Notes to the Basic Financial Statements

CITY OF GLENDALE

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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 Glendale Municipal Financing Authority (the Municipal Financing Authority). The City Council serves as the Board of the Housing Authority and the Municipal Financing Authority. Management of the City has operational responsibility for the Housing Authority and the Municipal Financing Authority as these component units are essentially managed in the same manner as other City departments. Also, the Municipal Financing Authority provide 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 administers seven affordable housing program funds on behalf of the City, including (1) the Department of Housing and Urban Development (HUD) Housing Assistance Fund (often called "Section 8"), (2) the HUD HOME Grant Fund, (3) the HUD Continuum of Care Grant Fund, (4) the Affordable Housing Trust Fund that receives density bonus, inclusionary and other local affordable housing funds, (5) the state funded BEGIN Affordable Homeownership Fund, (6) the Low and Moderate Income Housing Asset Fund, and (7) 2011 TABs Housing Fund. 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 Municipal Financing Authority was established on April 9, 2019, by a joint powers authority between the City of Glendale and the Housing Authority. The stated purpose was to assist in refinancing the 2000 Variable Rate Demand Certificates of Participation under the Financing Authority. On June 25, 2019, the Municipal Financing Authority issued $24,925 fixed-rate bonds to refinance the 2000 Variable Rate Demand Certificates of Participation. The Municipal Financing Authority's financial data and transactions are included within the Police Building 2019 Lease Revenue Refunding Bonds Fund, and no separate financial report is issued for the Municipal Financing Authority.

The Financing Authority was established on December 7, 1999, by a joint powers authority between the City of Glendale and the former 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. On June 25, 2019, the certificates of participation were paid off. On July 24, 2020, the dissolution of the Financing Authority was approved by California Department of Finance. There were no financial transactions for the Financing Authority in FY 2019-20.

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 services.

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 69 funds, which are comprised of the General Fund, 1 fiduciary fund, 36 special revenue funds, 1 debt service fund, 9 capital project funds, 6 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, regulation or commitment, 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:

- 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, Fiber Optic and Fire Communication Funds. The Refuse Disposal Fund is used for the operations of the City-owned refuse collection and disposal services. The Fiber Optic Fund is used for the design and construction of the City-owned fiber-optic network backbone. 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. 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.

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 on January 1st and assessed as enforceable liens on real property as of July 1st. Taxes are levied on both secured and unsecured property as it exists on record as of January 1st. 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 upon receipt and become delinquent if unpaid on August 31st. Property tax revenues are recognized in the fiscal period for which they are levied and collected.

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

Pooled 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.

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, designated 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.

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 Glendale Municipal Financing Authority 2019 Lease Revenue Bonds, Electric Revenue Bonds and Water Revenue Bonds.

Restricted Cash and Investments

Governmental Activities have $77,729 in restricted cash and investments as of June 30, 2020. $35,145 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 $42,584 in the Landfill Postclosure capital project fund is for the post-closure maintenance cost of Scholl Canyon landfill.

Electric Fund has $14,375 in restricted cash and investments as of June 30, 2020. $5,669 is for the environmental compliance mandated by South Coast Air Quality Management District (SCAQMD) dedicated to the reduction of emission of nitrogen oxides for the utility boilers/gas turbines, and $7,912 is for the environmental compliance mandated by the California Air Resources Board (CARB) dedicated to the reduction of carbon emissions and provide educational programs for the improvement of public health in Glendale. $794 is for investment-gas/electric commodity which represents the City's implementation of a program to purchase and sell options, calls and puts, in natural gas futures contracts at strike prices and allow the City to stabilize the ultimate purchase price of natural gas for the City's power plant and manage its overall exposure to fluctuations in the purchase price of natural gas.

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, 2020, $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, 2020, $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 in the five-year rate plan effective on July 1, 2018. GWP management also reviews the funding level annually and determined that the reserve levels are sufficient for FY 2019-20.

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 as of June 30th of each year. In addition, it includes charges for utility and other services provided to customers prior to year-end but not billed as of June 30th because of the billing cycle timing. 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. Outstanding accounts over 60 days 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, 2020, the General Fund recorded $19,310 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 Fund, are stated at cost, using the weighted average cost method or disposal value. Inventory shown in the General Fund and the 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.

(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 $13,178 or 4.26%. Subsequently, capital drilling costs of $8,986 had been capitalized. As of June 30, 2020, the balance for Natural Gas Reserve Project, net of accumulated natural gas depletion was $9,185.

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 straight-line 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.

(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 8 for more information.

Compensated Absences

The total compensated absences liability for the City is $31,999 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, 2020, the liability is $17,269, and the City has $19,979 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 15 or 20 years of City service, based on the memoranda of understanding agreements between the City and the unions. 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 $.025 to $0.033 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, 2020, the actuarial accrued liability is $14,730, and the City has $19,185 available in cash dedicated to this liability in the Fund. The actuarial accrued liability of June 30, 2020 is estimated based on most recent actuarial valuation report as of June 30, 2019, and the actual benefit payments made in FY 2019-20, assuming no gains/losses and no changes in methods or assumption.

Changes in the City's compensated absences liability as of June 30, 2020 were as follows:

Balance at June 30, 2019	Benefits earned	Usage	Balance at June 30, 2020	Due within One Year
$ 30,429	4,564	2,994	31,999	3,279

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

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 9 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 reduced, and revenue is recognized.

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).

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 $264,089 of restricted net position, of which $53,051 is restricted by enabling legislation. The City Charter Article XI Section 15 requires $32,584 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, $20,467 is restricted for low and moderate housing.

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 straight line 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 and OPEB expense arising from the recognition of change in assumptions and differences between expected and actual expense 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, 2020 is $85,992, which consists of $4,099 loss on refunding, $80,985 related to pensions, and $908 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 differences between expected and actual experience, and difference between projected and actual earnings on pension plan investments, 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, 2020 is $17,696, which consists of $15,320 related to pensions, and $2,376 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 $31 in the General Fund, $114 in the Housing Assistance Fund, and $9,987 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.

(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.

- No funds over expended their appropriations as of June 30, 2020.

NOTE 3 – CASH AND INVESTMENTS

Governmental and business-type activities:

Cash and investments as of June 30, 2020 consist of the following:

Investments	$	838,727
Cash and investments with fiscal agents		9,119
		847,846
Cash held in financial institutions		113,609
Total	$	961,455

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

Pooled cash and investments	$	724,832
Restricted cash and investments		92,104
Cash and investments with fiscal agents		9,119
Designated cash and investments		135,400
Total	$	961,455

(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:

	Maximum Maturity	Maximum Investment Participation	Maximum Investment Exposure
U.S. Treasury Notes	5 years	100%	None
Federal Agencies Securities	5 years	100%	None
State of California and California Local Agencies	N/A	15%	5% per issuer
Obligation of Other States	N/A	10%	5% per issuer
Medium Term Notes	5 years	30%	5% per issuer
Commercial Paper (A1, P1, F1 min. rating)	270 days	25%	10% per issuer
Bankers' Acceptances (A1, P1, F1 min. rating)	180 days	30%	10% per bank
Time Deposits (FDIC Insured)	1 year	10%	5% per issuer
Negotiable Certificates of Deposit (A1, P1, F1 min. rating)	1 year	30%	5% per issuer
Local Agency Investment Fund (State Pool)	N/A	LAIF maximum ($65,000 per account) *	None
Money Market Mutual Funds	90 days	20%	10% per mutual fund
Los Angeles County Treasury Pool	N/A	10%	None

* Effective January 1, 2020, the State Treasurer's office increased the Local Agency Investment Fund's deposit limit for regular accounts to $75,000 from the current $65,000.

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.

(in thousands)

Governmental and business-type activities:

			Remaining Maturity (in Months)			
		Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Commercial Paper	$	14,926	14,926	-	-	-
Federal Agency Term Notes		108,516	28,253	30,683	49,580	-
Federal Agency Callable Bonds		20,041	5,045	-	14,996	-
Medium Term Notes		218,338	51,560	40,390	126,388	-
Obligations of Other States		65,248	11,531	25,304	28,413	-
State and Municipal Bonds		46,860	7,496	11,248	28,116	-
State Investment Pool		148,727	148,727	-	-	-
Los Angeles County Pool		31,132	31,132	-	-	-
U.S. Treasury Notes		71,806	27,162	20,425	24,219	-
Money Market Accounts		70,000	70,000	-	-	-
Held by Other Financial Institutions:						
Federal Agency Term Notes		4,188	4,188	-	-	-
U.S. Treasury Notes		2,000	2,000	-	-	-
Money Market Accounts		1,800	1,800	-	-	-
Section 115 Trust Fund:						
Money Market Accounts		1,503	1,503	-	-	-
Money Market Mutual Funds		33,642	33,642	-	-	-
Held by Fiscal Agents:						
Money Market Accounts		6,721	6,721	-	-	-
Guaranteed Investment Contracts		2,398	-	-	-	2,398
	$	847,846	445,686	128,050	271,712	2,398

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.

(in thousands)

Governmental and business-type activities:

		Moody's Rating as of June 30, 2020							
	Total	A1	A3	Aa1	Aa2	Aa3	Aaa	P1	Unrated
Commercial Paper	$ 14,926	-	-	-	-	-	-	14,926	-
Federal Agency Term Notes	108,516	-	-	-	-	-	108,516	-	-
Federal Agency Callable Bonds	20,041	-	-	-	-	-	20,041	-	-
Medium Term Notes	218,338	23,317	10,281	43,131	60,798	29,944	50,867	-	-
Obligations of Other States	65,248	-	-	19,200	8,250	-	17,352	-	20,446
State and Municipal Bonds	46,860	-	-	15,711	17,630	1,602	489	-	11,428
State Investment Pool	148,727	-	-	-	-	-	-	-	148,727
Los Angeles County Pool	31,132	-	-	-	-	-	-	-	31,132
U.S. Treasury Notes	71,806	-	-	-	-	-	71,806	-	-
Money Market Accounts	70,000	-	-	-	-	-	70,000	-	-
Held by Other Financial Institutions:									
Federal Agency Term Notes	4,188	-	-	-	-	-	4,188	-	-
U.S. Treasury Notes	2,000	-	-	-	-	-	2,000	-	-
Money Market Accounts	1,800	-	-	-	-	-	1,385	-	415
Section 115 Trust Fund:									
Money Market Accounts	1,503	-	-	-	-	-	-	1,503	-
Money Market Mutual Funds	33,642	-	-	-	-	-	-	33,642	-
Held by Fiscal Agents:									
Money Market Accounts	6,721	-	-	-	-	-	6,721	-	-
Guaranteed Investment Contracts	2,398	-	-	-	-	-	-	-	2,398
	$ 847,846	23,317	10,281	78,042	86,678	31,546	353,365	50,071	214,546

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	$ 9,990
	Federal Agency Term Notes	77,429
	Total	$ 87,419

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 prefund those benefits. In July 2017, the City Council approved and adopted the funding for a Pension Rate Stabilization Program IRC Section 115 Trust for $26,500. 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 'Moderate 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 asset target allocations for this objective was 3% cash source, 50% equity and 47% fixed income. In March 2020, the City switched to a "Moderately Conservative HighMark Plus' investment approach with target allocations of 5% cash source, 30% equity and 65% fixed income.

In December 2019, the City Council approved and adopted an additional funding of $5,500 into the Pension Rate Stabilization Program Trust Fund account held at U.S. Bank. The City elected the 'Conservative HighMark Plus' investment plan for the additional deposit with a target asset allocation of 5% cash source, 15% equity and 80% fixed income.

The City's Section 115 trust fund account is reported as restricted assets and fund balance in the General Fund. The value of the trust as of June 30, 2020 was $35,145 of which all was placed in cash, money market and money market mutual fund accounts.

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, 2019. 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.

(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, 2020, the City has the following fair value measurements:

		Fair Value Measurements		
	Balance at June 30, 2020	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	$ 14,926	-	14,926	-
Federal Agency Term Notes	108,516	-	108,516	-
Federal Agency Callable Bonds	20,041	-	20,041	-
Medium Term Notes	218,338	-	218,338	-
Obligations of Other States	65,248	-	65,248	-
State and Municipal Bonds	46,860	-	46,860	-
U.S. Treasury Notes	71,806	-	71,806	-
Held by Other Financial Institutions:				
Federal Agency Term Notes	4,188	-	4,188	-
U.S. Treasury Notes	2,000	-	2,000	-
Section 115 Trust Fund:				
Money Market Mutual Funds	33,642	33,642	-	-
Total investments by fair value level	585,565	33,642	551,923	-
Investments measured at amortized costs or not subject to fair value hierarchy:				
Los Angeles County Pool	31,132			
State Investment Pool	148,727			
Money Market Accounts	70,000			
Held by Other Financial Institutions:				
Money Market Accounts	1,800			
Section 115 Trust Fund:				
Money Market Accounts	1,503			
Held by Fiscal Agents:				
Money Market Accounts	6,721			
Guaranteed Investment Contracts	2,398			
Total investments measured at amortized costs or not subject to fair value hierarchy	262,281			
	$ 847,846			

NOTE 4 – LOANS RECEIVABLE

Verdugo Fire Communications

The Verdugo Fire Communications Center (Verdugo Fire) is a regional dispatch center that was established by the cities of Burbank, Glendale, and Pasadena. Verdugo Fire received a grant in June 2011 to implement WestNet Inc.'s First-In Fire Station Alerting System. At the time of the grant purchase, all but four (City of Alhambra, City of Burbank, City of Montebello, and Burbank-Glendale-Pasadena Airport Authority) of Verdugo Fire's dispatch agencies chose to buy into the WestNet Inc. station alerting system. Due to Verdugo Fire's CAD upgrade project, the technology needed to connect the fire station alerting systems in each of Verdugo Fire's agencies will change and the four agencies need to implement a fire station alerting system to be compatible with Verdugo Fire. City of Montebello upgraded to use WestNet Inc's station alerting system. Three Agencies (City of Alhambra, City of Burbank, and Burbank-Glendale-Pasadena Airport Authority), however, elected to purchase the Phoenix G2 Fire Station Alerting System from US Digital Designs Inc. (USDD). As Verdugo Fire currently does not use USDD's fire station alerting system, Verdugo Fire procured the necessary hardware and software from USDD and Northrop Grumman's interface to be able to connect to the three Agencies. As it was the decision of the three Agencies to use USDD's fire station alerting solution and not the solution Verdugo Fire already has in place for its other agencies, it was agreed upon by the Tri-City Fire Chief's and each of the three Agencies, that Verdugo Fire would only be responsible for a portion of the cost of the USDD equipment and Northrop Grumman's interface needed in the dispatch center to connect to the three Agencies' respective fire stations. In May 2019, Verdugo Fire executed a loan agreement with the City of Alhambra, City of Burbank, and Burbank-Glendale-Pasadena Airport Authority for the purchase of USDD's station alerting system. The loan receivable amount was estimated to be $46, with agreed upon terms of no loan fee or accruing interest, and is required to be repaid within the first quarter of FY 2019-20.
As of June 30, 2020, the loan has been received in full.

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, 2020, $2,986 was recorded as loan payment. The reinstated loan amount is $8,018, which includes $160 of interest accrued in FY 2019-20.

Low & Moderate Income Housing Asset Fund

The Department of Finance is requiring the City to transfer 20% of the Glendale Successor Agency loan receivable to Low & Moderate Income Housing Asset Fund. $747 was recorded as loan payment in FY 2019-20 to the Low and Moderate Income Housing Asset Fund. As of June 30, 2020, the reinstated loan amount is $2,004 which includes $41 of capitalized interest for FY 2019-20.

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.

- *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, 2020, $1,366 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, 2020, $2,999 is outstanding. As of June 30, 2020, 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, 2020, the forgivable loan amount at the end of the term is $12,962, 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, 2020, the non-forgivable amount is $5,630 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, 2020, the amount of forgivable or contingent loans is $103,915, which is not recorded on the financial statements.

(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, 2020 consist of the following:

Due to General Fund from:		
Nonmajor governmental funds	$	8,573

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.

	Amount	Purpose
Transfers to General Fund from:		
Electric Fund	$ 19,353	Fund General Fund operations per Charter
Refuse Disposal Fund	1,150	Fund General Fund operations
	20,503	
Transfers to Capital Improvement Fund from:		
General Fund	980	Fund capital improvement projects
Transfers to nonmajor governmental funds from:		
General Fund	85	Fund Nutritional Meals Grant matching
General Fund	63	Fund CicLAvia Project
General Fund	67	Fund DNA Capacity Enhancement
General Fund	1,500	Fund debt service payments
Capital Improvement Fund	4,560	Fund Scholl Canyon Landfill reserve
	6,275	
Transfers to Electric Fund from:		
General Fund	1,000	Fund Electric Bus Pilot Program
Total Interfund Transfers	$ 28,758	

(in thousands)

NOTE 6 – CAPITAL ASSETS

Capital asset for Governmental activities for the year ended June 30, 2020 was as follows:

		Balance at July 1	Increases	Decreases	Reclass	Balance at June 30*
Capital assets, not being depreciated:						
Land	$	422,904	24,355	-	-	447,259
Construction in progress		44,342	26,924	(365)	(22,870)	48,031
Total assets not being depreciated		467,246	51,279	(365)	(22,870)	495,290
Depreciable capital assets:						
Building and improvements		419,110	716	(4)	4,121	423,943
Machinery and equipment		132,839	8,100	(4,995)	2,527**	138,471
Infrastructure		327,433	1,140	-	16,209	344,782
Total other capital assets at cost		879,382	9,956	(4,999)	22,857	907,196
Amortizable intangible assets:						
Intangible assets		6,979	143	-	-	7,122***
Less accumulated depreciation:						
Building and improvements		180,478	10,614	-	-	191,092
Machinery and equipment		92,453	7,651	(5,063)	(13)	95,028
Infrastructure		117,828	8,554	-	-	126,382
Total accumulated depreciation		390,759	26,819	(5,063)	(13)	412,502
Less amortization:						
Intangible assets		408	925	-	-	1,333
Total assets being depreciated and amortized, net		495,194	(17,645)	64	22,870	500,483
Governmental activities capital assets, net	$	962,440	33,634	(301)	-	995,773

*71,984 of buildings, improvements, machinery, equipment, construction in progress and intangible assets from internal service funds are included in governmental activities. $34,232 of accumulated depreciation and amortization from internal service funds are included in governmental activities.

**Includes $13 of machinery and equipment that was transferred to the business activities.

***$7,122 of intangible assets is software.

Depreciation and amortization expense was charged to functions of the City's governmental activities for the year ended June 30, 2020 as follows:

Depreciation and amortization		
General Government	$	3,359
Police		2,170
Fire		910
Public Works		16,136
Parks, Recreation and Community Services		2,928
Library		1,235
Housing, Health and Community Development		1,006
Total depreciation and amortization expense	$	27,744

(in thousands)

Capital asset for Business-type activities for the year ended June 30, 2020 was as follows:

	Balance at July 1	Increases	Decreases	Reclass	Adjustments*	Balance at June 30
Capital assets, not being depreciated:						
Land	$ 9,557	-	-	-	-	9,557
Construction in progress	64,258	12,103	-	(44,117)	-	32,244
Total assets not being depreciated	73,815	12,103	-	(44,117)	-	41,801
Depreciable capital assets:						
Building and improvements	278,290	2,896	-	28,565	-	309,751
Machinery and equipment	586,228	6,075	(18,139)	11,653	(1,704)*	584,113
Infrastructure	158,445	-	-	3,896	-	162,341
Total other capital assets at cost	1,022,963	8,971	(18,139)	44,114	(1,704)	1,056,205
Depletable capital assets:						
Natural gas reserve	22,161	2	-	-	-	22,163
Amortizable intangible assets:						
Intangible assets	109,736	3,009	-	16	-	112,761
Less accumulated depreciation:						
Building and improvements	111,093	6,499	-	-	-	117,592
Machinery and equipment	374,118	25,625	(18,139)	13	(1,036)*	380,581
Infrastructure	59,214	3,667	-	-	-	62,881
Total accumulated depreciation	544,425	35,791	(18,139)	13	(1,036)	561,054
Less accumulated natural gas depletion:						
Natural gas reserve	12,039	939	-	-	-	12,978
Less amortization:						
Intangible assets	52,270	2,954	-	-	-	55,224
Total assets being depreciated, depleted, and amortized, net	546,126	(27,702)	-	44,117	(668)	561,873
Business-type activities capital assets, net	$ 619,941	(15,599)	-	-	(668)	603,674

*Transformers asset adjustment from FY18-19. See additional details at Note 18.

Depreciation, depletion and amortization expense was charged to functions of the City's business-type activities for the year ended June 30, 2020 as follows:

Depreciation	
Sewer	$ 3,667
Electric	23,846
Water	6,904
Refuse Disposal	1,240
Fire Communication	134
Total depreciation expense	35,791
Depletion - Electric	939
Amortization – Electric, Water, & Sewer	2,954
Total depreciation, depletion, and amortization expense	$ 39,684

(in thousands)

NOTE 7 – LONG-TERM DEBT

The City's long-term debt as of June 30, 2020 consists of the following:

		Issuance Amount	Balance at July 1	Additions	Retirements	Balance at June 30	Due within one year
Governmental Activities:							
2011 HUD Section 108 Loan	$	2,000	696	-	222	474	232
Bonds payable:							
GMFA 2019 lease revenue refunding bonds		24,925	24,925	-	1,830	23,095	1,835
GMFA 2019 lease revenue bonds premium		-	5,327	-	485	4,842	484
Total Governmental activities	$	**26,925**	**30,948**	**-**	**2,537**	**28,411**	**2,551**

		Issuance Amount	Balance at July 1	Additions	Retirements	Balance at June 30	Due within one year
Business-type activities:							
Bonds payable:							
Electric revenue bonds, 2013 refunding series	$	20,510	17,700	-	1,010	16,690	1,055
Electric revenue bonds, 2013 series		60,000	54,980	-	1,235	53,745	1,300
Electric revenue bonds, 2016 refunding series		72,615	67,140	-	2,960	64,180	3,105
Electric revenue bonds premium		-	20,604	-	1,131	19,473	1,132
Water revenue bonds, 2008 series		50,000	40,970	-	1,470	39,500	1,525
Water revenue bonds, 2012 series		35,000	34,150	-	475	33,675	515
Water revenue bonds premium		-	1,689	-	86	1,603	86
Total Business-type activities	$	**238,125**	**237,233**	**-**	**8,367**	**228,866**	**8,718**

Governmental Activities:

The City has outstanding long-term debt for governmental activities of $28,411, of which $474 is a direct borrowing, and no direct placements related to governmental activities as of June 30, 2020. The City also has no outstanding or unused line of credit related to long-term debt of governmental activities as of June 30, 2020.

<u>The City of Glendale Municipal Financing Authority</u>

Glendale Municipal Financing Authority (GMFA) 2019 Lease Revenue Refunding Bonds

The GMFA 2019 Lease Revenue Refunding Bonds were issued pursuant to a resolution adopted by the City Council and Joint Exercise of Powers Agreement with the Glendale Housing Authority to establish the Glendale Municipal Financing Authority on April 9, 2019 and a resolution adopted by the City Council authorizing GMFA to issue bonds to refinance the City's 2000 Variable Rate Certificates of Participation on April 16, 2019.

The City of Glendale Municipal Financing Authority issued $24,925 in lease revenue bonds on June 25, 2019 to refinance the existing lease relating to the City's outstanding Variable Rate Demand Certificates of Participation (2000 Police Building Project). The bond proceeds were deposited in an escrow account and were used to refund and redeem all of the outstanding COPs on June 25, 2019 at a redemption price equal to 100% of the principal amount plus accrued interest up to the redemption date. There was no difference between the reacquisition price of the refunding bonds and the net carrying amount of the refunded bonds. The refunding also resulted in cash flow savings of $3,710 which is the difference between the cash flows required to service the old COPs and the cash flows required to service the new 2019 bonds.

The GMFA does not require the trustee to establish and maintain a reserve fund for the bonds. The bonds mature in regularly increasing amounts ranging from $1,835 to $2,850 annually from FY 2020-21 to FY 2029-30. The bonds are not subject to optional redemption prior to their respective stated maturities.

The bonds are payable and secured from the revenues pledged under the Indenture of Trust, dated June 1, 2019. Pursuant to a Site Lease, dated June 1, 2019, by and between the GMFA and the City, the City has leased the Police building to GMFA. GMFA has subleased the Police building back to the City under the Lease Agreement, dated June 1, 2019, by and between the City and GMFA. The revenues consist primarily of lease payments to be made by the City under the terms of the Lease Agreement. The annual lease payments from the City are to be made at a rate sufficient to meet the debt service requirements of the outstanding bond indebtedness on the leased property.

The bonds payable contains a provision that Glendale Municipal Financing Authority will not pledge to collateral any assets owned by the City, but the Lease Agreement permits the Glendale Municipal Financing Authority and its Trustee to take possession of and re-lease the Police Building in the event of a default by the City. The governmental activities bonds payable has no remedy of acceleration of any lease payments which has not come due and payable in accordance with the Lease Agreement. The governmental activities bonds payable contains an event of default that changes the timing of repayment of outstanding principal and interest to become immediately due if the City is unable to make payment.

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 $232 to $242 annually from FY 2020-21 to FY 2021-22. The Section 108 loan payment is budgeted as a CDBG project each year based on the payment schedule.

The governmental activities HUD Section 108 guaranteed loan contain a provision that the City obtain as collateral a sole first priority lien on the real property S.H. Ho Hope and Compassion Center used as a homeless shelter. The guaranteed loan also contains a subjective acceleration clause that allows the HUD Secretary to accelerate payment with respect to principal amount subject to optional redemption. The guaranteed loan contains an event of default that all rights, title and interest of the City in the loan shall vest immediately to HUD Secretary for use in making payment and changes the timing of repayment of outstanding amounts to become immediately due if the City is unable to make payment.

Business-type Activities:

The City has outstanding long-term debt for business activities of $228,866, has no direct borrowings, and no direct placements related to business-type activities as of June 30, 2020. The City also has no outstanding or unused line of credit related to long-term debt of business-type activities as of June 30, 2020. The business-type activities bonds payable contains a provision that none of the electric utility and water utility assets owned by the City will be sold or leased if the City is unable to satisfy the debt service requirement. The business-type activities bonds payable contains a provision that, in an event of default, the owners of 25% in aggregate Bond Obligations of Bonds then outstanding, may call a meeting of the bond owners for the purpose of electing a bond owners' committee. The business-type activities bonds payable contain a subjective acceleration clause that allows the bond owners' committee to accelerate payment of the entire principal and interest amounts to become immediately due in an event of default by the City, with the exception of Water Revenue Bonds, 2008 Series that have bond insurance with Assured Guaranty Municipal Corporation to guarantee scheduled payments of principal and interest on the 2008 Bonds when due, as set forth in the bond insurance policy.

Enterprise Fund – Electric utility

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 loss on refunding of $95 as of June 30, 2020, and is being amortized through FY 2031-32. The refunding also resulted in cash flow savings of $3,699 which is the difference between the cash flows required from the prior debt service and the cash flows required for the new refunding debt service. As of June 30, 2020, the reserve requirement of the bond issue is satisfied by a cash reserve fund with a minimum funding requirement of $4,807 on parity with other Electric revenue bonds. The 2013 Refunding Bonds mature in regularly increasing amounts ranging from $1,055 to $1,805 annually from FY 2020-21 to FY 2031-32. Outstanding principal balance at June 30, 2020 was $16,690.

The 2013 Refunding Bonds have an optional redemption on and after February 1, 2024.

Electric Revenue Bonds, 2013 Series

The Electric utility of Glendale Water & Power issued $60,000 in revenue bonds in December 2013 to finance the costs of acquisition and construction of certain improvements to the City's electric public utility including the rebuilding of Grandview substation and other reliability improvements to the distribution system.

The terms of the 2013 Bonds indenture require the trustee to establish and maintain a parity reserve fund. The parity reserve fund means, as of any date on which it is calculated with respect to any issue of Parity Lien Bonds, the least of (a) 10% of the principal amount of said Parity Lien Bonds, (b) the maximum annual debt service for the current or any subsequent year on all Parity Lien Bonds or (c) 125% of the average annual debt service on all Parity Lien Bonds. The 2013 Bonds mature in regularly increasing amounts ranging from $1,300 to $3,795 annually from FY 2020-21 to FY 2042-43. Outstanding principal balance at June 30, 2020 was $53,745.

The 2013 Bonds have an optional redemption on and after February 1, 2024. The 2013 Bonds maturing on February 1, 2039 and February 1, 2043 are subject to mandatory sinking fund redemption from mandatory sinking account payments set aside in the Parity Obligation Payment Fund.

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 loss on refunding of $4,004 as of June 30, 2020, and is being amortized through FY 2037-38. The refunding also resulted in cash flow savings of $13,026 which is the difference between the cash flows required from the prior debt service and the cash flows required for the new refunding debt service. The terms of the 2016 Refunding Bonds indenture require the trustee to establish and maintain a parity reserve fund. The parity reserve fund means, as of any date on which it is calculated with respect to any issue of Parity Lien Bonds, the least of (a) 10% of the principal amount of said Parity Lien Bonds, (b) the maximum annual debt service for the current or any subsequent year on all Parity Lien Bonds or (c) 125% of the average annual debt service on all Parity Lien Bonds. The 2016 Refunding Bonds mature in regularly increasing amounts ranging from $2,700 to $4,715 annually from FY 2020-21 to FY 2037-38. Outstanding principal balance at June 30, 2020 was $64,180.

The 2016 Refunding Bonds have an optional redemption on and after February 1, 2027. The 2016 Refunding Bonds maturing on February 1, 2038 are subject to mandatory sinking fund redemption from mandatory sinking account payments set aside in the Parity Obligation Payment Fund.

The Electric utility has pledged future electric customer revenues, net of specified operating expenses, to pay the remaining total principal and interest on the Electric revenue bonds of $205,753 through FY 2042-43. The bonds are payable solely from Electric utility's net income and are expected to require the net income to be at least equal to 1.10 times the amount of the annual debt services as they become due each fiscal year. The rates to be charged for services furnished by the Electric utility should incorporate the debt service requirements to provide revenues sufficient to pay, as the principal and interest become due. Total debt service paid and total net available revenues for debt service coverage for FY 2019-20 were $12,071 and $56,423, respectively.

Enterprise Fund – Water utility

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 City's water public utility including Chevy Chase 968 reservoir and pump station replacement, Grandview pump station third unit upgrade, Verdugo-Metro pump station upgrade and main cleaning, lining and replacement projects.

As of June 30, 2020, the reserve requirement of the bond issue is satisfied by a cash reserve fund with a minimum funding requirement of $2,932. The 2008 bonds mature in regularly increasing amounts ranging from $1,525 to $3,060 annually from FY 2020-21 to FY 2037-38. Outstanding principal balance at June 30, 2020 was $39,500.

The 2008 Bonds have an optional redemption on and after February 1, 2019. The 2008 Bonds maturing on February 1, 2032 and February 1, 2038 are subject to mandatory sinking fund redemption from mandatory sinking account payments set aside in the Parity Obligation Payment Fund.

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 certain improvements to the City's water public utility including construction and development of Rockhaven Well, construction of a new energy and asset management system, Supervisory Control and Data Administration (SCADA), Glorietta Well improvements and pump station and water quality improvements.

As of June 30, 2020, the reserve requirement of the bond issue is satisfied by a cash reserve fund with a minimum funding requirement of $1,380. The bonds mature in regularly increasing amounts ranging from $515 to $4,945 annually from FY 2020-21 to FY 2041-42. Outstanding principal balance as of June 30, 2020 was $33,675.

The 2012 Bonds have an optional redemption on and after February 1, 2023. The 2012 Bonds maturing on February 1, 2042 are subject to mandatory sinking fund redemption from mandatory sinking account payments set aside in the Parity Obligation Payment Fund.

The Water utility has pledged future water customer revenues, net of specified operating expenses, to pay the remaining total principal and interest on the Water revenue bonds of $114,331 through FY 2041-42. The bonds are payable solely from Water utility'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 they become due each fiscal year. The rates to be charged for services furnished by the Water utility should incorporate the debt service requirements to provide revenues sufficient to pay, as the principal and interest become due. Total debt service paid and total net available revenues for debt service coverage for FY 2019-20 were $5,079 and $8,562, respectively.

<u>Legal Debt Margins</u>

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, 2020, the City's net assessed value of taxable property was $26,890,638 and has no general obligation debt.

(in thousands)

Annual Debt Service Requirement Schedule

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

Governmental Activities

		GMFA 2019 Lease Revenue Refunding Bonds		Section 108 Loan (HUD 2011 Series)	
Fiscal Year		Interest	Principal	Interest	Principal
2021	$	1,155	1,835	9	232
2022		1,063	1,930	3	242
2023		967	2,025	-	-
2024		865	2,125	-	-
2025		759	2,230	-	-
2026-2030		2,005	12,950	-	-
	$	6,814	23,095	12	474

Business-type Activities

		Electric Revenue Bonds		Water Revenue Bonds	
Fiscal Year		Interest	Principal	Interest	Principal
2021	$	6,611	5,460	3,039	2,040
2022		6,339	5,710	2,948	2,135
2023		6,047	5,995	2,853	2,225
2024		5,741	6,300	2,749	2,325
2025		5,420	6,600	2,639	2,430
2026-2030		21,703	38,185	11,551	13,835
2031-2035		12,831	29,975	8,662	17,140
2036-2040		5,569	25,540	5,542	21,320
2041-2044		877	10,850	1,173	9,725
	$	71,138	134,615	41,156	73,175

		Total Governmental Activities		Total Business-type Activities		Total
Fiscal Year		Interest	Principal	Interest	Principal	Debt Service
2021	$	1,164	2,067	9,650	7,500	20,381
2022		1,066	2,172	9,287	7,845	20,370
2023		967	2,025	8,900	8,220	20,112
2024		865	2,125	8,490	8,625	20,105
2025		759	2,230	8,059	9,030	20,078
2026-2030		2,005	12,950	33,254	52,020	100,229
2031-2035		-	-	21,493	47,115	68,608
2036-2040		-	-	11,111	46,860	57,971
2041-2044		-	-	2,050	20,575	22,625
	$	6,826	23,569	112,294	207,790	350,479

NOTE 8 – PENSION PLANS

California Public Employees' Retirement System

General Information about the Pension Plans

Plan Description

All eligible employees participate in the City's agent multiple employer defined benefit pension plans, either Safety (police and fire sworn members) or Miscellaneous (all other members), 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.*

(in thousands)

The Plans' provisions and benefits in effect at the measurement date ended June 30, 2019, are summarized as follows, which remain the same for FY 2019-20.

	Miscellaneous		
Hire date	Prior to January 1, 2011	Between January 1, 2011 and December 31, 2012	On or after January 1, 2013
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%	1.426% to 2.418%	1.0% to 2.5%

	Safety		
Hire date	Prior to January 1, 2011	Between January 1, 2011 and December 31, 2012	On or after January 1, 2013
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 the measurement date ended June 30, 2019, the following employees were covered by the benefit terms:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	1,763	617
Inactive employees entitled to but not yet receiving benefits	1,836	99
Active employees	1,457	384
Total	5,056	1,100

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.

(in thousands)

At the measurement date ended June 30, 2019, for the Miscellaneous Plan, the normal cost rate is 8.599%, the amount for the unfunded liability is $20,296, and the prepayment amount for the unfunded liability is $19,586. The City chose the prepayment option to pay the $19,586 in July 2018, instead of paying 1/12th of $20,296 on a monthly basis. For FY 2018-19, the City calculates the rate for the unfunded liability to be 20.613%.

The City's Miscellaneous Plan member contribution rates and employer contribution rates for FY 2018-19, 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%	26.212%	29.212%
	Classic (2nd Tier)	2.0% @ 55	7.00%	3.00%	26.212%	29.212%
	PEPRA (3rd Tier)	2.0% @ 62	5.75%	3.00%	26.212%	29.212%
Executive	Classic (1st Tier)	2.5% @ 55	8.00%	4.00%	25.212%	29.212%
	Classic (2nd Tier)	2.0% @ 55	7.00%	4.00%	25.212%	29.212%
	PEPRA (3rd Tier)	2.0% @ 62	5.75%	4.00%	25.212%	29.212%
GCEA	Classic (1st Tier)	2.5% @ 55	12.00%	0.00%*	25.212%	25.212%
	Classic (2nd Tier)	2.0% @ 55	11.00%	0.00%*	25.212%	25.212%
	PEPRA (3rd Tier)	2.0% @ 62	9.75%	0.00%*	25.212%	25.212%
IBEW	Classic (1st Tier)	2.5% @ 55	8.00%	3.00%	26.212%	29.212%
	Classic (2nd Tier)	2.0% @ 55	7.00%	3.00%	26.212%	29.212%
	PEPRA (3rd Tier)	2.0% @ 62	5.75%	3.00%	26.212%	29.212%
GMA	Classic (1st Tier)	2.5% @ 55	12.00%	0.00%**	25.212%	25.212%
	Classic (2nd Tier)	2.0% @ 55	11.00%	0.00%**	25.212%	25.212%
	PEPRA (3rd Tier)	2.0% @ 62	9.75%	0.00%**	25.212%	25.212%

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.
**Effective November 2018, GMA members' cost sharing rate (4%) became part of their member contribution rate.

(in thousands)

At the measurement date ended June 30, 2019, for the Safety Plan, the normal cost rate is 19.589%, the amount for the unfunded liability is $15,858, and the prepayment amount for the unfunded liability is $15,304. The City chose the prepayment option to pay the $15,304 in July 2018, instead of paying 1/12th of $15,858 on a monthly basis. For FY 2018-19, the City calculates the rate for the unfunded liability to be 29.068%.

The City's Safety Plan member contribution rates and employer contribution rates for FY 2018-19, 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%	44.657%	48.657%
	Classic (2nd Tier)	3.0% @ 55	9.00%	4.00%	44.657%	48.657%
	PEPRA (3rd Tier)	2.7% @ 57	10.75%	4.00%	44.657%	48.657%
Executive - Police	Classic (1st Tier)	3.0% @ 50	9.00%	4.00%	44.657%	48.657%
	Classic (2nd Tier)	3.0% @ 55	9.00%	4.00%	44.657%	48.657%
	PEPRA (3rd Tier)	2.7% @ 57	10.75%	4.00%	44.657%	48.657%
GMA - Fire	Classic (1st Tier)	3.0% @ 50	13.00%	0.00%*	44.657%	44.657%
	Classic (2nd Tier)	3.0% @ 55	13.00%	0.00%*	44.657%	44.657%
	PEPRA (3rd Tier)	2.7% @ 57	14.75%	0.00%*	44.657%	44.657%
GMA - Police	Classic (1st Tier)	3.0% @ 50	12.50%	0.00%*	45.157%	45.157%
	Classic (2nd Tier)	3.0% @ 55	12.50%	0.00%*	45.157%	45.157%
	PEPRA (3rd Tier)	2.7% @ 57	14.25%	0.00%*	45.157%	45.157%
GFFA	Classic (1st Tier)	3.0% @ 50	9.00%	4.00%	44.657%	48.657%
	Classic (2nd Tier)	3.0% @ 55	9.00%	4.00%	44.657%	48.657%
	PEPRA (3rd Tier)	2.7% @ 57	10.75%	3.50%	45.157%	48.657%
GPOA	Classic (1st Tier)	3.0% @ 50	9.00%	3.50%	45.157%	48.657%
	Classic (2nd Tier)	3.0% @ 55	9.00%	3.50%	45.157%	48.657%
	PEPRA (3rd Tier)	2.7% @ 57	10.75%	1.75%	46.907%	48.657%

GMA - Glendale Management Association
GFFA - Glendale Fire Fighter Association
GPOA - Glendale Police Officer Association
*Effective November 2018, GMA members' cost sharing rate (3.5%-4%) became part of their member contribution rate.

(in thousands)

At the measurement date ended June 30, 2020, for the Miscellaneous Plan, the normal cost rate is 9.535%, the amount for the unfunded liability is $24,048, and the prepayment amount for the unfunded liability is $23,221. The City chose the prepayment option to pay the $23,221 in July 2019, instead of paying 1/12th of $24,048 on a monthly basis. For FY 2019-20, the City calculates the rate for the unfunded liability to be 23.455%.

The City's Miscellaneous Plan member contribution rates and employer contribution rates for FY 2019-20, 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%	29.990%	32.990%
	Classic (2nd Tier)	2.0% @ 55	7.00%	3.00%	29.990%	32.990%
	PEPRA (3rd Tier)	2.0% @ 62	6.50%	3.00%	29.990%	32.990%
Executive	Classic (1st Tier)	2.5% @ 55	8.00%	4.00%	28.990%	32.990%
	Classic (2nd Tier)	2.0% @ 55	7.00%	4.00%	28.990%	32.990%
	PEPRA (3rd Tier)	2.0% @ 62	6.50%	4.00%	28.990%	32.990%
GCEA	Classic (1st Tier)	2.5% @ 55	12.00%	0.00%*	28.990%	28.990%
	Classic (2nd Tier)	2.0% @ 55	11.00%	0.00%*	28.990%	28.990%
	PEPRA (3rd Tier)	2.0% @ 62	10.50%	0.00%*	28.990%	28.990%
IBEW	Classic (1st Tier)	2.5% @ 55	8.00%	3.00%	29.990%	32.990%
	Classic (2nd Tier)	2.0% @ 55	7.00%	3.00%	29.990%	32.990%
	PEPRA (3rd Tier)	2.0% @ 62	6.50%	3.00%	29.990%	32.990%
GMA	Classic (1st Tier)	2.5% @ 55	12.00%	0.00%**	28.990%	28.990%
	Classic (2nd Tier)	2.0% @ 55	11.00%	0.00%**	28.990%	28.990%
	PEPRA (3rd Tier)	2.0% @ 62	10.50%	0.00%**	28.990%	28.990%

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.
**Effective November 2018, GMA members' cost sharing rate (4%) became part of their member contribution rate.

(in thousands)

At the measurement date ended June 30, 2020, for the Safety Plan, the normal cost rate is 20.582%, the amount for the unfunded liability is $18,515, and the prepayment amount for the unfunded liability is $17,878. The City chose the prepayment option to pay the $17,878 in July 2019, instead of paying 1/12th of $18,515 on a monthly basis. For FY 2019-20, the City calculates the rate for the unfunded liability to be 34.189%.

The City's Safety Plan member contribution rates and employer contribution rates for FY 2019-20, 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%	50.771%	54.771%
	Classic (2nd Tier)	3.0% @ 55	9.00%	4.00%	50.771%	54.771%
	PEPRA (3rd Tier)	2.7% @ 57	11.50%	4.00%	50.771%	54.771%
Executive - Police	Classic (1st Tier)	3.0% @ 50	9.00%	4.00%	50.771%	54.771%
	Classic (2nd Tier)	3.0% @ 55	9.00%	4.00%	50.771%	54.771%
	PEPRA (3rd Tier)	2.7% @ 57	11.50%	4.00%	50.771%	54.771%
GMA - Fire	Classic (1st Tier)	3.0% @ 50	13.00%	0.00%*	50.771%	50.771%
	Classic (2nd Tier)	3.0% @ 55	13.00%	0.00%*	50.771%	50.771%
	PEPRA (3rd Tier)	2.7% @ 57	15.50%	0.00%*	50.771%	50.771%
GMA - Police	Classic (1st Tier)	3.0% @ 50	12.50%	0.00%*	51.271%	51.271%
	Classic (2nd Tier)	3.0% @ 55	12.50%	0.00%*	51.271%	51.271%
	PEPRA (3rd Tier)	2.7% @ 57	15.00%	0.00%*	51.271%	51.271%
GFFA	Classic (1st Tier)	3.0% @ 50	9.00%	4.00%	50.771%	54.771%
	Classic (2nd Tier)	3.0% @ 55	9.00%	4.00%	50.771%	54.771%
	PEPRA (3rd Tier)	2.7% @ 57	11.50%	3.50%	51.271%	54.771%
GPOA	Classic (1st Tier)	3.0% @ 50	9.00%	3.50%	51.271%	54.771%
	Classic (2nd Tier)	3.0% @ 55	9.00%	3.50%	51.271%	54.771%
	PEPRA (3rd Tier)	2.7% @ 57	11.50%	1.75%	53.021%	54.771%

GMA - Glendale Management Association
GFFA - Glendale Fire Fighter Association
GPOA - Glendale Police Officer Association
*Effective November 2018, GMA members' cost sharing rate (3.5%-4%) became part of their member contribution rate.

(in thousands)

At the measurement date ended June 30, 2019, 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 employees' cost sharing in the table below include the cost sharing that belong to the member contribution: $3,263 for the Miscellaneous Plan, and $161 for the Safety Plan. 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	$	27,791	24,078	3,713
Safety				
Police		14,962	13,955	1,007
Fire		10,525	9,682	843
Total Safety		25,487	23,637	1,850
Total	$	53,278	47,715	5,563

At the measurement date ended June 30, 2020, 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 employees' cost sharing in the table below include the cost sharing that belong to the member contribution: $3,389 for the Miscellaneous Plan, and $170 for the Safety Plan. The breakdown of the required employer contribution between the City portion and the employee cost sharing is as follows:

Plan		Annual Required Employer Contribution	City Contribution	Employees' Cost Sharing
Miscellaneous	$	32,629	28,789	3,840
Safety				
Police		16,654	15,683	971
Fire		11,987	11,129	858
Total Safety		28,641	26,812	1,829
Total	$	61,270	55,601	5,669

Net Pension Liability

The City's net pension liability for each plan was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions

The June 30, 2018 valuation was rolled forward to measure the June 30, 2019 total pension liability, based on the following actuarial methods and assumptions:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increase	Varies by Entry Age and Service
Mortality rate table	Derived using CalPERS' Membership Data for all Funds
Post retirement benefit increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

(in thousands)

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Long-term Expected Rate of Return

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 cash flows. Using historical returns of all the funds' assets classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 fund. The expected rate of return was set by calculating the rounded 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 adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

Asset Class*	Assumed Target Allocation	Real Return Years 1-10 **	Real Return Years 11+ ***
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	(0.92%)
Total	100.00%		

*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

**An expected inflation of 2.00% used for this period.

***An expected inflation of 2.92% used for this period.

Discount Rates

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(in thousands)

Changes in the Net Pension Liability

The changes in the Net Pension Liability measured as of June 30, 2019 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, 2019	$ 1,130,610	841,415	289,195
Changes in the year:			
Service cost	16,372	-	16,372
Interest on the total pension liability	80,133	-	80,133
Changes of assumptions	-	-	-
Differences between actual and expected experience	10,478	-	10,478
Net plan to plan resource movement	-	-	-
Contribution from the employer	-	24,992	(24,992)
Contribution from the employees	-	10,176	(10,176)
Net investment income	-	54,849	(54,849)
Benefit payments, including refunds of employee contributions	(57,071)	(57,071)	-
Administrative expense	-	(600)	600
Other miscellaneous income/(expense)	-	2	(2)
Net changes	49,912	32,348	17,564
Balance at June 30, 2020	$ 1,180,522	873,763	306,759

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) – (b)
Balance at June 30, 2019	$ 852,631	574,068	278,563
Changes in the year:			
Service cost	15,196	-	15,196
Interest on the total pension liability	60,331	-	60,331
Changes of assumptions	-	-	-
Differences between actual and expected experience	4,900	-	4,900
Net plan to plan resource movement	-	-	-
Contribution from the employer	-	25,371	(25,371)
Contribution from the employees	-	5,008	(5,008)
Net investment income	-	37,580	(37,580)
Benefit payments, including refunds of employee contributions	(42,663)	(42,663)	-
Administrative expense	-	(410)	410
Other miscellaneous income/(expense)	-	1	(1)
Net changes	37,764	24,887	12,877
Balance at June 30, 2020	890,395	598,955	291,440
Total for both plans at June 30, 2020	$ 2,070,917	1,472,718	598,199

(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:

	Miscellaneous	Safety	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	$ 463,494	413,533	877,027
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	$ 306,759	291,440	598,199
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	$ 177,466	191,312	368,778

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

As of June 30, 2020, the City reported net pension liability, deferred outflows of resources and deferred inflows of resources for both Miscellaneous and Safety Plans as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Governmental activities:				
Miscellaneous plan	$ 197,929	23,755	4,234	36,320
Safety plan	291,440	44,102	8,629	46,007
Total Governmental activities	489,369	67,857	12,863	82,327
Business-type activities:				
Miscellaneous plan	108,830	13,128	2,457	20,382
Total	$ 598,199	80,985	15,320	102,729

For the governmental activities, the net pension liability is primarily liquidated by the General Fund and Special Revenues Funds in prior years.

Miscellaneous Plan:

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 29,240	-
Changes of assumptions	-	2,271
Differences between expected and actual experience	7,643	-
Net differences between projected and actual earnings on plan investments	-	4,420
Total	$ 36,883	6,691

(in thousands)

The amount of $29,240 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 ending June 30, 2021.

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

Year ending June 30,		Amounts
2021	$	5,017
2022		(4,268)
2023		(680)
2024		883
Total	$	952

Safety Plan:

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$	28,471	-
Changes of assumptions		11,926	1,797
Differences between expected and actual experience		3,705	4,079
Net differences between projected and actual earnings on plan investments		-	2,753
Total	$	44,102	8,629

The amount of $28,471 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 ending June 30, 2021.

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

Year ending June 30,		Amounts
2021	$	11,633
2022		(5,479)
2023		129
2024		719
Total	$	7,002

Pension Plan Fiduciary Net Position

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

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. As of June 30, 2020, there are three remaining participants and the liability is not material. Therefore, the liability is not reported in the accompanying financial statements. During the fiscal year, the City paid $45 to PARS.

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 2019-20, PARS payments were $72 and $15 for employee portion and employer portion, respectively. Since the plan is a 401(a) Defined Contribution, there is no unfunded liability to the City. A participant in the PARS ARS Plan (or their beneficiary in the event of death) becomes eligible to receive their funds when one of the following events occurs: Separation of Employment, Retirement, Permanent and Total Disability, or change of employment status to a position covered by another retirement system. For active employees, if there are no contributions into their PARS ARS account for two years, they may be eligible for a distribution of their account.

(in thousands)

NOTE 9 – 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.

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, 2020 were $423.

Employees Covered by Benefit Terms

At June 30, 2019, 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	82
Inactive employees entitled to but not yet receiving benefit payments	186
Active employees	1,423
Total	1,691

Total OPEB Liability

The City's total OPEB liability of $15,135 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2019. A summary of principal assumptions and methods used to determine the total OPEB liability is shown below.

(in thousands)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 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, 2019
Measurement date	June 30, 2019
Discount rate	3.50%
General inflation	2.75% annually
Medicare Part A trend	3.75% annually (inflation + 1%) Not related to health care trend
Medical Trend	Non-Medicare – 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare – 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076

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-2019.

Changes in the Total OPEB Liability

The changes in the total OPEB liability measured as of June 30, 2019 is as follows:

		Total OPEB Liability
Balance at June 30, 2019	$	15,214
Changes in the year:		
Service cost		44
Interest		582
Assumption changes		543
Actual vs. expected experience		(772)
Benefit payments		(476)
Net changes		(79)
Balance at June 30, 2020	$	15,135

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:

		2.50%	3.50%	4.50%
Total OPEB Liability	$	17,426	15,135	13,277

(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:

	1% Decrease (Trend -1%)	Current Healthcare Cost Trend Rates	1% Increase (Trend +1%)
Total OPEB Liability	$ 15,006	15,135	15,285

Non-Medicare trend rate of 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076. Medicare trend rate of 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076.

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

For the year ended June 30, 2020, the City recognized OPEB expense of $339. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB payments made subsequent to the measurement date	$ 423	-
Changes of assumptions	485	1,686
Differences between expected and actual experience	-	690
Total	$ 908	2,376

The amount of $423 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 ending June 30, 2021.

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

Year ending June 30,	Amounts
2021	$ (287)
2022	(287)
2023	(287)
2024	(287)
2025	(287)
Thereafter	(456)
Total	$ (1,891)

(in thousands)

NOTE 10 – NET DEFICITS OF INDIVIDUAL FUNDS

As of June 30, 2020, the following funds have negative fund balances or net position:

Governmental funds:		
Special revenue funds:		
CDBG Fund	$	231
Continuum of Care Grant Fund		108
Emergency Solutions Grant Fund		147
Glendale Youth Alliance Fund		20
Grant Fund		605
Measure M Subregional Fund		4,027
Measure H Fund		9
Measure W Local Return Fund		236
PW Special Grants Fund		36
Measure R Regional Return Fund		2,039
Police Special Grants Fund		33
Capital projects funds:		
CIP Reimbursement Fund	$	1,050
Proprietary funds:		
Internal service funds:		
Unemployment Insurance Fund	$	100
Compensation Insurance Fund		6,496

The CDBG Fund, Continuum of Care Grant Fund, Emergency Solutions Grant Fund, Glendale Youth Alliance Fund, Grant Fund, Measure M Subregional Fund, Measure H Fund, Measure W Local Return Fund, PW Special Grants Fund, Measure R Regional Return Fund, Police Special 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.

Unemployment Insurance Fund – The deficit was due to the unexpected higher unemployment claims from COVID-19. The City will increase the future premiums to eliminate the deficit.

Compensation Insurance Fund – The City will continue to increase the future premiums to eliminate the deficit.

(in thousands)

NOTE 11 – 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, employee dishonesty, cyber, DNA lab E & O and fine art insurance. There were no significant settlements or reductions in insurance coverage from settlements for the past three years. The insurance schedule for FY 2019-20 is as follows:

Insurance Type		Program Limits	Deductible/SIR (self-insured retention)
Excess Liability Insurance	$	52,000	$2,000 SIR per occurrence
E & 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)		400,000	Various deductibles
Property Insurance (Non-GWP)		504,600	$25 property, $100 flood damage
Aviation Insurance (Police Helicopter)		50,000	Various deductibles
Employee Dishonesty – Crime Policy, Excess Crime		6,000	$2,000 Single Loss Limit
Cyber Insurance		5,000	$150
DNA Lab – E & O		2,000	$10 Each claim
Art Policy (Fine Arts)		3,000	$1 Each Claim

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, 2020 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	Due within One Year
2018-19	$	53,268	46,706	41,626	58,348	16,485
2019-20	$	58,348	52,930	44,041	67,237	16,299

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.

For the governmental activities, claims payable is primarily liquidated by the respective internal service funds.

NOTE 12 – 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.

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 power purchase 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.

In February 2020, City Council approved a power purchase agreement with SCPPA for the purchase of 3 megawatts of renewable energy from Whitegrass No. 1 Geothermal Energy Project for a term of 25-years. The project began commercial operation in April 2020.

In February 2020, City Council approved a power purchase agreement with SCPPA for the purchase of 12.5 megawatts of renewable energy from Star Peak Geothermal Energy Project for a term of 24-years. The project is expected to begin commercial operation in April 2021.

In December 2019, SCPPA, on behalf of Glendale and the Los Angeles Department of Water and Power, signed a 25-year power purchase agreement with 68SF 8ME, LLC for the purchase of renewable solar energy, battery energy storage system capacity, and environmental attribute rights from the Eland I Solar and Storage Center. The facility will be developed in Kern County, California. The energy will be delivered at Barren Ridge, and Glendale must negotiate for the delivery of the energy with the Los Angeles Department of Water and Power. Glendale has a 12.5% entitlement interest in the total capacity, energy, storage and environmental attribute rights produced by the Facility, or 25 MW of renewable solar energy and 18.75 MW/75 MWh of battery storage capacity. The anticipated commercial operation date is in 2023.

Landfill Postclosure Care

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, 2019 was 12.24 million tons. The permitted capacity filled between July 11, 2019 and July 10, 2020 was 0.45 million tons. The total permitted capacity as of August 18, 1989 remains 14.75 million tons. Therefore, the City has 2.06 million tons unfilled capacity remaining. Using an inflation factor from the Sanitation Districts of 1.018, the total estimated care postclosure cost is $61,484. Using the data above, the amount of $52,897 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 $8,587. The City records the annual provision for the required landfill deposits as restricted cash in the Landfill Postclosure Fund. At the end of June 30, 2020, the City has set aside $42,584 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.

General Fund Transfer and Electric Rates Litigation

The City is nearing completion of two consolidated cases regarding its 2013 electric rates and transfer from the Electric Fund to the General Fund, which were filed in the Los Angeles Superior Court in 2014 (together, the “2014 Lawsuit”). In July 2018, the Glendale Coalition for a Better Government filed a petition for writ of mandate challenging the City’s adopted 2018 electric rates on similar grounds (“2018 Lawsuit”). The 2018 Lawsuit has been dismissed without prejudice and the statute of limitations tolled until there is a final non-appealable judgment in the 2014 Lawsuit. On October 13, 2020, the City received a favorable ruling in the 2014 Lawsuit resulting in a determination that the City will not have to make any refunds of electric rate revenues or general fund transfers. That decision may be appealed.

The 2014 Lawsuit challenged the City’s electric rate plan which includes transfers of electric revenue from the Glendale Water & Power Electric Fund to the General Fund (the “GFT”). The City Charter provides that the City may transfer 25% of electric operating revenues to the General Fund. The City has made the GFT under the authority of its City Charter since it was approved in 1921, although not recently for the fully authorized 25%.

The 2013 electric rates were challenged primarily on the grounds they violated Proposition 26, in that they constituted a “tax” because they included the GFT. The trial court concluded that the 2013 electric rates violated Proposition 26 and ordered that the City credit ratepayers for the GFT in the cumulative amount of the transfer beginning with FY 2013-14, plus interest. The trial court ordered that credits for any subsequent years would accrue. The trial court has also issued 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 the Glendale electorate approves the tax in the rates. The City appealed that decision.

While the appeal was pending, the California Supreme Court decided *Citizens for Fair REU Rates v. City of Redding* (2018) 6 Cal.5th 1, which upheld a similar transfer the City of Redding imposed on its electric utility. *Redding’s* key holding was that rates do not violate Proposition 26 if total projected rate revenue does not exceed all permissible service costs or if non-rate revenue, such as wholesale revenue, rental income or interest, is sufficient to cover the GFT. In the Glendale case, the appellate court reversed the trial court and remanded the judgments to the trial court. Among other things, the appellate court – relying on *Redding* - found that any invalid “tax” in the 2013 rates was not necessarily equivalent to the GFT but instead existed only to the extent that rate revenues exceed lawful expenses of the utility.

The appellate court also found that to the extent the City maintained a "tax" - in the proportion of excess revenues to costs - prior to Propositions 26's adoption in 2010, and it could continue to maintain said “tax” at the same rate going forward. The appellate court reversed the portion of the trial court’s judgement declaring the 2013 rates invalid and requiring rebates in the amount of the annual transfers, and remanded the cases to the trial court to make certain factual determinations regarding the amount of the tax, if any.

On August 6, August 20, and October 8, 2020, the trial court held the remand trial. The trial court found that the City’s 2013 rates did not increase the tax implicit in the electric rates beyond that grandfathered in 2006 and therefore no monetary refunds are warranted. First, the court found the 2006 grandfathered tax implicit in rates was 9.42%, not 10.66%. Second, the court considered what rate the City imposed in 2013. The court also found that the City intended the rate increase to substantially increase its reserves, which were depleted at the time.

Third, the court agreed with the City that it could use its non-rate miscellaneous revenue from rents and grants to partially fund the GFT under *Redding*. Using staff’s projections for the utility’s net income, the court found the implicit tax was never projected to exceed approximately 8% over each of the five years the 2013 rates would be in place. The 2013 rates therefore did not exceed the amount grandfathered from 2006 of 9.42% and therefore the court would not order the credits it had previously.

In sum, rather than being required to refund some $20 million over five years (e.g., some $100 million), the trial court ordered no monetary remedy whatsoever. The trial court will likely enter a final judgment in December, at which point petitioners will be able to appeal.

The appellate court and trial court rulings should have a positive impact on the 2018 Lawsuit because the City did not project total retail rate revenue to exceed the cost of service in the 2018 electric rate making, even after deducting the GFT. However, the City must await a final, non-appealable judgment in this case before the City can seek to have the 2018 case dismissed.

Complete assurances cannot be given that the General Fund Transfer will be permitted in the future, or that any amount of the prior GFT will not be subject to rebate. However, the appellate and trial court rulings in the 2014 Lawsuit put the City in a very strong legal position going forward to defend the past and future transfers.

Uncertainty Disclosure

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of an outbreak of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks that are posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The City’s operations are heavily dependent on the ability to raise sales taxes, property taxes and transient occupancy taxes and assess developer fees and construction permits. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation is expected to depress the tax bases and other areas in which the City receives revenue during FY 2020-21. The outbreak could also have other potential impacts, including disruptions or restrictions on employees’ ability to work, although all the operations have remained solid so far. As such, this may hinder the ability for the City to meet the needs of its constituents. The City cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have a material effect on the City’s results of future operations and financial position in FY 2020-21.

NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS

Joint Power Agreement for Interagency Communications Interoperability System Authority

The Interagency Communications Interoperability System Authority (ICI System) was created through a Joint Power Agreement in 2003. The City is an active governance member of the ICI System Authority. Other governance member jurisdictions include the cities of Beverly Hills, Burbank, Culver City, Montebello, Pasadena, Pomona, Santa Monica, the Interoperability Network of South Bay (INSB) JPA, and the ComNet JPA of the San Gabriel Valley. The goal of the ICI System is to enable all regional emergency resources to communicate with one another. The ICI System Authority supports more than 60 Fire and Police agencies and 30 9-1-1 Dispatch Centers in the region by providing their primary mission critical communications, all of which are seamlessly networked through a System Master Site housed in Glendale. With more than 22,000 local government radios affiliated to the network, the ICI System is one of the largest in the nation.

Joint Power Agreement for The California Community Housing Agency

The California Community Housing Agency (CalCHA) is a joint power agency created in January 2019 to provide housing for low and moderate income households. CalCHA issues tax-exempt government bonds to acquire existing market-rate apartment complexes. CalCHA generally targets Class A apartment complexes valued at $100,000 or greater, similar to market-rate projects recently constructed in Glendale's Downtown Specific Plan. Once owned by CalCHA, these complexes are converted to income and rent-restricted units for low and moderate income households. CalCHA is able to competitively bid on these market rate projects due in large part to their tax-exempt status and below market-rate financing costs.

In Glendale, CalCHA's program would generally address households with incomes ranging from $44 (1-person household at 60% AMI) to $135 (5-person household at 120% AMI). Under CalCHA's program, no existing tenants are displaced. As market-rate units naturally turnover, they are re-leased to low and moderate income households with income and rent restrictions for the life of the bonds. The restricted rents would be capped at no more than 35% of the applicable percentage of AMI (i.e. 60%, 80%, 100% and 120%). Additionally, annual rent increases would be capped at no more than 4%. This is less than the rent increases under AB1482, the recently adopted State tenant protection legislation. The bonds issued by CalCHA to acquire properties in Glendale do not affect the City's bonding capacity nor is the City or Housing Authority responsible in any way for the debt service of the bond.

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 seven board representatives for each City Council district located entirely or partially in the San Fernando Valley, two 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 of 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 sub-regional funds and other public monies, including building a more connective transportation system between the member agencies.

Joint Power Agreement for Verdugo Consortium

The City, along with the Cities of Burbank and La Canada Flintridge, established a joint power agreement on December 14, 1999, named the Verdugo Consortium (the Consortium) for the purpose of receiving a Workforce Innovation and Opportunity Act (WIOA) allocation and administering the WIOA program as a single participation jurisdiction. This agreement designates the Arroyo Verdugo Communities Joint Powers Authority (AVCJPA), which consists of one elected official from each of the three cities, to ratify appointments for members of the Verdugo Workforce Development Board. The City, as the Consortium's lead entity, has assumed the overall responsibility for ensuring that the Consortium is compliant with all WIOA program requirements, including the receipt, disbursement, accounting for all WIOA program, and matching funds.

"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 51% of its total energy requirements during FY 2019-20. 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, 2020, Glendale's excess entitlement share is 0.46%. The City's total obligation from IPP is between 35 and 38 megawatts. The current agreement expires in 2025.

  Activities to repower the 1,800 megawatts coal-fired generation facility with 840 megawatts natural gas-fired combined cycle generation commenced in 2019. On July 23, 2019, the City Council approved GWP's recommendation for continued participation in the IPP project which enabled Glendale to retain its 4.166% share of the plant and increase its share of the Southern Transmission System (STS) to 5.29%, providing Glendale 35 megawatts of generation and 128 megawatts of transmission capacity through 2077. The IPP Repowering project also includes the plan to fuel the plant entirely with green hydrogen by 2045, beginning with 30% in 2025.

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, 2020, 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, 2020, 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, 2020, 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, 2020, 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, 2020, Glendale's share is 14.80%.

- The sixth project financed through SCPPA is the Magnolia Power Project (MPP) located on Burbank Water and 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, 2020, Glendale's generation cost share is 16.53% and indenture cost share is 17.25%.

- 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, 2020, 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 power purchase 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, 2020, Glendale's share is 10.00%.

(in thousands)

- 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 capacity of approximately 14 megawatts. The Project includes a 115 kV transmission line, approximately 22-miles long, connecting the generating station with PacifiCorp's Tieton Substation. The Electric Utility is obligated for approximately 6.8 megawatts or 50.00% of the project's output. As of June 30, 2020, Electric Utility's share is 50.00% (THP).

- 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 power purchase 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, 2020, 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 power purchase 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, 2020, 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	2.17%
Palo Verde Project (PV)	2030	4.40%
Southern Transmission System (STS)	2027	2.27%
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%

(in thousands)

A summary of the City's "Take or Pay" debt service commitment and the final maturity date as of June 30, 2020:

Fiscal Year	IPP	STS	MA	MP	MPP	NGPP	LIN	THP	WP	MIL2	TOTAL
2021	$ 3,830	1,736	2,049	1,027	2,025	5,066	499	1,131	745	622	18,730
2022	2,337	2,096	300	328	2,411	5,245	934	1,387	1,868	622	17,528
2023	2,296	1,585	300	328	3,897	5,309	934	1,386	1,867	621	18,523
2024	239	1,594	300	328	3,335	5,537	933	1,383	1,866	620	16,135
2025-2029	-	2,914	1,495	1,627	17,095	30,813	5,363	7,208	14,146	3,092	83,753
2030-2034	-	-	595	647	17,913	36,025	3,419	6,139	6,151	1,846	72,735
2035-2039	-	-	-	-	13,964	8,698	1,862	6,118	-	-	30,642
2040-2044	-	-	-	-	-	-	-	2,447	-	-	2,447
Total	$ 8,702	9,925	5,039	4,285	60,640	96,693	13,944	27,199	26,643	7,423	260,493

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 2020 and 2019 are as follows:

Fiscal Year	IPP	PV	STS	SJ	MA	MP	MPP	NGPP	LIN	THP	WP	MIL2	Total
2020	$8,385	2,862	1,239	9	350	213	5,013	1,902	-	2,160	-	-	22,133
2019	$8,380	2,919	1,058	15	388	111	4,045	3,669	-	1,380	-	-	21,965

NOTE 14 – 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 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 disagreed as to how the percentage of "proceeds" should be calculated. The Agency had calculated the percentage based on the commonly understood meaning of what constitutes bond "proceeds," in this case $50,000, which is the aggregate principal amount delivered to the trustee for application to the payment of costs, deposited into the required reserve account, and transferred to the redevelopment and housing funds. DOF believed 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. On April 8, 2019, the courts ruled the Successor Agency had correctly calculated the percentage of expendable housing and non-housing bond proceeds. The Ruling also reversed DOF's disapproval of the Bond Expenditure Agreement and ordered DOF to approve the agreement. In FY 2018-19, DOF approved $10,667 transfer to the City: $1,976 transfer of 2011 Tax Allocation Bonds non-housing proceeds to the 2011 TABs Project Fund, and $8,691 of 2011 Tax Allocation Bonds housing proceeds to the 2011 TABs Housing Fund.

On May 17, 2019, DOF ordered the Successor Agency to defease the 2011 Bonds, directing all outstanding bond proceeds (excluding the 25% of non-Housing bond proceeds which is eligible to transfer to the City following the Last & Final) be deposited into an escrow account and be used to pay off the remaining debt service. In April 2020, DOF approved Glendale to proceed with the defeasance as proposed through the Los Angeles County Consolidated Oversight Board Resolution OB 2020-02. In August 2020, the Glendale Successor Agency legally defeased the 2011 Bonds.

(in thousands)

Cash and Investments

The Fiduciary fund's cash and investments as of June 30, 2020 consist of the following:

Cash and investments	$ 65,725
Cash and investments with fiscal agents	5,080
Total	$ 70,805

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

Cash and investments	$ 65,696
Restricted cash and investments	29
Cash and investments with fiscal agents	5,080
Total	$ 70,805

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.

		Remaining Maturity (in months)
	Total	12 Months or Less
State Investment Pool	$ 31,123	31,123
Money Market Accounts	34,602	34,602
Held by Fiscal Agents:		
Money Market Accounts	5,080	5,080
	$ 70,805	70,805

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.

		Moody's Rating as of June 30, 2020		
	Total	Aaa	P1	Unrated
State Investment Pool	$ 31,123	-	-	31,123
Money Market Accounts	34,602	34,602	-	
Held by Fiscal Agents:				
Money Market Accounts	5,080	-	5,080	-
	$ 70,805	34,602	5,080	31,123

(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
Goldman	Money Market Accounts	$ 34,602

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, 2020, the Successor Agency has the following fair value measurements:

		Fair Value Measurements		
	Balance at June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Total investments by fair value level	$ -	-	-	-
Investments measured at amortized costs or not subject to fair value hierarchy:				
State Investment Pool	31,123			
Money Market Accounts	34,602			
Held by Fiscal Agents:				
Money Market Accounts	5,080			
Total investments measured at amortized costs or not subject to fair value hierarchy	$ 70,805			

Long-Term Debt

The Glendale Successor Agency's (Fiduciary Fund) bond ratings as of June 30, 2020 are as follows:

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

(in thousands)

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, 2020, the Glendale Successor Agency (Agency) had 2 tax-exempt tax allocation bonds and 1 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.

The Fiduciary fund's long-term debts as of June 30, 2020 consist of the following:

	Issuance Amount	Balance at July 1	Additions	Retirements	Balance at June 30	Due within one year
Fiduciary Activities						
Bonds payable:						
2011 GRA Subordinate Taxable Tax Allocation Bonds	$ 50,000	32,420	-	3,835	28,585	4,125
2013 GSA Tax Allocation Bonds Refunding	44,985	18,520	-	5,910	12,610	6,155
2016 GSA Tax Allocation Bonds Refunding	20,810	20,810	-	-	20,810	-
GRA/GSA Tax Allocation Bonds discount/premium (as restated)	-	2,954	-	861	2,093	843
Loans Payable to the City	40,133	13,554	201	3,733	10,022	8,210
Total Fiduciary Activities	**$ 155,928**	**88,258**	**201**	**14,339**	**74,120**	**19,333**

The Successor Agency has outstanding long-term debt of $64,098, and has direct borrowing of $10,022 with the City, and no direct placements related to fiduciary activities as of June 30, 2020. The Successor Agency also has no outstanding or unused line of credit related to long-term debt of fiduciary activities as of June 30, 2020. The fiduciary activities bonds payable did not contain a provision to pledge as collateral for debt any assets or properties owned by the Successor Agency in the event of default by the Successor Agency. The fiduciary activities bonds payable contain a provision that in an event of default, the majority owners in aggregate principal amount of the Bonds at the time outstanding can accelerate payment of the entire principal and interest amounts to become immediately due if the Successor Agency is unable to make payment, with the exception of Tax Allocation Bonds, 2013 Refunding Series and Subordinate Tax Allocation Bonds, 2016 Refunding Series that have bond insurance with Assured Guaranty Municipal Corporation and Build America Mutual Assurance Company, respectively, these bond insurers may elect at its sole discretion to pay the accelerated principal and interest payments to the extent unpaid by the Successor Agency.

The fiduciary activities bonds payable contain a provision to comply with the requirements of the Redevelopment Law and shall take all actions required to prepare and file the Recognized Obligation Payment Schedules in order for the

Los Angeles County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to Redevelopment Obligation Retirement Fund all amounts required to enable the Successor Agency to pay timely principal and interest on the 2016 Bonds, 2013 Bonds and 2011 Bonds when due including any amounts due to Bond insurers in respect of the Bond Insurance Policy.

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. 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, 2020, the principal balance is $28,585. The bonds mature in amounts ranging from $4,125 to $7,210 from FY 2020-21 to FY 2024-25. The reserve requirement of the bond issue is satisfied by a cash reserve fund with a minimum funding requirement of $5,060 as of June 30, 2020.

The 2011 Bonds has no optional redemption prior to maturity. The 2011 Bonds maturing on December 1, 2021 and December 1, 2024 are term bonds and subject to mandatory sinking fund redemption from mandatory sinking account payments.

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 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, 2020 for $391 is recognized and reported in the financial statements as a deferred outflows of resources and is being amortized through FY 2020-22. The refunding also resulted in cash flow savings of $6,583 which is the difference between the cash flows required to service the prior debt service and the cash flows required to service the new 2013 refunding bonds. 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, 2020, the principal balance is $12,610. The 2013 Bonds mature in regularly increasing principal amounts ranging from $6,155 to $6,455 from FY 2020-21 to FY 2021-22. The reserve requirement of the bond issue is satisfied by a surety bond policy with a face value of $4,499.

The 2013 Refunding Bonds are not subject to redemption prior to their stated maturities.

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 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, 2020 for $817 is recognized and reported in the financial statements as a deferred outflows of resources and is being amortized through FY 2024-25. The refunding also resulted in cash flow savings of $5,231 which is the difference between the cash flows required to service the prior debt service and the cash flows required to service the new 2016 refunding bonds. 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, 2020, the principal balance is $20,810. 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 reserve requirement of the bond issue is satisfied by a surety bond policy with a face value of $2,081.

(in thousands)

The 2016 Refunding Bonds are not subject to redemption prior to their stated maturities.

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 $3,733 via the ROPS process in FY 2019-20.

Furthermore, 20% of any loan repayment is required to be deducted and recorded to the City's Low and Moderate Income Housing Asset Fund. $747 was recorded as loan payment in FY 2019-20 to the Low and Moderate Income Housing Asset Fund. As of June 30, 2020, the reinstated loan amount is $10,022 which includes $201 of capitalized interest for FY 2019-20.

Glendale Successor Agency annual debt service requirement schedule:

		Fiduciary Activities						
		GSA Tax Allocation Bonds		Loans Payable		Total Fiduciary Activities		
Fiscal Year		Interest	Principal	Interest	Principal	Interest	Principal	Total Debt Service
2021	$	3,504	10,280	-	8,210	3,504	18,490	21,994
2022		2,854	10,905	-	906	2,854	11,811	14,665
2023		2,120	12,810	-	906	2,120	13,716	15,836
2024		1,310	13,590	-	-	1,310	13,590	14,900
2025		401	14,420	-	-	401	14,420	14,821
	$	10,189	62,005	-	10,022	10,189	72,027	82,216

Net Position (Deficits)

$1,720 deficit in net position is reported in the fiduciary fund as of June 30, 2020. The primary reasons for the deficit are due to the outstanding tax allocation bonds and outstanding Agency loan to the City.

NOTE 15 – 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. 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, 2019.

- 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 June 15, 2021.

- GASB Statement No. 90 – Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61. 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. The statement is effective for periods beginning after December 15, 2019.

- GASB Statement No. 91 – *Conduit Debt Obligations.* The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments-extend by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement is effective for periods beginning after December 15, 2021.

- GASB Statement No. 93 – *Replacement of Interbank Offered Rates.* The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The statement, except for paragraphs 11b,13, and 14, is effective for periods beginning after June 15, 2020. The paragraph 11b is effective for periods ending after December 31, 2021. The paragraph 13 and 14 is effective for periods beginning after June 15, 2021.

- GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement is effective for periods beginning after June 15, 2022.

- GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements.* The objective of this statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The statement is effective for periods beginning after June 15, 2022.

- GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* The objective of this statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement, except for paragraphs 4 and 5, is effective for periods beginning after June 15, 2021. The paragraph 4 and 5 is effective immediately.

NOTE 16 – IMPLEMENTATION OF PRONOUNCEMENTS

The City has adopted and implemented, where applicable, the following GASB Statements during the year ended June 30, 2020:

- GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance.* The objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The statement is effective immediately.

- GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* The objective of this statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement, except for paragraphs 4 and 5, is effective for periods beginning after June 15, 2021. The paragraph 4 and 5 is effective immediately.

NOTE 17 – SUBSEQUENT EVENT

2011 GRA Subordinate Taxable Tax Allocation Bonds Defeasances

In May 2019, the Department of Finance ordered the Glendale Successor Agency to defease the 2011 Bonds. The defeasance directs the unused bond proceeds be deposited into an escrow account to pay off the remaining debt service payments. In December 2019, the Glendale Successor Agency approved to proceed with this action. In January 2020, the Consolidated Oversight Board approved the action, and in April 2020, the Department of Finance approved the action. On August 14, 2020, Glendale legally defeased the 2011 Bonds, and transferred the remaining $29,996 bond proceeds to a Trustee for the future debt service payments.

2008 Water Revenue Bonds Refunding

In June 2020, the City Council adopted the Ordinance 5950 and Resolution 20-87 for the issuance and invitation of bids for the purchase of Water Revenue Bonds, 2020 Refunding Series. The Water utility of Glendale Water and Power issued and sold $36,625 in revenue bonds through competitive sale on July 23, 2020 and closed in August 6, 2020. The purpose of the refunding is to refund the City’s outstanding Water Revenue Bonds, 2008 Series and pay for the cost of issuance of the 2020 Water Revenue Bonds.

(in thousands)

NOTE 18 – RESTATEMENT

General Fund

A prior period adjustment of $10,844 was made to increase the beginning fund balance of the General Fund. In prior years, the total Glendale Successor Agency loans receivable was reported in the General Fund only, and the 20% of the loan payments was transferred to the Low & Moderate Income Housing Asset Fund. At the same time, the total loans receivable was also recorded as unavailable revenues in the General Fund.

The restatement of beginning fund balance for the General Fund is summarized as follows:

		June 30, 2019 Previously Stated	Restatement	July 1, 2019 Restated
Loans receivable	$	13,554	(2,710)	10,844
Unavailable revenues		13,657	(13,554)	103
Fund balance	$	125,274	10,844	136,118

Low & Moderate Income Housing Asset Fund

A prior period adjustment of $2,710 was made to increase the beginning fund balance of the Low & Moderate Income Housing Asset Fund. In prior years, the total Glendale Successor Agency loans receivable was reported in the General Fund only, and the 20% of the loan payments was transferred to the Low & Moderate Income Housing Asset Fund.

The restatement of beginning fund balance for the Low & Moderate Income Housing Asset Fund is summarized as follows:

		June 30, 2019 Previously Stated	Restatement	July 1, 2019 Restated
Loans receivable	$	-	2,710	2,710
Fund balance	$	11,912	2,710	14,622

Electric Fund and Business-type Activities

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, 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).

The restatement of beginning net position for the Electric Fund is summarized as follows:

		June 30, 2019 Previously Stated	Restatement	July 1, 2019 Restated
Inventories	$	6,875	1,484	8,359
Prepaid items		12,977	2,383	15,360
Capital assets, net		211,831	(668)	211,163
Net position	$	336,158	3,199	339,357

(in thousands)

The restatement of beginning net position for the business-type activities is summarized as follows:

		June 30, 2019 Previously Stated	Restatement	July 1, 2019 Restated
Inventories	$	6,875	1,484	8,359
Prepaid items		13,066	2,383	15,449
Capital assets, net		546,126	(668)	545,458
Net position	$	713,063	3,199	716,262

Glendale Successor Agency Private-Purpose Trust Fund

A prior period adjustment of $7,106 was made to decrease the beginning net position of the Glendale Successor Agency Private-Purpose Trust Funds. An adjustment to cash with fiscal agent was made due to the reserve requirements of the 2013 Refunding Bonds and 2016 Refunding Bonds which were satisfied by a surety bond policy with a face value of $6,580 were incorrectly recorded as cash. A net adjustment to deferred bond charges of $526 was made to reflect the accurate amortization using the straight-line method.

The restatement of beginning net position for the Glendale Successor Agency Private-Purpose Trust Funds is summarized as follows:

		June 30, 2019 Previously Stated	Restatement	July 1, 2019 Restated
Cash and investment with with fiscal agent	$	11,649	(6,580)	5,069
Loss on refunding		1,651	(60)	1,591
GRA/GSA tax allocation bond disc/premium (net)		(2,488)	(466)	(2,954)
Net position	$	(10,757)	(7,106)	(17,863)

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 2020	Fiscal Year 2019	Fiscal Year 2018
Total pension liability			
Service cost	$ 16,372	15,956	15,513
Interest on the total pension liability	80,133	76,746	74,508
Differences between expected and actual experience	10,478	1,240	(11,313)
Changes of assumptions	-	(6,403)	62,163
Benefit payments, including refunds of employee contributions	(57,071)	(54,969)	(52,599)
Net change in total pension liability	49,912	32,570	88,272
Total pension liability - beginning	1,130,610	1,098,040	1,009,768
Total pension liability - ending (A)	1,180,522	1,130,610	1,098,040
Plan fiduciary net position			
Plan to plan resource movement	-	(2)	2
Contributions from the employer	24,992	22,006	18,558
Contributions from employees	10,176	8,996	8,518
Net investment income	54,849	67,307	82,439
Benefit payments, including refunds of employee contributions	(57,071)	(54,969)	(52,599)
Administrative expense	(600)	(1,249)	(1,101)
Other miscellaneous income/(expense)	2	(2,372)	-
Net change in fiduciary net position	32,348	39,717	55,817
Plan fiduciary net position - beginning	841,415	801,698	745,881
Plan fiduciary net position - ending (B)	873,763	841,415	801,698
Net pension liability - ending (A) - (B)	$ 306,759	289,195	296,342
Plan fiduciary net position as a percentage of the total pension liability	74.01%	74.42%	73.01%
Covered payroll	$ 95,277	92,799	90,627
Net pension liability as a percentage of covered payroll	321.97%	311.64%	326.99%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only six 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 - Miscellaneous Plan

	Fiscal Year		
	2017	2016	2015
Total pension liability			
Service cost	$ 13,413	14,372	14,951
Interest on the total pension liability	73,104	71,411	69,351
Differences between expected and actual experience	(12,487)	(8,835)	-
Changes of assumptions	-	(17,578)	-
Benefit payments, including refunds of employee contributions	(51,297)	(50,059)	(47,552)
Net change in total pension liability	22,733	9,311	36,750
Total pension liability - beginning	987,035	977,724	940,974
Total pension liability - ending (A)	1,009,768	987,035	977,724
Plan fiduciary net position			
Plan to plan resource movement	-	(25)	-
Contributions from the employer	16,517	13,344	14,431
Contributions from employees	8,092	8,142	8,202
Net investment income	3,709	17,215	117,615
Benefit payments, including refunds of employee contributions	(51,297)	(50,059)	(47,552)
Administrative expense	(469)	(881)	-
Other miscellaneous income/(expense)	-	-	-
Net change in fiduciary net position	(23,448)	(12,264)	92,696
Plan fiduciary net position - beginning	769,329	781,593	688,897
Plan fiduciary net position - ending (B)	745,881	769,329	781,593
Net pension liability - ending (A) - (B)	$ 263,887	217,706	196,131
Plan fiduciary net position as a percentage of the total pension liability	73.87%	77.94%	79.94%
Covered payroll	$ 86,558	91,786	91,275
Net pension liability as a percentage of covered payroll	304.87%	237.19%	214.88%
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only six 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		
	2020	2019	2018
Total pension liability			
Service cost	$ 15,196	14,872	14,641
Interest on the total pension liability	60,331	57,734	56,003
Differences between expected and actual experience	4,900	(3,943)	(7,654)
Changes of assumptions	-	(3,509)	47,703
Benefit payments, including refunds of employee contributions	(42,663)	(40,017)	(38,186)
Net change in total pension liability	37,764	25,137	72,507
Total pension liability - beginning	852,631	827,494	754,987
Total pension liability - ending (A)	890,395	852,631	827,494
Plan fiduciary net position			
Plan to plan resource movement	-	(1)	(2)
Contributions from the employer	25,371	22,548	19,843
Contributions from employees	5,008	4,602	4,305
Net investment income	37,580	45,731	55,289
Benefit payments, including refunds of employee contributions	(42,663)	(40,017)	(38,186)
Administrative expense	(410)	(847)	(743)
Other miscellaneous income/(expense)	1	(1,609)	-
Net change in fiduciary net position	24,887	30,407	40,506
Plan fiduciary net position - beginning	574,068	543,661	503,155
Plan fiduciary net position - ending (B)	598,955	574,068	543,661
Net pension liability - ending (A) - (B)	$ 291,440	278,563	283,833
Plan fiduciary net position as a percentage of the total pension liability	67.27%	67.33%	65.70%
Covered payroll	$ 51,155	49,624	48,322
Net pension liability as a percentage of covered payroll	569.72%	561.35%	587.38%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only six 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		
	2017	2016	2015
Total pension liability			
Service cost	$ 12,975	13,038	13,249
Interest on the total pension liability	54,489	52,434	50,558
Differences between expected and actual experience	(3,055)	(5,684)	-
Changes of assumptions	-	(13,128)	-
Benefit payments, including refunds of employee contributions	(36,522)	(34,522)	(32,654)
Net change in total pension liability	27,887	12,138	31,153
Total pension liability - beginning	727,100	714,962	683,809
Total pension liability - ending (A)	754,987	727,100	714,962
Plan fiduciary net position			
Plan to plan resource movement	-	-	-
Contributions from the employer	18,266	16,789	14,887
Contributions from employees	4,517	4,394	4,716
Net investment income	2,584	11,489	77,826
Benefit payments, including refunds of employee contributions	(36,522)	(34,522)	(32,654)
Administrative expense	(314)	(579)	-
Other miscellaneous income/(expense)	-	-	-
Net change in fiduciary net position	(11,469)	(2,429)	64,775
Plan fiduciary net position - beginning	514,624	517,053	452,278
Plan fiduciary net position - ending (B)	503,155	514,624	517,053
Net pension liability - ending (A) - (B)	$ 251,832	212,476	197,909
Plan fiduciary net position as a percentage of the total pension liability	66.64%	70.78%	72.32%
Covered payroll	$ 48,245	48,174	47,373
Net pension liability as a percentage of covered payroll	521.99%	441.06%	417.77%
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only six 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		
		2020	2019	2018
Actuarially determined contributions	$	29,240	27,791	23,741
Contributions in relation to the actuarially determined contribution		(29,240)	(27,791)	(23,741)
Contribution deficiency (excess)		-	-	-
Covered payroll	$	99,004	95,277	92,799
Contributions as a percentage of covered payroll		29.534%	29.169%	25.583%

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 contribution are reported.

Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll. Beginning with the 2013 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 methology 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	Direct rate smoothing. Beginning with the 2013 actuarial valuation, the market value method was used.
Discount rate	7.25% (net of investment and 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. Beginning with the 2017 actuarial valuation, 0.40% to 8.50%, depending on age, service, and type of employment.
Inflation	2.625%
Payroll growth	2.875%
Retirement age	59

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only six 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		
		2017	2016	2015
Actuarially determined contributions	$	18,972	16,519	13,357
Contributions in relation to the actuarially determined contribution		(18,972)	(16,519)	(13,357)
Contribution deficiency (excess)		-	-	-
Covered payroll	$	90,627	86,558	91,786
Contributions as a percentage of covered payroll		20.934%	19.084%	14.552%

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 contribution are reported.

Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll. Beginning with the 2013 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 methology 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	Direct rate smoothing. Beginning with the 2013 actuarial valuation, the market value method was used.
Discount rate	7.25% (net of investment and 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. Beginning with the 2017 actuarial valuation, 0.40% to 8.50%, depending on age, service, and type of employment.
Inflation	2.625%
Payroll growth	2.875%
Retirement age	59

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only six 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	
	2020	2019	2018
Actuarially determined contributions	$ 28,471	25,487	22,470
Contributions in relation to the actuarially determined contribution	(28,471)	(25,487)	(22,470)
Contribution deficiency (excess)	-	-	-
Covered payroll	$ 52,293	51,155	49,624
Contributions as a percentage of covered payroll	54.445%	49.823%	45.281%

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 contribution are reported.

Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll. Beginning with the 2013 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 methology 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	Direct rate smoothing. Beginning with the 2013 actuarial valuation, the market value method was used.
Discount rate	7.25% (net of investment and 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. Beginning with the 2017 actuarial valuation, 0.97% to 17.00%, depending on age, service, and type of employment.
Inflation	2.625%
Payroll growth	2.875%
Retirement age	54

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only six 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		
		2017	2016	2015
Actuarially determined contributions	$	19,984	18,257	16,772
Contributions in relation to the actuarially determined contribution		(19,984)	(18,257)	(16,772)
Contribution deficiency (excess)		-	-	-
Covered payroll	$	48,322	48,245	48,174
Contributions as a percentage of covered payroll		41.356%	37.842%	34.815%

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 contribution are reported.

Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll. Beginning with the 2013 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 methology 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	Direct rate smoothing. Beginning with the 2013 actuarial valuation, the market value method was
Discount rate	7.25% (net of investment and 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. Beginning with the 2017 actuarial valuation, 0.97% to 17.00%, depending on age, service, and type of employment.
Inflation	2.625%
Payroll growth	2.875%
Retirement age	54

Note:

FY 2015 is the first year of implementation of GASB 68; therefore, only six 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	
	2020	2019	2018
Total OPEB liability			
Service cost	$ 44	46	57
Interest on the total OPEB liability	582	556	493
Changes of assumptions	543	(619)	(1,790)
Actual vs. expected experience	(772)	-	-
Benefit payments	(476)	(507)	(487)
Net change in total OPEB liability	(79)	(524)	(1,727)
Total OPEB liability - beginning	15,214	15,738	17,465
Total OPEB liability - ending	15,135	15,214	15,738
Covered-employee payroll	$ 160,653	156,117	150,107
Total OPEB liability as a percentage of covered employee payroll	9.42%	9.75%	10.48%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017

Note:

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