



CITY OF GLENDALE, CALIFORNIA

Popular Annual Financial Report

Fiscal Year Ended June 30, 2021



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Glossary of Accounting Terms

Appropriation

An authorization by the City Council to make expenditures/expenses and to incur obligations for a specific purpose within a specific time frame.

Assets

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

Deferred Outflows of Resources

Consumption of net position applicable to future reporting periods.

Liabilities

Debt or obligations that the City must pay.

Deferred Inflows of Resources

Acquisition of net position applicable to future reporting periods.

Net Investment in Capital Assets

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

Net Position

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

Charges for Services

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

Operating/Capital Grants and Contributions

Grants and contributions received from other governments, organizations and individuals that are restricted in some manner.

General Revenues

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

ORGANIZATIONAL STRUCTURE

City of Glendale Form of Government

Glendale is a full-service Charter City governed by a Council-Manager form of government. Five Councilmembers are elected at-large and serve 4-year staggered terms. The mayor is elected by the City Council for a one-year term and is the presiding officer of the Council. Elections were last held in March 2020 and will take place in June every other year during even numbered years, starting in 2022.

A variety of Boards, Commissions, and Committees assist the City Council in serving the Glendale community. These bodies identify specific needs and problems within their purview. Each body meets on a regular basis and each meeting is open to the public. The length of member terms and the interval of appointments vary.

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

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

City Council



Paula Devine
Mayor



Ara Najarian
Councilmember



Vrej Agajanian
Councilmember



Ardy Kassakhian
Councilmember



Daniel Brotman
Councilmember

Executive Management Team (As of June 30, 2021)

Roubik Golanian
City Manager

John Takhtalian
Deputy City Manager

Aram Adjemian
City Clerk

Elena Bolbolian
Director of Innovation, Performance & Audit

Jason Bradford
Chief Information Officer

Onnig Bulanikian
Director of Community Services & Parks

Matthew Doyle
Director of Human Resources

Yazdan Emrani
Director of Public Works

Michele Flynn, CPA
Director of Finance

Michael J. Garcia
City Attorney

Philip Lanzafame
Director of Community Development

Silvio Lanzas
Fire Chief

Rafi Manoukian, CPA
City Treasurer

Carl Povilaitis
Police Chief

Gary Shaffer
Director of Library, Arts & Culture

Mark Young
General Manager of Glendale Water & Power

INTRODUCTION & CITY BY THE NUMBERS

As part of our continuous effort to keep you informed about how your tax dollars are being spent, we are pleased to present the 2021 Popular Annual Financial Report (PAFR). The PAFR is a summary of the financial activities of the City, and most of the information is drawn from the City's 2021 Comprehensive Annual Financial Report. Both reports are available for public viewing at the Finance department and online at <http://www.glendaleca.gov/government/departments/finance/accounting>. It is important to note that the financial data in this report is unaudited and presented on a GAAP (Generally Accepted Accounting Principles) basis with selected funds.

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

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



CITY BY THE NUMBERS

Property Tax Rate	1.0836%	Net Position	\$1.7 billion
Unemployment Rate	10.2%	Population	203,834
Current Ratio	7.8 times	Median Age	41.9
Debt Ratio	42.2%	School Enrollment	40,137
Total Assets	\$2.7 billion	Percent High School Graduate or Higher	87.2%
Deferred Outflows of Resources	\$95.3 million	Per Capita Personal Income	\$36,205
Total Liabilities	\$1.2 billion	Total Personal Income	\$7.4 billion
Deferred Inflows of Resources	\$5.1 million	Adopted Annual Budget FY 2020-21	\$906.8 million
City Website	www.glendaleca.gov	City Address	613 E Broadway Glendale, CA 91206

ECONOMIC OUTLOOK & FINANCIAL HIGHLIGHTS

The Local Government Finance

The past year and a half has been one of the most challenging periods of time in recent history for many cities in our nation, including Glendale. The persistence of the COVID-19 pandemic has continued to impact the forecast of the City’s financial standing. Fortunately, several factors have allowed the City to be able to weather the storm, such as the implementation of a hiring freeze, departmental budget reductions, the continued strength of revenues not impacted by the pandemic, and the passage of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) based on the American Rescue Plan Act (ARPA).

Employment

In December 2019, the Glendale unemployment rate measured 3.9%. Due to economic impact of the COVID-19 pandemic that started in March 2020, Glendale’s unemployment peaked in May 2020, recording a 21.7% unemployment rate. The unemployment rate has declined since the peak and recorded 10.2% in August 2021. As of August 2021, the Glendale labor force includes 102,600 residents (16 years of age or over), a decline of 2.8% from December 2019. It is important to note that the decline in labor force, reflecting the number of residents who have left the labor force, also impacts the slow recovery resulting from the COVID-19 pandemic.

Top seven Glendale industries	Employment
1. Healthcare	20,627
2. Professional Services	14,383
3. Retail	14,372
4. Public Administration / Educational Service	11,232
5. Eating & Dining	8,804
6. Information	7,905
7. Finance	7,655

Housing

Based on the “2020 Annual Report” issued by the Los Angeles Office of the Assessor, Glendale experienced a net taxable property value increase of 4.7%. According to the City’s property tax consultant, HdL, Glendale’s single-family housing market increased in sales volume and in average home price, from \$1,002,551 in FY 2019-20 to \$1,208,552 in FY 2020-21. The condominium sales also showed an increase in sales volume and in average price, rising from \$559,551 in FY 2019-20 to \$600,268 for FY 2020-21.

FINANCIAL HIGHLIGHTS

(In Thousands)

The City’s net position or net worth as of June 2021 is \$1,668,404. The largest portion of the City’s net position is net investment in capital assets in the amount of \$1,345,030. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s net investment in its capital assets is reported as net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position As of June 30,			
	2021	2020	2019
Current and other assets	\$ 1,145,775	1,091,088	1,054,641
Capital assets	1,584,899	1,599,447	1,582,381
Deferred outflows of resources	95,283	85,992	107,026
Total assets and deferred outflows of resources	<u>2,825,957</u>	<u>2,776,527</u>	<u>2,744,048</u>
Current liabilities	114,655	97,379	108,012
Noncurrent liabilities	1,037,756	991,897	960,782
Deferred inflows of resources	5,142	17,696	21,028
Total liabilities and deferred inflows of resources	<u>1,157,553</u>	<u>1,106,972</u>	<u>1,089,822</u>
Net investment in capital assets	1,345,030	1,355,534	1,319,231
Restricted	297,769	264,089	181,423
Unrestricted	25,605	49,932	153,572
Total net position	<u>\$ 1,668,404</u>	<u>1,669,555</u>	<u>1,654,226</u>

FINANCIAL HIGHLIGHTS (CONTINUED)

(In Thousands)

The statement of activities presents information showing how the government's net position changed during the recent fiscal year. As of FY 2020-21, the City's total net position decreased by \$1,151, primarily due to decrease in the fair market value of investments (GASB 31) and the allocation of the net loss from the internal service funds.

*A prior period adjustment of \$3,199 was made to increase the beginning net position of the Electric Fund and business-type activities in FY 2019-20.

Statement Activities For the Year Ended June 30			
	2021	2020	2019
Revenues:			
Charges for services	\$ 394,529	391,185	391,053
Operating and capital grant and contributions	112,746	101,373	76,246
Taxes	184,704	171,850	170,233
Investment income and other	25,856	38,416	54,275
Reinstatement of loans	-	-	323
Special item	-	-	10,667
Total Revenues	717,835	702,824	702,797
Expenses:			
Governmental	383,940	376,415	344,368
Business-type	335,046	314,279	299,282
Total Expenses	718,986	690,694	643,650
Changes in net position	(1,151)	12,130	59,147
Net position, July 1*	1,669,555	1,657,425	1,595,079
Total net position, June 30	\$ 1,668,404	1,669,555	1,654,226

GENERAL FUND AVAILABLE RESOURCES

(In Thousands)

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund revenues exceeded its expenditures by \$15,480.

*A prior period adjustment of \$10,844 was made to increase the beginning fund balance of the General Fund in FY 2019-20.

General Fund Reserve Ratio			
General Fund	FY2021	FY2020	FY2019
Nonspendable	\$ 2,071	8,451	293
Restricted:			
City Charter - Article XI Sec. 15 gen. reserve (A)	35,869	32,584	30,769
Pension Stabilization	39,805	35,145	29,426
Assigned Fund Balance	20,162	6,988	7,252
Unassigned Fund Balance (B)	50,066	49,325	57,534
Total Fund Balance*	147,973	132,493	125,274
Sum of Charter and Unassigned Fund Balance (A + B)	85,935	81,909	88,303
Original Adopted Budget (C)	\$ 250,480	243,316	227,784
Reserve Ratio ((A + B) ÷ C)	34.3%	33.7%	38.8%

GENERAL FUND REVENUES

(In Thousands)

Compared to prior fiscal year, the City's General Fund Revenues increased \$20,657 during the current fiscal year, primarily due to increases in property taxes and sales tax. Growth in home values and strong real estate market attributed to the increase in property taxes, while continued shift to online purchases as well as some financial recovery in major industries attributed to the increase in sales tax.

Property tax is the General Fund's largest revenue source. Personal property in California is subject to a basic levy equal to 1% of assessed value. The California Constitution, after passage of Proposition 13 in 1978, fixed valuations of real property at 1975 levels, with a maximum adjustment of 2% per year based on inflation. When a change of ownership or new construction occurs, the property is re-assessed to its current value. Subsequent legislation allowed for tax levies above the 1% Proposition 13 tax rate, but only if the levy was approved by a two-thirds vote.

Revenue by Source	FY2021	FY2020	FY2019
Property Taxes	\$ 71,738	65,169	62,323
Sales Tax	65,361	44,771	53,302
Utility Users Tax	26,114	26,455	26,655
Other Taxes	12,274	14,172	15,849
Revenue from Other Agencies	3,451	429	890
Licenses and Permits	8,249	8,808	10,768
Fines and Forfeitures	2,982	3,215	2,559
Charges for Services	14,322	17,572	11,198
Use of Money and Property	5,373	4,834	16,618
Interfund Revenue	18,102	19,310	19,448
Miscellaneous Revenue	1,034	1,758	1,528
Transfers In	18,653	20,503	25,502
Total Revenues	\$ 247,653	226,996	246,640

1% Property Tax Breakdown



0.36 Los Angeles County

0.20 School District

0.16 Educational Augmentation Fund Impound

0.14 Tax District #1 (City Share)

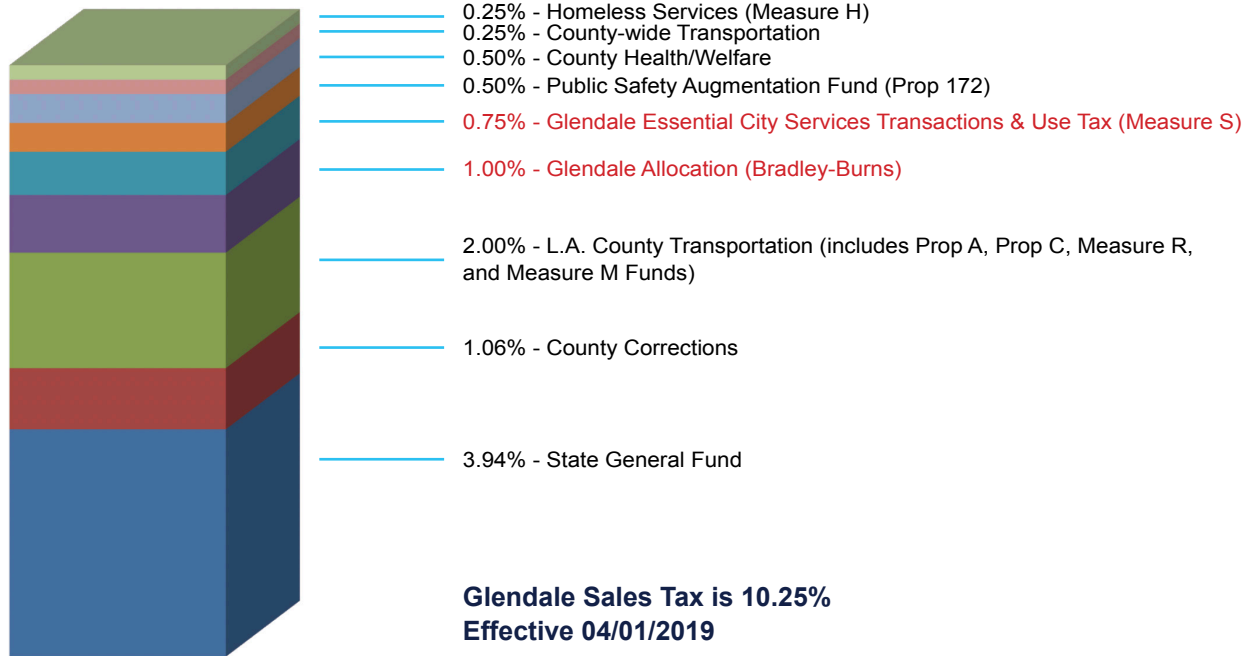
0.07 Educational Revenue Augmentation Fund

0.04 Community College District

0.03 Other

GENERAL FUND REVENUES (CONTINUED)

Sales Tax Breakdown



The California Department of Tax and Fee Administration administers local taxes under the *Bradley-Burns Uniform Local Sales and Use Tax Law* and district taxes under the *Transactions and Use Tax Law*. Further information may be obtained at <http://californiacityfinance.com> and <http://www.cdtfa.ca.gov>.

Utility Users Tax Breakdown

	Glendale
Telecommunications	6.50%
Video (Cable) ¹	6.50%
Electricity	7.00%
Water	7.00%
Gas	7.00%

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

GENERAL FUND EXPENDITURES & MEASURE S

(In Thousands)

Overall, General Fund expenditures increased by \$1,552 in FY 2021 compared to the prior year mainly driven by increases in workers' compensation rates and the required PERS employer contribution.



General Fund Expenditures (In Thousands)			
Expenditures by Function	FY2021	FY2020	FY2019
General government	\$ 20,517	21,800	18,980
Police	91,507	87,920	86,265
Fire	59,829	59,419	58,665
Public works	13,903	14,629	14,481
Housing, health and community development	18,874	16,068	16,874
Parks, recreation and community services	15,220	16,132	12,157
Library	10,546	10,582	10,587
Capital	192	376	808
Transfers to other funds	1,585	3,695	9,619
Total Expenditures	\$ 232,173	230,621	228,436

On November 6, 2018, Glendale voters approved Glendale Quality of Life and Essential Services Protection Measure, or Measure S, which enacted general sales tax of 0.75%. Every dollar raised by Measure S is used in Glendale on affordable housing, infrastructure, and local essential services for Glendale residents.

The Measure S balance as of July 1, 2020 was \$14,249. With the FY 2020-21 revenues received in the amount of \$27,440 and expenditures recorded in the amount of \$5,238, there is a surplus of \$22,202, bringing the ending balance to \$36,451 as of June 30, 2021. Accounting for the \$24,324 in carryovers into FY 2021-22, brings the total adjusted ending balance to \$12,127.

Measure S Resources and Appropriations			
	Adopted FY 2021	Revised FY 2021*	Actuals FY 2021
Revenues	\$ 22,170	24,075	27,440
Appropriations:			
Housing	12,695	24,503	2,578
Infrastructure	750	4,166	150
Recreation	1,832	1,872	540
Economic Recovery	3,400	3,136	1,896
Other Items	-	200	74
Total Appropriations	\$ 18,677	33,877	5,238

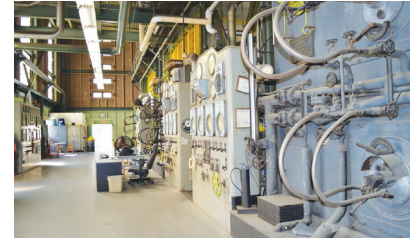
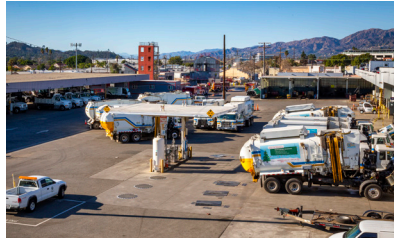
*The Revised FY 2020-21 amounts include carryovers from FY 2019-20.



Measure S Balance	
Beginning Balance, 07/01/2020	\$ 14,249
FY 2020-21 Surplus	22,202
Ending Balance, 06/30/2021	36,451
Carryovers into FY 2021-22	(24,324)
Adjusted Ending Balance 06/30/2021	\$ 12,127

ENTERPRISE FUNDS

(In Thousands)



Statement of Revenues, Expenses and Changes in Net Position

	FY2021	FY2020	FY2019
Operating revenues	\$ 345,174	328,015	321,016
Operating expenses	317,170	302,549	295,338
Operating income (loss)	28,004	25,466	25,678
Nonoperating revenues (expenses)	(7,046)	8,343	6,967
Income before capital grants and contributions and transfers	20,958	33,809	32,645
Capital grants and contributions	-	-	8
Transfer In	-	1,000	-
Transfer out	(18,653)	(20,503)	(20,172)
Change in net position	2,305	14,306	12,481
Net position, July 1*	727,671*	716,503*	700,823
Net position, June 30	\$ 729,976	730,809	713,304

Enterprise funds are used to account for a government's ongoing programs and activities which are similar to those often found in the private sector. The City uses enterprise funds to account for its refuse disposal, fire communications, fiber optics, sewer, electric and water operations.

At the end of the year, net position was composed of \$220,065 for the Sewer Fund, \$343,451 for the Electric Fund, \$129,221 for the Water Fund, and \$37,239 for the nonmajor enterprise funds. Operating revenues increased during the current fiscal year mainly due to increase in water and electric retail sales. Conversely, the City experienced a net of nonoperating expenses during the current fiscal year as a result of decrease in the fair market value of investments (GASB 31).

*A prior period adjustment of \$3,199 was made to increase the beginning net position of the Electric Fund and business-type activities in FY 2019-20.

*A prior period adjustment of \$3,138 was made to decrease the beginning net position of the business-type activities (Electric Fund \$2,398 and Water Fund \$740) in FY 2020-21.

Statement of Net Position

	FY2021	FY2020	FY2019
Current and other assets	\$ 490,466	475,736	449,746
Capital assets	589,076	603,674	619,941
Deferred outflows of resources	20,495	17,227	22,788
Total assets and deferred outflows of resources	1,100,037	1,096,637	1,092,475
Current liabilities	38,872	34,393	44,607
Noncurrent liabilities	329,826	328,978	331,704
Deferred inflows of resources	1,363	2,457	2,860
Total liabilities and deferred outflows of resources	370,061	365,828	379,171
Net investment in capital assets	378,683	387,699	387,043
Restricted	24,031	14,375	5,669
Unrestricted	327,262	328,735	320,592
Total net position	\$ 729,976	730,809	713,304

CAPITAL ASSET & CASH & DEBT

(In Thousands)

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$1,584,899 (net of \$1,022,705 accumulated depreciation, \$13,770 accumulated gas depletion and \$60,576 accumulated amortization). This investment in capital assets includes land, natural gas reserve, buildings and improvements, machinery and equipment, infrastructure, intangible assets, and construction in progress.

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

- The following capital improvement projects contributing to the capital assets increased in government wide: \$1,657 for Beeline Maintenance and Operation Facility, \$1,453 for Colorado Street and Columbus Avenue Rehabilitation, \$1,821 for Glendale Train Station 1st/Last Mile Regional Improvement, and \$2,122 for Verdugo Road Safety and Traffic Signal Improvement.
- The following projects contributed to the increase in the intangible assets in the Sewer Fund: \$1,535 for Los Angeles-Glendale Water Reclamation Plant and \$2,450 for Hyperion Wastewater System. The City is upgrading the Los Angeles – Glendale Water Reclamation Plant and Hyperion Wastewater Treatment Plant and Conveyance System Facilities to meet federal and state mandates.

	Governmental Activities		Business-type Activities		Total	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Land	\$ 447,259	447,259	9,557	9,557	456,816	456,816
Natural gas reserve	-	-	22,166	22,163	22,166	22,163
Buildings and improvements	458,769	423,943	317,943	309,751	776,712	733,694
Machinery and equipment	148,419	138,471	593,524	584,113	741,943	722,584
Infrastructure	358,326	344,782	173,740	162,341	532,066	507,123
Construction in progress	16,725	48,031	13,007	32,244	29,732	80,275
Intangible assets	7,304	7,122	115,211	112,761	122,515	119,883
Total capital assets	1,436,802	1,409,608	1,245,148	1,232,930	2,681,950	2,642,538
Less: Accumulated depreciation	(438,779)	(412,502)	(583,926)	(561,054)	(1,022,705)	(973,556)
Less: Accumulated gas depletion	-	-	(13,770)	(12,978)	(13,770)	(12,978)
Less: Accumulated amortization	(2,200)	(1,333)	(58,376)	(55,224)	(60,576)	(56,557)
Net of depreciation, depletion, and amortization	\$ 995,823	995,773	589,076	603,674	1,584,899	1,599,447

CASH MANAGEMENT (In Thousands)

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

City's Investments (as of June 30, 2021)

Total	Remaining Maturity			
	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
\$ 840,089	443,545	151,004	243,142	2,398
100%	52.8%	18.0%	28.9%	0.3%

LONG-TERM DEBT (In Thousands)

At June 30, 2021, the City's total outstanding long-term debt is \$245,018 a decrease of \$12,259 or 4.8%. The decrease was mainly due to regular annual debt retirements.

Long-Term Debt

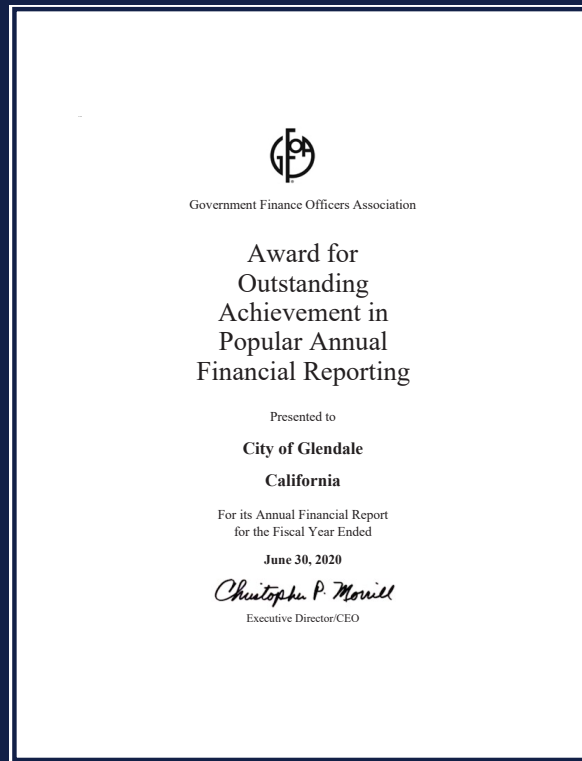
	FY2021	FY2020
HUD Section 108 loan	\$ -	474
Revenue Bonds	245,018	256,803
Total long-term debt and liabilities	\$ 245,018	257,277

OUTSTANDING ACHIEVEMENT AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Glendale for its Popular Annual Financial Report for the fiscal year ended June 30, 2020. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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

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



Popular Annual Financial Report
www.Glendaleca.gov



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