to the original expense budget. The increase is largely driven by the following items: \$1,625 for budget carryovers, \$1,000 of the General Fund transfer to the Electric Fund for a purchase of an electric bus, \$1,083 for the March elections, and \$1,154 for the GPOA and GMA Police Management MOU agreement salary adjustments.

Compared to the FY 2019-20 final General Fund expense budget, the actual expenditures and transfers out were underspent by \$18,312. The variance is partially due to Measure S appropriations for various Council approved programs that were unspent in the amount of \$5,075. Excluding Measure S appropriations, the remaining variance is mainly due to salaries and benefits savings in the amount of \$7,183 as a result of vacancies. Although many vacant positions have been eliminated in the General Fund in previous years, vacancies still exist across almost every department as a result of employee turnover. In addition to this, there were savings in contractual services throughout various departments in the amount of \$2,837, in utilities in the amount of \$354, and in the capital outlay category in the amount of \$365 due to purchases that were not completed by the end of the fiscal year.

### **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, 2020, is \$1,599,447 (net of \$973,556 accumulated depreciation, \$12,978 accumulated gas depletion and \$56,557 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 increase in the City's investment in capital assets for the current fiscal year was 2.8%, and this represents a 3.8% increase for governmental activities and a 0.2% increase for business-type activities.



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

- In FY 2019-20, the City purchased various properties in the amount of \$24,300 for the purpose of developing affordable housing.
- \$12,993 of Beeline Maintenance and Facility capital improvement project contributed to the capital assets increased in government wide.
- The following projects contributed to the increase in the intangible assets in the Sewer Fund: \$2,308 for Los Angeles-Glendale Water Reclamation Plant and \$2,334 for Hyperion Wastewater System. 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 following capital improvement projects in Electric Fund contributed to the increased in the business-type capital assets activities: \$1,257 Grayson Power Plant, \$760 Fiber Plan, \$546 Feeder Tropic and \$209 Emergency System Improvement.

**City of Glendale's Capital Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2020	2019	2020	2019	2020	2019
Land	\$ 447,259	422,904	9,557	9,557	456,816	432,461
Natural gas reserve	-	-	22,163	22,161	22,163	22,161
Buildings and improvements	423,943	419,110	309,751	278,290	733,694	697,400
Machinery and equipment	138,471	132,839	584,113	586,228	722,584	719,067
Infrastructure	344,782	327,433	162,341	158,445	507,123	485,878
Construction in progress	48,031	44,342	32,244	64,258	80,275	108,600
Intangible assets	7,122	6,979	112,761	109,736	119,883	116,715
Total capital assets	1,409,608	1,353,607	1,232,930	1,228,675	2,642,538	2,582,282
Less: Accumulated depreciation	(412,502)	(390,759)	(561,054)	(544,425)	(973,556)	(935,184)
Less: Accumulated gas depletion	-	-	(12,978)	(12,039)	(12,978)	(12,039)
Less: Accumulated amortization	(1,333)	(408)	(55,224)	(52,270)	(56,557)	(52,678)
Net of depreciation, depletion and amortization	\$ 995,773	962,440	603,674	619,941	1,599,447	1,582,381

Additional information on the City's capital assets can be found in Note 6 on pages 63-64.

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**Long-term debt.** The City's total debt decreased by \$10,904 (4.1%) in FY 2019-20. The decrease was mainly due to the regular annual debt retirements.

**City of Glendale's Long-Term Debt**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Other debt:						
2011 HUD Section 108 Loan	\$ 474	696	-	-	474	696
Bonds payable:						
GMFA lease revenue bonds, 2019 refunding	27,937	30,252	-	-	27,937	30,252
Electric revenue bonds, 2013 refunding	-	-	19,016	20,227	19,016	20,227
Electric revenue bonds, 2013 series	-	-	57,296	58,688	57,296	58,688
Electric revenue bonds, 2016 refunding	-	-	77,776	81,509	77,776	81,509
Water revenue bonds, 2008 series	-	-	40,635	42,170	40,635	42,170
Water revenue bonds, 2012 series	-	-	34,143	34,639	34,143	34,639
Total bonds payable	<u>27,937</u>	<u>30,252</u>	<u>228,866</u>	<u>237,233</u>	<u>256,803</u>	<u>267,485</u>
Total debt	\$ <u>28,411</u>	<u>30,948</u>	<u>228,866</u>	<u>237,233</u>	<u>257,277</u>	<u>268,181</u>

**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.

The City's bond ratings as of June 30, 2020 are as follows:

<u>Debt Issue</u>	<u>Moody's</u>	<u>Standard &amp; Poor's (S &amp; P)</u>	<u>Fitch Ratings'</u>
Issuer credit rating (Implied General Obligation)	Aa2	AA+	AA+
2019 Lease revenue refunding bonds	-	AA	AA
Electric revenue bonds, 2013 refunding series	Aa3	A+	A+
Electric revenue bonds, 2013 series	Aa3	A+	A+
Electric revenue bonds, 2016 refunding series	-	A+	A+
Water revenue bonds, 2008 series	A1	AA-	AA-
Water revenue bonds, 2012 series	A1	AA-	AA-

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### **Debt Administration**

The City's debt administration obligations are as follows:

- 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.

As of June 30, 2020, the City had 6 series of bonds subject to Continuing Disclosure requirements. The City prepares the Continuing Disclosure (financial and operating information) for its 5 Electric and Water series bonds, and engaged a financial advisor, Harrell & Company Advisors, LLC to prepare the Continuing Disclosure for the GMFA bonds. The City also engaged Harrell & Company Advisors, LLC as dissemination agent to post all 6 series of bonds' Continuing Disclosure Annual Reports and the City financial statements on the MSRB's Electronic Municipal Market Access ("EMMA") website. The dissemination agent will also prepare any notices of material events and post such notices on EMMA. 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 7 on pages 65-70 of this report.

### **Economic Factors and Next Year's Budget and Rates**

The COVID-19 crisis has affected households, businesses, healthcare systems, and economies everywhere. The economic effects of the global pandemic are unprecedented and have made the outlook for the upcoming years uncertain due to the nature of the pandemic and the measures implemented to try to contain the spread of the virus. Some of these measures include reduced social activities, employees working remotely, and the closing of schools and businesses.

Prior to the COVID-19 pandemic, the U.S. economy was expected to remain on a fairly steady growth, with employment and real wages expanding through 2020. Personal consumption was expected to grow through 2020 by 2.0% and the Gross Domestic Product (GDP) by 1.9%. With this, economists predicted

## **CITY OF GLENDALE**

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2,100 additional jobs, thus decreasing the unemployment rate from 3.7% in 2019 to 3.5% in 2020. However, due to the emergence of the COVID-19 pandemic, the unemployment rate skyrocketed from 3.5% in February 2020 to 11.0% in June 2020, with the GDP and unemployment rate not expected to recover until after 2022.

California remains the largest economy when compared to any other state in the U.S. and prior to COVID-19, it was forecasted to grow an additional 2.0% during 2020, nearly mirroring the nation's projected growth of 1.9%. Economists projected that this continued economic expansion would bring personal income growth to 2.2% and the unemployment rate would decline from 4.1% in 2019 to 4.0% in 2020. Industries at the forefront of private sector job growth were expected to be education, healthcare, leisure & hospitality, and construction. Due to COVID-19, California's economy is following a similar pattern to that of the U.S., with the unemployment rate increasing from 3.9% in February 2020 to 14.9% in June 2020. As expected, due to business closures and restricted travel, half of all jobs lost in California have been in leisure & hospitality and retail trade sectors. Correspondingly, personal income growth is now being driven by transfer receipts, which includes unemployment payments and welfare assistance.

Locally, Los Angeles County was projected to experience further improvements to its unemployment rate, dropping from 4.5% in 2019 to 4.3% in 2020, with a likely shift occurring in the private sector from manufacturing employment to professional and businesses services. With this, total personal income across the County was expected to experience an estimated growth of 1.8% in 2020. Due to COVID-19, there has been a decline in business and consumer spending. The unemployment rate in June 2020 peaked at 19.4%, up by 15.0% when compared to the same time last year. Los Angeles County businesses took advantage of the Federal Payroll Protection Program, reportedly allowing the retention of 1,800 LA County jobs, but more federal aid is needed to combat the severity of the crisis.

The emergence of the COVID-19 pandemic and the associated "Safer at Home" measures substantially impacted the forecast of the City's financial standing, as well as created a state of uncertainty for many businesses. In response to the COVID-19 pandemic, reductions were built into various revenue categories resulting in a projected negative impact of approximately \$11,400 in revenues to the General Fund in FY 2020-21. The Sales Tax category has been impacted the most with an anticipated loss of approximately \$5,600 in FY 2020-21 and a slow recovery lasting 24 to 36 months. Furthermore, with much of the population staying home, fewer people are traveling and thereby not using hotel services. Consequently, Transient Occupancy Tax (TOT) revenues, which are generally received by hotels at the time of booking and remitted to the City on a monthly basis, have seen immediate declines resulting in estimated losses of approximately \$995 for FY 2020-21. Other major revenue categories with an anticipated negative impact for FY 2020-21 include Licenses and Permits and Charges for Services mainly due to the closures of certain facilities, the suspension of various City recreational programs, and activities put on hold due to "Safer at Home" measures.

It seems as though our world has come to a halt with the COVID-19 pandemic taking hold of the way we communicate, work, and simply enjoy our lives. But there is one thing COVID-19 cannot take away, and that is our ability to provide critical services for our residents and businesses. In spite of the challenges that the City continues to face including the COVID-19 financial impacts, increased pension costs, and aging infrastructure, the City is confident that our team will embrace these challenges and move our community forward with a focus on our purpose and goals.

The City's FY 2020-21 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 2020-21 is \$906,783 and includes all City funds, departments and programs.

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The General Fund's total budget, including sales tax from the Glendale Quality of Life and Essential Services Protection Measure (Measure S), is \$250,500, from which the City pays for services commonly associated with local government, such as police and fire services, libraries, parks, public works, and economic development. The FY 2020-21 adopted General Fund budget, not inclusive of Measure S funding, reflects an increase of \$1,800 when compared to FY 2019-20.

From the net increase of \$7,200, \$5,300 is an increase in Council approved appropriations for various Measure S programs. The remaining \$1,800 General Fund increase is mainly in the salaries & benefits and maintenance & operations categories. The net increase in the Salaries and Benefits category is approximately \$144. The increases of \$4,100 in PERS costs (net of employee cost-share), as well as cost of living adjustments for Police and Fire personnel, and normal step progression and reallocation of employees, are offset by \$5,000 in estimated vacancy savings due to the implementation of a hiring freeze in response to the COVID-19 pandemic.

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's subsequent decrease in their estimated rate of returns on their investments. Due to the recent adoption of more conservative actuarial and investment policies by the CalPERS Board, the City has been advised by its actuary to continue expecting increases in 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. Furthermore, the financial markets were negatively impacted due to the emergence of COVID-19 in the United States and throughout the world. As such, the CalPERS investment portfolio was affected by the downturn in the financial markets. By June 30, 2020, CalPERS reported a year to date investment return of 4.7%. While pension rates for the City of Glendale were already determined for the upcoming fiscal year, such an investment return for CalPERS, being below their expected rate of return of 7%, will impact rates beginning in FY 2022-23. There is a 5-year ramp up before the City will incur the full impact of the current year return.

To mitigate rising PERS costs, the City Council took a proactive step by voting to establish a Section 115 Pension Rate Stabilization Trust at the time of the FY 2017-18 budget adoption. Since the establishment of the Trust, the City Council authorized the initial deposit of \$26,500 in FY 2017-18 and an additional deposit of \$5,500 in FY 2019-20, for a total deposit of \$32,000 of one-time surplus revenues. This decision demonstrates the City Council's commitment to keep rising PERS costs at a containable level. 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 2020-21, the adopted budget for the Special Revenue Funds reflects an increase of \$5,100 when compared to the FY 2019-20 adopted budget. The most notable components of this increase include \$1,500 in the Housing Assistance Fund due to an increase in anticipated revenue to be received, \$2,900 increase in the Measure R Regional Fund due to an increase in project appropriation, \$2,600 increase in the Transit Prop C Local Return Fund due to an increase in Subsidy Prop C Local Return, and an increase of \$2,600 in the Transit Utility Fund due to an increase in contractual services. The increases are offset by a \$2,300 decrease in the Continuum of Care Grant Fund due to \$2,400 being appropriated in February 2020, with the remaining budget to be carried over to FY 2020-21. Furthermore, there is a decrease of \$1,900 in the Measure M Local Return Fund due to a reduction in project appropriation relative to last year.

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As for the City's Capital Improvement Program Funds, there is a decrease of \$14,900 when compared to the FY 2019-20 adopted budget. The decrease is primarily due to a reduction of \$16,500 for the Measure S program appropriations in the Capital Improvement Fund. Of the \$7,000 that is appropriated for the Measure S programs, \$6,000 is for affordable housing development and \$1,000 is for land acquisition for recreational purposes. The Measure A Capital Improvement Fund, with a budget of \$921, was newly established to account for projects related to the repair and upgrade of parks and recreational facilities, the creation of new parks, the preservation and protection of open spaces and beaches, as well as support of recreational programming.

**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, 2020  
(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Pooled cash and investments	\$ 475,460	\$ 249,372	\$ 724,832
Cash and investments with fiscal agent	-	9,119	9,119
Interest receivable	1,593	1,972	3,565
Accounts receivable, net	37,856	44,020	81,876
Internal balances	2,903	(2,903)	-
Inventories	485	10,018	10,503
Prepaid items	5,211	11,460	16,671
<b>Total current assets</b>	<b>523,508</b>	<b>323,058</b>	<b>846,566</b>
Noncurrent assets:			
Capital assets, not being depreciated	495,290	41,801	537,091
Capital assets, net	500,483	561,873	1,062,356
Designated cash and investments	-	135,400	135,400
Restricted cash and investments	77,729	14,375	92,104
Loans receivable	17,018	-	17,018
<b>Total noncurrent assets</b>	<b>1,090,520</b>	<b>753,449</b>	<b>1,843,969</b>
<b>Total assets</b>	<b>1,614,028</b>	<b>1,076,507</b>	<b>2,690,535</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	67,857	13,128	80,985
Loss on refunding	-	4,099	4,099
Deferred outflows of resources related to OPEB	908	-	908
<b>Total deferred outflows of resources</b>	<b>68,765</b>	<b>17,227</b>	<b>85,992</b>
<b>Total assets and deferred outflows of resources</b>	<b>1,682,793</b>	<b>1,093,734</b>	<b>2,776,527</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	16,280	14,251	30,531
Accrued wages and withholding	14,110	4,114	18,224
Interest payable	101	4,082	4,183
Claims payable	16,299	-	16,299
Compensated absences	3,279	-	3,279
Bonds payable	2,319	8,718	11,037
Other debt	232	-	232
Unearned revenues	3,266	-	3,266
Deposits	7,100	3,228	10,328
<b>Total current liabilities</b>	<b>\$ 62,986</b>	<b>\$ 34,393</b>	<b>\$ 97,379</b>

(Continued)



Exhibit A-1  
CITY OF GLENDALE  
Statement of Net Position  
June 30, 2020  
(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Noncurrent liabilities:</b>			
Claims payable	\$ 50,938	\$ -	\$ 50,938
OPEB liability	15,135	-	15,135
Compensated absences	28,720	-	28,720
Landfill postclosure	52,897	-	52,897
Net pension liability	489,369	108,830	598,199
Bonds payable	25,618	220,148	245,766
Other debt	242	-	242
Total noncurrent liabilities	662,919	328,978	991,897
Total liabilities	725,905	363,371	1,089,276
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	12,863	2,457	15,320
Deferred inflows of resources related to OPEB	2,376	-	2,376
Total deferred inflows of resources	15,239	2,457	17,696
Total liabilities and deferred inflows of resources	741,144	365,828	1,106,972
<b>NET POSITION</b>			
Net investment in capital assets	967,835	387,699	1,355,534
Restricted for:			
Air quality improvement	654	-	654
Cable access	3,460	-	3,460
Capital projects	50,856	-	50,856
Carbon emissions	-	7,912	7,912
City Charter - Article XI Sec. 15 general reserve	32,584	-	32,584
Electric public benefit AB1890	7,159	-	7,159
Federal and state grants	8,562	-	8,562
Impact fee funded projects	29,647	-	29,647
Investment-gas/electric commodity	-	794	794
Landscaping district	270	-	270
Low and moderate housing	20,467	-	20,467
Pension stabilization	35,145	-	35,145
Public safety	3,665	-	3,665
SCAQMD emission controls	-	5,669	5,669
State gas tax mandates	11,373	-	11,373
Transportation	37,479	-	37,479
Urban art	8,393	-	8,393
Unrestricted	(275,900)	325,832	49,932
Total net position	\$ 941,649	\$ 727,906	\$ 1,669,555

Exhibit A-2  
CITY OF GLENDALE  
Statement of Activities  
For the Year Ended June 30, 2020  
(amounts expressed in thousands)

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>							
General government	\$ 26,490	\$ 21,202	\$ 83	\$ -	\$ (5,205)	\$ -	\$ (5,205)
Police	104,378	2,130	1,294	-	(100,954)	-	(100,954)
Fire	71,342	11,032	819	315	(59,176)	-	(59,176)
Public works	50,772	19,851	9,656	18,469	(2,796)	-	(2,796)
Transportation	8,539	-	19,738	840	12,039	-	12,039
Housing, health and community development	62,815	9,198	42,604	679	(10,334)	-	(10,334)
Employment programs	8,129	2,435	5,231	-	(463)	-	(463)
Public service	6,175	7,117	-	-	942	-	942
Parks, recreation and community services	23,037	4,598	251	1,019	(17,169)	-	(17,169)
Library	13,955	563	117	-	(13,275)	-	(13,275)
Interest and fiscal charges	783	-	-	-	(783)	-	(783)
Total governmental activities	<u>376,415</u>	<u>78,126</u>	<u>79,793</u>	<u>21,322</u>	<u>(197,174)</u>	<u>-</u>	<u>(197,174)</u>
<b>Business-type activities:</b>							
Electric Fund	211,615	212,009	-	-	-	394	394
Fiber Optic Fund	62	229	-	-	-	167	167
Fire Communication Fund	5,183	4,354	-	-	-	(829)	(829)
Refuse Disposal Fund	24,526	23,415	196	-	-	(915)	(915)
Sewer Fund	20,297	25,088	-	-	-	4,791	4,791
Water Fund	52,596	47,964	-	62	-	(4,570)	(4,570)
Total business-type activities	<u>314,279</u>	<u>313,059</u>	<u>196</u>	<u>62</u>	<u>-</u>	<u>(962)</u>	<u>(962)</u>
Total primary government	<u>\$ 690,694</u>	<u>\$ 391,185</u>	<u>\$ 79,989</u>	<u>\$ 21,384</u>	<u>(197,174)</u>	<u>(962)</u>	<u>(198,136)</u>
<b>General revenues:</b>							
Investment income					4,080	17,008	21,088
Property taxes					65,169	-	65,169
Sales taxes					66,054	-	66,054
Utility users tax					26,455	-	26,455
Other taxes					14,172	-	14,172
Other					2,227	15,101	17,328
Transfers					19,503	(19,503)	-
Total general revenues and transfers					<u>197,660</u>	<u>12,606</u>	<u>210,266</u>
Change in net position					<u>486</u>	<u>11,644</u>	<u>12,130</u>
Net position - beginning, as restated					<u>941,163</u>	<u>716,262</u>	<u>1,657,425</u>
Net position - ending					<u>\$ 941,649</u>	<u>\$ 727,906</u>	<u>\$ 1,669,555</u>

Exhibit B-1  
 CITY OF GLENDALE  
 Balance Sheet  
 Governmental Funds  
 June 30, 2020  
 (amounts expressed in thousands)

	General Fund	Housing Assistance Fund	Capital Improvement Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Pooled cash and investments	\$ 87,618	\$ 4,756	\$ 33,889	\$ 205,060	\$ 331,323
Restricted cash and investments	35,145	-	-	42,584	77,729
Interest receivable	544	-	-	335	879
Accounts receivable, net	17,252	114	1,700	17,338	36,404
Due from other funds	8,573	-	-	-	8,573
Inventories	287	-	-	-	287
Prepaid items	146	2,853	-	48	3,047
Loans receivable	8,018	-	-	2,004	10,022
Total assets	<u>157,583</u>	<u>7,723</u>	<u>35,589</u>	<u>267,369</u>	<u>468,264</u>
<b>LIABILITIES</b>					
Accounts payable	4,872	51	652	7,191	12,766
Wages and benefits payable	13,168	145	35	1,035	14,383
Due to other funds	-	-	-	8,573	8,573
Unearned revenues	-	333	-	2,933	3,266
Deposits	7,019	-	-	81	7,100
Total liabilities	<u>25,059</u>	<u>529</u>	<u>687</u>	<u>19,813</u>	<u>46,088</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	<u>31</u>	<u>114</u>	<u>-</u>	<u>9,987</u>	<u>10,132</u>
Total liabilities and deferred inflows of resources	<u>\$ 25,090</u>	<u>\$ 643</u>	<u>\$ 687</u>	<u>\$ 29,800</u>	<u>\$ 56,220</u>

(Continued)

Exhibit B-1  
CITY OF GLENDALE  
Balance Sheet  
Governmental Funds  
June 30, 2020  
(amounts expressed in thousands)

	General Fund	Housing Assistance Fund	Capital Improvement Fund	Total Nonmajor Funds	Total Governmental Funds
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable					
Inventory	\$ 287	\$ -	\$ -	\$ -	\$ 287
Loans receivable	8,018	-	-	-	8,018
Prepaid	146	2,853	-	48	3,047
Restricted					
Air quality improvement	-	-	-	654	654
Cable access	-	-	-	3,460	3,460
Capital projects	-	-	-	50,856	50,856
City Charter - Article XI					
Sec. 15 general reserve	32,584	-	-	-	32,584
Electric public benefit AB1890	-	-	-	7,159	7,159
Federal and state grants	-	4,227	-	4,335	8,562
Impact fee funded projects	-	-	-	29,647	29,647
Landfill postclosure	-	-	-	42,584	42,584
Landscaping district	-	-	-	270	270
Low and moderate housing	-	-	-	13,471	13,471
Pension stabilization	35,145	-	-	-	35,145
Public safety	-	-	-	3,665	3,665
State gas tax mandates	-	-	-	11,373	11,373
Transportation	-	-	-	37,479	37,479
Urban art	-	-	-	8,393	8,393
Committed					
Capital projects	-	-	34,902	2,020	36,922
Debt service	-	-	-	14,148	14,148
Hazardous materials	-	-	-	3,599	3,599
Parking	-	-	-	12,229	12,229
Public safety	-	-	-	768	768
Assigned					
Economic development	1,804	-	-	-	1,804
Quality of life - affordable housing, infrastructure improvements, and other essential services	5,184	-	-	-	5,184
Unassigned	49,325	-	-	(8,589 )	40,736
Total fund balances (deficits)	<u>132,493</u>	<u>7,080</u>	<u>34,902</u>	<u>237,569</u>	<u>412,044</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)					
	<u>\$ 157,583</u>	<u>\$ 7,723</u>	<u>\$ 35,589</u>	<u>\$ 267,369</u>	<u>\$ 468,264</u>

Exhibit B-2  
CITY OF GLENDALE  
Reconciliation of Balance Sheet  
to the Statement of Net Position  
June 30, 2020  
(amounts expressed in thousands)

Fund balances of governmental funds		\$	412,044
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	\$	447,259	
Buildings and improvements		232,594	
Equipment		14,203	
Infrastructure		218,398	
Intangible		70	
Construction in progress		<u>45,497</u>	
			958,021
Long-term debt not included in the governmental funds (due within one year):			
2011 HUD Section 108 loan		(232)	
2019 GMFA lease revenue refunding bonds		<u>(2,319)</u>	
			(2,551)
Long-term debt not included in the governmental funds (due in more than one year):			
2011 HUD Section 108 loan		(242)	
2019 GMFA lease revenue refunding bonds		<u>(25,618)</u>	
			(25,860)
Accrued interest payable for the current portion of interest due is not included in the governmental funds:			
2011 HUD Section 108 loan		(5)	
2019 GMFA lease revenue refunding bonds		<u>(96)</u>	
			(101)
Landfill postclosure liability not included in the governmental funds			(52,897)
Unavailable revenue in the governmental funds is revenue in the statement of activities			10,132
Loans receivable housing long term - non-forgiven portion			6,996
Deferred outflows of resources related to pensions			67,857
Deferred inflows of resources related to pensions			(12,863)
Net pension liability			(489,369)
Deferred outflows of resources related to OPEB			908
Deferred inflows of resources related to OPEB			(2,376)
OPEB Liability			(15,135)
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			
			<u>86,843</u>
Net position of governmental activities		\$	<u>941,649</u>

Exhibit C-1  
 CITY OF GLENDALE  
 Statement of Revenues, Expenditures and Changes  
 in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2020  
 (amounts expressed in thousands)

	General Fund	Housing Assistance Fund	Capital Improvement Fund	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 65,169	\$ -	\$ -	\$ -	\$ 65,169
Sales tax	44,771	-	21,283	-	66,054
Utility users tax	26,455	-	-	-	26,455
Other taxes	14,172	-	-	-	14,172
Revenue from other agencies	429	37,412	975	49,038	87,854
Licenses and permits	8,808	-	-	1,389	10,197
Fines and forfeitures	3,215	-	-	1,752	4,967
Charges for services	17,572	-	4,630	25,595	47,797
Use of money and property	4,834	40	-	4,995	9,869
Interfund revenue	19,310	-	-	-	19,310
Miscellaneous revenue	1,758	22	150	819	2,749
Total revenues	206,493	37,474	27,038	83,588	354,593
<b>EXPENDITURES</b>					
Current:					
General government	21,800	-	-	83	21,883
Police	87,920	-	-	1,323	89,243
Fire	59,419	-	21	2,490	61,930
Public works	14,629	-	692	11,813	27,134
Transportation	-	-	-	15,849	15,849
Housing, health and community development	16,068	36,607	418	5,142	58,235
Employment programs	-	-	-	6,988	6,988
Public service	-	-	-	5,860	5,860
Parks, recreation and community services	16,132	-	230	1,474	17,836
Library	10,582	-	3	333	10,918
Debt service:					
Principal retirement	-	-	-	2,052	2,052
Interest	-	-	-	1,173	1,173
Capital outlay	376	-	15,088	35,752	51,216
Total expenditures	226,926	36,607	16,452	90,332	370,317
Excess (deficiency) of revenues over (under) expenditures	(20,433)	867	10,586	(6,744)	(15,724)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	20,503	-	980	6,275	27,758
Transfers out	(3,695)	-	(4,560)	-	(8,255)
Total other financing sources (uses)	16,808	-	(3,580)	6,275	19,503
Net change in fund balances	(3,625)	867	7,006	(469)	3,779
Fund balances - beginning, as restated	136,118	6,213	27,896	238,038	408,265
Fund balances - ending	\$ 132,493	\$ 7,080	\$ 34,902	\$ 237,569	\$ 412,044

Exhibit C-2  
CITY OF GLENDALE  
Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2020  
(amounts expressed in thousands)

Net change in fund balances - total governmental funds	\$	3,779
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures		53,949
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation and amortization expenses		(22,098)
Capital contribution are recognized as revenues in the statement of activities		273
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
2011 HUD Section 108	\$	222
2019 GMFA lease revenue refunding bonds		<u>1,830</u>
		2,052
Accrued interests:		
2011 HUD Section 108 loan		2
2019 GMFA lease revenue refunding bonds		<u>(96)</u>
		(94)
2019 GMFA lease revenue refunding bonds premium		485
Landfill postclosure liability changed from prior year		(1,323)
Unavailable revenue in the governmental funds are recognized as revenues in the statement of activities		2,633
Loans receivable housing long term changed from prior year		(106)
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		(37,000)
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		84
Change in net position of internal service funds allocated to governmental activities		<u>(2,148)</u>
Change in net position of governmental activities	\$	<u><u>486</u></u>

Exhibit D-1  
CITY OF GLENDALE  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
General Fund  
For the Year Ended June 30, 2020  
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 64,043	\$ 64,043	\$ 65,169	\$ 1,126
Sales tax	51,903	47,334	44,771	(2,563)
Utility users tax	28,162	25,129	26,455	1,326
Other taxes	16,690	15,590	14,172	(1,418)
Revenue from other agencies	204	863	429	(434)
Licenses and permits	10,685	8,821	8,808	(13)
Fines and forfeitures	3,180	3,180	3,215	35
Charges for services	16,470	15,203	17,572	2,369
Use of money and property	6,022	6,022	4,834	(1,188)
Interfund revenue	19,310	19,310	19,310	-
Miscellaneous revenue	4,426	4,704	1,758	(2,946)
Total revenues	<u>221,095</u>	<u>210,199</u>	<u>206,493</u>	<u>(3,706)</u>
<b>EXPENDITURES</b>				
Current:				
City Clerk	1,120	2,202	1,396	806
City Manager	5,949	5,949	5,265	684
City Treasurer	851	851	850	1
Finance	6,177	6,177	5,696	481
Innovation, Performance and Audit	1,370	1,370	1,306	64
Legal	4,389	4,454	4,289	165
Personnel	3,069	3,069	2,998	71
Police	89,023	89,917	87,920	1,997
Fire	62,154	62,234	59,419	2,815
Public Works	15,104	15,832	14,629	1,203
Community Development	21,966	22,554	16,068	6,486
Community Services and Parks	17,900	18,057	16,132	1,925
Library, Arts and Culture	11,005	11,005	10,582	423
Total current	<u>240,077</u>	<u>243,671</u>	<u>226,550</u>	<u>17,121</u>
Capital outlay:				
Police	-	741	376	365
Total expenditures	<u>240,077</u>	<u>244,412</u>	<u>226,926</u>	<u>17,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,982)</u>	<u>(34,213)</u>	<u>(20,433)</u>	<u>13,780</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	21,427	20,070	20,503	433
Transfers out	(3,239)	(4,521)	(3,695)	826
Total other financing sources (uses)	<u>\$ 18,188</u>	<u>\$ 15,549</u>	<u>\$ 16,808</u>	<u>\$ 1,259</u>



Exhibit D-2  
 CITY OF GLENDALE  
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 Housing Assistance Fund  
 For the Year Ended June 30, 2020  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Revenue from other agencies	\$ 39,229	\$ 39,562	\$ 37,412	\$ (2,150)
Use of money and property	10	10	40	30
Miscellaneous revenue	13	13	22	9
Total revenues	<u>39,252</u>	<u>39,585</u>	<u>37,474</u>	<u>(2,111)</u>
<b>EXPENDITURES</b>				
Current:				
Housing, health and community development	39,378	39,890	36,607	3,283
Total expenditures	<u>\$ 39,378</u>	<u>\$ 39,890</u>	<u>\$ 36,607</u>	<u>\$ 3,283</u>

Exhibit E-1  
CITY OF GLENDALE  
Statement of Net Position  
Proprietary Funds  
June 30, 2020  
(amounts expressed in thousands)

	Business-type Activities					
	Sewer Fund	Electric Fund	Water Fund	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>						
Current assets:						
Pooled cash and investments	\$ 35,134	\$ 149,612	\$ 21,704	\$ 42,922	\$ 249,372	\$ 144,138
Cash with fiscal agent	-	2,409	4,312	-	6,721	-
Investment with fiscal agent	-	2,398	-	-	2,398	-
Interest receivable	166	1,440	153	213	1,972	714
Accounts receivable, net	3,845	28,231	8,384	3,560	44,020	3,703
Inventories	-	10,018	-	-	10,018	198
Prepaid items	-	11,460	-	-	11,460	2,164
Total current assets	<u>39,145</u>	<u>205,568</u>	<u>34,553</u>	<u>46,695</u>	<u>325,961</u>	<u>150,917</u>
Noncurrent assets:						
Designated cash and investments	-	124,100	11,300	-	135,400	-
Restricted cash and investments	-	14,375	-	-	14,375	-
Capital assets, not being depreciated	2,415	22,229	13,612	3,545	41,801	2,534
Capital assets, net	180,205	205,339	166,135	10,194	561,873	35,218
Total noncurrent assets	<u>182,620</u>	<u>366,043</u>	<u>191,047</u>	<u>13,739</u>	<u>753,449</u>	<u>37,752</u>
Total assets	<u>221,765</u>	<u>571,611</u>	<u>225,600</u>	<u>60,434</u>	<u>1,079,410</u>	<u>188,669</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows of resources related to pensions	768	7,736	2,425	2,199	13,128	-
Loss on refunding	-	4,099	-	-	4,099	-
Total deferred outflows of resources	<u>768</u>	<u>11,835</u>	<u>2,425</u>	<u>2,199</u>	<u>17,227</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 222,533</u>	<u>\$ 583,446</u>	<u>\$ 228,025</u>	<u>\$ 62,633</u>	<u>\$ 1,096,637</u>	<u>\$ 188,669</u>

(Continued)

Exhibit E-1  
CITY OF GLENDALE  
Statement of Net Position  
Proprietary Funds  
June 30, 2020  
(amounts expressed in thousands)

	Business-type Activities					
	Sewer Fund	Electric Fund	Water Fund	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 511	\$ 7,627	\$ 4,576	\$ 1,537	\$ 14,251	\$ 3,514
Wages and benefits payable	254	2,376	691	793	4,114	1,980
Interest payable	-	2,800	1,282	-	4,082	-
Claims payable	-	-	-	-	-	16,299
Compensated absences	-	-	-	-	-	3,279
Bonds payable	-	6,592	2,126	-	8,718	-
Deposits	350	2,023	598	257	3,228	-
Total current liabilities	<u>1,115</u>	<u>21,418</u>	<u>9,273</u>	<u>2,587</u>	<u>34,393</u>	<u>25,072</u>
Noncurrent liabilities:						
Claims payable	-	-	-	-	-	50,938
Compensated absences	-	-	-	-	-	28,720
Bonds payable	-	147,496	72,652	-	220,148	-
Net pension liability	5,885	64,601	19,525	18,819	108,830	-
Total noncurrent liabilities	<u>5,885</u>	<u>212,097</u>	<u>92,177</u>	<u>18,819</u>	<u>328,978</u>	<u>79,658</u>
Total liabilities	<u>7,000</u>	<u>233,515</u>	<u>101,450</u>	<u>21,406</u>	<u>363,371</u>	<u>104,730</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources related to pensions	134	1,243	468	612	2,457	-
Total liabilities and deferred inflows of resources	<u>7,134</u>	<u>234,758</u>	<u>101,918</u>	<u>22,018</u>	<u>365,828</u>	<u>104,730</u>
<b>NET POSITION</b>						
Net investment in capital assets	182,585	82,386	108,989	13,739	387,699	37,752
Restricted for:						
Carbon emissions	-	7,912	-	-	7,912	-
Investment-gas/electric commodity	-	794	-	-	794	-
SCAQMD emission controls	-	5,669	-	-	5,669	-
Unrestricted	32,814	251,927	17,118	26,876	328,735	46,187
Total net position	<u>\$ 215,399</u>	<u>\$ 348,688</u>	<u>\$ 126,107</u>	<u>\$ 40,615</u>	<u>730,809</u>	<u>\$ 83,939</u>

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.

	<u>(2,903)</u>
Total net position of business-type activities	<u>\$ 727,906</u>

Exhibit E-2  
CITY OF GLENDALE  
Statement of Revenues, Expenses, and  
Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2020  
(amounts expressed in thousands)

	Business-type Activities					
	Sewer Fund	Electric Fund	Water Fund	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>						
Charges for services	\$ 25,088	\$ 212,009	\$ 47,964	\$ 27,998	\$ 313,059	\$ 95,814
Miscellaneous revenue	20	12,984	1,900	52	14,956	98
Total operating revenues	<u>25,108</u>	<u>224,993</u>	<u>49,864</u>	<u>28,050</u>	<u>328,015</u>	<u>95,912</u>
<b>OPERATING EXPENSES</b>						
Maintenance and operation	13,599	178,946	42,194	28,126	262,865	47,513
Claims and settlement	-	-	-	-	-	53,665
Depreciation	3,667	23,846	6,904	1,374	35,791	5,015
Gas depletion	-	939	-	-	939	-
Amortization	2,868	70	16	-	2,954	631
Total operating expenses	<u>20,134</u>	<u>203,801</u>	<u>49,114</u>	<u>29,500</u>	<u>302,549</u>	<u>106,824</u>
Operating income (loss)	<u>4,974</u>	<u>21,192</u>	<u>750</u>	<u>(1,450)</u>	<u>25,466</u>	<u>(10,912)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Use of money and property	1,424	12,514	1,373	1,843	17,154	6,072
Intergovernmental grants	-	-	-	196	196	30
Capital grants	-	-	62	-	62	-
Interest expense	-	(6,022)	(3,047)	-	(9,069)	-
Total nonoperating revenues (expenses)	<u>1,424</u>	<u>6,492</u>	<u>(1,612)</u>	<u>2,039</u>	<u>8,343</u>	<u>6,102</u>
Income (loss) before transfers	6,398	27,684	(862)	589	33,809	(4,810)
Transfers in	-	1,000	-	-	1,000	-
Transfers out	-	(19,353)	-	(1,150)	(20,503)	-
Change in net position	6,398	9,331	(862)	(561)	14,306	(4,810)
Total net position - beginning, as restated	209,001	339,357	126,969	41,176		88,749
Total net position - ending	<u>\$ 215,399</u>	<u>\$ 348,688</u>	<u>\$ 126,107</u>	<u>\$ 40,615</u>		<u>\$ 83,939</u>

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.

	(2,662)
Changes in net position of business-type activities	<u>\$ 11,644</u>

Exhibit E-3  
CITY OF GLENDALE  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2020  
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					Internal Service Funds
	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprises Funds	Total Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash receipts from customers	\$ 24,312	\$ 219,565	\$ 48,367	\$ 26,917	\$ 319,161	\$ 98,871
Payments to employees	(3,702)	(36,466)	(10,851)	(12,095)	(63,114)	(23,125)
Payments to suppliers	(10,842)	(138,980)	(29,746)	(15,904)	(195,472)	(68,949)
Net cash provided (used) by operating activities	9,768	44,119	7,770	(1,082)	60,575	6,797
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Amounts paid to other funds	-	-	-	-	-	(196)
Transfers in (out), net	-	(18,353)	-	(1,150)	(19,503)	-
Operating grants received	-	-	-	196	196	30
Loan receivable	-	-	-	26	26	-
Net cash provided (used) by noncapital financing activities	-	(18,353)	-	(928)	(19,281)	(166)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of property, plant, equipment and gas reserves	(5,913)	(7,668)	(6,195)	(4,324)	(24,100)	(7,173)
Capital grants received	-	-	62	-	62	-
Interest paid on long-term debt	-	(7,022)	(3,174)	-	(10,196)	-
Principal payments	-	(5,205)	(1,945)	-	(7,150)	-
Proceeds from sales of capital assets	8	37	9	93	147	271
Net cash provided (used) by capital and related financing activities	(5,905)	(19,858)	(11,243)	(4,231)	(41,237)	(6,902)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	1,405	12,376	1,374	1,766	16,921	6,014
Net cash provided (used) by investing activities	1,405	12,376	1,374	1,766	16,921	6,014
Net increase (decrease) in cash and cash equivalents	5,268	18,284	(2,099)	(4,475)	16,978	5,743
Balances - beginning of year *	29,866	272,212	39,415	47,397	388,890	138,395
Balances - end of the year	\$ 35,134	\$ 290,496	\$ 37,316	\$ 42,922	\$ 405,868	\$144,138

\* Beginning cash balance of the Electric Fund was restated due to reclassification of Investment-gas/electric commodity to Restricted cash and investments.

(Continued)

Exhibit E-3  
CITY OF GLENDALE  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2020  
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					Internal Service Funds
	Sewer Fund	Electric Fund	Water Fund	Nonmajor Enterprises Funds	Total Enterprise Funds	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating Income	\$ 4,974	\$ 21,192	\$ 750	\$ (1,450)	\$ 25,466	\$ (10,912)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	3,667	23,846	6,904	1,374	35,791	5,015
Amortization	2,868	70	16	-	2,954	631
Depletion	-	939	-	-	939	-
(Increase) Decrease Accounts receivable, net	(522)	(5,044)	(937)	(909)	(7,412)	2,956
(Increase) Decrease Inventories	-	(1,647)	-	-	(1,647)	(8)
(Increase) Decrease Prepaid expenses	-	3,900	-	89	3,989	70
(Increase) Decrease Deferred outflows from pension	282	3,210	1,037	796	5,325	-
Increase (Decrease) Accrued wages payable	40	225	50	106	421	186
Increase (Decrease) Compensated absences	-	-	-	-	-	1,793
Increase (Decrease) Accounts payable	(1,561)	(5,149)	(729)	(1,962)	(9,401)	(2,138)
Increase (Decrease) Deposits	(273)	(384)	(559)	(224)	(1,440)	-
Increase (Decrease) Claims payable	-	-	-	-	-	8,888
Increase (Decrease) Net pension liability	316	3,322	1,319	1,035	5,992	-
Increase (Decrease) Deferred inflows from pension	(23)	(361)	(81)	63	(402)	-
(Increase) Decrease Capital assets adjustment	-	-	-	-	-	316
Net cash provided (used) by operating activities	<u>9,768</u>	<u>44,119</u>	<u>7,770</u>	<u>(1,082)</u>	<u>60,575</u>	<u>6,797</u>
<b>Reconciliation of Statement of Cash Flows to Statement of Net Position:</b>						
Pooled cash and investments	35,134	149,612	21,704	42,922	249,372	144,138
Cash with fiscal agent	-	2,409	4,312	-	6,721	-
Designated cash and investments	-	124,100	11,300	-	135,400	-
Restricted cash and investments	-	14,375	-	-	14,375	-
Cash and cash equivalents at June 30	<u>\$ 35,134</u>	<u>\$ 290,496</u>	<u>\$ 37,316</u>	<u>\$ 42,922</u>	<u>\$ 405,868</u>	<u>\$144,138</u>

Exhibit F-1  
 CITY OF GLENDALE  
 Statement of Fiduciary Net Position  
 June 30, 2020  
 (amounts expressed in thousands)

	<u>Glendale Successor Agency Private-Purpose Trust Fund</u>	
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$	65,696
Cash and investments with fiscal agent		5,080
Restricted cash and investments		29
Loans receivable		791
Total current assets		<u>71,596</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on refunding		1,149
Total assets and deferred outflows of resources		<u>72,745</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities		22
Interest payable		323
Bonds payable		11,123
Loans payable to the City		8,210
Total current liabilities		<u>19,678</u>
Noncurrent liabilities:		
Bonds payable		52,975
Loans payable to the City		1,812
Total noncurrent liabilities		<u>54,787</u>
Total liabilities		<u>74,465</u>
Net position (deficit) held in trust	\$	<u>(1,720)</u>

Exhibit F-2  
 CITY OF GLENDALE  
 Statement of Changes in Fiduciary Net Position  
 For the Year Ended June 30, 2020  
 (amounts expressed in thousands)

	<u>Glendale Successor Agency Private-Purpose Trust Fund</u>	
<b>ADDITIONS</b>		
Property Tax	\$	19,474
Interest income		1,396
Total additions		<u>20,870</u>
 <b>DEDUCTIONS</b>		
Operating expenses		1,053
Interest and amortization expense on bonds		3,674
Total deductions		<u>4,727</u>
Change in net position		16,143
Net Position - beginning of the year, as restated		(17,863)
Net Position - end of the year	\$	<u>(1,720)</u>



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